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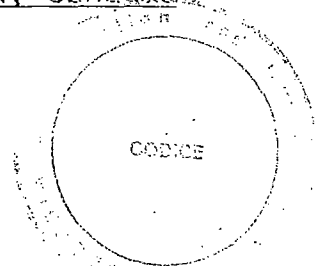
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**POVERTY PROFILE AND POVERTY
ALLEVIATION DURING ECONOMIC RECOVERY
AND ADJUSTMENT IN SIERRA LEONE**

by

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Submitted in Partial fulfillment of the requirements for the degree of Masters of Arts in Economic Development and Planning at the African Institute for Economic Development and Planning (IDEP), has been read and approved by :

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TO THE POOR AND VULNERABLE IN SIERRA LEONE

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"Poverty Alleviation is a strategy central to economic planning in developing countries. Its linkages with food security, population, environmental degradation, gender issues and the like are integral but complex. The intractability of poverty problems and the unremitting expansion in the number of people adversely affected are of continued concern to the global community"...

J.K. Muthama, Director, Food Production and Rural Development Division, Commonwealth Secretariat: printed in "Crushing Rural Poverty" (Preface) 1991.

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I must emphasize here how difficult it was to compile a comprehensive poverty profile for Sierra Leone. This would not have been possible without the assistance I received from several persons and institutions.

First, I wish to register my heartfelt appreciation to my employer, Government of Sierra Leone, and my sponsor, the Commonwealth Fund For Technical Cooperation, for granting me the opportunity to pursue the M.A programme of which this study is the final stage.

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Needless to say, I assume full responsibility for all errors and liabilities relating to the study.

J.J. Saffa (Development and Planning Officer, Central Planning Unit, Department of Development and Economic Planning, Freetown).

ABSTRACT

The Government of Sierra Leone (GOSL) initiated the IMF/World Bank inspired Structural Adjustment Programme (SAP) in 1986 to redress the macroeconomic imbalances and structural bottlenecks that characterised the Sierra Leonean economy from the 1970s through the 1980s. Notwithstanding, the macroeconomic imbalances and the structural bottlenecks continue and there is increased hardship for the vast majority of the population. The common contention is that the number of the poor and the severity of poverty increased during the recovery and adjustment period.

This study therefore tested the hypothesis that poverty became widespread during the policy reform period (1986 to date). Accordingly, the specific objectives considered include: determining the number of the poor, who they are and where they live, why they are poor and how they cope. This was followed by a proposal on a new agenda for poverty alleviation. Both empirical and analytical approaches were adopted to achieve the objectives. The study utilised survey reports, data generated by World Bank, UNICEF, Government departments and other agencies.

It was found that the number of the poor and the severity of poverty increased during the reform period. It was also shown that poverty is more widespread in rural areas than the urban areas and the North and the South are worse off than the West and the East. The causes of widespread poverty include: prevailing macroeconomic imbalances, the disjointed and selective SAP initiated in 1986, population increase, environmental degradation, unemployment, underemployment and low labour productivity.

Map of Sierra Leone Showing the Twelve Administrative Districts, Western Area and Headquarter Towns



S J A Nelson

Geography Department, F B C

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CHAPTER I

INTRODUCTION

1.1 STATEMENT OF THE PROBLEM

The orthodox adjustment programme initiated in 1986 to redress the macroeconomic imbalances, notably persistent deficits in the budget and current accounts of the balance of payments, failed to address the social dimension. Hence, the hypothesised trickled down effects are yet to occur. Instead, what was realised in the late 1980s and the early 1990s was severe hardships faced by the bulk of the population, particularly the vulnerable groups.

Real earnings in the 1980s declined especially for those working in the public sector. The series of devaluations, removal of subsidies coupled with the poor distribution of rice reduced accessibility to basic needs and services. Prices of farm inputs escalated thereby eroding increases in producer prices. Opportunities for entry into productive activities even in the informal sector became extremely difficult. Unemployment and malnutrition resulted leading to further destitution. Maternal mortality rate rose from 450 per 100,000 in 1985 to 630 per 100,000 in 1990. Daily per-capita calorie supply as a percentage of requirements dropped from 85 percent in 1980 to 79 percent in 1990. Gross enrolment ratio dropped from 61 percent in 1985 to 53 percent

in 1986-89 at the primary school level (65 percent for boys and 40 percent for girls) while secondary school enrolment ratio was kept below 20 percent. Real per capita social service expenditure shrank by over 80 percent between 1980 and 1992.

1.2 HYPOTHESIS AND OBJECTIVES OF THE STUDY

The hypothesis to be tested in this study is that the incidence and severity of poverty increased during the Economic Recovery and Adjustment period. To this end, the following constitute the specific objectives of this study:

- To determine how many are poor, especially the new poor (those who have become poor during the adjustment period).
- To determine who are the poor and where they live.
- To determine why they are poor.
- To determine how they cope.
- To propose an agenda for poverty alleviation.

1.3 JUSTIFICATION OF THE STUDY

At present, major development objective emphasised by the Government of Sierra Leone (GOSL) is poverty alleviation. This has been reiterated in the Public Investment Programmes and

pronouncements made from time to time. With the assistance of ADB, the Government has initiated a programme referred to as Social Action and Poverty Alleviation (SAPA) aim at providing both short-term and medium-term assistance to the poor. Notwithstanding this, no recent comprehensive study has been undertaken to know the incidence and severity of poverty in Sierra Leone. Longhurst et. al. (1987) attempted to examine the impact of adjustment on the vulnerable groups in Sierra Leone. ILO/JASPA (1990) examined some issues of poverty and strategies for alleviating poverty. In December 1992, Shamsu M. and Nambiar K.P. undertook a study on urban poverty in Sierra Leone. These studies which are the only poverty assessment studies during the recovery and adjustment period in Sierra Leone, though they provide useful information, are not comprehensive and lack clearly defined analytical frameworks and therefore do not show the number of the poor by socio-economic groups and location. No overall poverty line was defined and used to estimate poverty indices in any of the studies.

For the effective planning and the monitoring of the diverse poverty alleviation projects/programmes, continuous assessment and comprehensive studies with explicit analytical frameworks are necessary. These would enable planners to estimate the magnitude of resource required to offset the socio-economic deprivations consequent on the level of poverty and further enable us to assess the directional implications and therefore focus on the appropriate approach in meeting basic needs requirements. Such studies would

also enable policy makers to design specific policy interventions and institutional reforms that will facilitate effective co-ordination and implementation of the incoherent and dispersed programmes. The comparisons of the magnitude and severity of poverty can also provide direct evidence of an economy's progress in raising living standards of the poor and throw light on how the poor are affected by specific changes in the macroeconomy and corresponding Government policies.

The growing poverty has far reaching consequences for future development. It adversely affects the environment upon which sustainable development should be based. It lowers workers' productivity and thus retards growth and development. This further implies limited resources to finance the much desired poverty alleviation projects/programmes and therefore perpetuation of poverty. This suggests conducts of continuous poverty related studies which should provide background information for the design of poverty alleviation projects/programmes.

1.4 LITERATURE REVIEW AND CONCEPTUAL ISSUES

In poverty studies, it is necessary to be more precise about what "poverty" really means. The poor are diverse, poverty has many facets and African peoples have their own varied and changing notions of it. A precise and consistent definition is not feasible

(Iliffe, J. (1987, p.2)). To understand what is poverty, it is necessary to know what is not poverty.

Sen, A.K. (1989) considered poverty to mean "not in the state of well-being". But what is well-being? The well-being of a person can be seen in terms of the quality (the "well-ness") of the person's being. Living consists of a set of interrelated "beings and doings", which we may generally call "functionings". This can vary from such elementary things as being adequately nourished, being in good health, avoiding escapable morbidity and premature mortality, etc., to more complex achievements such as being happy, having self-respect, taking part in the life of the community, and so on. The claim is that functionings are constitutive of a person's being, and an evaluation of well-being has to take the form of an assessment of these constituent elements (Sen, A.K. (1989, p.29)).

Poverty is not the same as inequality. Whereas poverty is concerned with the absolute standard of living of a part of society, inequality refers to relative living standards across the whole society (World Bank, (1990b, p.26)). Absolute poverty is measured against the minimum necessary to maintain a person's physical efficiency while inequality or relative poverty is measured against the average living standards of a particular society (Ilife, J.(1987, p.1-2)).

Ilife, J. (1987) further attempted to make a dichotomy between what he referred to as structural poverty and conjunctural poverty. The former refers to the long-term poverty of individuals due to their personal or social circumstances while the latter refers to the temporary poverty into which ordinarily self-sufficient people may be thrown by crisis.

Kanbur (1987, p.63-64) referred to a poor individual as one whose standard of living falls below a minimum acceptable level. This raises several problems. First, the perception of poverty has evolved historically and varies tremendously from culture to culture. Criteria for distinguishing poor from non-poor tend to reflect specific national priorities and normative concepts of welfare and rights. In general, as countries become wealthier, their perception of the acceptable minimum level of consumption, the poverty line changes. Second, what do we mean by the standard of living and how can one determine the minimum acceptable? Glewwe and Gaag (1988) argued that household consumption or per-capita consumption is an indicator derived from economic theory. It is based on the famous utility function and has a strong intuitive appeal. Therefore the poor can be identified either on a household or individual level¹.

The ideal measure would be permanent income. But income data are difficult to obtain and are mostly unreliable. It is difficult.

¹ See Glewwe and Dennis de Tray (1989, p.7-8).

to obtain accurate data on the income of the self-employed. Furthermore, consumption data, unlike income data, do not fluctuate frequently and are more even over time. Besides, measured expenditure can be a better indicator since we are interested in current consumption. Infact, what most developing countries have is a snapshot of household survey with measured expenditure. Most scholars therefore focused on household expenditure. In poverty analysis, the focus should really be the individual. Expenditure surveys, however, report expenditures only for the household and not for the individual. The use of Adult Equivalent Scales has now become widespread as these correct for different needs of adults and children (or men and women). The determination of the status of children and women particularly would be important in policy making. There is some evidence that there may be discrimination against children especially against the female children (Kynch and Sen, (1983)). Deaton (1987), however, concluded that this evidence is not accurate. Moreover, most of the literature do not provide guidelines on how intra-household inequality is to be incorporated into poverty measurements.

To define the minimum acceptable level and thus the poverty line, Orshansky (1965) first specified minimum requirements for both food and non-food items. He then calculated the amount of income necessary to purchase these at current prices by deriving the minimum expenditure necessary at current prices to attain

minimum nutritional intake². However, the minimum was not based on any universal standard. Ahmed et. al. (1992) used the minimum calorie requirement per person per day as fixed by FAO³. The standard fixed by FAO did not consider the fact that the same amount of calories can be obtained from different compositions of food baskets which have different market values. For example, the substitution of fish for meat can be done in such a manner as to have the same amount of calories with a lower cost. The substitution could be done even within the same group of cereals by replacing rice by coarse grain (maize, millet etc..) or cassava thereby changing the cost of the food basket for the same amount of calories.

The food basket can then be valued by using the local current retail prices for a given location (Ahmed et. al. (1992)). This is justified since a given food basket may cost much more in the urban areas than in the rural areas if the latter use a major part of home produced food. However, World Bank (1992, p.1-3) argued that the poverty line should have the same value across all groups or regions overtime in order to enhance comparisons.

For non-food items, notably health, education, housing, energy, transport etc., there is no accepted set of rules to deal with problems involved in fixing the non-food poverty line.

² See also Kanbur S.M.R. (1987b, p.65).

³ The FAO norm is 2,200 calories per person per day.

Besides, researchers encounter other conceptual problems in fixing the non-food poverty line. First, the range and quality of non-food items is so vast that it is difficult to have a set of prices to value the bundle of essential non-food items. Second, in developing countries, certain items like education and health care are subsidised by Government and therefore it is difficult to work out a minimum required expenditure. Third, the demonstration effect seems to be stronger in the urban areas. Urban households spend on items like clothing than their rural counterparts. Moreover, certain items such as fuelwood are collected by the poor from the common property resources (forest, public parks and the trees on the road side) which cost little to the individual households but have a social cost in terms of the damage to the environment. These items need to be valued in the budget of the poor at appropriate prices.

Orshansky (1965) adopted a method which has now become the basis for calculation of poverty line in many developing countries. The minimum food expenditure thus calculated is then 'grossed up' by an appropriate factor to take account of non-food requirements. But which factor will this be? Orshansky used the average ratio of food expenditure to total expenditure in the population as a whole. This method seems to capture, at the operational level, a view of poverty which relates it to the "capacity to be able to participate in all the activities of the community on average" (Kanbur, (1987, p.65)).

Ahmed et. al. (1992) and Boateng (1992) focused only on education and health while Kanbur (1990) added shelter to these two items. In both studies, literacy rates and school attendance were used as measures of education status. For health, the individual health status during the past 28 days, and medical care services were used as indicators. Kanbur (1990) used housing characteristics and determined those living in self-owned houses by region and poverty group.

These items (education, health and housing) are however not exhaustive. For some households, expenditure on energy may be more than that on education or health or housing. Transport cost in urban areas may be higher in some countries than other items. Furthermore, the indicators are restrictive. To determine the impact of SAP on education, one needs further to do budgetary analysis and examine other input indicators such as enrolment ratios, pupil/teacher ratios and output indicators such as educational attainments, pass rates, failure rates and drop-out rates with a view to determining the quality of education. For health, the expenditure on medical services obtained from surveys, the distribution of medical services vis-a-vis budget allocation to the health sector, other input and outcome indicators are also important. For housing, the expenditure and types of houses are important information in poverty studies. Having determined the food and non-food poverty lines, these are summed up to generate the overall poverty line (Ahmed et. al. 1992, p.41)).

The next problem is disaggregation. Poverty for a whole country does not make much sense to policymakers. More useful is the poverty by socio-economic groups, location, employment status and gender. Kanbur (1990), Boateng et. al. (1990) and Ahmed et. al. (1992) used classifications by area, locations, and employment status. Nevertheless, the following issues were not resolved, at least at the analytical stage:

- the definition of urban and rural areas,
- the fusion of formal sector with informal sector, and
- the overlap between export crop growers and food crop growers.

Having resolved the controversial issues and then determined the poverty line, this would not however be operational, as sooner or later policy makers would ask for some summary statistics which capture the pattern. This is where the discussion of 'poverty index' comes in.

One measure that has been found useful in this context is that put forward by Forster, Greer and Thorbecke (1984) commonly referred to as FGT and presented as follows: If real expenditures or incomes are ranked as:

$$Y_1 \leq Y_2 \leq \dots \leq Y_q < Z < Y_{q+1} \dots \leq Y_n$$

where Z is the poverty line, n is the total population and q is the number of the poor, the FGT measure is given by:

$$P_j = \frac{1}{n} \sum_{i=1}^q \left(\frac{Z - Y_i}{Z} \right)^j \quad j \geq 0$$

This measure takes the proportional shortfall of income for each poor person,

$$\left(\frac{Z - Y_i}{Z} \right)$$

raises it to power j to reflect concern about the depth of poverty, takes the sum of these over all poor units, and normalises by the population size.

P_j takes on several characteristics as j changes. When $j=0$, we have

$$H = P_0 = \frac{q}{n}$$

This is the head count ratio denoted by H . It is not however a good measure of poverty for it focuses on the number of the poor and ignores how poor they are. It has the property of remaining unchanged when a previously poor unit becomes even poorer. If we take a dollar from the poorest unit and give it to the richest, the head count ratio would remain unchanged. To overcome these problems, the 'income gap' ratio is often suggested as a supplement. Denoting this by I , we have

$$I = \frac{1}{Zq} \sum_{i=1}^q (Z - Y_i)$$

This gives the average of the poverty gaps ($Z - Y$) as a fraction of the poverty line. This really does not take account of the number in the sense that if the poor units were exactly duplicated, I would remain unchanged. To take account of this in each of H and I , it is suggested that the product known as the 'Poverty gap ratio' (P_1) of the two would be more satisfactory.

When $j=1$,

$$P_1 = HI = H \left(\frac{Z - Y_p}{Z} \right)$$

where Y_p is the mean income of the poor.

This measure is sensitive to both the number of the poor and how poor they are and in this sense is an advance on both H or I separately. It also estimates the amount of resources (NZP) required to eliminate poverty.⁴ This amount of income may not be sufficient of course since perfect targetting may not be possible but it does give a lower bound on the transfer of resources required to eradicate poverty.

⁴ See Boateng et. al. (1990, p.6).

The problem with P_1 as a standard measure is that it is insensitive to redistribution among the poor since it depends on mean income. Neither P_0 nor P_1 reflects the degree of inequality among those who fall below the poverty line. If there is a transfer from someone below the line to another person even worse off, we would like our indicator to register a change in poverty.

There are two ways of incorporating these considerations into the measurement of poverty, and each of these specify I in different ways. The first method relies on finding a "representative income" of the poor units in the same way that one might find an "equally distributed equivalent" level of income for any distribution. The best-known measure is that of Sen. A.K. (1976), who uses a "rank order weights" social welfare function. In this case we have the Sen poverty index, P_s defined as:

$$P_s = H[I + (1-I)G_p]$$

where G_p is the Gini coefficient of poor income units.⁵

The problem with the Sen's index is that, it is not additively separable and therefore not decomposable across population sub-groups. An alternative approach is to calculate the representative poverty gap, not by first calculating the representative income of

⁵ See Kanbur S.M.R. (1987b, p.68-69).

the poor but by approaching the problem of the representative gap directly. This is the approach of Forster, Greer and Thorbecke (1984). The index proposed and referred to as FGT index (P_2) is defined as follows:

$$P_2 = HI^2 = \frac{q}{n} \left(\frac{Z - Y_p}{Z} \right)^2$$

This reflects concerns regarding the distribution of welfare among those falling below the poverty line. An important property of the P_j class of indices is that it is decomposable across population sub-groups. Dividing the population into m sub-groups, mutually exclusive and exhaustive, with group K having a fraction X_k of the population n such that $X_1 + X_2 + \dots + X_m = 1$ and denoting the poverty index in sub-group K by P_{jk} then

$$P_j = \sum_{k=1}^m X_k P_{jk}$$

where X_k is the proportion of total population in group K .

This is a useful expression since we can assign the 'contribution' of poverty in group K to national poverty as⁶

$$C_K = \frac{X_k P_{jK}}{P_j}$$

⁶ See Boateng et. al. (1990, p.6).

The use of FGT measures has become widespread in poverty analysis. Although various authors have different definitions of poverty, making it difficult to compare poverty in one country with another on the basis of these studies, the conclusions reached do not differ much in all the studies. Essentially, all the studies including Baffoe J.K. (1992), Boateng et. al. (1990), Kanbur (1990), Glewwe Paul (1988), World Bank (1993a, 1993b), Ahmed et. al. (1992) concluded that poverty is indeed a rural phenomenon. The urban areas and particularly the cities (Accra, Abidjan, Kampala, Banjul among others) have lower incidences and depths of poverty compared with the rural areas. The studies undertaken for Ghana particularly identified poverty to be more pervasive in the Savannah Volta basin reflective of the climatic differences (Boateng et. al. (1990) and Baffoe J.k. (1992)). Farming is the main source of income for the poor and consumption patterns show that food is the major expenditure component for the poor. Basic needs indicators, notably education, health and nutrition are worse in the rural areas than in the urban areas.

In Sierra Leone, previous studies on poverty during the policy reform period, include those undertaken by Longhurst et. al. (1988), ILO/JASPA (1990) and Shamsu M. and Nambiar K.P. (1992). The 1988 study commissioned by UNICEF attempted at determining the impact of stabilisation measures on the vulnerable groups, notably women and children. The authors specified the poverty line at the minimum wage level of Le 240 per month. Regrettably, however, the

line was never used to compute poverty indices. Besides, the modern sector to which the line only applies, employs less than 25 percent of the labour force. Even then could not determine those falling below the line.

However, the authors undertook a careful analysis of the impact of stabilisation measures on the rural and urban households largely based on intuitive appeals. The exposé showed deplorable conditions for the Sierra Leonean households in 1988 intuitively attributable to the selective adjustment policies. The brief budgetary analysis undertaken in their study and review of development assistance is worth mentioning. Although the findings actually lack firm technical and/or empirical basis, conclusions reached do form valid basis for policy discussion. Poverty is overwhelmingly rural with women and children worst affected.

The ILO/JASPA study undertaken as a prelude to the design of nationwide employment promotion programme uses income and expenditure trends as proxies. It also explored the basic needs indicators with emphasis on education and health. The underlying assumption of the study was that unemployment is the major cause of poverty. The mission's objectives were thoroughly accomplished. The rural areas were identified as the poorest areas. Nonetheless, the study suffered from the following defects: No clear poverty line was defined in the study and no analytical framework was developed to determine the prevalence and severity of poverty.

The study of Shamsu M. and Nambiar K. P. (1992) focuses on the urban areas with the key objective of determining the urban poverty status which can be used in urban renewal programme designing and planning. The study found out among other things that the urban slum dwellers constitute the least privileged socio-economic group in the urban areas. Despite the fascinating conclusions reached, the study is really highly qualitative with virtually no empirical background. Although the authors defined poverty lines at 2/3 and 1/3 of average monthly household expenditure, these lines were not used to determine the proportion of the poor in the population and the depth of poverty. After all, the poverty lines specified must be used in the study to ascertain the number of the poor, how poor they are and what contributions they make to national poverty. Nevertheless, the study does form a basis for discussion of future research.

To rigorously assess the impact of SAP, several methodological difficulties are encountered. Such an assessment would require the evaluation of a counterfactual situation (what would have been the situation without adjustment) in which individuals and households are affected by prices, incomes and Governmental services with the possibility of substantial substitutions all within an economywide framework with complicated concurrent and lagged interactions. Because of exogenous factors, lags, feedbacks, and substitution, simple correlations between economic adjustment policies and changes in the well-being of the

poor must be interpreted with extreme care (Behram and Deolalikar, (1991, p.295)). Ideally, one would envisage evaluating policies using a well-specified economywide model with the behaviour of poor households embedded within the system. Such models, however, are rarely available.

The problem of identifying a counterfactual is even more severe. Even with a properly formulated economywide model, it is difficult to predict what alternative policies a Government might have produced, and whether their impact on the poor would have been more or less severe than the effect of policies that were actually adopted. What would have happened if no adjustment had taken place? Would the poor have been better off in the short run or worse off?

Behram and Deolalikar (1991) developed a simple methodology to determine the contribution of SAP to poverty, ignoring many of the complex issues. They attempted only to establish the 'facts' of whether the socio-economic indicators of interest for Jamaica deviated significantly during the adjustment period (1984-85) from their underlying secular trends. Each indicator's secular trend is estimated in a simple regression, and tested for statistically significant shift in the relation during 1984-85. Each regression is of the form:

$$\text{In (indicator)}_t = a_0 + a_1t + a_2t^2 + a_3D$$

The linear and quadratic time terms give the secular path in the dependent variable. The quadratic time term allows for the possibility that the Jamaican economy was coming out of its long deteriorating experience by the mid 1980s because of the adjustment programme or for other reasons. The last term, D is a dummy variable equal to 1 in 1984-85. If the estimated coefficient is significantly different from zero, we can conclude that the relevant indicator in 1984-85 differs from the secular trend.

This approach certainly has its limitations. Given the limited length of the available data series, we cannot examine the long-run effects of the adjustment programme, some of which may still be in the making. The secular trends, moreover, do not necessarily represent the counterfactual paths that would have been followed if there had not been an adjustment programme or if the adjustment programme had been of a different nature. Also, the significant deviations, or lack thereof, cannot be attributed to the Jamaican stabilisation and adjustment programme alone, because there is no control for other contemporaneous events such as changes in the world market for exports, and political issues. What this procedure reveals is whether the indicators of poverty, health, nutrition and schooling deteriorated significantly, for whatever reasons from their underlying secular trends during the critical adjustment years. The results may be suggestive of what the impact of the SAP was without the very difficult and expensive development of a general equilibrium model.

Having discussed the measurement of poverty, we turn to the question of alleviation. Some scholars believe that this is not separate from the question of achieving the fastest possible rate of growth. It is suggested that "trickle down" will solve the problem of poverty in due course (Kanbur, (1987b, p.70)).

Given that the normal processes of growth are unlikely to have a major impact on poverty, policy makers have naturally been concerned with direct redistributive strategies for poverty alleviation. This is the issue of targeting which can either be 'perfect' or 'imperfect'. Perfect redistributive strategy is costless in two senses. First, disbursing of income to the poor involves no required income from the non-poor. Second, raising the required income from the non-poor entails no costs in terms of efficiency and growth.

In reality, the administrative costs of schemes which attempt even moderate targeting turn out to be excessive, and any scheme which relies on bureaucratic vetting of low-income households on a case-by-case basis is open to corruption and manipulation. Therefore, imperfect targeting is common with most poverty alleviation projects/programmes.

Ultimately, poverty alleviation is a matter of entitlement raising. The entitlement of a person stands for the set of different alternative commodity bundles that the person can acquire

through the use of the various legal channels of acquirement open to someone in his position (Sen, A.K. (1991, p.36)). There are both aggregative and distributive influences on the determination of entitlements. Balance growth might work through the former while institutional arrangements affecting the division of the cake work through the latter (World Bank, (1980, p.53)).¹ Further, the precise characterization of entitlement relations will vary with the nature of the economy and society.

