



Democratic Institutions Section

Democratic Institutions Section contributes to UNIPSIL's peace mandate building by focusing on the consolidation of democracy and good governance through the strengthening of democratic institutions as stated in the applicable Security Council Resolutions¹ and provided for by the UN Joint Mission, of 2009.

In recent months, the Section has amended its priorities² taking into consideration the coming elections in November, 2012, drawing down of UNIPSIL, and other relevant issues of the national context.

Consequently, the main areas of focus are:-

1. Media - supporting main media institutions to perform in accordance with established professional and ethical standards, including playing a role to ensure peaceful, non-violent elections. To achieve this objective, we support the following: Sierra Leone Broadcasting Corporation, (SLBC) Guild of Editors, Independent Media Commission (IMC), Community Radios - Independent Radio Network (IRN) and Cotton Tree News (CTN), Sierra Leone Association of Journalist (SLAJ), and Artists for Peace.
2. Democratic Governance and Extractives – engaging with key actors in the natural resources sector to ensure transparency and accountability in national resource governance. Specifically, we examine the extent to which state and non- state actors in the sector, adhere to norms and standards espoused by UN, AU and ECOWAS on natural resource management and peace building
3. Civil Society Organizations – recognizing the need to work with democratic institutions within both state and society, DI section supports CSOs in their role of eliciting accountability from state actors, donors, UN system and themselves. A CSO policy forum has been created by national CSOs, called the National CSO platform, which works on all policy issues in seven thematic areas³. The Platform holds a monthly meeting with the ERSG at which matters of national policy and work of the UN are discussed.
4. Audit of Democratic Institutions - supporting an audit of the main democratic institutions in the country created by statute since TRC report of 2004, with the view to identifying their contribution to the peace consolidation and governance, and making policy recommendations.
5. Support to National Constitutional Review Process – Supporting organizations within state and society working on constitutional review.

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¹ UN Security Council Resolutions 1829, (2008), 1896 (2009), 1941(2010), 2005(2011).

² Earlier the section had given support to the following thematic areas: Anti-Corruption, Youth Employment, Decentralization, Citizenship, National Conciliation, & Environment

³ The seven thematic areas, also called clusters, are: Governance, Natural Resources, Peace Security & Human Rights, Social Movement and Social Change, Vulnerability and Exclusion, Election and Information, Education, and Communication.

POLICY BRIEF



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Natural Resources and Democratic Institutions in Sierra Leone The challenges of building transparency, accountability, and effectiveness in post-conflict national resources governance

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4.6 Challenging the decentralisation process

Sierra Leone's Local Government Act of 2004 created district councils and set up what some see as a system of government that runs parallel to the traditional structures embodied in paramount and local chiefs.

Where natural resources extraction plays a particularly important role in the local economy, it will challenge both the old and new power structures and potentially create tensions between them. Monitoring natural resource extraction and ensuring compliance of those 'junior' companies also presents significant challenges to central government as it decentralises those functions.

5.0 Conclusions and Recommendations

The current high economic growth rates in Sierra Leone are a sign of both how small the economy is (i.e. that two mines coming on stream can increase the country's GDP by nearly 50% in a year) and how reliant the country is becoming on its natural resources.

The country has managed two peaceful transitions of power since the end of the civil war in 2002 and is now moving towards its third post-war election in November 2012. Ultimately the country needs to try to ensure that its natural resource boom supports, rather than undermines, a thriving democracy. This is where Parliament passes appropriate policies, which are implemented by effective government agencies and enforced by a balanced judiciary with an informed media helping to promote civil society oversight throughout the process.

To do so, emerging institutions involved in natural resource management need to fulfil four broad functions. Firstly, they need to manage information by providing data to potential investors and to the communities that may be affected. Secondly, they need to regulate by setting appropriate standards for issues such as relocation of affected communities, pollution levels and so on. Thirdly, they need to be able to monitor the operations of mining, forestry or agribusiness investors. And finally they need to be able to enforce the regulations and ensure that those investors that are mobilising the country's resources are doing so in accordance with its rules and regulations.

To help this happen the government, the international community and the civil society should monitor how the governance of natural resources is affecting wider governance, in particular how changes in natural resource management affect the political dynamic and how much influence the private sector has over the media. In addition there is much to be done to improve the governance of natural resources, manage public expectations and support the mainstreaming of environmental sustainability and transparency mechanisms (such as the Extractive Industries Transparency Initiative) into the management of natural resources in Sierra Leone.

