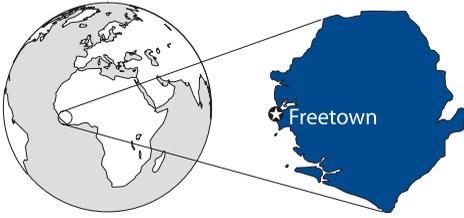


# SIERRA LEONE



World Rank: **147**

Regional Rank: **36**

## Economic Freedom Score



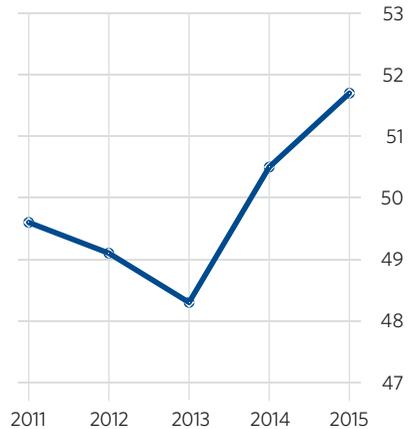
**S**ierra Leone's economic freedom score is 51.7, making its economy the 147th freest in the 2015 *Index*. Its score has increased by 1.2 points since last year, with improvements in labor freedom, freedom from corruption, and the control of government spending outweighing deteriorations in property rights and business freedom. Sierra Leone is ranked 36th out of 46 countries in the Sub-Saharan Africa region, and its overall score is below the world average.

Advances in the past two years have lifted Sierra Leone out of the "repressed" category for the first time since 1996. Over the past five years, economic freedom in Sierra Leone has advanced by 2.1 points, led by improvements in half of the 10 economic freedoms, including trade freedom and investment freedom.

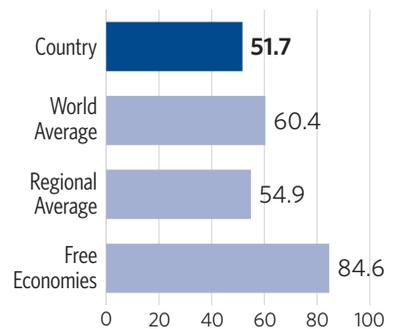
Years of civil war, disease, and political unrest have left property rights either nonexistent or poorly established, with no land-titling system. The poor entrepreneurial environment is exacerbated by underdeveloped capital markets and restrictions on trade and investment. Strict labor market regulations undermine efforts to improve formal employment and prosperity.

**BACKGROUND:** In 2002, Sierra Leone emerged from a decade of civil war that displaced more than 2 million people. Opposition candidate Ernest Bai Koroma, elected president in 2007 in the first peaceful transition of power since independence from Britain in 1961, was re-elected in 2012. Despite some institutional progress since the end of the civil war, living standards remain very low. According to the U.N.'s Human Development Index, which measures things like infant mortality, literacy, and life expectancy, Sierra Leone ranks 177th out of 187 countries. Infrastructure is inadequate, corruption is pervasive, and the population is mostly poor. Mining is the primary industry. Mineral exports are the principal foreign exchange source, with gem-quality diamonds accounting for nearly half of exports and high rates of economic growth. In 2014, West Africa's Ebola virus spread to Sierra Leone.

## Freedom Trend



## Country Comparisons



## Quick Facts

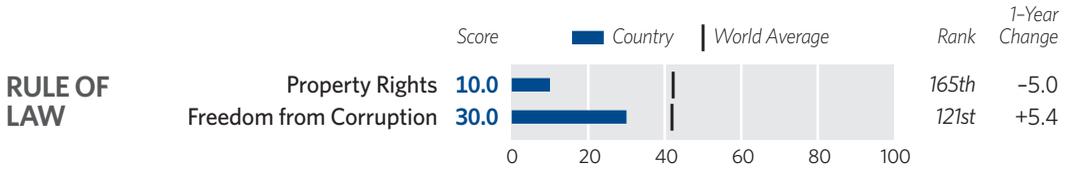
**Population:** 6.1 million  
**GDP (PPP):** \$9.4 billion  
 16.3% growth in 2013  
 5-year compound annual growth 9.1%  
 \$1,542 per capita  
**Unemployment:** 3.2%  
**Inflation (CPI):** 9.8%  
**FDI Inflow:** \$579.1 million  
**Public Debt:** 32.6% of GDP

### How Do We Measure Economic Freedom?

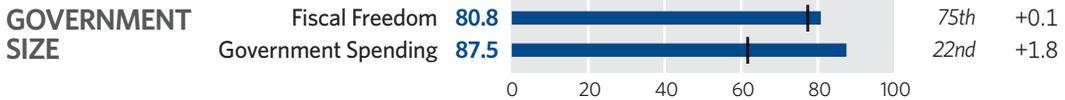
See page 475 for an explanation of the methodology or visit the *Index* Web site at [heritage.org/index](http://heritage.org/index).

2013 data unless otherwise noted.  
 Data compiled as of September 2014.

**THE TEN ECONOMIC FREEDOMS**



Corruption remains rampant throughout government and the economy, with high-profile allegations of corruption against bankers, police officers, and government officials and long-standing accounting irregularities that led to a one-year suspension in 2013 from the Extractive Industries Transparency Initiative. There is no land titling system, and judicial corruption is significant. Traditional tribal justice systems prevail in rural areas.



Sierra Leone’s top individual and corporate income tax rates are 30 percent. Other taxes include a goods and services tax and a tax on interest. The overall tax burden is equivalent to 11.1 percent of domestic output, and government expenditures equal 20.4 percent of GDP. Public debt equals approximately 33 percent of gross domestic product.



The procedure for establishing a business has been simplified, but licensing requirements remain burdensome. Rudimentary labor regulations have little impact, as much of the labor force is employed in the informal sector. Consumer price inflation has receded to single digits, underpinned by increased food supply, but the government still subsidizes electricity production, health care, and education.



Sierra Leone’s average tariff rate is 9.9 percent. The government is working to modernize customs procedures in order to facilitate trade. Sierra Leone does not allow foreign investors to own land. Modernization and strengthening of the banking sector, defunct during the civil war, is ongoing. A small stock exchange has been in operation since 2007.

**Long-Term Score Change (since 1995)**

RULE OF LAW		GOVERNMENT SIZE		REGULATORY EFFICIENCY		OPEN MARKETS	
Property Rights	-40.0	Fiscal Freedom	+29.1	Business Freedom	-16.6	Trade Freedom	+25.2
Freedom from Corruption	+20.0	Government Spending	-4.0	Labor Freedom	+9.1	Investment Freedom	+5.0
				Monetary Freedom	+18.6	Financial Freedom	-10.0