In a market economy, the determining variables of entitlements can be split into (i) ownership vector (e.g., the land, capital or labour which household or person owns) and (ii) exchange entitlement mapping (e.g., for each ownership bundle the set of alternative bundles of commodities any one of which a household or person can acquire through production or trade).

The ownership vector for a particular group may be enhanced either through overall increase (e.g., capital accumulation) or through asset redistribution (e.g., land reform). Entitlement raising through improving the exchange entitlement mapping includes such diverse factors such as guaranteeing better terms of trade for poor peasants, ensuring employment at a living wage or providing social security protections.

¹ This document was prepared by Amartya Sen, (Oxford University), consultant, Development Policy Staff.

1.5 OPERATIONALIZING POVERTY MEASUREMENT

1.5.1 DATA DISCUSSION.

The quantitative analysis is largely based on the Survey of Household Expenditure (1976/77) and the Survey of Household Expenditure and Household Economic Activities (SHEHEA) (1989/90) conducted by the Central Statistics Office (CSO), Freetown.

The 1976/77 survey was conducted between April 1976 and July 1977. The effective sample size was 3,025 households spread all over the country. The survey obtained information on household expenditures on both food and non-food items and some demographic information for rural and urban areas and for the provinces. Data were collected by means of daily visits for the period of two weeks to obtain information on the amount spent on domestic consumption with values imputed on items not actually purchased. For non-food items, expenditure incurred on these items over the previous month was collected by retrospective enquiry.

The systematic sampling technique was adopted for the survey which was limited to all persons living in private households in the country. Consequently, persons living in hotels, institutions such as prisons, hospitals and persons without fixed abode were excluded. The sample frame used for covering the private households was the list of Enumeration Areas (EA's) which were created for

purposes of the 1974 population census. In this census, the number of EA's was 2,547 and the number of persons in an EA varied from 300 to 6,300. Household was taken to mean a single person, living on his own or a group of two or more persons who make common provision for food or other essentials for living. All persons taking at least six meals during the week in the household were considered as members of the household. The urban area was taken to mean a locality with population of 2,000 or more at the time of the 1974 population census. Localities of smaller size were regarded as rural areas.

In respect of the 1989/90 survey, the sample covered 2,800 households stretched over 12 months and spread over the whole country. The survey report provides basic information on household members, housing conditions, household economic activities and household income in the form of wages and salaries, profits from business activities, property income, imputed income, income from other sources such as remittance and so on. For household expenditures, data were collected in two ways:

- usual expenditure for non-food items with different recall periods from one to twelve months, and
- current expenditure for food as well as non-food items recorded by diary method using Daily Record Book during the months of survey.

A household was defined as a group of persons related or unrelated to each other, living in the same dwelling unit, eating from the same pot and sharing the common house-keeping arrangements. The household size or number of persons in a household was obtained by considering only the usual members of the household.

280 segments were chosen out of the master sample in the first stage and ten households were selected from each segment in two replicated sub-samples such that the total number of households in the survey became 2,800 distributed in all strata of districts over the country. This survey was undertaken from October 1989 to September 1990 for twelve months, covering each household for four weeks involving eight to ten visits in large towns and two to four in other strata. Large towns were taken to be towns with population of over 10,000 while rural areas were localities of population less than 2,000. Localities with population greater than 2,000 but less than 10,000 were regarded as small towns.

In addition to the CSO survey, a Rapid Poverty Appraisal was undertaken by the author. The study was conducted between February 7-21st 1994 in Freetown, Waterloo, and selected villages in the Provinces. Simple techniques based on observations and interviews were employed. The essence of the study was to determine how really some poor socio-economic groups cope. No questionnaire was prepared. Therefore no two areas necessarily had exactly similar

questions. The choice of target areas and persons was based on findings of previous studies and observations. In the Freetown area, field visits were made to the slums and squatter settlements for seven days. In the rural areas, effort was made to visit some farm houses in order to ascertain how farmers cope.

Given the cost and time constraints, an indepth field survey was not conducted for this study. Obviously, one should expect some weaknesses in the methodology used to ascertain how the poor cope. Nevertheless, an attempt of this nature is better than none. Although the observations made cannot be generalised, they nonetheless reflect some realities in the Sierra Leonean community.

The study further uses proxies to determine household income trends in both urban and rural areas. In the former, wages in the civil service, private sector and estimates of daily earnings of informal sector entrepreneurs were used. To track rural income, agricultural GDP, producer prices and the rural terms of trade were used. Statistics from other agencies like UNDP, UNICEF, FAO, and WHO have been utilized, particularly for the basic needs indicators.

1.5.2 SCOPE AND METHODOLOGY

This study focuses on the conditions of the Sierra Leonean population during the Economic Recovery and Adjustment Period (1986

to date). It does not aim at showing the distribution of income in the economy per se but rather shows the prevalence and depth of poverty. In other words, the concern of this study is to measure absolute poverty and not inequality or relative poverty. The use of the 1976/77 household survey and other information before 1986 is to enable us determine changes that have taken place during the reform period.

Due to the lack of appropriate tool(s) and the fact that it is difficult if not impossible to examine the long run impacts of SAP on the poor, some of which may still be in the making, the study does not aim at investigating the contention that SAP has led to widespread poverty. It only determines changes in the number of poor and severity of poverty during the policy reform period among other things.

The study uses income/expenditure indicators and basic needs indicators. To map out poverty strategies, it is proper that the study investigate some interrelationships, notably Poverty, Population and the Environmental interrelationships. These and other relevant information have been put together to produce quite a comprehensive poverty profile for Sierra Leone.

Both quantitative and qualitative approaches have been adopted to achieve the objectives. The poverty line is based on the monthly per household consumption expenditure. Expenditure is used here as

a proxy for income since income data are mostly unreliable for developing countries like Sierra Leone. Regional price indices have not been used to adjust for price variation since the CSO compiles monthly CPI only for Freetown. Household composition has also not been provided for due to the non-availability of Adult Equivalent Scale or any other reliable weights.

Two poverty lines have been defined in this study. The first one referred to as the upper poverty line is specified at the average monthly household expenditure level. All households with expenditure less than this average are regarded as poor. The lower poverty line defined as those with expenditure less than 2/3 of the average monthly household expenditure distinguishes the chronic or hardcore poor from the rest of the population.

The headcount index, poverty gap index and the FGT index have been computed using simple electronic calculator for urban and rural areas and for the administrative regions (North, South, East, Western Area and Freetown only).

Basic needs indicators prior to adjustment are compared with trends during the adjustment period. The basic needs services covered include education, health, water, sanitation and housing.

To determine the contribution of SAP to poverty, it would be proper to use an economywide model. Unfortunately, however, none is

available for Sierra Leone. The simple methodology developed by Behram and Deolaliker (1991) requires time series data. These are available for the macroeconomic indicators but not available for the social indicators. Time series data can be obtained from different sources to run the regressions but the problem one encounters is inconsistency as different sources indicate different trends. This study has therefore examined the impact of SAP on the poor by relying more on qualitative and trend analysis.

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CHAPTER II

COUNTRY PROFILE, MACROECONOMIC CONDITIONS, POLICIES AND POVERTY

This chapter presents a general profile of the economy covering its location, climate, vegetation and distribution of the population, among other things, and reviews the economic performance before and during the policy reform period. It further attempts to discuss the impact of the economic conditions and policies on the poor. These provide the setting for subsequent analyses.

2.1 BRIEF COUNTRY PROFILE

Sierra Leone covers a land area of 72,000km² and lies on the South-West coast of West Africa, between latitudes 6.55 and 10.00 North and longitudes 10.16 and 13.80 West. It is bordered by Guinea on the North and Northeast and Liberia on the East and Southeast. Its relief varies from coastal swamps to the highest mountain (Bintumani, 6,390 feet) in West Africa. Approximately, the average height of Sierra Leone is 617 feet above sea level (2.46 percent of the land area is above 2,000 feet, more than 25 percent of the land area is between 1,000 and 2,000 feet and about half of the land area lies below 500 feet).

The country is divided into four administrative regions: the Northern Province, Southern Province, Eastern Province and Western

Area, where Freetown, the capital is located. A large portion of the Northern region is covered by savannah vegetation favourable for livestock rearing. The Western part of the South and the Western area lie on the coast covered by riverain grassland and mangrove swamps. The vegetation of the East and part of the South was formerly forest but this has been mostly reduced to secondary forest and farm bush due largely to the slash and burn systems of farming.

The two major seasons are the rainy season (May to November) and the dry season (December to April). The mean annual rainfall ranges from 100 to 120 inches in the coastal belt and over 200 inches in the peninsula mountains where Freetown, the capital is located. Mean temperature varies from minimum of 60°F or less in the savannah and mountainous North to maximum of 95°F or more in the Central part of Sierra Leone in March.

The major occupation in the Southwest and Western area is fishing while cash crop production constitutes principal occupation in the East and part of the South. In the muslim dominated North, animal husbandry, boliland rice farming and trading are key economic activities. Mining of diamond is another important activity in the East and Southeast of the country, while rutile and bauxite mining provides livelihood for a large number of the inhabitants in the Southwest.

The 1985 population census estimated total population at 3.5 million (36 percent in the North, 21 percent in South, 27 percent in the East and 16 percent in the West) with growth rate of 2.7 percent per annum. Current population (1993) estimate stands at about 4.3 million (UNFPA, State of the World Population, 1993).

2.2 OVERVIEW OF THE ECONOMY

This section reviews the performance of the economy and the impacts of the macroeconomic conditions on the poor. It further examines the contents of the SAP with emphasis on the impacts of the programme on the poor.

2.2.1 OVERVIEW OF THE ECONOMIC STRUCTURE AND PERFORMANCE BEFORE ECONOMIC RECOVERY AND ADJUSTMENT (BEFORE 1986).

Growth and Structure of Gross Domestic Product (GDP)

The Sierra Leonean economy since independence has been characterised by a very large rural sector with agriculture and mining activities, and a small urban enclave dominated by informal sector activities (mainly trading and artisanal) and few medium and large scale manufacturing activities. The 1960s was a golden era. Between 1963 and 1970, real GDP rose by 5.8 percent while population increased by 2 percent annually so that average annual

real per capita income was 3.8 percent. The fiscal and foreign exchange positions were healthy and inflation was kept under control. Table 1 in the Appendix provides information on selected economic indicators before the reform period.

Overall output in the productive sectors, notably agriculture, mining and manufacturing dropped between 1970-1985. Agriculture continued to play the leading role in terms of contributions to output and employment generation. Its average share hovered around 31 percent between 1970-1985. On the other hand, the share of mining averaged 4.6 percent between 1980-85, which was about one-quarter its average share between 1970-74. Output from the manufacturing sector has been kept very low, less than 10 percent of GDP. Some of the reasons for the fall in output in the productive sectors are: the weak institutional arrangements for policy formulation, project designing and implementation, lack of incentives, weak domestic macroeconomic policies, particularly the exchange rate policies.

The dominant stimulus to growth of GDP appears to be coming from the non-productive rather than the productive sectors of the economy. In Sierra Leone, this trend mirrors an economic system that favours commerce and consumption over production. The informal sector is the largest and most dominant facet of the economy. The dynamic impetus of the growth of this sector appears to be coming from small-scale operators in the mining and commercial sectors

even though a large proportion of the growth of the economy has been lost to official recording. The average contribution of the services sector to GDP surged from about 46 percent between 1970-74 to 57 percent between 1980-85.

Expenditure on GDP

The single most important expenditure component of GDP is private consumption. In the early 1970s, its share in GDP averaged around 79 percent and increased by about eight percentage points between 1975-85. On the other hand, public consumption/GDP ratio dropped by about 26 percent between 1970-74 and 1980-85. The savings ratio precipitously declined from 13 percent in 1973/74 to 6 percent in 1974/75 due to the first oil shock. Thereafter, the ratio continued to slide to less than 1 percent in 1979/80 but recovered by mid 1980s.

Although savings was low, investment was kept at impressive levels, especially in 1979-81, reflecting the huge external funding used to finance domestic investment¹. Average investment/GDP ratio fell from 14 percent between 1970-74 to 13.1 percent between 1975-79 and then slightly rose to 13.7 percent between 1980-85.

¹ The investment/GDP ratio was 16.3 percent in 1979/80 and 9.1 percent in 1980/81. The huge investment in these years can be due to the infrastructure development projects undertaken for the hosting of the O.A.U.

The largest decline in the expenditure component occurred for exports and imports. The average export/GDP ratio was 14.2 percent between 1980-85 compared to 29 percent between 1970-74. The import/GDP ratio also fell by about 24 percent during the same period. The average trade ratio was 38.2 percent in 1980-85 as against 60.4 percent in 1970-74.

Exports, Imports and Balance of Payments

The fall in mineral production (diamond and iron ore), and cash crops (coffee and cocoa) led to poor export performance and thus low propensity to import.² Notwithstanding, import of non-investment goods created an unfavourable trade balance for most of the post independence period. Consequently, the current account was also in deficit as the net invisible has always been negative. The current account deficit/GDP ratio averaged 12.17 percent between 1975-79 and 7.25 between 1980-85. External capital inflow either in the form of public aid or foreign direct investment narrowed during the post oil shock period due partly to the ensuing global recession. The country had little access to private capital markets. The Government negotiated the Extended Fund Facility Agreement with the IMF in 1981 but this was cancelled after the

² Since the early 1980s, rutile and bauxite exports have replaced diamond and iron ore respectively. For cash crops, the international terms of trade turned against Sierra Leone during the pre-reform period. The index declined moderately in the 1970s, increased during the coffee boom in the late 1970s and dropped steeply during the early 1980s.

first tranche was disbursed. The stand-by agreement with the Fund was also cancelled in 1984.

The common policy response used to close the external gap was the imposition of exchange controls apparently to preserve the scarce foreign exchange. The local currency, the Leone which was delinked from the pound sterling in 1978 was pegged to the US dollar for nearly four years. In 1982, the two-tier exchange rate was adopted but abandoned for the fixed exchange rate six months later. The immediate effect was further overvaluation of the Leone leading to parallel or black markets in foreign exchange. The tariff and non-tariff restrictions imposed as supplementary measures were most undesirable for the economy. Producers resorted to smuggling of basic foods, cash crops and other exportables for foreign exchange. Import licences introduced were granted to privileged importers amidst bribery and corruption of public officials.

Fiscal Operations

The fiscal situation was far from satisfactory. The common scenario was persistent fiscal deficits arising from insufficient revenue and burgeoning public sector outlay. The cut-backs in imports had meant that the revenue base weakened. Total Government revenue was down from 30 percent of GDP in 1970/71 to 5.4 percent in 1985/86. The narrowness of the tax base, and the weak

administrative structure also continue to limit internal resource mobilisation.

The soaring expenditure mostly on non-productive investments - excess overseas travels, fictitious contracts, overpricing of goods, non-delivery of goods paid for and purchase of luxurious vehicles for senior Government officials, mistargeted subsidies and transfers, wages and salaries on 'ghost' and low skilled workers, grants to loss making public enterprises and interest repayments obligation on debts, do explain the fiscal deficits. Total expenditure/GDP ratio reached as high as 31.5 percent in 1980/81 before it started to decline and was 19.1 percent in 1985/86³. It is recurrent expenditure which occupies the lion's share of the total expenditure bill. Its shares in total expenditure and GDP were 84 percent and 14.4 percent respectively in 1984/85. This implies, capital expenditure has been kept very low. By 1984/85, it had fallen to 2.7 percent of GDP.

The fiscal deficits of GDP reached two digits (11.06 percent) between 1980/81 and 1985/86 on average and was 18.3 percent higher than the average for 1974-79. The huge deficit has been domestically financed through monetary accommodation and private

³ A study by Shalizi and Lyn Squire (1988) "Tax policy in sub-Saharan Africa: A framework for analysis", Policy and Research Series, No.2, World Bank, Washington, D.C. on 25 sub-Saharan African countries showed that expenditures rose from 18 percent of GDP in 1966 to 29 percent in 1982 while share of revenue in GDP increased from 11.6 percent to only 16.1 percent over the same period.

sector borrowing. Bank financing of fiscal deficits averaged about three-quarters for the period 1980/81-84/85. This propelled inflation and lowered real interest rates further. Savings fell and thus investment.

2.2.2 IMPACT OF MACROECONOMIC CONDITIONS ON THE POOR

The macroeconomic imbalances that characterised the economy in the late 1970s and 1980s led to widespread poverty in the country. These imbalances which have been reviewed in the previous subsection can be categorised into two groups: The visible macroeconomic imbalances which embrace the external and the internal gaps. The former manifests itself primarily in the chronic deficits on trade and current accounts of the balance of payments, overvaluation of the local currency and the external debt burden. The internal gap is revealed in the forms of chronic fiscal deficits and large savings/investment gap. These gaps in turn led to acute foreign exchange shortage and inflation. There were also institutional constraints and bottlenecks which constitute the invisible group. These were: the system of protection of private industry, Government intervention of various forms, monetary accommodation of budget deficits and structural segmentation and weaknesses of the financial markets.⁴

⁴ See Quarcoo P.K. (1990, p.2-8).

The dwindling export earnings and the low public revenue rendered the central Government inefficient to finance development projects. The physical and social infrastructures collapsed. Farmers faced severe marketing constraints especially when subsidies were removed from petroleum products. Both the rural and urban poor who rely on Government provisions of basic services had to pay more for these services or go without them. In most cases, the latter was the only option. The repercussions of this is sad to be repeated.

The persistent fiscal deficits were financed by the central bank. It is this monetary accommodation of budget deficits that propelled the inflation. Real earnings eroded despite the series of efforts made to increase nominal producer prices and modern sector wages. Food prices rose more than the average for all items. The rural landless labour and the low paid urban workers were the principal victims. The number of meals per day dropped to one for for a large percentage of the population. Basic non-food items such as housing, radio and refrigerators became virtually luxury items.

The shrinkage in savings and therefore investment led to considerable unemployment particularly in the urban areas. Total public investment which is largely externally financed dropped from 5.44 percent of GDP in 1980/81 to 4.58 percent in 1990/91. Private investment also declined largely due to the central Government inability to put in place reliable infrastructures, consistent and sustained stabilization policies that would ensure macroeconomic stability, notably price stability and recently political instability. In the rural areas, the erosion of farm earnings and

other factors forced the people to move to the urban areas, exacerbating the social implications of rural-urban migration.

2.3 MACROECONOMIC POLICIES AND POVERTY

This section discusses the macroeconomic policies, notably IMF/World Bank inspired stabilisation and adjustment policies the Government adopted to correct the economic problems which started in the 1970s. It further examines the performance of the economy during the implementation of the SAP and intuitively discusses the impacts of the programme on the poor and vulnerable in Sierra Leone.

2.3.1 TOWARDS ECONOMIC RECOVERY AND ADJUSTMENT

The GOSL held extensive consultations with international financial institutions to redress the economic malaise. Following the annulment of the Extended Fund Facility and the stand-by agreement in 1984, the Government started discussions with the World Bank in early 1984 on SAP but were inconclusive. The Bank fielded two sectoral missions on agriculture and public enterprises to Sierra Leone - but no lending resulted from them.

With the assistance of the UNDP, the Government formulated a three-year programme of rehabilitation and recovery of the economy with the immediate objective of reversing the process of economic decline and dislocation. The programme included both major reforms

in economic policies and management and a three-year Public Investment Programme. It was seen as the first stage of a longer term effort which would have set the economy firmly on the path of steady economic growth with progressive increases in incomes and welfare for the people. The programme attracted donor support and by the end of 1986, a one-year stand-by arrangement was signed with the IMF. This was not without sets of rigid conditionalities. These were:

- contractionary fiscal and monetary policies,
- exchange rate policy initially through devaluation and subsequently floatation,
- liberalized prices of goods and services and payment system,
- privatisation of rice imports,
- removal of subsidies on rice, petroleum products and farm inputs,
- restructuring of public enterprises, and
- Civil Service reforms including retrenchment.

Only a few of these measures were carried out. In mid 1986, the Leone was unpegged and a floating interbank exchange system was introduced. A massive devaluation ensued with the exchange rate rising from Le 6.00 per US\$ in July 1986 to Le 53.00 in April 1987. In the same month, the floating exchange rate system was abandoned and the currency was again pegged to the US dollar. It was revalued to Le 23.00 per US\$ between April and August of 1986. The exchange

rate was kept unchanged at that level until March 1988 when further devaluation took place. The rate was Le 45.00 per US\$ in January 1986, Le 65.00 in April 1989, Le 120.00 in January 1990 and finally the flexible exchange rate was introduced in May 1990.

Subsidies were removed from rice and petroleum products. This coupled with the poor distribution network, led to increase in the official price of rice from Le 85.00 per 50 Kg bag prior to June 1986 to Le 340.00 in 1988. The cost of similar 50 Kg bag of rice was almost twice this amount when it reached the remote rural areas. The prices of other food items like palm oil and meat also increased. Nominal producer prices and wages also rose but not enough to offset the rise in prices of food items.

What was extremely difficult in the early years of the reform period was keeping expenditures within expenditure ceilings. The Government was not committed to lay off workers because of the political implications. Tariff and non-tariff barriers were maintained. The stand-by arrangement signed in 1986 and supplemented by the Structural Adjustment Facility was suspended in March 1987 and the country was declared ineligible to use IMF/World Bank resources because of its inability to honour external debt obligations and keep to the conditionalities. Other donors also withheld their support for basically the same reasons. In all, three agreements were signed with the Fund and the Bank in the 1980s for the total amount of 259.4 million SDRs. However, only

60.5 million SDRs were utilised leaving more than 75 percent of the resources undrawn (ILO/JASPA (1990, p. 21)).

The Government introduced a National Economic Emergency Programme in November 1987 which reversed earlier reform measures. Exchange rate controls and revaluation of the Leone, rigid controls on currency holdings and cross border trade resumed. Liquidity crisis became the order of the day. There was rapid loss of public confidence in the banking system and the Government because of its relationship with the business community and lack of accountability. At best, the recovery and adjustment period in 1986-88 can be described as 'dirty reform period'. Table 2 in the Appendix portrays dismal trends in most of the indicators during the reform period.

Real GDP grew at a rate of 3.6 percent between 1986-89 on average while population increase was 2.7 percent, indicating average per capita income growth of 0.9 for the same period. The fiscal deficit of GDP dropped in 1987/88 by more than half from 18.1 percent in the previous year. This was not however sustainable as reflected by the consecutive increases in the two ensuing years. Export growth was lowest at about -17.9 percent in 1988/89. Imports however grew at a rate of 15.1 percent in 1988/89 compared to the negative growth of 2.9 percent in 1987/88, meaning external finance was used to fill the trade gap. External current account however continuously deteriorated during the recovery period. Gross investment share in GDP did not maintain any steady trend.

Inflation reached its peak of 167 percent in 1986/87, fell to 45.6 percent in 1988/89 but again rose thereafter due to the central bank financing of the huge deficit and the series of devaluations. The economy was caught in stagflation for most of the late 1980s.

Negotiations with the Fund and the Bank then continued on the possibility of a 'Shadow Programme' i.e. a programme monitored by the IMF and the Bank but without any financial disbursement and support. The authorities restarted negotiations for a more comprehensive package in 1989. The economy was liberalised in 1990, export monopoly of Sierra Leone Produce Marketing Board (SLPMB) was abolished and export and import licences for most goods were removed. The Government embarked on a gradual retrenchment in the Civil Service and tried to keep to fiscal targets. The economy started to show signs of recovery in 1990. Inflation slowed down and revenue collection improved. Due to the resumption of debt service payments to the World Bank, the IMF and the ADB, the Government could not significantly cut back on central bank borrowing. Exports dramatically increased by 16 percent in real terms in 1989/90 but dropped by nearly 2 percent the following year.

By March 23 1991, an incursion was launched by the Revolutionary United Front (RUF) backed by the National Patriotic Front of Liberia (NPFL), an event which has drastically distorted the picture. Cash crops and diamond production virtually came to a

halt. The World Bank estimated export growth at -9.2 percent in 1992/93. Overall growth in per capita income was estimated at -1.6 percent in the same year.

On April 12 1992, immediately before the military takeover on the 29th April, the Reconstruction Import Credit (RIC) and The Rights Accumulation Programme (RAP) agreements were signed with the Bank and the Fund respectively⁵. Subsequently, the Enhanced Structural Adjustment Fund, the Structural Adjustment Credit Agreement and other agreements have been signed. Debt rescheduling arrangements have been negotiated.

Notwithstanding the rebel war, the Government has been able to maintain economic stability. Fiscal deficit/GDP ratio was estimated at 6.7 percent in 1992/93, the exchange rate has been kept stable at Le 560.00 to a dollar and the inflation rate was about 15

⁵ The objectives of RAP with the IMF were to: restore macroeconomic stability, improve resource allocation and strengthen the external payments position. The programme focused on: strengthening financial discipline in the Government and public enterprises, tightening monetary control through active open market operations and maintenance of positive real interest rates, a more effective utilisation of existing potentials in diamonds and fisheries, and the development of a fully functioning competitive foreign exchange market.