6.0 References

- IMF (2012) 'Sierra Leone and the IMF' (<http://www.imf.org/external/country/sle/index.htm> - accessed 20 March 2012), International Monetary Fund.
- UNEP (2010) *Sierra Leone: Environment, Conflict and Peacebuilding Assessment*, United Nations Environment Programme

These unmet expectations can spread into a wider sense of disappointment with the government and anger at the company. They can also feed suspicions of mismanagement and corruption which could taint the political discourse.

4.3 Driving inequality

Around the world, natural resources reflect and determine power politics. Sierra Leone's economy is highly dependent on natural resources. Their exploitation can create both winners (those who get jobs and revenue from the resource) and losers (those who bear the social and environmental costs).

Natural resources provide almost the sole route for wealth creation (either through the exploitation of minerals) or livelihoods (through land for subsistence agriculture). Unsurprisingly, the way those resources are allocated can fundamentally change the balance of political power.

On the one hand, equitably shared benefits can alleviate poverty. On the other, elites often capture the benefits of natural resources, using them to reinforce their position and privilege. This can cause resentment among the wider population.

4.4 Widening A Democratic Deficit

Large-scale investments in mining and agribusiness promise to massively increase the government's revenue, potentially doubling the country's GDP.

Such investments would outweigh the country's thin tax base and could widen a democratic deficit: the government could become more responsive to the needs and interests of major investors than to those of the general population.

This risks undermining the basic orientation of government service. No longer is the government there to meet the needs of its constituents; instead, it serves the interests of large investors. Already there are indications that large investors have excessive influence over political processes in the country, particularly given their financial muscle and media presence.

In addition if the country's main source of revenues are seen to come from its tangible assets (minerals, timber, fish) and not from its intangible assets (the creativity, innovation and hard work of its human resources) then there is less incentive for the government to invest in education, skills creation and the supporting business development.

4.5 Undermining Transparency and Accountability

At last count, there were at least 165 separate mining companies operating in Sierra Leone, as well as a number agribusiness firms. The majority of these resource-extracting companies are 'juniors' (small- to medium-sized firms), which typically display low standards of transparency and corporate responsibility. The number, scope and diversity of these companies presents government with a massive regulatory challenge to track and monitor them.

The proliferation of potentially unscrupulous junior companies threatens to further undermine Sierra Leone's standards of accountability and transparency. This threat is exacerbated by the presence of numerous administrative hurdles for businesses, low pay for civil servants, and a culture of corruption in government.

Summary

Sierra Leone is undergoing an unprecedented expansion in natural resource-related investments in industrial mining and agribusiness plantations. These are fuelling some of the fastest economic growth rates in the world: albeit from a very low base, the country's economy is predicted to grow by more than 50% in 2012 alone.

This growth provides the country with a huge opportunity to generate revenue for health and education programmes, create jobs and invest in infrastructure. But it also could challenge accepted power structures and test the very fabric of the country's democracy.

The management of a country's natural resources such as its land, water, minerals and forests is closely tied to the effectiveness of its democratic institutions: a representative parliamentary system, a functioning judiciary, responsive and effective government agencies, a vibrant civil society and a balanced media. These are the institutions that, collectively, mediate access to natural resources, determining who controls them, who benefits from them and how transparently they are managed.

It is a circular relationship: a well managed natural resource sector is both proof and product of effective institutions, a poorly managed natural resource sector can have implications for governance, such as corruption and violence, that spreads beyond the immediate sector.

Sierra Leone has managed two peaceful transitions of power since the end of its civil war in 2002. As Sierra Leone moves towards its third post war election in November 2012 this paper seeks to highlight some of the issues that might be considered as an country attempts to deepen its democratic traditions while growing increasingly reliant on its natural resource endowment.

Recommendations

Emerging institutions involved in natural resource management need to fulfil four broad functions:

1. Manage information by providing data to potential investors and to the communities that may be affected.
2. Regulate by setting appropriate standards for issues such as relocation of affected communities, pollution levels and so on.
3. Monitor the operations of mining, forestry or agribusiness investors.
4. Enforce the regulations and ensure that those investors that are mobilising the country's resources are doing so in accordance with its rules and regulations

1.0 Introduction

The management of a country's natural resources such as its land, water, minerals and forests is closely tied to the effectiveness of its democratic institutions: a representative parliamentary system, a functioning judiciary, responsive and effective government agencies, and a balanced media.

These are the institutions that, collectively, mediate access to natural resources, determining who controls them, who benefits from them and how transparently they are managed. A well-managed natural resource sector reinforces the effectiveness of democratic systems, but a poorly managed natural resource sector can 'spill-over', causing wider problems for democracy in a country like Sierra Leone.