The Bank's RIC provides support for continued structural reform with a focus on: improving fiscal management including improving expenditure programming and control in key ministries, enhancing revenue collections by strengthening major revenue departments, ensuring cost-efficient delivery of services and maximizing contribution to the budget from public enterprises through commercialization and divestiture, reforming the Civil Service and petroleum product supply, pricing and tax policies.

percent in 1993. Nonetheless, the external current account further worsened due to the poor export performance associated with the rebel war, and the investment/GDP ratio fell due to the unstable political climate. At present the Government has embarked on industrial restructuring, repair of the infrastructure and the provision of basic services.

The Debt Crisis

The resumption of external assistance in 1992 has imposed a further strain on revenue and exports. The external debt stock, including the use of IMF resources, rose from US\$435 million in 1980 to US\$1.265 billion in 1992, representing 263 percent and 930 percent of export earnings respectively. In relation to GNP, the external debt stock rose by four times in 1992 from 40.7 percent in 1980. On average, over 85 percent of the external debts were short term and mostly non-concessional with shorter grace periods and high interest repayment obligations. Concessional debt of total external debt stock average about a third since 1985.

Despite debt relief through debt swap and rescheduling arrangements, the debt service ratio is significantly high for a financially stripped African country like Sierra Leone. The debt service (payment of principal plus interest) as a percentage of export of goods and services was 22.8 percent in 1980 compared to 45 percent in 1992. Public debt interests and commissions as a

percentage of total expenditure which stood at 6.8 percent in 1980 increased to 42.9 percent in 1991.

2.3.2 STRUCTURAL ADJUSTMENT AND THE POOR

A central policy issue is the impact of SAP on the poor. It is true that SAP positively and adversely affect the poor. How this occurs is a complex process which this study attempts to intuitively examine. The immediate effects of SAP on household can come about through one of the following avenues: changes in the employment status of household members, changes in the prices of goods and services consumed by households and changes in the provision of public services (including Government transfers) to households⁶. An indepth examination of SAP on the poor would require an economywide model or explicit analytical framework which can capture changes in household living standards vis-a-vis changes in the macroeconomy. This has not been possible for this study.

The indiscriminate Government expenditure cut policy adopted to reduce the fiscal deficits has left many people worse off. In Sierra Leone, like other developing countries, the social security system is practically non-existent. Poor households therefore rely

⁶ The changes in employment status of the population has been reviewed in section 2.4. The impacts of price changes on real expenditure on goods and services are examined in sub-section 3.2.3 while trend in social services expenditure is analysed in section 4.5.

on Government provision of health, education and other basic needs services⁷. The cut on Government budget allocations to the social services sector and food subsidies removal are definitely undesirable.

Closely related to this was the reduction of Government's role in the provision of farm inputs and removal of subsidies on petroleum products in order to eliminate the divergencies between efficiency competitive prices and market prices which were believed to have encouraged lower output, misallocation of resources and a loss in both consumer and producer welfare. Obviously, the production costs for farmers rose to unprecedented levels. For cash crop farmers, the increases in nominal producer prices slightly offset the negative impact of the rise in prices of farm inputs. For food crop farmers, net gains fell drastically.

As part of the Civil Service reform programme, the Government carried out massive retrenchment in the service. This policy was supposed to affect the old guards through earlier retirement and the non-skilled and lower cadres. Economically, this sounds well. Socially, however, it was not welcomed.

In Sierra Leone, the Government used to be the largest employer of modern sector workers, accounting for over 50 percent.

⁷ The trend in Social services budgetary allocations has been analysed in section 4.6.

of the total wage employed persons. Over 30,000 people have been made jobless as a result of this policy. The rationalisation and streamlining of state institutions and enterprises has not generally been accompanied by efficient social support activities (reintegration programmes, adequate compensation and retraining). The severance pay which was not even paid immediately after retrenchment has been discouraging and acted as disincentive for engagement in alternative activities.

The restructuring and rehabilitation of state enterprises which include, among other things, outright privatisation or divestiture also made many people jobless. Some parastatals have suspended their activities (e.g. Sierra Leone Produce Marketing Board (SLPMB) and Sierra Leone Oil Refining) while others have already introduced reform measures. A World Bank sponsored project is in progress trying to determine enterprises worth privatising and the forms of privatisation. Thousands of employees have already lost their jobs. The expected private sector investment is yet to flow into the country⁸.

As unemployment in the formal sector rose, many households saw themselves sinking below the breadline when the breadwinner became unemployed. In the informal sector too, many families have been hit.

⁸ It is of course too early to assess the impact of parastatal restructuring and rehabilitation. It is however expected that their efficiency will improve and their contributions to state revenue will increase. Nonetheless, what is visible is that the policy has already added to the number of unemployed persons.

by poverty. They have suffered from the drop in purchasing power and the concomitant decline in demand in the formal sector. Competition has become cut-throat in many service sectors (taxi drivers, tailors, street traders etc...) as the ranks of the informal sector are being swelled by victims of rationalisation and streamlining of state-owned enterprises and the administration.

The exchange rate realignment policy initially through devaluations and subsequently depreciations of the Leone was predicated to redirect resources from the non-tradeable sector to the tradeable sectors. What was noticed in the late 1980s was stagflation due to the lack of supportive measures, notably firm fiscal, monetary and incomes policies.

The liberalisation of imports, particularly rice and manufactured goods is questionable. Imported rice has become less expensive than locally produced varieties⁹. This discourages food production and reduces the food self sufficiency ratio. Since, rice accounts for the chunk of total import bills, it is likely that the trade balance would keep on deteriorating. The dumping of manufactured goods resulting from the openness of the economy has caused severe competition for local industries which are not strong enough to face external competition. Some are forced to reduce their workforce thereby unabating the unemployment crisis and thus

⁹ In June 1993, 50kg of locally grown rice was Le 11,000 compared to Le 8,500 for similar quantity of imported rice.

poverty. It is therefore suggested that indiscriminate liberalisation should not be encouraged. Some measures of protection should be put in place to promote local industries, especially those which are labour intensive and use local raw materials¹⁰.

The debt service burden, particularly the external debt is also another thorny issue. Notwithstanding, the debt relief through debt rescheduling arrangements and forgiveness, the servicing of debt does not release funds for the financing of the much desired poverty alleviation programmes.

Observers do agree that the actual problem has been inadequate domestic policy-making. Fundamental policy reforms were not formulated in a comprehensive manner in most of the 1980s. Their articulation, and certainly their implementation, has been fragmented and piecemeal. Decisions were made in ad hoc and erratic manner.

¹⁰ The empirical analysis of exchange rate realignment and liberalisation is based on the famous standard international trade or orthodox model, the Meade-Salter-Swan or the 'dependent economy' model. This requires data on prices of exportable and importable (tradeables) and prices of nontradeables. The available information in the National Accounts does not give breakdown data. For example, Agriculture GDP is made of crop production, hunting, fishing and livestock. Conceptually, our interest is on cash crop only (exportables). Further, mining is grouped together with quarrying. Besides, assessment of the exchange rate and liberalisation policy requires statistics for years beyond 1989 when these policies were actually instituted. Unfortunately however, available publications do not give figures for 1992 and 1993. Besides, the impact of the war which started in 1991 has distorted the actual picture.

Finally, the recovery and adjustment programmes in Sierra Leone initiated in 1986 has not been generously financed. IMF/World Bank credits and other donor assistance were suspended in 1988. Most of the projects, particularly those in Agriculture, Health and Education consequently came to a halt. This severely affected the welfare of the population. After series of protracted negotiations, donor financing for the projects resumed. The current issues are the global recession and the weak Government absorptive capacity. These have cut down on donor assistance. The rehabilitation of war torn zones which is presently Government topmost priority has further increased our foreign assistance requirement.

These inherent weaknesses of the policies compounded by the rebel war further led to a sharp drop in total income. GNP per capita was US\$170 in 1992 and was half its value in 1982-83 and the same as its value two decades ago (World Bank Atlas, 1994). This has further implied a fall in living standards.

2.4 THE LABOUR MARKET - STRUCTURE OF THE LABOUR FORCE, EMPLOYMENT, UNEMPLOYMENT AND UNDEREMPLOYMENT

Changes in the macroeconomy affects the household through the labour market, prices of goods and services and the provision of public services. This section therefore attempts to describe the structure of the labour force, presents profiles of employment, unemployment and underemployment.

Available data displayed in Table 2.1 indicates that the labour force which was estimated to grow at a rate of 2.7 percent annually in the 1990s doubled between 1974 and 1992. The table reveals several things useful for employment policy formulation.

TABLE 2.1 DISTRIBUTION OF THE POPULATION, LABOUR FORCE AND EMPLOYED PERSONS BY SEX [in thousands]

	POPULATION			LABOUR FORCE			EMPLOYED PERSONS		
	M	F	T	M	F	T	M	F	T
1974	1359	1376	735	772	336	1108	719	291	1010
1985	1805	1836	3643	888	706	1594	N.A	N.A	N.A
1988	1896	1925	3824	1009	1019	2028	986	995	1981
1992	2084	2170	4254	1113	1125	2238	1042	1128	2170

Source: 1974 and 1985 Census Reports, Report on Labour Force survey (1988-89) and Author's Estimates M=Male F=Female

First, the number of labour unemployed fell from 98,000 in 1974 to 47,000 in 1988 and then increased by 45 percent four years after¹¹. The drop in unemployment implied by the statistics may not be an effective indication of an improved situation.

In Sierra Leone, there has been booming informal sector activities. The informal sector expanded at the rate of 5.2

¹¹ The number of unemployed persons is defined as total labour force less employed persons. For example, in 1974, the total labour force was 1.108 million and the number of employed persons was 1.010. Therefore, the number of those unemployed was 0.098 million (1.108 million- 1.010 million).

percent yearly in 1980s (ILO/JASPA, (1990,p.52)). Table 2.2 illustrates why the informal sector was referred to as the ultimate labour sponge in the 1980s. ILO/JASPA (1990) observed that between 1975 and 1990, no less than 75 percent of the incremental urban labour force was absorbed in the informal sector whereas the modern sector employed about 5 percent of these recruits. Overall, 70 percent of the urban labour force or one-fifth of the total labour force are employed in the informal sector.

TABLE 2.2 URBAN EMPLOYMENT PROFILE (in thousands)

LABOUR FORCE CATEGORY	1975	1990	ABSOLUTE CHANGE	ANNUAL CHANGE (%)
FORMAL WAGE EMPLOYMENT	71	83	12	1.1
UNEMPLOYMENT	26	76	50	7.4
INFORMAL SECTOR EMPLOYMENT	162	347	185	5.2
URBAN LABOUR FORCE	259	506	247	4.6

Source: ILO/JASPA Mission Estimates, 1990.

The increase in the number of the labour force unemployed after 1988 was probably due to the erosion in rural earnings and modern sector wages in 1980s. The informal sector which harbours the bulk of the rural-urban migrants and provides supplementary income for farmers, non-farmers and even modern sector employees faced immense pressure in the 1980s. Apparently, it became more difficult to enter into viable activities in this sector in the 1980s. This momentum is likely to continue if efforts are not made to redirect economic activities towards more productive sectors

notably agriculture and industry. The Report on Labour Force Survey (1988-89) pinpoints that it is the informal sector which employs the bulk of the population. Table 3 in the Appendix shows that the informal sector accounts for 65 percent of the total employed persons in the large towns (with females accounting for 52.2 percent) and about 87 percent in small towns (with females accounting for 51.4 percent).

Table 2.1 further indicates an increasing number of women employed. In 1974, only 30.3 percent of the employed labour force were female. This proportion increased to about 50.2 percent in 1988 and was estimated at 50.3 percent in 1992. This increase may be a reflection of dwindling real earnings of men and thus the need for more women to enter into gainful employment activities. Female labour force participation was estimated in 1988 at 76.5 percent compared to 80.0 percent for the male¹².

The Labour Force survey 1988-89 results on employment by economic sector, gender and area displayed in Table 4 in the Appendix puts the agricultural sector in the lead followed by wholesale and retail trade. About 62 percent of total employed labour force is engaged in agriculture with females accounting for 55 percent of this. The percentage of total employed persons in agriculture was high as 75 percent in 1970 (World Bank, (1993a, Statistical Appendix, Table 1.1)). The drop in the percentage of

¹² See Report on Labour Force survey, 1988-89.

those employed in the agricultural sector is an indication that most people are leaving the agriculture sector for other economic activities mostly in the urban areas. Very few of these migrants pick up jobs in the modern sector. It is the wholesale and retail trade and other informal sector activities that cushion the urban unemployment problem arising from this movement. The table also shows that wholesale and retail trade engage approximately 14.4 percent of the total employed persons with females accounting for around 68 percent of this. Mining and manufacturing shares of total employed persons were 13.8 percent and 2 percent respectively. It is also worth noting that over 90 percent of agricultural employed persons are in the rural areas and nearly 70 percent of the manufacturing workers are in the urban areas, reflecting the maldistribution of industries in favour of the urban areas.

The overall labour force participation rate was estimated in the same survey at 78.2 percent (80.0 percent for males and 76.5 percent for females). The overall unemployment rate was estimated at over 10 percent for each sex group (see Table 5 in the Appendix). It can be noticed from the table above that unemployment rate was highest among both male and female aged 20-39. This age group constituting youths accounts for over 50 percent of the unemployed persons.

An interesting observation is that most of these unemployed persons are school drop-outs who have not passed the 'O' level

examination (see Table 6 in the Appendix). This group accounts for nearly three-quarters of total unemployed (72.2 percent in large towns, 24 percent in small towns and 26 percent in rural areas).

Also emerging as a major problem is graduate unemployment. This problem is visible in Freetown which harbours the bulk of the unemployed university graduates. The priority sector for these groups is the formal sector which has narrowed due largely to the retrenchment in the Civil Service, parastatal restructuring and rehabilitation and the minimal private sector investment, probably due to the political instability and the poor state of the physical infrastructures. Another explanation is the relevance of university education to the job market. The education system has been based on institutional approach instead of market approach. It is this problem, the new education system (6-3-3-4) aims at redressing.

Available statistics on unemployment do not fully reflect the gravity of the problem in Sierra Leone. The most serious issue is underemployment. Although the database is weak for realistic estimates, informed observers believe that it is common in the Civil Service and the agricultural sector. In the lower echelons of the Civil Service and even among higher cadres, where there is shortage of resources to acquire needed inputs for work, there is high degree of idleness and absenteeism. This is the visible underemployment type. It is also believed that the long hours of work in the informal and traditional sectors to eke out of a meagre existence are further indications of underemployment of the

invisible type. In the rural areas, the lack of tools to work and other inputs, among other things, have discouraged people engaging in farming practices. As observed earlier, the economically active population in the agriculture sector has declined. ILO/JASPA Employment Advisory Mission (1990)¹³ projected that in the 1990s, the urban labour market, will for the first time, surpass the rural labour market in terms of incremental absorption. During the 1980s, rural labour market absorbed 55 percent of the entrants to the labour market in the country. This share is anticipated to decline by about 10 percentage points in the 1990s.

The non-farm sector has become important in the rural areas. It engages about 15-20 percent of the rural workforce and a large proportion of farmers take up to non-farm activities during the slack season because of the seasonality feature of farming. Some consider the activities as secondary economic activities providing them supplementary income. Some of these activities include small-scale industrial activities (food processing and cottage industries), informal sector artisanal activities, commercial activities and infrastructure development activities.

¹³ See ILO/JASPA (1990, p.109).

CHAPTER III

MONETARY-BASED POVERTY MEASURES

This chapter attempts to determine the status of socio-economic groups by regions using income and expenditure indicators. It is subdivided into three sections. The first section analyses household income using proxies while the second section analyses household expenditure patterns using results obtained from the household budget surveys conducted in 1976/77 and 1989/90 and estimates based on current prices. These two sections give first approximations of the poverty status of the population. The last section where the empirical analysis has been undertaken, gives estimates of the incidence and severity of poverty using the FGI measures presented in Section 1.4 of Chapter one.

3.1 HOUSEHOLD INCOME

To capture urban household income, we have used real wage trends for both public and private sectors. Wages in the Civil Service are compared to wages in the private sector (manufacturing, construction, services etc...) for both skilled and unskilled workers. For the self-employed in the urban areas, income earned by entrepreneurs in the informal sector as estimated by ILO in 1990¹ is utilized. This is reasonable since the informal sector

¹ See ILO/JASPA (1990, p.120).

activities predominate in the urban areas, employing about 70 percent of the urban labour force and about one-fifth of the total labour force. This will then give a picture of the intra-urban income differential.

To track rural income, the following proxies have been used: the per-capita agricultural GDP, real producer prices, rural terms of trade, and distribution of farm size.

3.1.1 URBAN INCOME

Despite a series of nominal salary increases in the formal sector in the 1980s, particularly in the Civil Service, real wages drastically declined as shown in Tables 3.1 and 3.2. Table 3.1 gives information on real Civil Service salaries by grade. Real salaries continuously declined for all categories of workers from 1980 to 1988 after which the situation started to improve. By the end of 1992, real Civil Service salaries had plummeted by 77 percent. Salaries for the most senior civil servants was down by 79 percent while that for the unskilled workers dropped by 75 percent. The dramatic erosion of wages was obviously due to the skyrocketing price level that reached as far as 178.7 percent in 1987². What resulted from the dwindling real wages in the civil service was continuous absenteeism among lower cadres for other

² Inflation rate is defined here as the percentage change in the consumer price index for Freetown.

jobs in the informal sector and excess moonlighting locally referred to as "mammy coker" among the higher cadres. The control of inflation owing to the implementation of a more comprehensive SAP led to slight increases in real wages in the early 1990s.³

TABLE 3.1 INDICES OF REAL CIVIL SERVICE SALARIES BY GRADE (1980=100)

YEAR	TI-SCALE	C(T)-SCALE	H-SCALE	A-SCALE	AVERAGE
1980	100.0	100.0	100.0	100.0	100.0
1981	100.7	97.9	97.6	95.0	97.8
1982	79.7	77.5	77.3	75.2	77.4
1983	54.5	50.9	50.8	47.5	50.9
1984	36.9	33.1	33.0	29.5	33.1
1985	24.0	21.1	20.8	18.4	21.1
1986	18.3	15.3	14.8	12.8	15.3
1987	15.5	12.2	11.2	8.7	11.9
1988	13.6	10.9	9.3	7.7	10.4
1989	16.5	13.3	9.6	9.0	12.1
1990	23.0	18.0	13.0	13.3	16.8
1991	22.1	19.3	17.2	16.8	18.9
1992	25.3	24.3	21.9	21.0	23.1

Sources: ILO/JASPA (1990, 9.44), Department of Finance and Central Statistics Office, Freetown.

The TI-SCALE corresponds to unskilled Labour, C(T)-SCALE corresponds to Higher National Diploma, H-SCALE corresponds to Principal Assistant Secretary and A-SCALE corresponds to Permanent Secretary.

³ The inflation rate was about 18 percent in June 1993 (see Statement on the Budget for 1993/94 Financial year, p.4).

Comparing Table 3.1 with Table 3.2 which gives wage trends in the private sector, it can be deduced that private sector workers have been better off than their counterparts in the civil service. (see also Figure I). Between the period 1980 and 1992, real wages in the private sector depressed by about 70 percent, which was 7 percentage points less than the drop in real wages in the Civil

TABLE 3.2 INDICES OF REAL WAGE TRENDS IN THE PRIVATE SECTOR BY SKILL LEVEL (1980=100)⁴

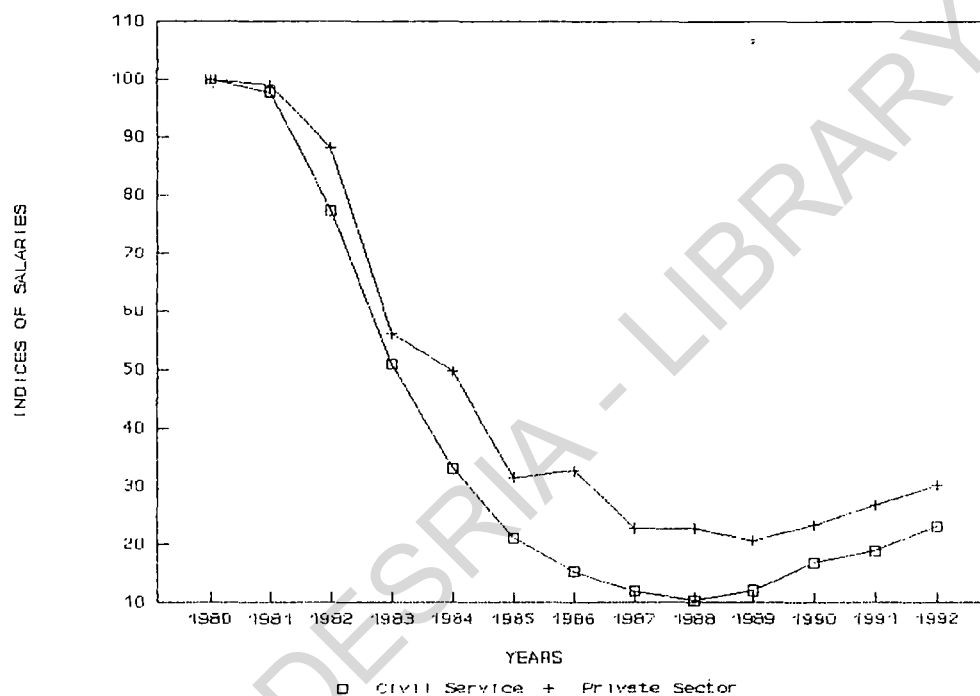
YEAR	UNSKILLED LABOUR	SKILLED LABOUR	AVERAGE
1980	100.0	100	100
1981	99.2	98.8	99.0
1982	90.2	86.2	88.2
1983	58.8	53.4	56.1
1984	43.2	56.2	49.7
1985	33.7	29.2	31.5
1986	36.1	29.2	32.7
1987	25.6	20.0	22.8
1988	25.7	19.9	22.8
1989	23.5	17.6	20.6
1990	24.1	22.4	23.3
1991	28.2	25.3	26.8
1992	30.7	29.6	30.2

Sources: ILO/JASPA (1990, p.47), Labour Division, Department of Labour, Energy and Power.

⁴ The indices consist of averages for the following industries: agriculture, manufacturing, construction, Transport and communication, commerce and services.

Service. Both skilled and unskilled labourers noticed almost the same decline in real wages.

FIGURE I TRENDS IN FORMAL SECTOR REAL SALARIES (1980=100)
(Civil Service and Private Sector)



The ILO/JASPA Employment Advisory Mission in 1990 observed that sectoral differences reflected by the private/public wage ratios by skill level moved in the same direction for both skilled and unskilled workers. The wage differentials were negligible at the beginning of the decade. Thereafter, the workers in the private

sector did better than their counterparts in the civil service, a factor which encouraged some civil servants to leave for the private sector⁵.

The informal sector, commonly referred to as the urban survival sector, has grown rapidly and has potential for further expansion. Adequate, reliable and comprehensive information on this sector hardly exists for very firm judgement to be made. Nonetheless, ILO and other non-governmental organisations have conducted several surveys relating to the activities in this sector in Sierra Leone. One of such surveys conducted by the ILO/JASPA Employment Mission in 1990 gives estimates on daily income of informal sector entrepreneurs in the urban areas (see Table 3.3).

TABLE 3.3 DISTRIBUTION OF DAILY INCOME OF ENTREPRENEURS
(percentages)

RANGE OF INCOME (Leones)	FREETOWN	OTHER URBAN AREAS	NATIONAL AVERAGE
Less than Le 100	4.9	-	2.5
100 - 499	28.2	31.0	29.6
500 - 999	20.4	28.5	24.4
1,000 - 1,999	15.5	13.7	14.6
2,000 - 2,999	10.7	10.0	10.3
3,000 - 3,999	2.9	3.3	3.1
4000 - 4,999	5.8	4.3	5.1
5,000 and above	11.6	9.2	10.4

Source: ILO/JASPA Informal Sector Survey Data, January 1990
(ILO/JASPA, (1990, p.120)).

⁵ See ILO/JASPA (1990, p.47-49).

The table indicates that 56.5 percent of entrepreneurs in the urban areas earn less than Le 1,000.00 per day (53.5 percent in Freetown and 59.5 percent in other urban areas). On the other extreme, 15.5 percent of the entrepreneurs earn more than Le 4,000.00 (17.5 percent in Freetown and 13.6 percent for other urban areas). From this one can assert that, entrepreneurs in Freetown are better off than those in other urban areas⁶.

The same survey also reported that average income for all entrepreneurs was Le 37,130.00 (Le 29,290.00 for female and Le 39,340.00 for male) which was equivalent to Le 141,505 by January, 1993. This was far in excess of the salaries of a permanent secretary in the Civil Service and less than that for some Directors in the parastatals and the private firms⁷. What presently exists is a fusion of formal and informal sectors. Employees in the formal sector, especially in the Civil Service, take up to informal sector activities as a means of cushioning their compressed wages.

⁶ This however requires further proof for there is no clear information on what is paid to apprentices as allowances (soap money) or expenditure on inputs. At any rate, these apprentices receive very little from their bosses, a factor that compels them to quickly leave their profession for other economic activities (mostly trading) or set up their own business after training under severe financial constraints.

⁷ This may be an overstatement since we do not know what these entrepreneurs pay for inputs and other expenses. The observation however agrees with K. Gozo (Regional Adviser, ILO/JASPA) - "The Informal Sector in Africa: some Analytical and Development issues" printed in Population and Human Resources and Development in Africa, Training Manual NO.1, IDEP, 1992, p.26.

3.1.2 RURAL INCOME

As noted earlier, Agricultural GDP (AGDP), producer prices, rural terms of trade and the distribution of farmland are used to track rural household income. Table 3.4 depicts trends in AGDP

TABLE 3.4 TRENDS IN AGRICULTURAL GDP AND TOTAL GDP
(1980/81-90/91) (1980/81=100)

YEAR	PER-CAPITA AGDP	SHARE OF AGDP IN GDP (%) ⁸	PER-CAPITA GDP
1980/81	100.0	40	100.0
1981/82	99.1	40	99.6
1982/83	95.8	39	98.0
1983/84	94.3	40	95
1984/85	102.0	44	91.9
1985/86	96.5	44	87.6
1986/87	101.0	46	88.7
1987/88	106.0	48	88.5
1988/89	99.1	45	88.3
1989/90	102.0	45	91.3
1990/91	100	45	89.6

Source: Central Statistics Office, Freetown, National Accounts of Sierra Leone (Various issues).
AGDP= Agricultural GDP.

⁸ Real per-capita AGDP used as proxy for rural per-capita GDP is arrived at by dividing real AGDP by the rural population. This overstates the rural per-capita GDP to the extent that urban farming is important. On the other hand, it will be an underestimate provided that non-agricultural activities are important in rural areas. In this computation, the two sources of bias are assumed to offset each other.

compared to the overall GDP during the 1980s. On the basis of the available evidence in Table 3.4, the Agricultural sector actually performed better than the economy as a whole during the 1980s. Per-capita Agricultural GDP (AGDP) remained fairly constant compared to total GDP which declined by 10.4 percent during the decade. Notice that the response of AGDP to the series of price incentive policies initiated in 1986 was not impressive, pointing to the fact that price policy by itself is not sufficient. Agriculture's share in total GDP rose from 40 percent in 1980/81 to 48 percent in 1987/88 and then fell by 3 percentage points over the next three years. In the same year (1987/88), per-capita AGDP was up by 5 percentage points.

Real producer price indices given in Table 3.5 present a gloomier situation for the rural people. Average real producer prices for principal export crops (palm kernel, coffee and cocoa) fell by 63.3 percent between 1978 and 1985/86-89/90. The decline

TABLE 3.5 REAL PRODUCER PRICE INDICES OF MAJOR EXPORT CROPS AND RICE (1978=100)

	1970/71- 74/75	1975/76- 79/80	1980/81- 84/85	1985/86 -89/90	1990/91 -Dec, 92
PALM KERNELS	120	111	101	31	N.A.
COFFEE	44	95	53	48	N.A.
COCOA	48	98	47	31	N.A.
AVERAGE	70.7	101.3	67	36.7	N.A.
PADDY RICE	152.8	119.8	171.8	165.0	84.2

Source: Department of Agriculture, Planning Unit.
N.A.= Not Available.

was more dramatic in the second half of the 1980s during which the general price level rose steeply. Both cocoa and palm kernel prices experienced worse conditions. The former dropped by 67 percent during the 1980s compared to 80 percent decline for the latter. For coffee, the average real producer price depressed by 47 percent in the 1980s and about 89 percent of this occurred during the first half.

This dismal scenario can be explained by the following factors. On the external front, world prices of coffee, cocoa and palm kernels plummeted by 40.4 percent, 27.8 percent and 56.3 percent respectively in the 1980s. Another factor was the stagflation that plagued the economy in the 80s. This drastically increased cost of production and eroded producer prices. Transport cost and prices of inputs such as seedlings and fertilizers soared. What aggravated the situation was the removal of petroleum subsidies and the reduction of Government role in supply of inputs within the framework of the SAP. Farmers encountered difficulties in acquiring farm inputs and meeting marketing expenses. Although the overall net earnings cannot be estimated in this study, one would expect a greater drop in farm income.

Regarding food crop (rice), the trend has not been significantly different from cash crops. Real paddy price of rice fluctuated from 1970 through 1980s to 1992. Between 1970/71 and

1984/85, the increase was 19 percent. The situation started to reverse thereafter and was down by 88 percent by the end of 1992⁹.

In real life, income of rural dwellers depend mainly on the prices of crops they produce in relation to the prices of goods they consume. This is referred here as the rural Terms of Trade (TOT). It indicates how much these people are being helped or hurt by price changes¹⁰. Table 3.6 and Figure II show trend in rural terms of trade for the past decade. Obviously, the trend has not been in favour of farmers. Average estimates for the second half of the decade was 79.7 percent as against 92 percent in the first

TABLE 3.6 : RURAL TERMS OF TRADE (1984/85=100)

	1980-85	1985/86	1986/87	1987/88	1988/89	1989/90	1990/91
GDP DEFLATOR	50.3	159.6	397.5	579.7	837.9	1516	2619.2
AGDP DEFLATOR	48.7	143.5	357.7	505.1	747.0	1302.5	2224.0
NON-AGDP DEFLATOR	51.4	172.4	430.8	645.8	912.0	1687.9	2938.3
RURAL TERMS OF TRADE ¹¹	94.4	83.2	83.0	78.2	81.9	77.2	75.7

Source: Estimates based on National Accounts (Central Statistics Office, Freetown, Various issues).

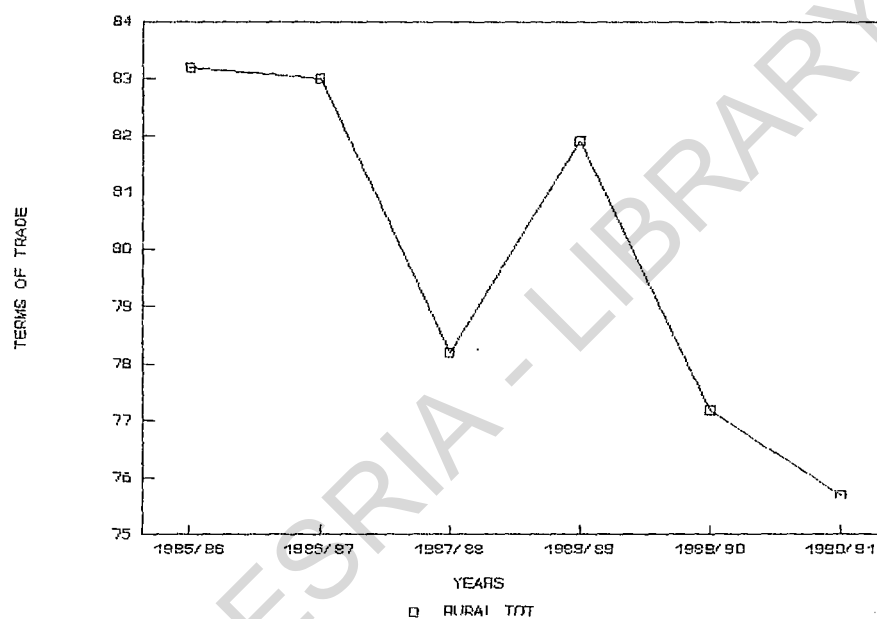
⁹ This remarkable drop in real paddy price of rice, the staple food for Sierra Leone warrants further investigation.

¹⁰ See World Bank (1992, p.1-9).

¹¹ The TOT has been computed by dividing AGDP deflator by the Non-AGDP deflator (see World Bank (1993b, p.45-6)).

half. The overall terms of trade slumped by 24.3 percent in ten years¹². This further supports the fact that the benefits of agriculture pricing policies initiated in 1986 have not been very meaningful to farmers.

FIGURE II TRENDS IN RURAL TERMS OF TRADE (1984/85=100)



Another determinant of rural living standards is the acres of farmland a household possesses. Generally, the larger the farmsize a household possesses, the better the household. The landless are therefore worse off in rural areas. Poverty studies should

¹² No TOT has been computed for cash crops (traded) and Food crops (non-traded) separately since the breakdown of AGDP into these groups is not available in the National Accounts.

therefore attempt to identify the number of landless and determine the distribution of farmland in rural areas. This study does not provide information on the distribution of the landless by regions but uses the distribution of agricultural households by farm size in rural areas estimated in the 1988-89 labour force survey (see Table 7 in the Appendix).

About 88 percent of the total number of farm households live in rural areas with male heads accounting for about 89.5 percent of this. Over half of the farm households hold less than 3 acres of farmland (25.5 percent of farm households hold less than 2 acres of farmland). Using the national average farm size of 4 acres as the cut off point¹³, it can be estimated that about 75 percent of the farm households are poor (74 percent male heads and 91 percent female heads). Less than one percent of female headed households have more than 10 acres compared to about 4.2 percent of the male.

3.2 HOUSEHOLD EXPENDITURE

As noted earlier, the use of income as a measure of consumer welfare is not devoid of certain problems. First, consumption expenditures are more stable while incomes fluctuate frequently. Second, household incomes are not correctly reported as income of the self-employed cannot easily be estimated. Most poverty related

¹³ The 1984/85 Agriculture census survey estimated the national average farmsize at 1.69 hectares (4.176 acres).

studies therefore use household expenditure data generated from household budget surveys. This section therefore analyses household expenditure patterns using the 1976/77 and 1989-90 household expenditure surveys, and estimates based on current prices.

3.2.1 HOUSEHOLD EXPENDITURE BY REGION

Table 3.7 displays household monthly expenditure on different items by regions. Like other developing countries, food expenditure accounted for the lion's share of total expenditure. Its average share was about 60 percent. Rural households spent about 67 percent of their budget on food, while small and large towns spent about 56 percent and 52 percent on food respectively¹⁴. On average, slightly over one-fifth of household expenditure was on rice - the local

TABLE 3.7 AVERAGE HOUSEHOLD MONTHLY EXPENDITURE BY REGIONS AND ITEMS (percentages)

	LARGE TOWNS	SMALL TOWNS	RURAL AREAS	NATIONAL
FOOD	51.5	55.8	66.5	60.0
BEVERAGES AND TOBACCO	4.3	2.4	3.7	3.8
NON-FOOD ITEMS	44.2	41.8	29.8	36.7
ALL ITEMS	100	100	100	100

Source: Central Statistics Office (CSO), Freetown - Report on Survey of Household Expenditure and Household Economic Activities (SHEHEA), 1989/90.

¹⁴ Large towns are defined in the survey report as towns with population greater than 10,000, small towns with population between 2,000 and 10,000 and rural areas with population less than 2,000.

staple. Non-food expenditure was about one-third of total expenditure at the national level with clothing, fuel and power, furniture and education, and medical care accounting for most of this. This high ratio of food expenditure to total expenditure is an indication of high incidence of poverty. The pattern shows that poverty is indeed more prevalent in the rural areas.

Looking at provincial disparity as demonstrated by Table 3.8, it would be noticed that the South is worse off while the East is relatively better off. Food expenditure accounted for about 66 percent in the South, 56.5 percent in the East, 60 percent in the North and 57.9 percent in the West. (54.7 percent in Freetown). On the other hand, non-food expenditure varied from 29.8 percent in the South to 40.5 percent in the East.

TABLE 3.8 AVERAGE MONTHLY HOUSEHOLD EXPENDITURE BY PROVINCES AND ITEMS

ITEMS	NORTH	SOUTH	EAST	WEST	FREETOWN	NATIONAL
FOOD	60.0	66.5	56.5	57.9	54.7	61.8
BEVERAGES & TOBACCO	3.7	3.7	3.0	8.8	4.4	4.5
NON-FOOD ITEMS	36.3	29.8	40.5	33.3	40.9	33.5
ALL ITEMS	100	100	100	100	100	100

Source: Central Statistics Office (CSO), Freetown - Preliminary Report on Survey of Household Expenditure and Household Economic Activities (SHEAHEA), 1989/90.

The relatively satisfactory image for the East can be explained by the type of economic activities in this region. Diamond mining and cash crop production (cocoa and coffee) are the predominant activities in the East. Apparently, earnings of cash

crop growers and diamond mineworkers are higher so that their expenditures on non-food items are likely to be higher.

3.2.2 HOUSEHOLD EXPENDITURE BY INCOME GROUP

Rural-urban differential is more pronounced when we take a look at the distribution of persons by monthly per capita expenditure (MPCE) exhibited in Table 3.9. The proportion of those in urban areas with monthly expenditure less than Le 1,000.00 was two-third of those in the rural areas. On the other extreme, the proportion of persons whose monthly expenditure exceeded Le4,000.00 in rural areas was two-third of those in the urban areas.

TABLE 3.9 DISTRIBUTION OF PERSONS BY MONTHLY PER CAPITA EXPENDITURE CLASSES (MPCE) AND AREA (Percentages)

MONTHLY PER CAPITA EXPENDITURE CLASSES (LEONES)	NATIONAL	URBAN ¹⁵	RURAL
0 - 499	5.80	5.05	7.00
500 - 999	16.90	13.75	19.70
1,000- 1,499	17.70	15.95	19.90
1,500- 1,999	15.80	15.65	18.20
2,000- 2,499	11.30	13.30	9.40
2,500- 2,999	7.60	9.25	6.70
3,000- 3,499	6.20	6.00	5.60
3,500- 3,999	3.90	4.60	3.10
4,000- 4,999	4.70	5.15	3.20
5,000+	10.10	11.30	7.20
Total	100	100	100

Source: Report on Survey of Household Expenditure and Household Economic Activities (SHEHA) 1989/90.

¹⁵ Urban areas are defined here as towns with population greater than 2,000 people.

Considering the provincial disparity, it can be observed from Table 3.10 that the South has the highest proportion of persons in the lowest expenditure classes while the North has the least proportion in the highest expenditure classes.

TABLE 3.10 DISTRIBUTION OF PERSONS BY MONTHLY PER CAPITA EXPENDITURE CLASSES AND PROVINCES (Percentages)

MONTHLY PER CAPITA EXPENDITURE CLASSES (LEONES)	NATIONAL	WEST	SOUTH	EAST	NORTH
0-499	5.8	5.3	18.4	2.2	2.6
500-999	16.9	15.8	17.0	11.9	21.1
1,000-1,499	17.7	14.9	13.6	20.1	20.7
1,500-1,999	15.8	12.2	10.2	16.5	21.8
2,000-2,499	11.3	13.5	6.0	11.4	11.7
2,500-2,999	7.6	7.6	7.2	9.7	6.4
3,000-3,499	6.2	6.5	5.8	6.5	5.8
3,500-3,999	3.9	5.0	4.0	4.5	2.4
4,000-4,999	4.7	6.0	5.2	6.0	2.4
5,000+	10.1	13.2	12.6	11.2	5.1
Total	100	100	100	100	100

Source: Report on Survey of Household Expenditure and Household Economic Activities (SHEHEA) 1989/90.

Average monthly per capita expenditure for the whole country was estimated at Le 1,987.55 and about 56 percent of the national population spent less than Le 2,000.00 per month (59.2 percent in the South, 56.1 percent in the North, 50.7 percent in the East and 48.2 percent in the West). On the other extreme, 14.8 percent of the national population spent more than Le4,000.00 per month (19.2 percent in the West, 17.8 percent in the South, 17.2 percent in the East and 7.5 percent in the North).

The overall picture reveals extreme inequalities within the provinces. The Northern province appears to be the poorest where less than one-tenth of the population were privileged to have monthly expenditure above Le 4,000.00 compared to nearly one-fifth on average for other regions. It seems that the poorest of the poor are concentrated in the South where 18.4 percent of the population had MPCE less than Le 500.00 compared to about 10 percent on average for the other regions.

3.2.3 CHANGES IN HOUSEHOLD EXPENDITURE

This sub-section addresses the issue of the influence of price changes on household expenditure patterns. Between 1976/77 and 1989/90, the average household expenditure in nominal terms on all items increased by about 111 times and 5.2 times between 1989/90 and January 1993 (see Table 3.11).

Examining expenditures in the total household budget, food and beverages accounted for the bulk of household expenditure in the two survey periods, followed by miscellaneous items covering transport, education, medical care, energy, water, sanitation, furniture and other items. Tobacco products and kolanuts changed position with clothing and footwear in the hierarchy of importance in household expenditure in 1989/90. Whereas the share of tobacco and kolanuts dropped by 8.06 percentage points between 1976/77-89/90, the share of clothing and footwear went up by 2.29 percentage points between the same period.

In 1993, the highest rise in expenditure occurred for Food followed by Housing. The changes in the Consumer Price Indices

(CPI) for these items were even more than the average change for all items. Indeed this is not a strange phenomenon. Over the years the food sub-sector encountered series of problems starting from the farm to the market. The increase in population especially in urban areas has pushed up the demand for houses. Thus, the prices of food items and housing escalated considerably over the years.

TABLE 3.11 CHANGES IN AVERAGE HOUSEHOLD MONTHLY EXPENDITURE ON GOODS AND SERVICES (Nominal Leones)

ITEMS ¹⁶	1976/77	1989/90	ESTIMATES ¹⁷ JANUARY, 1993
ALL ITEMS	105.56 (100.0)	11661.08 (100.0)	60287.78 (100.0)
FOOD AND BEVERAGES	67.56 (64.0)	7269 (62.33)	39325.29 (65.22)
TOBACCO PRODUCTS AND KOLANUTS	11.04 (10.5)	284.55 (2.44)	1388.60 (2.30)
HOUSING	3.07 (2.9)	212.09 (1.8)	1124.08 (1.86)
CLOTHING AND FOOTWEAR	5.74 (5.4)	897 (7.69)	3516.24 (5.83)
MISCELLANEOUS	11.75 (17.2)	2734.43 (23.45)	13261.98 (21.99)

Sources: Household Expenditure Survey (1976/77), Report on survey of Household Expenditure and Household Economic Activities (SHEHEA)(1989/90) and Author's Estimates. Figures in parentheses are percentage shares.

¹⁶ Notice the reclassification of consumer goods. This is different from the classifications in Tables 3.7 and 3.8. The classification used here conforms to that used for the compilation of the CPI. This is necessary in order to facilitate the estimation of expenditures for 1993.

¹⁷ Jan, 1993 estimates are based on 1989/90. The change in the CPI for all items between 1989/90 and Jan, 1993 with 1978 as base is 517. The sum of expenditure estimates for commodity items do not sum up to total on all items due to rounding up errors.

Comparing household nominal and real monthly expenditure for both urban and rural areas in Table 3.12, it can be inferred that, households in the the former were better off than their counterparts in the latter. Despite the nominal increases in household expenditure, when these nominal figures are deflated by the price indices, the declines in real expenditure have been very steep, reflective of the increasing rates of inflation and the contraction of output in the economy in general. From the table, it can be observed that real expenditure dropped by 91.3 percent between 1976/77 and 1989/90 in the rural areas and 75.1 percent in the urban areas. Food items accounted for 78 percent of this fall in the former and 64.3 percent in the later. This colossal drop in

TABLE 3.12 A COMPARISON OF NOMINAL AND REAL MONTHLY HOUSEHOLD EXPENDITURE (1976/77 and 1989/90)

	URBAN HOUSEHOLDS*		RURAL HOUSEHOLDS	
	1976/77	1989/90	1976/77	1989/90
NOMINAL EXPENDITURE				
FOOD**	65.7	9776.3	75.9	1871.9
NON-FOOD	47.1	6785.6	21.2	858.1
TOTAL	112.8	16561.9	97.1	2710.0
CONSUMER PRICE INDEX***				
FOOD	100	60952.2	100	27403.0
NON-FOOD	100	75712.0	100	43513.0
TOTAL	100	67535.2	100	30946.0
REAL EXPENDITURE INDEX				
FOOD	100	16.0	100	6.8
NON-FOOD	100	8.9	100	1.9
TOTAL	100	24.9	100	8.7

Sources: Central Statistics Office, Freetown-Household Expenditure survey (1976/77) and Report on SHEHEA (1989/90).

- * = urban areas here refers to Freetown only.
- *** = This includes beverages and tobacco.
- *** = The CPI used is that for Freetown.

rural household real expenditure, particularly on food, merits thorough investigation. This is an indication of low production of paddy rice. Rural households purchase imported rice together with other condiments. With poor distribution network and high transport costs largely blamed on the removal of petroleum subsidies, the prices of these items at least doubled when they reached the rural areas.

Relating household income to expenditure, it can be noted that wages are no longer living wages and salaries do not cover even food requirements for an average family, but barely enough for commuting to work. Table 3.13 gives an idea about the situation. In 1976/77, the average household required two Government minimum wages to meet food requirements. By end of 1992, the same household required about nine minimum salaries to maintain its nutrition status. By February 1994, a similar household required at least 11 minimum wages to cover food requirements. Under such conditions, labour income has lost its relationship with actual cost of living.

TABLE 3.13 FOOD CONSUMPTION AND WAGES (Leones per month)

INDICATOR	1976/77	Feb, 1990	Dec, 1992	Dec, 1993
1.0 HOUSEHOLD FOOD CONSUMPTION	65.7	7222.52	38454.82	45000.00
2.0 GOVERNMENT MINIMUM WAGE	30	803	4000.00	4000.00
RATIO (1/2)	2.19	8.99	9.6	11.25

Sources: Household Expenditure Survey 1976/77 and Preliminary Report on SHEAHEA (1989/90) and Department of Finance.

Households have adjusted food intake downward, aggravating an already inadequate nutritional status of the population. Some

households now have one general meal locally referred to as 'one blow' with little provision for breakfast and dinner, particularly for children and the vulnerable.

Considering estimates of the cost of a typical commodity basket for a family of 6 for a meal in Freetown for three selected years in Table 3.14, it would be observed that the cost rose by 3.5 times between June 1986 and January 1987 and about 12 times between January 1987 and November 1993. These dramatic increases were due wholly to the disjointed and selective stabilisation policies adopted under the Economic Recovery Programme launched in 1986. The series of devaluations, central bank financing of the persistent fiscal deficits and other factors led to price increases.

TABLE 3.14 COST OF A TYPICAL COMMODITY BASKET (Leones)

Food items	June 1986	January 1987	November 1993
5 cups of rice	6.00	16.00	250.00
1 pint of palm oil	3.00	12.00	300.00
1 Piece smoked fish	15.00	40.00	300.00
1 onion	1.00	1.50	20.00
1/4 cup pepper	1.00	1.50	40.00
Green vegetables	2.00	5.00	100.00
1/2 cup groundnut	1.75	2.00	200.00
Salt and maggi	1.00	2.00	50.00
Fuelwood/energy	4.00	40.00	200.00
Total	34.75	121.00	1460.00

Sources: Estimates for 1986 and 1987 were made by UNICEF¹⁸ and 1993 estimates are author's estimates based on current market prices.

¹⁸ Longhurst et. al. (1988, p.35).

The slow down in inflation since 1992 has significantly improved the situation. At present, a household of six requires about Le 45,000.00 per month to acquire only a meal per day. Even at this amount, a large portion of the population cannot afford to meet even basic food requirements. How people cope is therefore an unimaginable case. Workers resort to after hour jobs to earn supplementary income. Underground activities became a reality especially before the military takeover in April 1992.

3.3 INCIDENCE AND SEVERITY OF POVERTY

The income and expenditure analyses undertaken in sections 3.1 and 3.2 merely give first approximations of the poverty status of the population. An empirical analysis that provides summary statistics which capture the pattern consistent with the trend analysis can be most useful in policy making and planning. This section attempts to accomplish this using the FGT measures put forward by Forster, Greer and Thorbecke (1984) as presented in section 1.4.

The poverty indices (headcount index, poverty gap index and the FGT index) have been computed using data obtained from the 1976/77 household expenditure and the 1989/90 survey of household expenditure and household economic activities (SHEHEA) in order to determine changes in these indices.

The headcount index (P_0) or H which measures the incidence or prevalence of poverty or the number of poor has been earlier defined in section 1.4 as:

$$P_0 = H = \frac{q}{n}$$

where q = number of households or individuals falling below the poverty line, and

n = population of the area under consideration.

Thus if q is 750,000 and n is 1,000,000, the headcount index is

$$P_0 = H = \frac{750,000}{1,000,000} = 0.75$$

This means that 75 percent of the population are poor. The higher the index, the more are the poor and vice versa.

Recall that the poverty gap index (P_1) which measures the depth or severity of poverty has been defined in section 1.4 as:

$$P_1 = HI = H \left(\frac{Z - Y_p}{Z} \right)$$

where Z = the poverty line,

Y_p = the mean expenditure of households or individuals falling below the poverty line, and

I = Income gap ratio or the extent to which each household or individual falls below the poverty line ($Z - Y_p$) deflated by the poverty line (Z).

Assuming that $I = 0.4$ and H is given as 0.75 , then P_1 is 0.3 (0.75×0.4). The higher the P_1 index for a region, the more severe the poverty and the lower the index the less severe the poverty.

Recall also that the FGT index (P_2) which measures the distribution of income among the poor is defined in section 1.4 as:

$$P_2 = HT^2$$

Accordingly therefore, P_2 is 0.12 ($0.75 \times (0.4)^2$). Higher P_2 value for a region indicates greater inequality among the poor in that region and vice versa.