With Sierra Leone undergoing an unprecedented expansion in natural resource-related investments in industrial mining and agribusiness plantations, these institutions need to work together to spend the revenues from natural resources wisely, to maximise the jobs that are created, and to minimise the negative environmental and social impacts of natural resource intensive projects.

2.0 The Problem

The inequitable division of natural resource wealth in Sierra Leone was one of the drivers of the decade-long civil war. Diamonds and other minerals were used to fund combatants, and also became the spoils of war. That conflict, which ravaged the country between 1991 until its official closure in 2002, killed tens of thousands of people and displaced hundreds of thousands more.

The conflict had a range of impacts on Sierra Leone's environment and its natural resource base. Direct impacts came in the form of the destruction of water and agricultural infrastructure; indirect impacts included the massive, unplanned increase in Freetown's population, as well as the collapse of environmental governance and resource planning amid the chaos of the conflict. Though the conflict in Sierra Leone ended more than a decade ago, the country is still working to address these legacies.

Worryingly, a 2010 assessment conducted by the United Nations Environment Programme (UNEP) argued that many of the conditions for conflict that existed before 1992, including youth unemployment and rural marginalisation, persist today – and have been aggravated by concerns about opaque bureaucracy and the unfair distribution of the benefits of natural resource extraction (UNEP, 2010).

3.0 The Context

Sierra Leone is undergoing a period of change unprecedented in the region's history. The International Monetary Fund predicts that in 2012 Sierra Leone's gross domestic product (GDP) will grow by 51.4%, easily the fastest economic growth rate in the world (IMF, 2012). The vast majority (all but roughly 8%) of this growth stems from the operations of two iron ore mines that began production in late 2011. Mining, which historically contributed about 20% of GDP and 5% of government revenues, is rocketing in importance as a key driver of the economy, which remains heavily dependent on the exploitation of natural resources.

Developments in mining, agribusiness, marine management and forestry are reshaping the country. The London-listed company African Minerals has begun exporting iron ore from its 13-billion tonne reserve in Tonkolili; offshore oil has been discovered in commercially viable quantities; the Swiss firm Addax is expanding its biofuel sugarcane plantation near Makeni; and numerous other investors are taking an interest in Sierra Leone's resources. Mineral concessions now cover more than 80% of the country, agribusiness concessions are estimated to cover 20% of available agricultural land.

4.0 Analysis

Harnessing Sierra Leone's significant natural resources could be a tremendous driver of development in the country – providing desperately needed revenue for the government to invest in infrastructure, health and education programmes to lift the country out of the bottom 5% of the Human Development Index.

But just as these investments could have a significant economic impact, they could also have a considerable impact on the quality of Sierra Leone's democratic institutions. This paper outlines some of the challenges that Sierra Leone's democratic institutions face from the growing influence and rising economic power of the country's natural resource sector.

There are at least six ways in which natural resource management influences, both positively and negatively, its democratic institutions:

1. by testing their effectiveness;
2. by raising high, possibly unrealistic, public expectations of visible benefits and jobs;
3. by creating winners and losers in the division of the proceeds from natural resources;
4. by influencing how interests are represented in a democratic system;
5. by undermining transparency and accountability; and
6. by challenging the process of decentralisation of power to the regions outside of the capital in Freetown. This note will investigate each of these areas in turn.

4.1 Challenging fragile governance systems

Any government emerging from a period of conflict is under pressure to provide jobs, create revenue, and generate a tangible 'peace dividend'. In the absence of a manufacturing or service economy, most post-conflict countries rely on their natural resources to kick-start economic growth. This is especially true in Sierra Leone, which exports only a tiny amount of value-added goods.

As a result, the government's management of the country's natural resources becomes a proxy for its overall effectiveness. In fact, the natural resource sector should be seen as a 'testing ground' for the effectiveness of governance, transparency and anti-corruption interventions. If Sierra Leone's natural resources are managed effectively from an early stage, this can help to confer legitimacy on the political system and build public confidence in the wider political process of peace consolidation.

4.2 Raising unmet public expectations

The influx of significant foreign investment in Sierra Leone is generating very high expectations of rapid growth and plentiful jobs among the general public. On the one hand, investing companies, and some politicians, have exaggerated the benefits they intend to provide (schools, hospitals, fertiliser, etc). On the other hand, local communities may have unrealistic expectations of what the external investor is able or willing to provide.

Whatever the cause, a gulf is emerging between the conception of major investment projects and what the companies are actually doing on the ground.