If a national population is divided into two sub-groups with population shares X_1 (0.7) and X_2 (0.3) and their respective headcount indices (P_{01} and P_{02}) given as 0.65 and 0.40 , then the contribution (C_1) of the first sub-group to national incidence of poverty is

$$C_1 = \frac{X_1 P_{01}}{X_1 P_{01} + X_2 P_{02}} = \frac{(0.7)(0.65)}{(0.7)(0.65) + (0.3)(0.45)} = \frac{0.455}{0.59} = 0.77$$

This means that 77 percent of the nation's poverty is concentrated in a region with 70 percent of the population and the region with 30 percent of the population accounts for 23 percent ($1 - 0.77$) of the incidence of poverty.

Two poverty lines have been defined in this study for each period: the upper poverty line (the poor) and the lower poverty line (the chronic or the hardcore poor). The poor households are

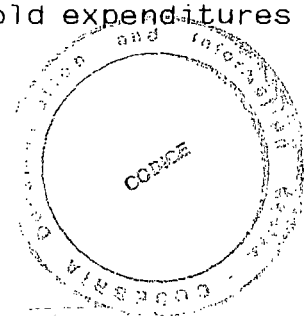
those whose monthly expenditures fall below the national average monthly household expenditure while the chronic poor are those whose monthly expenditures are less than two-third the national average. The average monthly household expenditure on all items in 1976/77 was Le 105.56 (the upper poverty line). Two-third of this gives Le70.37 (the lower poverty line). In 1989/90, the national average monthly household expenditure was Le 11,661.08 (the upper poverty line). The lower poverty line is therefore Le 7,774.05¹⁹.

It should be noted that, the Preliminary Report figures for the 1989-90 survey have been used to compute the poverty indices in this study. The Preliminary Report has been used instead of the Final Report because the Final Report does not have a table showing the distribution of households by expenditure class and province. What is shown, among other things is the distribution of persons by monthly per capita expenditure. Indeed, the monthly per capita expenditures would ideally be better but the 1976/77 report does not have a table showing these monthly per capita expenditures by income group. The use of the household expenditure in this study does not, however significantly distort the picture. After all, poverty alleviation programmes target either the households or individuals. The poor can therefore be identified either on a household or individual level²⁰. In general, a well-off mother or father means a well off household. Besides, the difference between the Preliminary Report and the Final Report is not significant.

¹⁹ The expenditure figures are current leone values.
Refer to Table 3.11 in section 3.2.

²⁰ See Glewwe and Dennis de Tray (1989, p.7-8).

The indices have been computed for the areas (urban and rural), and the provinces (North, South, East, West and Freetown only). Although it would also be useful to compute indices for various employment categories, this has not been accomplished in this study due to the lack of tables showing household expenditures by employment categories.



3.3.1 POVERTY PROFILE BY AREA²¹

Tables 3.15 and 3.16 give information on poverty indices P_j for the whole country and the rural and urban areas at the upper poverty lines for 1976/77 and 1989/90 respectively. With the poverty line specified at Le 105.56 in 1976/77, the headcount index (P_0) for the whole country was 0.745 meaning about 75 percent of the Sierra Leonean population were poor. In 1989/90, with the cut-off point specified at Le 11,661.08, the headcount index for the whole country was 0.645 meaning about 65 percent were below the upper poverty line. Although the estimates indicate a decline in the proportion of the poor in the population, the absolute number of the poor increased from 2,271,505 in 1976/77 to 2,560,650 in 1989/90 indicating 289,145 (7.3 % of the 1989/90 population)*²² new poor (those who crossed the line during the reform period). No doubt, the increase in the population is a key factor responsible for this increase.

²¹ Figures in Tables 10 and 12 in the Appendix were used to compute the indices.

²² World Bank estimated population in 1976/77 at 3.049 million and 3.970 in 1990.

TABLE 3.15 RURAL-URBAN P_j POVERTY INDICES (1976/77)

AREA	POP. SHARE (%) ²³	MPHCE* (Le)	CONTRIBUTION TO NATIONAL POVERTY					
			P_0	P_1	P_2	P_0	P_1	P_2
RURAL	79	97.05	0.789	0.284	0.102	81.78	81.75	81.82
URBAN	21	114.59	0.660	0.238	0.086	18.22	18.25	18.18
ALL SIERRA LEONE	100	105.56	0.745	0.268	0.096	100	100	100

* MPHCE = Monthly per Household Consumption Expenditure

Note: P_0 = Headcount index, P_1 = Poverty gap index and P_2 = FGT index.

TABLE 3.16 RURAL-URBAN P_j POVERTY INDICES (1989/90)

AREA	POP. SHARE (%) ²⁴	MPHCE (Le)	CONTRIBUTION TO NATIONAL POVERTY					
			P_0	P_1	P_2	P_0	P_1	P_2
RURAL	68	9912.44	0.733	0.297	0.120	73.89	73.99	73.87
URBAN	32	13840.36	0.549	0.222	0.090	26.11	26.01	26.13
ALL SIERRA LEONE	100	11661.08	0.645	0.261	0.106	100	100	100

Based on the 1989/90 survey and assuming perfect targeting, then to "fill" the poverty gap, the Government would require Le 3,043.54 ($0.261 * 11,661.08$) per month per household. With average household size of 5.7 and population of 4.2 million, the total household estimate in the country is 736,842. Thus the total amount required to eliminate poverty would be Le 2.243 billion

²³ Population shares are based on World estimates for 1975 (see World Bank (1993a, Statistical Appendix)).

²⁴ Population shares are based on the 1985 population census figures (see GOSL, (1990)).

(736,842*3043.54) per month or Le 26.916 billion per year²⁵. This is the minimum resources necessary to eliminate poverty "at a stroke" if perfect targeting is possible. With leakages and difficulty in targeting, the actual figure can even be higher than this.

Looking at the rural-urban pattern, we can say poverty is a rural phenomenon. All indices (P_0 , P_1 , and P_2) indicate worse situations for the rural area. In 1976/77, about 79 percent of the rural population were below the upper poverty line as against 66 percent of the urban population. The proportion of the poor in the rural population and urban population dropped by 6 percentage points and 11 percentage points respectively from 1976/77 to 1989/90.

The severity of poverty measured by P_1 marginally fell between the survey periods for all Sierra Leone. The depth of poverty however increased from 0.284 in 1976/77 to 0.297 in 1989/90 for the rural economy while that for the urban areas slightly fell from 0.238 to 0.222 during the same period. The difference in the P_1 indices between urban and rural areas also slightly rose. The severity for the rural area was about 1.2 times that for the urban

25 Refer to Table 3.11 in section 3.2. With the change in CPI of 517 percent between 1989/90 and 1993, the equivalent amount required at 1993 prices is Le 11.596 billion per month or Le 139.152 billion per year. At the average exchange rate of Le 560 per US\$1 in 1993, this amount is approximately equal to US\$ 0.249 billion.

areas in 1976/77 and 1.3 times in the urban area in 1989/90. The FGT index (P_2) increased from 0.096 in 1976/77 to 0.106 in 1989/90 indicating an increase in the income disparity among the poor. This was more so for the rural areas.

In terms of contribution to national poverty, around 82 percent of the national incidence was accounted for by the rural sector in 1976/77. The picture, thirteen years later indicates that the rural sector was responsible for about 74 percent of national incidence of poverty. Notice that the contribution fairly remained constant as j went from 0 through 1 to 2, meaning the contributions in terms of national incidence and intensity were the same for each area and survey period.

The pattern does not alter as we move to the chronic poor (those whose monthly expenditure fell below Le70.37 in 1976/77 and Le7,774.05 in 1989/90) as shown in Tables 3.17 and 3.18. It can be observed from the tables that the proportion of the chronic poor in the total population dropped from about 46 percent in 1976/77 to 42 percent in 1989/90. The number of the chronic poor however increased by 264,860 between these periods. Whereas the urban area maintained similar trend, in the rural area, the incidence of chronic poverty slightly went up. When we consider the lower poverty line as calculated for the upper line, the Government requires Le 1,399.32 ($0.18 \times 7,774$) per month per household to eliminate poverty. With perfect targeting, no leakages, and the

TABLE 3.17 RURAL-URBAN P_i POVERTY INDICES FOR THE CHRONIC OR
HARDCORE POOR (1976/77)

AREA	POP. SHARE (%)	MPHCE (Le)				CONTRIBUTION TO NATIONAL POVERTY		
			P_0	P_1	P_2	P_0	P_1	P_2
RURAL	79	97.05	0.495	0.196	0.077	83.35	83.33	83.56
URBAN	21	114.59	0.371	0.147	0.058	16.65	16.67	16.44
ALL SIERRA LEONE	100	105.56	0.455	0.180	0.071	100	100	100

TABLE 3.18 RURAL-URBAN P_i POVERTY INDICES FOR THE CHRONIC OR
HARDCORE POOR (1989/90)

AREA	POP. SHARE (%)	MPCHE (Le)				CONTRIBUTION TO NATIONAL POVERTY		
			P_0	P_1	P_2	P_0	P_1	P_2
RURAL	68	9912.44	0.504	0.216	0.092	76.91	76.96	76.83
URBAN	32	13840.36	0.321	0.137	0.059	23.09	23.04	23.17
ALL SIERRA LEONE	100	11661.08	0.420	0.180	0.077	100	100	100

total household in the country estimated at 736,842, the amount required per month to eliminate chronic poverty would be Le 1.031 billion ($1,399.32 \times 736,842$) or Le 12.372 billion per year²⁶. The intensity of poverty measured by P_1 for chronic poor did not change for the whole country. It however rose in the rural area and fell

²⁶ With the change in CPI of 517 percent between 1989/90 and 1993, the equivalent amount required at 1993 prices is Le 5.33 billion per month or Le 63.96 billion per year. At the average exchange rate of Le 560 per US\$1 in 1993, this amount is approximately equal to US\$ 0.114 billion.

in the urban area. The income gap between the poor in the whole country widened as shown by the increase in P_2 from 0.071 in 1976/77 to 0.077 in 1989/90. In the urban areas, the income gap fairly remained constant while it widened in the rural areas, implying that, even among the poorest of the poor in the rural areas, there is wide income gap.

The contribution of the rural sector to national incidence and depth of chronic poverty was higher than the urban sector implying that chronic poverty is concentrated in the rural area. The contribution of the rural sector to national incidence however declined from about 83 percent in 1976/77 to about 77 percent in 1989/90 indicating a rise in the contribution of the urban sector to national incidence of chronic poverty. The contribution fairly remained constant as j went from 0 through 1 to 2. Therefore it cannot be misleading to assert that conditions have indeed deteriorated in the urban areas.

The urban population expands rapidly at the rate of about 5.0 percent per annum, due largely due to the rural-urban migration. Most of these rural-urban migrants are let down when they move to the urban areas because they lack the skills demanded in the urban labour market. Few pick up low paid jobs in the modern sector and the bulk of them enter the informal sector as 'penny capitalists'. It is this sector which plays the essential role of safety valve and palliative for the social implications of this movement. These migrants mostly live in slums and squatter settlements. As Mustapha S. and Nambiar K.P (1992, p.17) observed ... "The slum economy is the home of the bulk of urban poverty in Sierra Leone. It is

permanently depressed with higher unemployment rates than obtain in the national economy. It is backward and underdeveloped, lacking the dynamic progressive changes that bring advancement to the rest of the economy. Its manpower is employed in low wage sector of the economy primarily and provides a pool of low skilled labour"...

3.3.2 POVERTY BY PROVINCE²⁷

Tables 3.19 and 3.20 show incidence, depth and contributions to national poverty for the four provinces (North, South, East and West) and Freetown for the poor in 1976/77 and 1989/90. The computed indices give a picture of the regional disparity in Sierra Leone with a bias against the Northern Province particularly. In 1976/77, both the North and the East had headcount indices of 81.4 and 79.2 percent respectively which were higher than the national average. The least incidence of poverty was estimated for the South and Freetown. In Freetown, the capital city, about 62.6 percent of the population were below the upper poverty line. The severity of poverty was also highest for the North (0.293) followed by East (0.285). The P_1 index also put the South in better position. During the inter-survey period, conditions changed significantly which distorted the pattern of poverty. The North still maintained its position although the incidence of poverty fell to 0.736 while the incidence increased in the South by about 5 percentage points. All regions but the East and Freetown²⁸ had their P_0 values higher than the national average. The incidence also decreased remarkably

²⁷ Figures in Tables 11 and 13 in the Appendix were used to compute the indices.

²⁸ Freetown is located in the Western Area.

TABLE 3.19 POVERTY BY PROVINCE (1976/77)

PROVINCE	POP. SHARE (%) ²⁹	MPCHE (Le)	CONTRIBUTION TO NATIONAL POVERTY					
			P ₀	P ₁	P ₂	P ₀	P ₁	P ₂
NORTH	38.25	85.48	0.814	0.293	0.105	41.41	41.48	41.24
SOUTH	21.82	141.28	0.640	0.230	0.083	18.64	18.52	18.56
EAST	28.37	96.04	0.792	0.285	0.103	29.96	30.00	29.90
WEST	11.56	107.15	0.653	0.235	0.084	9.99	10.00	10.30
FREETOWN ONLY*	10.10	112.80	0.626	0.225	0.081	8.39	8.52	8.45
ALL SIERRA LEONE	100	105.54	0.745	0.268	0.096	100	100	100

TABLE 3.20 POVERTY BY PROVINCE (1989/90)

PROVINCE	POP. SHARE (%) ³⁰	MPCHE (Le)	CONTRIBUTION TO NATIONAL POVERTY					
			P ₀	P ₁	P ₂	P ₀	P ₁	P ₂
NORTH	35.83	10767.88	0.736	0.298	0.121	39.52	39.43	39.64
SOUTH	21.09	11162.52	0.696	0.282	0.114	22.00	21.85	21.62
EAST	27.32	14390.63	0.553	0.224	0.091	22.61	22.59	22.52
WEST	15.76	11038.37	0.675	0.273	0.111	15.87	15.93	16.22
FREETOWN ONLY	13.36	16554.69	0.341	0.138	0.056	4.56	6.67	7.20
ALL SIERRA LEONE	100	53163.66	0.645	0.261	0.106	100	100	100

for Freetown. The intensity of poverty in the North did not vary much between the survey periods but did increase significantly for the South and West, and decreased for the East and Freetown. The East had the lowest poverty gap ratio in 1989/90. The income disparity among the poor decreased only for the East and Freetown.

²⁹ Population shares are based on the 1974 population census figures.

³⁰ Population shares are based on the 1985 population census figures.

With regard to regional contribution to national poverty, the North accounted for about 41 percent of national incidence and intensity of poverty in 1976/77. The East was second with contribution of about 30 percent to both the national incidence and intensity. The West however contributed least to national incidence and intensity (about 10 percent) due to its relatively lower population share. The regional contributions to national inequality among the poor was not significantly different from their contributions to national incidence and intensity. A different pattern emerged in 1989/90. Regarding national incidence, a very small change occurred for the North, while the contributions of the South and the East decreased and increased respectively. Notice that although the East has the lowest headcount index, its contribution to national incidence was second only to the North due to its higher population share. The West contributed 16 percent to national incidence (about 5 percent for Freetown). Regional contributions to national severity do not differ much from their contributions to national incidence. Notice also that, although the contribution of the West to national poverty increased, it decreased for Freetown meaning a worse situation for the environs of Freetown.

Considering the chronic poor, the pattern does not differ with that revealed in Tables 3.19 and 3.20. (see Tables 3.21 and 3.22). In 1976/77, poverty incidence varied from 35.3 percent in the South to 53.2 percent in the East. Notice also the change in positions. The East had the highest incidence of chronic poverty followed by the North. Again the proportion of chronic poor was least in the South.

Even Freetown, had higher share of the chronic poor in its population than the South.

TABLE 3.21 CHRONIC OR HARDCORE POVERTY BY PROVINCE (1976/77)

PROVINCE	POP. SHARE (%) [*]	MPCHE (Le)	CONTRIBUTION TO NATIONAL POVERTY					
			P ₀	P ₁	P ₂	P ₀	P ₁	P ₂
NORTH	38.25	85.48	0.485	0.192	0.076	40.61	40.56	40.28
SOUTH	21.82	141.28	0.353	0.139	0.055	16.81	16.67	16.67
EAST	28.37	96.04	0.532	0.210	0.083	32.97	33.33	33.33
WEST	11.56	107.15	0.380	0.150	0.059	9.61	9.44	9.72
FREETOWN ONLY	10.10	112.80	0.362	0.143	0.056	8.08	7.78	8.33
ALL SIERRA LEONE	100	105.54	0.455	0.180	0.071	100	100	100

TABLE 3.22 CHRONIC OR HARDCORE POVERTY BY PROVINCE (1989/90)

PROVINCE	POP. SHARE (%) ³¹	MPCHE (Le)	CONTRIBUTION TO NATIONAL POVERTY					
			P ₀	P ₁	P ₂	P ₀	P ₁	P ₂
NORTH	35.83	10767.88	0.468	0.200	0.086	38.53	38.51	38.75
SOUTH	21.09	11162.52	0.500	0.214	0.092	24.08	24.06	23.75
EAST	27.32	14390.63	0.345	0.148	0.063	21.56	21.39	21.25
WEST	15.76	11038.37	0.440	0.188	0.080	15.83	16.04	16.25
FREETOWN ONLY	13.36	16554.69	0.134	0.057	0.024	4.13	4.06	3.75
ALL SIERRA LEONE	100	11661.08	0.420	0.18	0.077	100	100	100

In 1989/90, the share of the chronic poor in the population fell marginally for the country. It also fell for the North, East but increased for the South and West. In the South, about half of the population did not spend more than Le 7,774.05 per month. This

³¹ Population shares are based on the 1985 population census figures.

again points to the fact that conditions in the South deteriorated sharply over the years but improved for the East. Apparently, the prevalence of poverty in the North did not change much during the inter-survey period.

The severity of chronic poverty was highest in the East in 1976/77 and in the South in 1989/90. Actually, there was not much difference in the extent of chronic poverty between the North and the South in 1989/90. The P_1 index indicates that only 18.8 percent of the Western area population spent less than Le 7,774.05 per month (5.7 percent in Freetown alone) in 1989/90 compared to 15 percent who fell below the lower line in 1976/77. The P_2 values manifest a similar trend. The trend shows that the inequality among the poorest of the poor fell for only the East and Freetown. The value was highest for the East in 1976/77 and least in 1989/90 while it was least for the South in 1976/77 and highest in 1989/90 buttressing the deterioration in conditions in the South.

Regarding contribution to national chronic poverty, the North was in the lead. Its contribution to national incidence and intensity of chronic poverty did not differ much from its contribution to national incidence and intensity of poverty. Although the East was second in terms of contribution to national incidence and depth of chronic poverty in 1976/77, the picture for the South was gloomier in 1989/90. The contribution of the latter to national incidence and intensity went up from about 17 percent in 1976/77 to approximately 24 percent in 1989/90. Although the contribution of the Western area to national incidence and intensity of chronic poverty increased by almost 75 percent between the survey periods, it fell by half for Freetown. The contributions

do not change significantly as j goes from 0 through 1 to 2 and the pattern in 1989/90 was not different from that in 1976/77.

Based on the more recent survey (1989/90), we can establish that poverty is more prevalent in the North in terms of incidence, depth and contribution to national poverty followed by the South when the line is specified at the national average monthly per household expenditure. Chronic poverty is however slightly higher for the South than the North in terms of incidence and severity. Nevertheless, due to the larger population share of the North, it contributes more to national incidence and severity of chronic poverty than the South. The East has the least incidence and intensity of poverty and chronic poverty¹. Since the population of the East is more than that of the West, its contribution to national incidence and depth of poverty and chronic poverty is higher than the West.

¹ At present, this statement may not be valid due to the rebel war that has brought economic activities to a standstill in the East and consequently led to drop in living standards.

CHAPTER IV

BASIC NEEDS INDICATORS, OTHER SOCIAL SECTOR

ISSUES AND POVERTY

Monetary-based measurements may reflect incomplete poverty profiles. Income and expenditure statistics should be supplemented by basic needs indicators. This chapter therefore seeks to explore the destitution of the Sierra Leonean population using education, health, nutrition, water, sanitation and housing indicators. The chapter further attempt to throw light on the poverty, population and environmental interrelationships, and analyses social services budgetary allocations.

4.1 EDUCATION

The quality of the education system in Sierra Leone which used to be admired by most other African countries suffered tremendously in the 1980s as demonstrated in Table 4.1, especially in the late 1980s, and operates against the backdrop of the country's economy in crisis. Adult literacy stood at 13 percent in 1970 and was 21 percent in 1990 (31 percent for males and 11 percent for females) which was 31 percentage points less than the 1987 average for Africa¹. The UNDP Human Development Report 1993 estimated that out

¹ The figure for Africa was 52 percent of the corresponding population in 1987 (ECA (1989). "Survey of Economic and Social Conditions in Africa, 1987-88").

of the population of 4.1 million population in 1990, there were 1.8 million illiterate adults out of which 1 million were females.

The gross enrolment fell from 61 percent in 1985 to 53 percent in 1986-89 at the primary level with marked gender and regional disparity. During the latter period, an estimated 65 percent of the boys but only 40 percent of the girls attended primary school. Gross enrolment was also estimated to be at 70-80 percent in greater Freetown area compared to only 20 percent in the muslim dominated Northern Province (World Bank, 1993a, p.64).

At the secondary level, gross enrolment rates exhibited a similar pattern to those at the primary level. It averaged about 16 percent in the late 1980s and was not significantly different from the average for Sub-saharan Africa². The rates were relatively higher in the late 1980s than those in the earlier years indicating a moderate improvement in the situation. Notwithstanding this, the gender and regional disparity were more glaring than at the primary level. Female enrolment rate in 1989 was 11 percent compared to 23 percentage for male in the same year.

Examining the education input indicators, notably number of pupil per school, number of pupil per teacher, number of pupil per qualified teacher, and output indicators, notably attendance rate,

² World Bank average estimate for Sub-Saharan Africa was 16 percent in 1980 (see World Bank, 1989).

TABLE 4.1 KEY EDUCATION INDICATORS FOR SELECTED YEARS

INDICATORS	1980	1985	1988	1989	1990
LITERACY RATE of which ³	N.A	13	21	21	21
MALE	N.A	21	31	31	31
FEMALE	N.A	6	11	11	11
PRIMARY SCHOOL ENROLMENT of which ⁴	52	61	53	53	55
MALE	61	73	65	65	66
FEMALE	43	50	40	40	44
SECONDARY SCHOOL ENROLMENT of which	14	16	18	17	19
MALE	20	26	28	23	N.A
FEMALE	8	6	8	11	N.A
PUPIL PER TEACHER					
PRIMARY	41	40	31	32	28
SECONDARY	25	33	18	20	21
PUPIL PER SCHOOL					
PRIMARY	271	233	172	190	200
SECONDARY	436	480	496	479	514

Sources: UNDP, Human Development Report 1993. ADB/World Bank/UNDP, Africa Development Indicators, (1993). Department of Education, Freetown.
N.A = Not Available.

³ Percentage of corresponding population.

⁴ Percentage of average school age and 1989 figures is an average for 1986-89. Enrolment, Pupil per Teacher and School are in academic years (September-July).

education attainment and success and failure rates, it would be observed that, the quality of education dropped significantly over the years. In Table 4.1, the trend in pupil/teacher ratio is encouraging. Whereas there were 41 pupils to one teacher in 1980/81, there were only 28 pupils to one teacher in 1990/91 at the primary level. This really is considered to be in conformity with the 1970 white paper on education which set the target at 35:1. But as can be seen in Table 4.2, most of the teachers were unqualified. The pupil qualified/teacher ratio at the primary level was 70:1 in 1989/90.

TABLE 4.2 PERCENTAGE DISTRIBUTION OF TEACHING STAFF BY LEVEL, QUALIFICATION AND REGION

REGION	PRIMARY 1989/90		SECONDARY 1990/91	
	QUALIFIED	UNQUALIFIED	QUALIFIED	UNQUALIFIED
NORTH	42	58	68	32
EAST	43	57	72	28
SOUTH	47	53	61	39
WEST	66	34	86	14
ALL SIERRA LEONE	46	54	73	27

Source: Department of Education, Freetown.

There are more unqualified teachers than qualified teachers in the primary schools. In the North and the East, unqualified teachers accounted for 58 percent and 54 percent of the total teaching staff in 1989/90 respectively at the primary level. The situation for the West dominated by the capital city is far better.

About 66 percent, of the primary school teachers in the West were qualified compared to the national average of 46 percent in the same year. In the South, the percentage of qualified teachers does not differ much from the percentage of unqualified teachers.

Although the conditions at the secondary level cannot be described as good, it is better than what prevailed at the primary level. The pupil/teacher ratio dropped from 25:1 in 1980/81 to 21:1 in 1990/91 and the pupil/qualified teacher ratio was 23:1 in the latter year (see Table 4.1). A greater proportion of teachers are qualified at this level. Available evidence displayed in Table 4.2 indicate that only 27 percent of secondary school teachers are not qualified. In the West, 86 percent of the teaching staff are qualified and at least 60 percent of the teachers in the provinces are qualified.

School libraries are practically non-existent. Text books and other school materials which were virtually free at least at primary level in the 1970s are now sold at unaffordable prices. The administrative and supervisory wings of the Department of Education have been heavily criticised for being understaffed, plagued by logistical problems and therefore being greatly inhibited in carrying out their functions, especially with respect to monitoring the school system for compliance with regulations and prescribed standards.

Education is of poor quality throughout the system; children who attend school generally learn very little, and what they actually learn is of little relevance for their lives. The data on school attendance and education attainment for persons aged 5+ obtained from the Demographic and Social Monitoring Survey (DSMS) (1992) do reveal a low level of participation in education. The survey estimates show that the proportion of persons aged 5+ who have never attended school was 62.1 percent (73.7 percent in the North, 66.5 percent in the South, 74.1 percent in the East and 34.2 percent in the West) in 1992. Those aged 5+ who were attending school in 1992 accounted for 15.7 of total persons aged 5+ (13.4 percent in the North, 13.7 in the South, 9.4 percent in the East and 26.7 percent in the West). The relatively encouraging picture for the West is partially due to historical factors such as early introduction of education in the Western Area. Notice that the figures for the East do not actually reflect its expenditure indicators. This dismal picture cannot be unrelated to the rebel war that started in 1991 and has left many people displaced.

The survey figures also reinforce earlier argument that females lag behind their male counterparts in terms of educational attendance. About 77.3 percent of females aged 5+ have never attended school compared to 54.7 percent of males aged 5+ and only 12.3 of the females aged 5+ were attending school in 1992 (18.6 percent for males).

The same survey also estimated that 64.5 percent of those aged 5+ had no education in 1992 (73.3 percent in the North, 67.6 percent in the South, 70 percent in the East and 39.2 percent in the West), representing modest gains over the 1985 Census estimates. (GOSL, 1990, p.20-21). In 1992, 12.7 percent of those aged 5+ had some primary education, 3 percent had completed primary school, 10.9 percent had some secondary education, 6.7 percent had completed secondary education and only 0.7 percent had higher education.

Another set of relevant indicators are the pass and failure rates. Tables 8 and 9 in the Appendix highlight the performance of students at external examinations. The number of those selected and the ratio of those selected to total number of candidates who sat the Selective Entrance Examination (SEE) for entry into secondary school did not follow any persistent pattern during the reform period. Both the number and the ratio manifest a slight deterioration in 1992. The figure for 1993 was due to the Government's new policy of basic education which permits all pupils who attempt the exam entrance into secondary school. Notice that the number that actually sat the SEE also dropped, partially reflecting the low educational attainment and the high primary school drop-out rate.

This low educational attainment is more pronounced at the secondary level where the number of candidates who sat the General

Certificate Examination 'Ordinary' (GCE 'O') level dropped by 28.4 percent between 1985 and 1993 (see Table 9 in the Appendix). No doubt, this decline was partially due to the increase in GCE 'O' level examination fees consequent upon the series of devaluations in the late 1980s and ensuing depreciation of the Leone. The performance of pupils who sat the GCE 'O' level between 1985-1992 has also been unsatisfactory. Over 60 percent had either GCE pass or failed and less than 5 percent had distinction or first division.

The DSMS estimated the drop-out rate at 3.6 percent in age-group 5-9 years, and 13.6 percent in age-group 10-14 years indicative of the pull exercised by the labour market for child labour. The drop-out rate was highest for age-group 15-19 years (48.53 percent). This may confirm the contentions that 'O' and 'A' levels attainments signal the end of education in the face of 'pull' towards the labour market and a 'push' from the lack of opportunities for studying further. The drop-out rates were also observed to be very high for all areas, 64 percent for rural areas as against 39 percent in the urban areas. Female drop-out rate was also estimated at 57.6 percent compared to 40.3 percent of their male counterparts at national level.

4.2 HEALTH AND NUTRITION

The health situation in Sierra Leone is among the worst in the world. Table 4.3 gives key health and nutrition indicators for selected years. The fertility rate averaged 6.5 children per mother between 1970-92 and was equal to the average for sub-Saharan Africa (World Bank, (1989, p.221)). Crude Birth Rate (CBR) in 1992 was 46 per 1,000 as against the average of 48.4 per 1,000 between 1970-85 while the Crude Death Rate (CDR) in 1992 was 2 persons per 1,000 less than the average for the first half of 1980s. Life Expectancy at birth (LEAB) was up from 39 years in 1985 to only 42 years in 1990, 44 years in 1992 and is the third lowest in the world. With regard the maternal and child health, very little has been achieved albeit the nationwide attempts. Infant mortality rate (IMR) dropped from 164 per 1,000 in 1980-85 to 149 per 1,000 in 1989 and 142 per 1,000 in 1992. Under five Mortality was 239 per 1,000 in 1990 as against 260 per 1,000 in 1985. Maternal mortality which stood at 450 per 100,000 of the female population in the childbearing age group in 1985 rose to 630 in 1990 and was estimated by the Department of Health and Social Services at 700 per 100,000 in 1992.

According to a baseline survey conducted by UNICEF in 1988, 70 percent of all infant deaths occur during the first six months of life. Neonatal deaths (within the first four weeks) accounted for approximately 50 percent of all infants death. A similar study in

TABLE 4.3 KEY HEALTH AND NUTRITION INDICATORS FOR SELECTED YEARS

INDICATORS	1970-80	81-85	89	90	91	92
TOTAL FERTILITY RATE	6.5	6.5	6.5	6.5	6.5	6.5
CRUDE BIRTH RATE (per 1,000)	48.6	48.3	47	47	47	46
CRUDE DEATH RATE (per 1,000)	28	24	23	22	22	22
LIFE EXPECTANCY AT BIRTH (years)	35	39	42	42	43	44
INFANT MORTALITY RATE (per 1,000)	185	164	149	147	145	142
UNDER FIVE MORTALITY RATE (per 1,000)	300 (1980)	260 (1985)		239		
MATERNAL MORTALITY RATE (per 100,000)		450		630		700
% OF POP WITH ACCESS TO SAFE DRINKING WATER	16 (1980)	22 (1985)		42		
% OF POP WITH ACCESS TO HEALTH SERVICES	30 (1980)					
% OF POP WITH ACCESS TO SANITATION				43 (88-90)		
DAILY CALORIES PER CAPITA (calories)	2058 (1980)	1882 (1985)	1799	1779	1761	1737
% OF CHILDREN FULLY IMMUNISED AGAINST	1980	1985				
TUBERCULOSIS	36	45	73	98		
DIPHtherIA	36	21	38	75		
POLIO	7	12	38	83		
LOW BIRTH WT. (% of total births)		16		17		

Sources: UNICEF, State of the World children, (1989), ADB/UNDP/World Bank, African Development Indicators, (1993) World Bank Tables, (1991) UNDP, Human Development Report, (1993) and Department of Health and Social Services. The blank spaces mean data not available.

1990 suggests that the five causes which contribute significantly to all infant deaths are: fever (19.3 percent), troubled breathing (10.4 percent), diarrhoea (8.7 percent), cough (7.3 percent) and measles (6.9 percent). The top five most commonly seen illnesses among underfives are malaria (37.6 percent), pneumonia (11.6 percent), diarrhoea and vomiting (11.2 percent), anaemia (8.3 percent) and malnutrition (4.6 percent). The immunizable diseases of neonatal tetanus, whooping cough and polio each account for less than 0.5 percent of the cases while measles contribute approximately 1.3 percent. This really was due to the high complete immunization coverage rate which went as far as 75 percent in 1990. This high coverage was reached because of the intensive campaigns mounted by UNICEF, and its invaluable financial assistance through the nationwide Expanded Programme Immunization (EPI). This momentum was however not sustained. A year after, the coverage rate slumped by 28 percent as the Government of Sierra Leone failed to meet its co-financing commitments. The percentage coverage picked up to about 65 percent in 1992. With more conscious medical care efforts, this is expected to be sustained.

A considerable progress has been made in the eradication of some diseases. In 1990, only 2 percent of the children were not immunized against tuberculosis, 17 percent were not immunised against diphtheria, and 17 percent and 25 percent were not immunised against polio and measles respectively.

These dismal health indicators are attributable to the poor nutrition status of the population. Daily calorie supply per capita fell from 1,882 calories in 1985 (about 85 percent of requirements) to 1,737 calories in 1992 (about 79 percent of requirements) (see Table 4.3). The UNDP Human Development Report 1993, estimated that children who suffered from malnutrition between 1980-90 were as follows: Underweight (23 percent), Wasting (14 percent), stunting (not available). The available indicators imply worsening nutritional status among children, a problem which the authorities are vigorously addressing. Maternal malnutrition is also serious as reflected by the high percentage of low birth weight babies of total births and the high maternal mortality rate (see Table 4.3).

The poor health indicators also reflect the deprivation of the population to basic services notably health, sanitation and safe drinking water, and a deteriorating health infrastructure. Those with access to health remain constant at about 30 percent of the population since 1970 (49 percent urban and 11 percent rural). The ratio of hospital to persons and the number of hospital beds per capita are high (see Table 4.4). These ratios even increased during the reform period meaning more pressure on the limited infrastructure. Infact, most of the hospitals lacked essential drugs until very recently. At present, the Government with the assistance of NGOs is making more concious efforts to supply essential drugs and medical inputs to hospitals. Although the available statistics demonstrate a drop in the number of doctors per head, there are

evidence of unequal distribution of health services. A UNDP health sector review in 1991 estimated that 80 percent of all medical personnel work in the Western area and the Department of Health Statistics show that 70 percent of medical officers are in Freetown which accounts for about 15 percent of the total population.

TABLE 4.4 SELECTED HEALTH INPUT INDICATORS FOR SELECTED YEARS

	1980	1981	1982	1983	1990	1991	1992
NO.OF HOSPITALS PER HEAD	70935	71063	68360	68360	69649	71930	73684
NO.OF HOSPITAL BEDS PER HEAD	886	860	865	745	986	1018	1043
NO.OF DOCTORS PER HEAD	19423	15182	15259	17756	11120	11485	10396

Source: Bank of Sierra Leone, Sierra Leone in Figures (Various issues).

4.3 WATER, SANITATION AND HOUSING

The poor health status of the population analysed in the previous section will not be unrelated to the water, sanitation and housing conditions in the country. These include the accessibility of the population to good water supply, good sanitation, housing and their characteristics. Undoubtedly, poor housing and sanitation arising either from ineffective sewage or refuse disposal or both

are major causes of the growing health hazards in both rural and urban areas but more so in the urban areas.

The UNDP Human Development Report (1993) estimated that only 42 percent of the population had access to safe drinking water in 1990 (83 percent urban and 22 percent rural) as against 25 percent in 1985-88 (ECA, Survey of Economic and Social conditions in African LDCs, (1989-90, Appendix)). This indicates a considerable improvement in five years. The same report also estimated that 43 percent of the population had access to sanitation in the same year. These indicators do not however manifest a favourable situation. A population with over half of the population deprived of good drinking water and sanitation has far reaching health repercussions.

The sanitary condition has also been very unfavourable. Sewage and refuse disposal systems have been very ineffective. Refuse has been disposed in insanitary manner in most of the country. Majority of the households in both rural and urban areas allow solid waste to rot in rubbish dumps close to residential areas. Even households that appear to dispose of waste in sanitary manner do so either too close to their houses in case of composite fence or in dustbins which are left opened thereby providing habitats for diseases. This issue has been further addressed in the section 4.4. All that can be finally established is that the lack of reliable sanitary

system for the vast majority of the population has caused serious health problems.

Owner, rental and employer provided tenure systems operate in Sierra Leone. The three tenure systems do not operate uniformly throughout the country. In the provinces, the majority of the households are owner occupiers of dwelling houses which they themselves have constructed, have purchased or inherited. By contrast, the majority of households in the Western Area are rental occupiers.

In the urban areas, particularly Freetown, housing is a major problem. The low income households have had to 'pack' into the existing low rental pan-body and timber framed dwelling houses. The continuous 'packing' of the households over the past years has produced not only the slum conditions in the inter-city areas with its attendant problems but the scarcity of accommodation has meant that the households either have had to move outside the already congested city areas to less densely populated areas, or up hill, at the forshore and the stream valley terraces.

4.4 POVERTY, POPULATION AND THE ENVIRONMENT

The poor health, water, sanitation, housing and even the education conditions do relate to the prevailing environmental degradation and population increase and maldistribution. Thus the

poverty, population and environment nexus has recently emerged as an important developmental issue. Certainly, population explosion and environment degradation lead to or reinforce poverty. How this occurs is a complex process that merits an explanation. The general relationships have been explored and then their relevance to Sierra Leone examined. The major limitation, however, is reliable data and time. Environmental data are difficult to come by. Even the few available data are sometimes far from reality. This study therefore only throws light on the interrelationships which can at least form the basis for future research.

4.4.1 THE NEXUS

The links between poverty, population and environment are complex processes. Starting with the relationship between poverty and population growth, certain characteristics of poor households contribute to high fertility. Minimal education and limited income-earning possibilities of poorer women lower the costs of foregone economic opportunities while the women bear and raise children. Poor parents look upon children as economic assets providing farm and household labour and old-age security. The combined effects of these forces encourage the bearing of more children. Coupled with high infant and child mortality rate, this creates a further desire to replace the dead child and high population growth results.

The rapid increase in population in turn accounts for instances of the massive environmental degradation which further reinforces the link between poverty and population including the following: Pressure on the limited land reduces fallow period, encourages overcropping, overgrazing and deforestation among others. With poor irrigation practices due to technological backwardness and limited resources, desertification and soil erosion result. These degrade the land, forests, and further retard peoples' development efforts, increase their poverty and lead to destruction of the very resources upon which any sustainable development must be based.

Indoor air pollution, water pollution and urban pollution are other environment-population linkages in developing countries. The main indoor air pollutants are suspended particles, carbon monoxide, and several organic carcinogens, resulting from the burning of biomass fuels for cooking and space heating. Urban air pollution is a rapidly growing health hazard in poor developing countries where megacities are mushrooming. With limited waste and refuse disposal facilities, the increase urbanisation causes massive urban pollution that further causes various health hazards which in turn impact on labour productivity through increased morbidity and mortality, and this indirectly contributes to the maintenance of high fertility among the urban poor.

4.4.2 THE NEXUS AND SIERRA LEONE

How does this nexus work in Sierra Leone? In Sierra Leone, it has been shown that although the share of the poor in the population fell from 74.5 percent in 1976/77 to 64.5 percent in 1989/90, the number of the poor has increased. Based on 1989/90 headcount index for the nation, about 2,560,650 people are poor, indicating an increase of 289,145 new poor in 13 years⁵. The increase in the number of poor has further led to an increase in population. Sierra Leone's population currently increases at a rate of 2.7 percent and is projected to reach 3.0 percent by the year 2005. The population was 2.7 million in 1974, 3.5 million in 1985 and is currently estimated at 4.3 million (51 percent female and 49 percent male).

A serious attendant problem of the population increase is urbanisation. The population density is 48.8 persons per km² for the whole country and varies between regions. The Western Area (where Freetown is located) has density of 995 per km² and the mineral and cash crop rich areas (Eastern Province) have densities over 60 per square km. Koinadugu district, in the North is the most sparsely populated area with density of only 15 persons per km² (Barlay, K.L. (1992, p.32)). The high population density in the Western area is the result of urbanisation mostly towards the prime

⁵. The head count for 1976/77 is estimated in Section 3.3 at 0.745 and the population estimate used is 3.049 giving the estimated number of the poor as 2,271,505.

city, Freetown. There is over-concentration in the capital of Freetown, which has over 50 per cent of the combined urban population and 15 percent of the total population. Urban population is estimated to be increasing at a rate of 4.5 percent per annum and the rural urban movement is still on the increase.

This rapid increase in the population and the maldistribution has resulted into or reinforced the environmental problems. The pressure on agricultural lands, mining activities and livestock rearing destroy the vegetation and forest cover. The demand for fuelwood and construction activities exacerbate deforestation. Industrial activities, particularly mining and the increasing urban concentration of the population result in solid, liquid and effluvial pollution. The progressive deterioration of the resource base as a result of various social and economic activities puts pressure on the environment, so that the provision of access to basic needs such as food, shelter and safe drinking water becomes more difficult for an increasing number of the population.

SOIL EROSION/DEFORESTATION

Soil erosion in Sierra Leone and consequently soil infertility is the result of multiple factors. Farming practices are a major cause, as is deforestation which also results from farming practices as well as extensive fuel wood and hardwood use. Mining activities affect both soil fertility directly as well as impacting

on deforestation. The attendant soil infertility has affected agricultural productivity and thus increased household food insecurity.

Agricultural Practices and Fuelwood Use

The reduction in bush fallowing, burning technique and the boom in the Forestry subsector put a great amount of pressure on both the soil and the forest. Approximately 234,000 hectares are cleared annually for farming activities (Barlay K.L. (1990, p.3)). Pressure on the land from these activities is a direct result of population pressure and the consequent increased demand for both food crops (rice in particular) as well as cash crops. The increasing demand for these crops has resulted in a reduction of the fallow period. The fallow periods have declined from an acceptable 10.7 years in 1972, to 9.8 in 1974, to 8.8 in 1978, and 2-3 years in 1991 (Barlay, K.L.(1992, p.4)). In recent years, tree felling has become a lucrative activity in the country. The felling of trees is not usually followed by tree planting notwithstanding several campaigns. This increases the vulnerability of the soil to erosion which encourages reduced fertility of the soil and thus low productivity and consequently increased poverty.

The increase in population has also created a greater demand for livestock products. Although the Government imports to supplement a short-fall of dairy and meat products, the increased

demand for these products has led to an expansion and intensification of livestock production activities. This puts pressure on the land for grazing of livestock, leading to an increase in the susceptibility of the soil to infertility. This is increasingly the case in the Northern part of Sierra Leone where livestock rearing is more predominant. Because of the savannah vegetation and climate, the Northern part of Sierra Leone is also more susceptible to the damage caused by other agricultural practices. Extensive burning, in addition to the widespread livestock breeding and brief fallow periods, do not allow for adequate regeneration of soils. In the Eastern Province, the existence of forest zones and favourable climatic conditions retard, to a certain extent the rate of soil destruction.

Another major factor that has been responsible for depletion of the forests has been the increased demand for fuelwood as a major source of energy. The increased dependency on fuelwood as a source of household energy is a direct result of the increasing and comparatively higher prices of the alternative sources of energy.

MINING ACTIVITIES

A great deal of foreign and domestic investment has been made in the mining of iron ore, diamonds, bauxite, rutile and gold. Over-exploitation of these minerals has had a devastating effect on the resources as well as the environment of the mining areas. In

addition to the environmental damage, it has led to the exhaustion of iron ore and the near exhaustion of diamonds. These activities have contributed to both soil erosion and the depletion of the forests. The clearing of excessive areas of land and the top soil, especially in the exploitation of rutile, causes destruction of economic trees. Large stretches of land are subsequently left devoid of vegetation and fertile soil cover for subsequent plant growths and agricultural production.

Vast quarries are created as a result of mining practices, many of which become artificial lakes. Rivers are not only diverted from their courses but some are also polluted with chemicals thus depriving settlements of drinking water. Many settlements are relocated in areas where life has to be started afresh by the inhabitants in environments with very few amenities and services to improve their standard of living. In mining areas there is a conflict with farming activities. Not only are mined-out areas left to lay waste but there is an outflow of able-bodied workers from the agricultural sector to the more lucrative mining sector.

These mining activities expose communities to a wide range of diseases. Heavy rains cause dug-out areas to be transformed to stagnant ponds which are breeding grounds for mosquitoes and thus the problem of malaria. Communities interacting with water sources contaminated by mine wastes are exposed to diarrhoeal diseases of many types. Mining activities cause heavy siltation in river beds

and creeks which reduce coastal coral and fish population that feed and breed in it. Toxic wastes in the water source contaminate marine life making them unfit for human consumption.

POLLUTION

In Sierra Leone there are occurrences of solid, liquid and to a lesser extent, effluvial pollution. Solid pollution is a direct result of the method of disposal of solid waste. Liquid pollution is caused by mining activities, as already mentioned, as well as, to a lesser extent by other industrial activities. Additional surface and underground water pollution results from fertilizer use, the extensive use of traditional latrines and inappropriate waste disposal. Offshore marine pollution is at a minimal level, although Sierra Leone is susceptible to the dumping of toxic wastes in its waters. Effluvial pollution does not pose a serious threat. There are no leading industries emitting pollutants into the atmosphere. Outside of Freetown, the pollution caused by vehicles is minimal.

THE URBAN ENVIRONMENT

Some environmental problems exist that are more specific to the urban environment. Many of these problems are caused by pressure on the limited utilities and amenities. This is most severe in Freetown, where there is a marked overconcentration of

population compared to other urban centres. There are severe shortages of pipeborne water, accommodation, among others. There is also a considerable variation in the social status of urban residents, comprising formal sector wage earners, informal sector workers, and the unemployed. Those in the lower end of the social strata that can be classified amongst the poor are employers in the lower levels of the formal employment hierarchy, a majority of informal sector workers and a large percent of the unemployed. These tend to be the migrants from the rural areas and are largely illiterate or semi-illiterate. It is this group of people who have less access to urban services and put further pressure on the urban environment.

The poor environmental living conditions in the urban areas especially in the slums and other depressed areas, pose serious public health problems, especially in relation to the occurrence and spread of communicable diseases. Water pollution exerts adverse impacts on the health of the poor who do not have access to tap water. It causes infection of diseases. The direct impact of water borne diseases is especially hard on children and the poor who are most at risk. Diseases such as schistosomiasis have acute indirect health effects; frequent diarrhoea can leave children vulnerable to illness and death from other causes. Many of the parasitic diseases are caused by interaction with contaminated water which contains a proliferation of the snail vectors carrying the parasites. A prevalence of infection can lead to increased

morbidity in endemic communities and limit the participation of the poor in economically productive activities.

4.5 SOCIAL SERVICES EXPENDITURES

Social services budgetary allocations affect the welfare of the population, particularly those in the low income categories. These groups rely on Government subsidies on essential goods and services like food, education and health services. With the adoption of the contractionary fiscal policy within the framework of the SAP, the social services sector was the the principal victim. The priority sectors have been the productive sectors at the expense of investment in human capital. Even the minimal allocations to the social sectors have not been properly channelled. Evidence from other African countries have shown that a large chunk of the social services budgets have been used to meet administrative expenses, curative medical care for the small urban population and tertiary education, leaving items like essential textbooks and drugs, primary health care and primary education unfinanced. This section of the study carefully analyses the inter-sectoral budgetary allocations.⁶

⁶ An indepth analysis of intra-sectoral budgetary allocations is beyond the scope of this study. It is suggested that future research is undertaken to demonstrate the assertions made here.

Table 4.5 displays key social services expenditure indicators before and during the recovery and adjustment period. Social services expenditure fell by an annual rate of 12.2 percent per

TABLE 4.5 KEY SOCIAL SERVICES (SS) EXPENDITURE INDICATORS FOR SELECTED YEARS

INDICATORS	1980/81	85/86	86/87	87/88	88/89	89/90	90/91	91/92
TOTAL SS EXP. (US\$Million) of which	74.00	45.50	12.50	29.10	20.00	23.00	21.80	17.70
(i) RECU. EXP.	69.78	38.56	10.74	25.12	17.93	20.43	20.89	17.24
(ii) DEV. EXP.	4.22	6.94	1.76	3.98	2.07	2.57	0.91	0.46
REAL PER CAPITA SS EXP. (1980/81=100)	100	55.7	14.9	33.8	22.6	25.4	23.4	18.5
SS EXP./GDP (%) of which	7.40	3.30	2.30	2.60	2.20	2.80	3.10	3.90
(i) RECU.EXP./GDP	7.00	2.80	2.00	2.30	2.00	2.50	3.00	3.40
(ii) DEV. EXP./GDP	0.40	0.50	0.30	0.30	0.20	0.30	0.10	0.50
SS EXP./TOTAL EXP. (%) of which	21.50	16.50	8.70	16.00	11.50	12.60	12.80	13.00
(i) SS RECU.EXP/TOTAL RECU	24.00	16.50	9.20	16.00	12.10	13.60	15.10	16.60
(ii) SS DEV.EXP/TOTAL DEV.EXP.	8.00	17.00	6.80	15.60	8.10	8.10	2.80	1.40
SHARES IN SS EXP.								
EDUCATION	58.70	60.9	54.30	62.10	62.20	54.30	62.70	67.30
HEALTH	31.80	27.60	33.30	31.00	30.60	31.00	23.70	19.10
OTHERS	9.50	11.50	12.40	6.90	7.20	21.70	14.60	13.60

Source: Departments of Finance, Development and Economic Planning, Bank of Sierra Leone, and Central Statistics Office
 NOTES: 1. EXP= Expenditure 2. RECU. =Reccurent 3. DEV.= Development
 4. OTHERS include social security and welfare (pensions), housing and community ammenities.

annum in dollar terms between 1980/81 and 1991/92¹. This was more drastic during the second half of the 1980s. Budgetary allocations to the social services sector have been biased against development expenditure. The recurrent expenses account for about 90 percent of total expenditure allocated to the sector. The share of total social services in GDP fell drastically during the period 1980/81 to 1991/92 and more so for recurrent expenditure. Between 1980/81 and 1985/86, the share dropped by about 55 percent and continued to fluctuate. The estimated share of social services expenditure in GDP in 1991/92 was about 53 percent the actual share in 1980/81.

In terms of total budget allocations, social services expenditure accounted for 22 percent of total expenditure during the first half of 1980s on average compared to the average of only 13 percent during the second half. Social services recurrent expenditure share in total recurrent expenditure rose from about a quarter in 1980/81 to about a third in 1983/84. Two years after, the share slumped to 9.2 percent but picked up again to 16.6 percent in 1991/92⁸. The share of social services development expenditure in total development expenditure fluctuated during the first half of the 1980s and reached 17 percent in 1985/86. In the following year, this share was down by 60 percent and more than doubled in 1987/88. By 1991/92, estimated development expenditure in social services sector had again fallen to 1.4 percent of the actual share which was half its value in the preceeding year and about 17.5 percent its actual share in 1980/81.

¹ At current exchange rates.

⁸ The figure for 1991/92 is the estimated amount not actual.

Even within the social services sector, there exist some differences as demonstrated in Table 4.5. The education sector has attracted more expenditure than the other social sectors, followed by health. The former accounted for about 61 percent of total social services expenditure on average between 1980 and 92, which was about twice the average allocation to the health sector during the same period. Other social services sub-sectors, notably social security and welfare and housing, attracted on average almost one-tenth of total allocations to the social services sector in the 1980s.

However, it is worth underscoring that the bulk of education and health expenditure has been used to meet recurrent expenses, notably salaries. According to Thomas C. and Gobio-Lamin R. (1992, p.39-49), primary education assumes the most important position by virtue of the expenditure allocations attributed to it. During the 1980s and early 1990s, its average expenditure was 35.2 percent representing about one-third of recurrent expenditure to education followed by secondary education which accounted on average almost a quarter of the expenditure. The analysis also reveals that the largest share of recurrent allocations (close to 85 percent) went salaries and other personal emoluments.

The picture looks gloomier if one takes a look at real per-capita social services expenditure. Per-capita social services expenditure was about US\$4.15 in 1991/92 as opposed to US\$22.46 twelve years earlier implying a colossal downturn of 81 percent by the end of the decade.

CHAPTER V

POVERTY ALLEVIATION

This chapter presents profiles of the poor and vulnerable, provides highlights of poverty alleviation experiences from other countries, and examines the direct poverty focus programme, Social Action and Poverty Alleviation (SAPA) in Sierra Leone. These finally set the stage for mapping out poverty alleviation strategies.

5.1 PROFILES OF THE POOR AND THE VULNERABLE

A poverty profile should specifically identify who the poor are. To broadly say the rural dwellers, for example, is not enough. Evidence from other developing countries (see for example Kanbur (1985), Boateng et. al. (1990)) showed that export crop growers were better off than food crop growers during the adjustment period. Rural landlords are also expected to be better off than rural landless. Infact, export crop growers and rural landlords may even have better standards than some urban socio-economic groups particularly the unemployed and low paid formal sector workers who mostly live in slums.

For this study, sufficient evidence does not exist to actually identify the poor. Nevertheless, earlier findings and

investigations based on the Rapid Poverty Appraisal undertaken in February 1994 confirm the following as poor and vulnerable¹:

- Children in extremely difficult circumstances (CEDC) including the orphans, abandoned, handicapped and the displaced.
- Small scale Farmers and Artisans.
- Women, particularly lactating and pregnant women.
- Older people and their dependents.
- The Slum Dwellers.
- The Unemployed, and
- The Displaced.

Children in Extremely Difficult Circumstances

This group comprising the orphans, abandoned, handicapped and the displaced is obviously a primary target group for any poverty alleviation programme. The major causes of orphanage are economic hardship and recently the rebel war. Due to the economic hardship nationwide people find it difficult to assist these children. With certain societal attitudes, women who divorce normally leave behind their children as a condition for remarrying. Wealthy families normally provide boarding school or put them in care of relatives.

¹ See Section 1.5.2 on Methodology. The Rapid Poverty Appraisal study did not take any regular pattern but was based on interviews and observations. Field visits were made to some slum areas, villages, and displaced camps.

Those whose parents cannot afford such facilities are left to tend for themselves.

The handicapped include the blind, the dumb and all those who are unable to live normal productive lives. According to the DSMS (1992), the disabled account for 1 percent of the population (1.05 percent of the male population and 0.94 percent of the female population). The disabled seem to be concentrated in small towns, accounting for 1.24 percent of the population in small towns compared to 0.76 percent of the population in large towns and 1.08 percent in rural areas. Blindness, deaf/dumb and paralysis are the common forms of disability. 28.9 percent of the disabled are blind, 17 percent are deaf/dumb and 11.3 are crippled. Blindness is common among males living in the rural areas.

What makes them particularly vulnerable is not only their disability but the economic hardships. Often physical disability is assumed to go hand in hand with mental deficiency and little effort is made to educate the handicapped children or even treat them as persons. Poverty compounds the constraints preventing the provision of even the most basic assistance. The excerpt below demonstrates the plight of this socio-economic group.

MEET TWO DISPLACED ORPHANS

There were two of them born to different families of about the ages of 11 and 12. They lost their parents during the earlier stage of the war. They moved to the next village when the rebels attacked their own village. They lived with an old woman who had a backyard garden for three months when the rebels launched an attack on their new village. They stayed behind rebel lines for about 120 days. They started smoking marijuana during their stay with the rebels. Government troops recaptured the village. A military officer liked them most as they were used as errand boys by the soldiers and fed on the military ration. Shortly after, they were taken to the Southern provincial headquarters, Bo to stay in a displaced camp. Swift and smart as they were, they abandoned the camp and decided to live with a 'pusherman' in a 'Ghetto'². On my visit to the Ghetto during my study, I asked "why do you smoke marijuana"? "To forget about the past and think of the future", one of them replied.

Rapid Poverty Appraisal, February, 1994.

Small scale Farmers and Artisans

The study identifies, among other things, small scale farmers holding less than four acres of farmland and artisans operating informally as a vulnerable group. Despite several efforts, this group is constantly being marginalised. The key problems here are credit and essential tools to work with. Agricultural credits have not been channelled to small scale farmers. There are a lot of economic, political and social reasons for this which is beyond the scope of this study. The most vulnerable of them all are the landless small scale farmers. Although fertile land is abundant in

² A "pusherman" in Freetown is one who sells marijuana and a "Ghetto" is where marijuana is sold.

Sierra Leone, land tenure system continues to pose a problem.³ It is difficult for the landless to have access to cultivable land. The landlords who lack tools to clear virgin forests, prefer to hold on to the same piece of land for years, a factor which has reduced the fallowing period and reinforced infertility of the soil (see Section 4.4). The following excerpt provides a graphic presentation of the plight of the peasant.

MEET A PEASANT

On my way from a displaced camp near Bo, Southern Sierra Leone, I met a peasant with a small boy of about the age 10 years on the roadside digging and bundles of fuelwood were lying few metres away from where he was. I asked, "Pa, do you own the bundles of fuelwood"? "Yes", he replied. He came close to the bundles of the fuelwood to attend to me. After buying few bundles, I asked about his economic activities. He said, "my child, I do vegetable gardening and fuelwood cutting. I used to be a prosperous rice farmer. I left it few years ago due to the lack of incentives; there is no credit support, no machines and even the labour is now a problem. Besides, the cost of producing a 50kg bag of rice is more than the price of similar quantity of imported variety. I only cultivate two acres yearly for the household. The vegetables and fuelwood are better for me". I further asked for his household members. He said, "I have two wives and 10 children. Five of the children are somewhere in Freetown and Makeni (Northern Provincial headquarters). The others are young and they assist their mothers with the domestic chores and vegetable gardening. I have planned to send them to school but I am poor I cannot afford the cost", he said.

Rapid Poverty Appraisal, February, 1994.

The artisans dispersed all over the country but dominant in the urban areas, face similar problems like the farmers. In addition they face problems of premises and markets, to mention but a few.

³ This is another area that requires thorough investigation.

Women

Women, particularly widows, childless, lactating, pregnant and rural women are predominant among the poor. Rural women particularly have limited access to credit and productive assets. They depend on low productive subsistence farming and petty trading for their living. Urban women, like their rural counterparts, are mostly illiterate and unskilled and therefore find it difficult to enter into gainful employment in the modern sector. They are engaged in petty trading and/or hawking, accounting for 83 percent of the total employed persons in retail trade (Report on Labour Force survey, 1988-89).

They are responsible for child up-bringing and the domestic chores (such as the collection of food and water). Most are malnourished, especially the pregnant and lactating rural women. The traditional practice of men first, when it comes to food, and cultural taboos that prevent them from eating certain foods worsen their nutritional intake. Low birth weight babies and maternal mortality are on the increase. The high illiteracy among the vast majority of women hinder the use of contraceptives. With other traditional beliefs, frequent pregnancies also take a heavy toll on health. In the urban areas, the collapse of social norms and the general tendency towards the so-called modern way of life has increased teenage pregnancy and drop-outs among the female. These undermine their engagement in productive activities and further

pose further strains on their parents. The excerpts below illustrate the destitution of women.

MEET A LACTATING TEENAGE GIRL

She was a teenage girl of about the age 16 years when she had her first son. She had 4 younger brothers and 2 younger sisters. She stayed with her parents together with the brothers and sisters in a two-rooms 'pan-body' apartment at the East end of Freetown. The parents were poor and could not afford to keep them up. She could not exactly identify who impregnated her. At least she had a school going boyfriend who was also poor. She suffered so much during pregnancy. On delivery, she thought she could not continue suffering any longer. About 2-3 months later, she had no option but to stop breastfeeding. On questioning her about the welfare of the child, she remarked "me nar Freetown combra" (meaning lactating mother in the city). I cannot afford to keep indoors, I have to stop breastfeeding to go in search of food for that troublesome baby and myself".

Rapid Poverty Appraisal, February, 1994.

MEET A CHILDLESS WIDOW IN A VILLAGE

She was over 60 years living in a village with rags round her waist. On meeting her for the first time, she asked for something to eat first before answering any questions. I had nothing to eat but gave her Le 500.00. When asked how she copes, "I used to engage myself in backyard gardening which I cannot continue any longer because of ill health. Now I beg," she replied. When asked about the rest of the family members (children, husband and other relatives), she said "all my five children were taken by witchcrafts. The husband died in a road accident and other relatives do seldom come around. I do not know where they are.

Rapid Poverty Appraisal, February, 1994.

Older People and their Dependents

The elderly have become a particularly vulnerable group barely eking out a living. How many of them are in a desperate situation

is impossible to say, as counting all heads of households above a certain age would produce an overestimate. Traditionally, older people are cared for by their children. Some have their children in the urban modern sector and/or the rural farm sector. Occasionally, those in the urban areas will send rice, money and other items for their parents who stay in the rural areas. Some go to their parents in the villages at least once a year mostly in the month of December. What they send is not definitely sufficient to keep their parents going throughout the year. It is not that these children do not want to help, but the urban hardships do not allow them to help the way they would wish. Among the old are the pensioners who have fixed income and therefore more vulnerable to austerity measures.

The Slum Dwellers

This was identified in the Rapid Appraisal study as the poorest group in the urban areas⁴. Primarily, the slum dwellers work as manual labourers in the formal sector and are sometimes engaged in other activities like swamp rice farming, vegetable gardening and petty trading. Some are full time informal sector employees. What worsens their destitution is the drinking habit of

⁴ More rigorous studies on urban slum may disagree with this contention. Nonetheless, the Rapid Appraisal Study used to assess the living standards of the slum dwellers show that, this socio-economic group are worse off. Besides, previous studies on urban slum have identified urban slum dwellers as the least privileged group in the urban areas (e.g., Thompson, J.D. ed. (1989) and Shamsu, M. and Nambiar, K.P. (1992)).

both the men and the women. They are always busy drinking locally brewed rum "omolay" so that little is left for household nutrition and the up-bringing of children. The slums are characterised by lack of safe drinking water, poor sanitation, lack of health facilities to mention but a few. During group discussion with residents in George Brook (a slum in Freetown), one of the residents explained to me their problems as follows:

MEET A SLUM DWELLER

Question: What kind of problems do you have here?

Answer: Plenty my friend; there is no safe drinking water, no road, no electricity, no health centre, no school, no market, no nothing. It is terrible for us particularly our women in the rainy season who have to go metres away to fetch drinkable water. Our children of course do not know about pre-primary school education. Women sometimes nearly die during labour. We the men also want literacy classes to at least learn something but we have not got such facilities. We are also under constant threat of eviction from the municipal council. If the authorities can provide us alternative place(s), we are ready to leave. After all, nobody wants to live in such miserable conditions.

Rapid Poverty Appraisal, February, 1994.

The Unemployed

The unemployed, particularly the retrenched workers and the graduates in the urban areas, constitute another poverty group. The former are the new poor due wholly to the retrenchment policy in the Civil Service and the parastatals. Over 30,000 workers have already been laid off. Most of these are unskilled and therefore find it difficult to engage in gainful employment in the private sector, which presently operates at about 30 percent of capacity.

(World Bank, 1993, p.31). The daily workers who cannot provide evidence of their length of service were paid a lump sum package of Le 40,000.00 (less than \$100.00). Even others with sufficient evidence received meagre severance pay. These sums were not adequate for taking up alternative viable economic activities. The Government is yet to make a conscious effort to launch a comprehensive programme to absorb the retrenched.

The other group (graduate unemployed) is also a relatively new poor group. This can be blamed on the high investment on tertiary education in the 1960s and 1970s without consideration of the potential investment in the economy. What compounds this is the relevance of university courses to the job market. The crisis is a visible one as one moves round the city. Unemployed graduates roam about the streets in Freetown, gather around buildings like the Post Office Headquarters, visit friends who have been fortunate to be absorbed somewhere to at least buy time and secure something for their daily bread. The excerpts illustrate how a retrenched worker reacted when he received a message about his redundancy, and the survival status of the unemployed graduate.

MEET A RETRENCHED WORKER

He has two wives and eight children. The eldest was about 28 years old and never completed secondary education. Four are in schools while others are somewhere in town. He was employed in the Civil Service as a driver by a former Minister who was a member of parliament for his hometown. On receiving the information about his redundancy, he said "This is a burial funeral, this military Government has not come to save us; the APC⁵ was better" He continued enumerating his problems, "I have a lactating wife and a pregnant wife. I feed twelve people everyday"...

During Office Hours, August, 1993.

MEET AN UNEMPLOYED GRADUATE

He studied History and Greek and Roman Culture at the University. He graduated at the age of 25 and is yet to marry. He has two younger brothers and one sister who were in the high school somewhere in the provinces. The parent are poor and he assists them to educate his younger brothers and sister. He has been in Freetown for nearly two years without a job. I ran into him around the Sierra Leone Commercial Bank headquarters, Freetown. He said, "Mr Saffa, you are one of the beneficiaries of the system, praise God I have seen you." He followed me as I entered the Bank to withdraw some money. He continued talking about applications he has written and interviews he has attended in vain. After my bank transactions, I decided to offer him two pints of beer nearby. He hastily said "my man, I need money. I have not eaten since yesterday. I do not even know how I am returning home today. I then gave him Le 1,000.00 and took him to the restaurant/bar to eat and have some drinks. On presenting the menu to him, he shouted, "what is this"? "Le 1,500.00"? I said, "my friend, eat and drink, save your Le 1000.00".

Rapid Poverty Appraisal, February, 1994.

⁵ A P C means All People's Congress. This was the ruling political party ousted by the army on April 29th 1992.

The Displaced

This is a group of the new poor in Sierra Leone. Their poverty is largely due to the rebel incursion. Because of the fluid situation with territories changing hands very often, reliable estimates of the displaced is not available. By May 1993, the registered number of displaced persons throughout the country and those that fled to neighbouring Guinea and Liberia had reached 600,000-800,000 (World Bank, 1993a, p.69).

The plight of these people is really pathetic. Most were engaged in viable cash crop farming, diamond mining, trading and other lucrative activities. Some people lost their lives and others fled leaving behind valuable assets. The excerpt below highlights the plight of war victims.

At present, the National Rehabilitation Committee (NARECOM) in concert with NGOs is providing relief assistance to the displaced to cushion their strains, settlement and rehabilitation support to the war torn areas.

MEET A DISPLACED MAN

He lived in a displaced camp near the second largest town, Bo. When asked about his bitter experiences, he said " my brother, I do not need to repeat what happened. I was born in Kailahun District about 50 years ago. I lived there throughout my life. I had 10 children. The four younger ones who were staying with me died together with their two mothers during the attack. How I managed to flee, I do not know. All my assets including a store filled with cocoa and coffee, rice, money over Le 2 million and other things, were all left behind. What I came with is this small boy of age 5 years. Three of the elder children did not lose their lives but were all left worse off. The two others went to Liberia in the 1980s but are yet to return. Now I live alone relying on ration and assistance from people who knew me before. I am surely paralysed and cannot manage in the urban areas."

Rapid Poverty Appraisal, February, 1994.

5.2 COUNTRY EXPERIENCES

Many African and other developing countries pursuing SAPs now incorporate the human dimension as an integral component. Some of these programmes while they might have run into problems, they do provide useful experiences for other countries pursuing similar programmes. They can therefore provide guidelines to planners and policy makers in designing poverty alleviation projects and programmes. Although it would have been more interesting to carry out an indepth evaluation of the programmes and projects, this has not been possible for this study due largely to the lack of adequate information.

The programmes reviewed in this study include:

- (i) Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) - Ghana.
- (ii) The Grassroots Development Initiatives Project - Togo.
- (iii) Programme for the Alleviation of Poverty and Social Costs of Adjustment (PAPSCA) - Uganda

Programme of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) - Ghana.

PAMSCAD was conceived in 1987 as part of the Government of Ghana's efforts to alleviate the hardships on the marginal, poor and the vulnerable groups caused by the economic reforms which began in 1983. The Government became concerned about the sustainability of the economic reforms if inadequate attention was paid to the plight of the poor.

The programme was launched in late 1988 as a two-year project with a total budget of US\$83.88 million. The response of the donor community was so positive that total commitment slightly exceeded the budgeted amount (US\$85 million). The donors wanted to do everything to make Ghana succeed in its adjustment programme in order to provide a positive demonstration effect to others.

The vulnerable, hence the target groups identified under PAMSCAD were:

- Rural households with low productivity, poor access to social services and to income-increasing opportunities and who suffered particularly from unemployment and hunger during the lean season.
- Low income employed and underemployed urban households who lacked productive economic opportunities and who suffered the increase in prices of some essential commodities.
- Retrenched workers from the civil service and public enterprises divested who lacked relevant skills for productive employment.
- Women and children.

The projected benefits included 40,000 new jobs, easing of hardships for 45,000 out of 81,000 workers expected to be laid off, supplementary feeding for 15,000 malnourished children and provision of safe drinking water for 600,000 rural poor.

Several criteria were used for selection of projects under PAMSCAD: strong poverty focus, high economic and social rates of return, modest institutional requirements to ensure ease and speed of implementation. The key projects selected were: Community

initiative, Employment generation, Redeployment of workers and Satisfaction of Basic Needs.

Community Initiative : This was a self-help project aimed at enabling the communities to construct or rehabilitate social and economic infrastructures including repairs of wells, roads, schools and clinics. The local community contributed labour and available local materials. Institutional strengthening of district councils to co-ordinate and supervise the community initiative efforts were also undertaken.

The Employment Generating Project : This involved labour intensive activities such as construction of the feeder road network as well as rehabilitation of schools, hospitals and clinics using labour intensive techniques. Other projects funded under this scheme included food for work projects in the North, small-scale mining, credit for small farmers and cottage industries and enhanced opportunities for women in development activities.

The Redeployment : This provided compensation package for retrenched workers. Funding was also provided for information, placement, counselling services, re-training and food for settlement programmes.

The Basic Needs Satisfaction : This component provided funds for rural communities and the urban poor. Under this scheme were: water

projects (hand-dug wells, rural/urban safe water supplies and sanitation), health projects, environmental sanitation, essential drugs supply, improved nutrition through supplementary feeding and deworming of rural school children), education projects (bulk purchase of food for secondary schools and paper commodity aid for primary schools), rural shelter rehabilitation and improved building materials.

Progress has been made in community development projects, infrastructure rehabilitation particularly in transportation and communication as well as primary education and rural health clinics. Notwithstanding, PAMSCAD was beset with a number of implementation problems. The Commonwealth Secretariat (1991) observed the following:

- There were too many projects relative to the level of donor support and the Government's administrative capacity to implement them. The PAMSCAD was very difficult to implement under the existing socio-economic milieu and bureaucratic orientation. The type of detailed and scientific planning required at community level under PAMSCAD cannot be satisfactorily carried out by the official agencies involved in its implementation. There was insufficient expertise, capacity and motivation at district levels to carry out thorough planning of resources, inputs, skills, infrastructures, and markets required for the successful

implementation of PAMSCAD. As a result, implementation suffered.

- There were often too many donors for some projects and few for others. Donors wanted to make PAMSCAD a show case in Africa.
- Long-term PAMSCAD type projects were not designed in conjunction with or assimilated into the mainstream of Government's investment programme.
- Actual expenditures made have been slower and much smaller than originally anticipated. Aid donors had difficulty adapting to the variety of modules associated with the programme.

The Grassroots Development Initiatives Project- TOGO

This was an attempt at establishing an institutional framework for collaboration between the Togolese Government and the NGO community while providing direct financial support for NGO sponsored development projects. It is a component of Local Participating Development Programme for microprojects. These microprojects were initiated and are being implemented at the community level to foster effective community participation in building local capacity and institutions and to mobilise additional concessional resources for small scale projects.

A steering committee (on which both Government and NGOs are equally represented) was formed at the core of this framework. This

has a limited but autonomous mandate to select NGO projects to be financed, provide direction for policy guidance and serve as a forum for dialogue in implementing the programme.

The Government established a separate unit in the Ministry of Planning and Mines to co-ordinate and administer the programme and to serve as a liaison with the NGO community and the NGO association. During a pilot programme, practical problems of working together were encountered which provides valuable insight into the dynamics of forging an effective partnership between Government and NGOS

The pilot programme has considerably benefitted both parties and as a result a stronger institutional framework for collaboration between the Government and NGOs. Government reorganised the implementing division and reaffirmed its commitment. The parties have reached agreement on eligibility and project selection criteria and guidelines for submission and administration of NGO operations have been drawn up.

Nonetheless, most of the projects have been overtaken by unforeseen events notably the political turmoil. No comprehensive post-evaluation reported was available at the time of compiling this study.

Programme for the Alleviation of Poverty and Social Costs of Adjustment (PAPSCA) - Uganda

The PAPSCA was designed as part of the Economic Recovery Programme in Uganda. The total cost of the project was US\$106 Million and has 19 targeted initiatives. About 26.42 percent of this was expected from IDA to finance two components of the programme and to strengthen the Government capacity to improve social policy planning. It is a three year project and started in 1991.

The project intended addressing some of the most pressing social concerns of the country's most vulnerable groups using the NGOs as implementing agencies to supplement Government's limited implementation capacity in the short term. The targeted beneficiaries include rehabilitating 4,000 classrooms in 12 most disadvantaged districts, assistance scheme for widows and orphans-victims of war and Aids including basic health care, basic education (through scholarships, jobs skills training and rehabilitation of rural training centres), nutrition, strengthening district health personnel and community based health organisations, increasing the accessibility of urban residents living in hazardous environmental conditions to adequate water supply and sanitation facilities. The project would also complement ongoing community initiatives by creating a mechanism to find the materials, tools and skilled labour required to maintain and construct wells,

rehabilitate and maintain community access roads. The targeted beneficiaries of these two subcomponents were approximately 400,000.

Another component was Social Policy Planning through which the project would strengthen the Government's ability to design programmes and policies to protect economically vulnerable groups from the transitory impact of adjustment and facilitate their participation in the economic recovery. Short-term technical support to strengthen and develop Social Policy Planning, a statistical database through a priority Household Survey on the level and evolution of household socio-economic conditions .

According to World Bank (1993 p.125), while PAPSCA was set up with the intention of facilitating anti-poverty efforts, the long and slow procedures and detailed reporting required have made it difficult for NGOs to work with PAPSCA.

A mid-Term review undertaken observed the following:

- The actual resources devoted to the scheme per beneficiary are meagre. They are not large enough to serve as an effective springboard for the poor to jump out of poverty.
- PAPSCA is insufficiently coordinated with other programmes. There is a large number of projects and programmes directed at poverty alleviation, which are being implemented by different

agencies in a largely fragmentary and uncoordinated way. This creates confusion, overlap and duplication.

5.3 SOCIAL ACTION AND POVERTY ALLEVIATION (SAPA) PROGRAMME⁶.

In the past, there was no explicit and tailor-made poverty alleviation programmes in Sierra Leone but rather sectoral programmes and projects particularly in agriculture (where the poor are most prevalent). Most of the programmes in the country are targeted towards rural and national development in general. They touch on the rural poor only incidentally. These general programmes have been beset by host of problems; institutional, economic, environmental and cultural.

By mid-1992, the ADB had fielded a mission as an initial step for the designing of a direct poverty focus project. After a series of negotiations, the Social Action and Poverty Alleviation Loan (SAPAL) within the context of Structural Adjustment and Social Action Loan (SASAL) was secured and the SAPA unit was set up in the Department of Development and Economic Planning.

⁶ At the time of compiling this document, the project document was not available. I made several efforts to discuss with the authorities in-charge of SAPA but all proved fruitless. The information presented here were the original intentions of the programme obtained from official file. It is possible that other components might have been included, targeted beneficiaries have been clearly defined and institutional arrangements have been finalised.

It is envisaged that the programme will not only mitigate the attendant social cost of adjustment but will also address the already widespread poverty prevalent in both rural and urban areas. The short-term problems of SAPs and poverty due to structural rigidities in the economy will be addressed by specially targeted short-term actions primarily through NGOs. The target beneficiaries include women, children, retrenched workers, and unemployed graduates and now the displaced.

The Social Action and Poverty Alleviation measures under the ADF loan totalling 6 million FUA comprise the following components:

- i. Health Services : The activities are: urgent rehabilitation of health centres, emergency supply of essential drugs on cost recovery basis , basic equipments, outreach services to remote areas, community nurses training, the treatment of malnourished children, family planning and maternal child health (MCH).
- ii. Primary and Vocational Education : This includes urgent rehabilitation of dilapidated school buildings and facilities, supply of equipment and pedagogical materials.
- iii. Skills and Employment Development : This involves an on-the-job training scheme and apprenticeship for self-development creation and support for micro-enterprises for individuals in targeted groups including retrenched workers, urban and rural

unemployed/underemployed, school leavers, school drop-outs, the women and youths in general.

iv. Provision of equipment, inputs and working capital : This essentially provides capital in kind and complementary credit at the most appropriate terms agreeable to ADF, to poor households to build income generating assets for productive activities. The Government will pass the ADF resources onto participating NGOs in accordance with ADB guidelines on cooperation with NGOs.

v. Community Development Initiatives : Part of the ADF resources will finance matching funds through NGOs for community endeavours to improve their welfare by providing basic social and economic infrastructure and services that promote productive activities in urban and poor areas.

vi. Special Programme for Women : Although women benefit from the other components, this specifically focuses on skills formation, credits inputs to facilitate their access to asset holding, and productive activities to foster the establishment of new business, improve the performance of existing business, particularly those in the informal sector, and support the creation of new jobs.

Although the ADB is the leading donor agency, other donors include: the World Bank, EEC, UNDP, UNICEF and other bi and multilateral donors. Government contribution is also encouraging.

Informed observers believe that the teething period was long. Uninterestingly, the projects to be implemented are yet to take off due largely to the slow disbursement of funds. Second, the public sector protocols are likely to slow down the implementation of the projects. This 'bureaucratic ineptitude' is likely to thwart the efficient implementation of the projects. Third, the guidelines for collaboration with NGOs and other Government's departments, particularly the Central Planning Unit are yet to be clearly defined. Finally, SAPA seems to have accepted more than what was initially planned.

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CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

Having developed a fairly comprehensive poverty profile covering the number of the poor, who they are, where they live, why they are poor and how they cope, and then reviewed some poverty related projects and programmes, it is now proper to conclude with a summary of research findings and proposals which can be useful in designing poverty alleviation programmes.

6.1 SUMMARY OF RESEARCH FINDINGS

Although a rigorous field study was not carried out for the purpose of this study, the research findings presented below can be useful in the design and implementation of poverty alleviation programmes and projects:

1. Although the proportion of the poor in the total population dropped from 0.745 in 1976/77 to 0.645 in 1989/90, in absolute terms, the number of the poor increased from 2,271,505 million to 2,560,650 million, indicating an additional 289,145 new poor, that is, those who crossed the poverty line during the adjustment period.

2. Poverty is primarily a rural phenomenon in Sierra Leone. This does not however mean urban poverty does not prevail. What it means is that, the urban poor are fewer and are in general less poor than their rural counterparts.
3. Poverty also varies according to region. The North followed by the South showed higher incidence and severity of poverty using the household budget surveys and basic needs indicators.
4. The widespread poverty can be attributable to the piecemeal SAPs implemented between 1986-89 and the macroeconomic imbalances that prevailed before the introduction of the SAP which further continued during the implementation of the reform measures. The policies adopted under SAP only reinforced the perpetuation of poverty. Other causes of poverty include population increase and environmental degradation, unemployment, underemployment and low labour productivity and recently, the rebel war.
5. It is the informal sector that acts as a palliative and a sponge to ameliorate the deteriorating conditions in the farming sector and the virtual collapse of the modern sector.
6. The poor and the vulnerable groups are small-scale farmers, petty traders and artisans, children in extremely difficult circumstances (the orphans, handicapped and the displaced),

women (particularly lactating and pregnant women), the urban slum dwellers, the old and their dependants, the unemployed and the displaced.

6.2 RECOMMENDATIONS FOR POVERTY ALLEVIATION.

Poverty is a multidimensional phenomenon which should be tackled through a multipronged approach, encompassing programmes in all sectors. This implies that measures to be designed should give the poor access to a variety of services and facilities to make them productive such as agricultural inputs, credits, land, jobs, potable water, education and so on.

SUGGESTED AREAS OF INTERVENTIONS

The drive towards poverty alleviation should focus on the following critical areas:

- Employment creation and income earning opportunities,
- Provision of basic needs,
- Population and environmental controls, and
- Community based and initiated projects.

Employment creation and Income Earning Programmes

These programmes do not only provide income for the poor but improve the deteriorating infrastructures. Essentially, such programmes have two elements:

- provision of credit and technology and
- intensive public works.

Provision of credit and technology

Credit

An important element of most poverty alleviation programmes is enhancing accessibility of the poor to credit and technology. In the rural areas, the target groups should be the small scale farmers and artisans while the small-scale informal sector employees should be the target group in the urban centres. Since the 1970s, the Integrated Agricultural Development Projects (IADPs) and other agricultural projects have been involved in the provision of credit to farmers. The problems have been and are still the amount of money or inputs provided, the terms of credit and the recovery of loans. The credit institutions are weak, extension services have not been effective and other support services have been absent. Similarly, despite the growing importance of the small-scale enterprises, credit constraint hinders their growth and expansion. The few beneficiaries of loans from quasi-government

agencies and NGOs are mostly in Freetown or the provincial headquarters. This study therefore proposes the following:

- There is need to strengthen and expand credit institutions like the cooperatives, the rural banks, and the NIDFO. Specifically, these institutions should employ and train extension officers, credit officers and project analysts. Sufficient logistic support should be made available for extension services, and monitoring and evaluation of microprojects. The experience of the famous Grameen Bank of Bangladesh can be very useful¹.
- Informal credit institutions like the 'Osusu' should be given legal backing and advisory services. Regulations relating to their formations, operations and dissolutions should be made by the Government. Such legal framework can give credence to these groups. Experience from the "tontine" in Cameroon can also be useful.

¹ Grameen Bank began in 1976 as a research project designed by Professor Muhammad Yunus who taught Economics at Chittagong University, Bangladesh and up to 1991, was the Bank's managing director. His hypothesis was that people who had too little land to support themselves as farmers could make productive use of small loans that they would repay. The experience is documented in one of the best reviews of a development credit operation to be found anywhere: Mahabum Hossain's "Credit for Alleviation of Rural Poverty: The Grameen Bank in Bangladesh" published as Research Report 65 in February 1988 by the International Food Policy Research Institute in Washington D C in collaboration with the Bangladesh Institute of Development Studies in Dhaka.

- To achieve high loan recovery rate, extension services including basic book keeping services should be part of the loan package.

Technology

In the area of technology, it is proposed that the Science and Technology secretariat works out strategies for cooperating with other developing countries with emphasis on transfer and dissemination of appropriate technology, especially in the area of food production and processing. This suggests an efficient technological planning which at present is not effectively carried out. The Government should encourage the growth and expansion of research institutions, especially those relating to food production and processing.

Intensive Public Works

Intensive public works programmes should aim at establishing and rehabilitating the physical infrastructures. Such programmes create income generating employment and build up community assets.

In the urban areas, one of such areas is the construction of low cost housing. Low cost housing projects will reduce the acute shortage of housing in urban areas and create employment for many urban unemployed. Currently, low cost housing construction is

restricted only to Freetown. The recent move to expand low cost housing construction to other urban areas under the Sierra Leone Housing Corporation (SALHOC) Shelter Project should be encouraged. Rehabilitation and maintenance of the infrastructure is another important element in public works. In the 1980s, almost the entire infrastructure was in a state of disrepair. In the urban areas, schemes should address areas such as drainage and sewerage, road works, street lighting, market places, water supply and public sanitation. Special consideration should be given to women in terms of strategic planning of market places and attendant facilities. Labour intensive programmes in the rural areas should address the rehabilitation of major trunk roads as well as feeder roads, culverts, bridges and market places. This would provide greater access to remote communities thereby facilitating marketing and delivery of health services. Construction or rehabilitation of schools, health centres, wells and other physical infrastructure constitute other important programmes.

An important component of the public works programme is the Food For Work Component. At present, the World Food Programme (WFP) provides such support in few areas. This should be expanded to cover the entire country.

The ruling Military Government created the National Social Mobilisation Secretariat (NASMOS) to coordinate all youths' programmes in the country. NASMOS has branches in all big towns and

over 100 youth organisations have registered so far. Initially, youths were enthusiastic in public works. In recent months, most of the youths have become disillusioned and are leaving the secretariat as, apparently, they believe the Government uses the NASMOS as a propaganda machine. This study proposes a thorough review of NASMOS including its organisational structure, to work out modalities for its operations, draw up guidelines for collaborating with other Government's departments and local Governments. Preferably, NASMOS should be made autonomous and removed from the mainstream Government machinery with a clearly defined accounting system.

Provision of basic needs

Provision of basic needs requirements deserve urgent attention by the Government. It is sad to stress the fact that Government budget allocation to social services sector has not been much meaningful. It is the NGOs that provide most of the social services. Accordingly therefore, Government should increase expenditure to the social sector focusing particularly on the following areas; education, health care, household food security and nutrition, safe drinking water supply, sanitation and shelter.

Education

Programmes in this sector should address the low level of literacy, low school enrolment and high school drop-out rate. The emphasis should be on basic education, priority given to primary school children, women, rural population and illiterate adults.

More specifically, the following activities are recommended:

- establishing and rehabilitating the school structures using local building materials and community labour,
- developing and providing low cost educational materials; the Text Book Task Force project providing school materials should be consolidated and expanded while the local production of teaching materials as a means of reducing net foreign exchange outlays should be encouraged,
- upgrading teacher training institutions and developing the curriculum to meet the needs of the job market
- orientating the primary school curriculum to the rural life economy and to the cultural values of the traditional community, and
- constructing and expanding of technical institutes, and provision of necessary tools and equipments.

The new education system (6-3-3-4) is a move to restructure the school curricula so that training of youths becomes more

relevant for the job market. The system, though impressive on paper requires enormous support for its sustainability. There is the need to establish more technical and vocational institutions to accommodate the turnover from the junior high school. Already there are few institutions like the Trade Centres (Freetown, Kenema and Magburaka) and few others managed by missionaries, foreign Governments and private entrepreneurs. These institutions should be strengthened and expanded to cover at least all large towns in the country.

In the area of Adult Education, UNESCO and other NGOs implement some programmes in limited areas in the country. Such programmes should be supported by Government, expanded and properly integrated within the education system.

Health

Intervention in this area should focus on the development of preventive health services with priority to Primary Health Care (PHC) units and water supply facilities nationwide. Attention should also be paid to the strengthening of curative and referral aspects. Emphasis should be placed on maternal and child health, water and sanitation, nutrition and family planning.

The upgrading, renovation and equipping of hospitals and MCH referral wards should be given priority. The programme for

continued provision of essential drugs at health facilities on a cost recovery basis, which at present is being supported by UNICEF should be expanded. This will address the issue of the chronic undersupply and exorbitant prices of essential drugs.

Major diseases such as malaria, tuberculosis, leprosy, whooping cough, measles and tetanus should be eradicated vigorously. The EPI programme which is also receiving major donor support should continue to be implemented.

Health education with specific focus on nutrition, environment and family life education should be emphasised.

The health care delivery system should be decentralised at regional and district levels and logistics support provided to improve the delivery system.

Shelter

In the area of housing, the following are recommended:

- The present low cost housing schemes under construction should be completed while additional schemes are embarked upon in all urban areas. Efforts made to develop the use of low cost housing materials should continue.

- Attention should also be paid to the upgrading of slum and squatter settlements.
- Government should formulate a Housing Policy and work out a Plan of Action.²

Household Food Security and Nutrition

To address the problem of malnutrition, activities complementary to nutrition education should be undertaken. Particularly, the following are recommended:

- Provide seed and other inputs, technical advice to farmers,
- encourage the cultivation of home gardens and access to appropriate labour saving food processing devices and technology, and
- provide an effective targeted food subsidy to the needy. An example is the Institutional Feeding Programme being implemented by WFP. This programme needs to be systematically expanded so that it covers all schools and hospitals in the country.

² One of the objectives of the Sierra Housing Corporation (SALHOC) shelter project is to help develop a housing policy. By the time of compiling this report, the status of the policy was not known. It is likely that the policy has already been formulated.

Population and Environmental Control

As discussed earlier, both population increase and environment degradation reinforce poverty in Sierra Leone. A poverty alleviation drive should also be concerned with reducing fertility through family planning, reducing mortality through various health programmes recommended above and reversing the rural-urban movement through integrated rural development programmes or otherwise. Family planning sensitisation campaigns using the media, religious bodies and other fora should be intensified. Family life education should be considered as an integral component of secondary school and adult education curricula.

Environmental control focusing on campaigns against fuelwood use, deforestation and cocommitantly encouraging the use of LPG, afforestation, increased fallow periods, rehabilitation of mined areas, urban sanitation programmes and anti-pollution regulations should be put in place.

The various environmental protection Acts, particularly the Mining Acts should be reviewed and rigidly enforced. In the urban areas, refuse and sewage collection systems should be improved. The National Cleaning Day (last Saturday of every month) introduced by the ruling Military Government should be sustained. This requires sufficient support to youth groups through a restructured and better organised NASMOS.

Furthermore, like population issues, environmental issues should be introduced in the school curriculum and informal education programmes. Finally, both the population and environmental issues should be integrated into National Development Planning.

Community Based and Initiated Projects

Many of the interventions should have a community focus. The community should be involved in making major decisions and where appropriate, provide inputs into the interventions. People's initiatives, community organisations and production co-operatives should be encouraged to implement programmes.

APPENDIX

TABLE 1 SELECTED MACROECONOMIC INDICATORS BEFORE 1986

	1970-74	1975-79	1980-85
AVERAGE REAL GDP GROWTH RATE	2.34	1.03	2.32
AVERAGE GNP PER CAPITA(US\$)	176.66	248	366
AVERAGE GROWTH RATE OF GNP PER CAPITA	5.63	8.21	3.72
EXCHANGE RATE (Le/US\$)	0.83	1.05	2.16
CURRENT ACCOUNT DEFICIT/GDP (%)	5.52	12.17	7.25
FISCAL DEFICIT/GDP (%)	N.A.	9.35	11.06
INFLATION RATE*	6.17	15.76	45.81
SECTORAL SHARE IN GDP			
AGRICULTURE	30.2	32.7	31.2
MINING	17.6	9.2	4.6
MANUFACTURING	6.0	6.9	7.3
SERVICES	46.2	51.2	56.9
EXPENDITURE OF GDP			
PRIVATE CONSUMPTION	78.6	86.5	86.5
PUBLIC CONSUMPTION	10.0	9.2	7.4
INVESTMENT	14.0	13.1	13.7
EXPORT	28.9	22.8	14.2
IMPORT	31.5	31.6	24.0

Source: World Bank, World Bank Tables (1991), IMF, International Financial Statistics, 1992, Department of Finance, Central Statistics Office, Freetown.

*= Inflation rate is defined here as the percentage change in the CPI.

TABLE 2 SELECTED ECONOMIC INDICATORS DURING THE REFORM PERIOD (1986/87-89/90)

	1986/87	87/88	88/89	89/90	90/91	91/92	92/93
REAL GDP GROWTH	5.4	2.4	2.2	4.5	2.8	-4.5	0.7
PER CAPITA GDP GROWTH	4.8	-1.4	0.9	2.5	-0.5	-6.3	-1.6
EXPORT GROWTH	-4.8	1.2	-17.9	16.9	-2.0	14.6	-9.2
IMPORT GROWTH	8.8	-2.9	15.1	1.4	-11.5	-20.4	0.0
CURRENT ACCOUNT DEFICIT/GDP (%)	10.5	7.5	12.2	15.7	18.4	14.8	16.1
FISCAL DEFICIT/GDP (%)	18.1	7.9	9.0	12.0	10.2	9.0	6.7
INVESTMENT/GDP(%)	10.4	7.9	13.4	14.0	11.9	11.7	9.2
INFLATION RATE	167.4	71.2	45.6	90.9	101.0	98.7	34.2
EXCHANGE RATE (Le/US\$)	34.9	25.5	46.2	96.7	199.0	453.5	539.5

Source: World Bank Estimates, World Bank (1994).

TABLE 3 DISTRIBUTION OF CURRENTLY EMPLOYED PERSONS BY SECTOR, AREA AND GENDER ('000)

SECTOR	LARGE TOWNS			SMALL TOWNS		
	T	M	F	T	M	F
FORMAL	121.0	89.8	31.2	24.3	20.2	4.1
INFORMAL	224.7	107.3	117.4	162.2	78.9	83.3
TOTAL	245.7	197.1	148.6	186.5	99.1	87.4

Source: Report on Labour Force Survey, 1988-89.

TABLE 4 EMPLOYMENT BY GENDER, SECTOR AND AREA (1989-90) ('000)

SECTOR	NATION			URBAN			RURAL		
	T	M	F	T	M	F	T	M	F
AGRIC	1224	551.2	673.3	102.3	44.6	57.7	1122	506.6	615.6
MING	274.2	180.6	93.6	71.9	56.1	15.8	202.3	124.5	77.8
MANG	40.7	37.3	3.4	28.3	25.8	2.5	12.3	11.5	0.9
W&RET	284.8	91.2	193.6	200.6	68.3	132.3	83.9	22.9	61.0
OTHERS	156.5	125.2	31.3	129.2	101.5	27.7	27.7	23.7	3.9
TOTAL	1981	985.5	995.2	532.3	296.3	236	1448	689.2	759.2

Source: Report on Labour Force survey 1988-89.

T= Total M= Male F= Female

AGRIC= Agriculture MING= Mining Man= Manufacturing W&RET= Wholesale and Retail trade OTHERS= Construction, electricity, Gas and water, Transport & communication, Finance, Insurance & Business and Social Services.

TABLE 5 UNEMPLOYMENT RATE (%)
BY AGE AND SEX

AGE GROUP	MALE	FEMALE
10-19	2.62	2.62
20-29	5.98	4.41
30-39	1.37	1.56
40-49	0.53	1.10
50-59	0.46	1.58
60+	0.46	1.47
TOTAL	11.42	12.74

Source: Report on Labour Force survey 1988-89.

TABLE 6 DISTRIBUTION OF CURRENTLY UNEMPLOYED PERSONS (in '000)
BY EDUCATION LEVEL, SEX AND AREA

EDUCATIONAL LEVEL	NATIONAL	LARGE TOWNS	SMALL TOWNS	RURAL AREAS
NO GRADE	12.5	10.9	0.8	0.8
PRIMARY (1-7)	7.0	5.5	0.6	0.8
SECONDARY (F.1-4)	15.2	13.8	0.7	0.7
'O' AND 'A' LEVEL	12.1	10.9	0.7	0.4
DEGREE	0.6	0.6	-	-
TOTAL	47.4	41.8	2.9	2.7

Source: Report on Labour Force survey 1988-89.

TABLE 7 DISTRIBUTION OF AGRICULTURAL HOUSEHOLDS BY FARM
SIZE AND GENDER IN RURAL AREAS (PERCENTAGES)

FARM SIZE IN ACRE	TOTAL	MALE HEADS	FEMALE HEADS
Less than 1	2.83	2.72	3.79
1- less than 2	22.64	20.28	42.78
2- less than 3	30.19	29.94	32.35
3- less than 4	17.98	18.76	11.38
4- less than 5	10.51	11.15	5.04
5- less than 10	12.05	12.98	4.13
10 less than 20	3.28	3.6	0.53
20 less than 50	0.49	0.54	0
50 less than 100	0.03	0.03	0
Total	1000	100	100

Source: Report on Labour Force survey, 1988-89.

TABLE 8 RESULTS OF SELECTIVE ENTRANCE EXAMINATION (SEE)

Year	No. of Candidates	No. Selected	% of No. Selected
1985	27,719	14,638	52.8
1986	25,198	15,669	62.2
1987	23,618	14,551	61.6
1988	23,025	13,326	57.9
1989	21,486	12,739	59.3
1990	24,708	13,662	55.3
1991	19,367	12,343	63.7
1992	19,723	11,327	57.4
1993	17,996	17,996	100

Source: West Africa Examination Council, Freetown.

TABLE 9 RESULTS OF GCE 'O' LEVEL EXAMINATION (Percentages)

Year	No. of Candidates	Distinction	Div I	Div II	Div III	GCE Pass	Fail
1985	11,813	0.09	1.52	3.64	13.32	64.20	17.22
1986	11,994	0.19	1.79	3.97	15.09	62.23	16.72
1987	12,026	0.13	2.00	4.95	15.42	59.85	17.65
1988	11,324	0.19	1.89	4.18	14.63	61.32	17.79
1989	10,750	0.26	1.99	7.2	18.18	60.34	12.03
1990	10,668	0.15	2.98	9.31	22.05	56.96	8.55
1991	8,426	0.18	4.36	11.27	23.82	51.74	8.63
1992	8,459	0.24	4.76	12.76	25.35	50.4	6.49

Source: West Africa Examination Council, Freetown.

TABLE 10 DISTRIBUTION OF AVERAGE MONTHLY HOUSEHOLD EXPENDITURE BY CLASSES AND AREA (1976/77) (Percentages)

EXPENDITURE CLASSES (LEONES)	ALL SIERRA LEONE	RURAL	URBAN
0-49.99	26.7	30.2	18.6
50-99.99	46.3	47.4	45.4
100-149.99	13.8	11.8	17.9
150-199.99	5.6	4.7	7.7
200-299.99	3.4	2.3	4.7
300+	4.7	3.7	5.7
TOTAL	100	100	100
AVERAGE	105.56	97.05	114.5

Source: Report on Household Expenditure survey, 1976/77.

TABLE 11 DISTRIBUTION OF AVERAGE MONTHLY HOUSEHOLD EXPENDITURE BY CLASSES AND PROVINCE (1976/77) (Percentages)

EXPENDITURE CLASSES	ALL SIERRA LEONE	NORTH	SOUTH	EAST	WEST
0-49.99	26.7	26.8	16.9	36.2	20.6
50-99.99	46.3	53.2	45.2	41.8	42.7
100-149.99	13.8	12.4	16.9	10.6	18.3
150-199.99	5.6	4.2	7.7	4.2	7.8
200-299.99	3.4	1.9	4.7	3.1	4.9
300+	4.7	1.7	8.6	4.2	5.8
TOTAL	100	100	100	100	100
AVERAGE	105.56	85.48	141.28	96.04	107.15

Source: Report on Household Expenditure survey, 1976/77.

TABLE 12 DISTRIBUTION OF AVERAGE MONTHLY HOUSEHOLD EXPENDITURE BY CLASSES AND AREA (1989/90)

EXPENDITURE CLASSES (Leones)	ALL SIERRA LEONE	RURAL	URBAN
0-4,999	22.5	29.4	13.2
5,000-9,999	35.1	37.9	34.5
10,000-14,999	20.8	18.1	22.8
15,000-19,999	10.3	7.8	12.2
20,000-29,999	6.3	3.8	9.5
30,000-39,999	3.2	2.6	4.8
40,000-49,999	1.0	0.4	1.75
50,000-59,999	0.4	0.0	0.9
60,000-69,999	0.2	0.0	0.25
70,000-79,999	0.1	0.0	0.1
80,000+	0.1	0.0	0.25
TOTAL	100	100	100
AVERAGE	11661.08	9912.44	13840.36

Source: Preliminary Report on Survey of Household Expenditure and Household Economic Activities (SHEHEA) (1989/90).

TABLE 13 DISTRIBUTION OF AVERAGE MONTHLY EXPENDITURE BY CLASSES AND PROVINCE (1989/90)

EXPENDITURE CLASSES (Leones)	ALL SIERRA LEONE	NORTH	SOUTH	EAST	WEST
0-4,999	22.5	27.8	3.8	7.6	2.0
5,000-9,999	35.1	33.5	30.0	25.3	20.5
10,000-14,999	20.8	10.0	32.3	28.8	35.0
15,000-19,999	10.3	11.0	18.8	17.6	20.5
20,000-29,999	6.3	4.4	8.8	11.2	14.5
30,000-39,999	3.2	3.3	6.3	4.7	2.5
40,000-49,999	1.0	6.7	0.0	0.6	2.0
50,000-59,999	0.4	2.2	0.0	0.6	1.5
60,000-69,999	0.2	1.1	0.0	1.2	1.0
70,000-79,999	0.1	0.0	0.0	1.2	0.0
80,000+	0.1	0.0	0.0	1.2	0.5
TOTAL	100	100	100	100	100
AVERAGE	11661.08	10767.87	11162.52	14390.63	11038.37

Source: Preliminary Report on Survey of Household Expenditure and Household Economic Activities (SHEHEA) (1989/90).

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