

TWO DAY NATIONAL ENGAGEMENT ON ECONOMIC JUSTICE



Engagement Training Report

Venue: Rasmy House , Liverpool Street- Freetown, Sierra Leone

30th November – 1st December 2011

Organized by:



AYCAH-Sierra Leone

Sponsored by:



Actionaid Intl Sierra Leone

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PREAMBLE

The economy of nation or country is the source of its livelihood or demise and therefore a prerequisite to the very existence of any state. Generally, elementary economics have defined the subject matter as “Science which studies human behaviors as a relationship ends and scarce means which have alternative uses”. It is against this background that nationals attempt to satisfied there unlimited ones with the limited resources at there disposals. In Sierra Leone the management of the economy of the state since independent has persistency abuse by corruption and a host of many other factors. The main source of income to the Sierra Leone economy:

1. Minerals and mining
2. Taxation in all its various forms
3. Foreign aids for development purpose etc.

However, generating income for all of the process listed above and the allocation and distribution of this resources has been flooded by: poor mining agreement with foreign companies, inept and inadequate tax policies, poor debt management and misused of donor funds, lack of transparency and out right corruption by the state actors (Government) who do not adequately account to the people.

In view of this Civil Society organization, academics and another interest groups decided to come together to have common platform of research and advocacy to engaged government and other stakeholders in the Sierra Leone economic to seek economic justice for the people.

AYCAH-SL an organization that have been working relentlessly with its development partners (Action Aid International) to improve on the porous economic situation in the country held a two day national training and lunching on economic justice at the Ramsy house Liverpool , Freetown . The programme which was funded by Action Aid International Sierra Leone attracted over sixty participants from over fifty CSOs , Academics and students from the universities, the private sector, media practitioners and government officials from key financial institution (Finance and Trade) Ministry's

THE PURPOSE OF THE TRAINING

The main purpose of this lunching and workshop is to bring together all stakeholders including academics ,CSOs groups and Private Sector Actors etc to deliberate on current economic issues and proffer a way forward on sound economic issues that reflects all shapes of opinions.

Objective

1. To ensure transparency and equitable use of the country's resources,
2. To identify flows in management of the country economy;
3. To ensure CSO's participation in economic reform process;
4. To ensure government compliance with its obligation including legislation and laws on taxation, mining policies and agreement: and the judicious utilization of development funds;
5. To ensure openness in debt contract and the management of our national/ public debt;
6. To provide civil society oversight role on government and the private sector on issues of economic justice.

METHODOLOGY

The programme brought about over sixty state actor and non-state actors nation –wide from the following : from the Academic institution, CSOs, Private Sector Actors, Media practitioners , Ministry officials and University students.

Opening Session and capacity building training which entails the following:

1. Purpose and overview of the national engagement on Economic Justice.
2. Rationale of the training.
3. Statements from Line Ministry's and CSO's
4. Presentation from various speakers.
5. Participants in discussion.
6. Questions, comments and answers.
7. Formulation, nexus and vetting of the executive / coordinating center of the network, action plan and recommendation.

Opening Session

The national engagement started with welcome and kick-off remarks about 11:14am by Mrs. Joy Brown, Programme Coordinator AYCAH-SL who thank every one. She gave a brief talk on refinancing, financing of development programme, tax policy with emphasis on the GST which at its current level of 15% affects the cost of goods and services adversely. She also spoke about youth in armed conflict and gender violence with possible out come of economic injustice in society.

Joy brown also cited the various problems associated with international finance, climate change and environmental issues as factors that need economic justice. She further stated the main objective of the workshop which is: To raise public awareness in tax mobilization and other economic related issues. She introduces the chairman of the occasion by giving a brief profile of



Acting *Programme Coordinator, AYCAH-SL*

The chairperson, Mr Abdulai Brima. She said that the chairman pursued his first degree in economics at the FBC, USL and further did his master's degree in Development-Economics in Manchester; UK. She said that the chairperson is married with three children. She name the chairman of the lunching as Mr. Abdulai Brima, Senior lecturer, Economics/Commerce Department, FBC, USL

Mr. Abdulai Brima –Lecturer Economics Department – FBC, USL

Chairman's Opening remarks. The chairman for the workshop thank Mrs. Joy Brown for the brief introduction given about him and occupied his place at the high table.

He spoke about the failure of Economic Policies in the entire world reiterating prevailing economic situations in countries like UK, Italy, Greece and even the United States where disgruntled citizens occupied the Wall Street, America's Economic Nerves Centre in protest of the economic policy failure in their country.

He lamented the austerity measures placed on borrowing countries and the effect of IMF conditionality's on those countries. He asked whether there was no other way of improving the economies of those indebted countries.

OVERVIEW OF THE TRAINING

In giving an overview of the workshop, the coordinator AYCAH-SL , Mr. Peter John Amara gave succinct presentation on economic justice in which he identified three economic principles that are key to promoting economic justice vis a vis:

Participant, Distribution and Harmony. He said economic justice which touches the individual as well as the socio order encompasses the moral principles that guide us in the designing our economic institutions and also determine how each persons earn his or her living , enter into contract, exchange goods and services



Peter John Amara, Country Coordinator –AYCAH-SL

with others and otherwise produce an independent material on Participation, Distribution and harmony. He said economic justice which touches the individual as well as the social order encompasses the moral principles that guide us in designing our economic institutions and also determine how each person earns his or her living, enter into contract, exchange goods and services with others and otherwise produce an independent material foundation for his or her economic sustenance.

The Coordinator went on further to explain the principles that participation by its self doesn't guarantee equal rights but when linked to distributive justice, then rights are guaranteed. He lamented that Harmony promote peace among people which is good for economic justice.

The representative from the Trade and Industry Ministry, Mr. Charles Meryweather Thompson gave an explicit report on current policy issues of the ministry. He highlighted some of the policies of the Trade Ministry which include:

1. Competition policy
2. Trade policy
3. Local content policy and
4. Investment policy



Mr. Charles Thompson, MTI-GOSL

He spoke about the establishment of the fast-track commercial court which is mainly responsible for speedy adjudication of cases relevant to economic issues in order to instill confidence in the minds of the business community that their rights are guaranteed.

He also spoke about the credit access act and the credit reference bureau as avenues established by the government to facilitate trade in a conducive and enabling environment and that the concept of "HEAT" as a focus of the government thus: Housing, Energy, Agriculture, and Transport. Mr. Thompson said that the HEAT concept reveals the focus of the government in its developmental strides with energy including general infrastructure.

He explained that the government is interested in the idea of making cassava chips which is currently being experimented by Dr. Nuni of FBC, USL.

Representative from Actionaid International Sierra Leone.

In his contribution, Mr. Partick Zombo who is in charge of Policy, Research and Advocacy Development in Action Aid International Sierra Leone, gave a divergent explanation of poverty from that of the economist point of win- win which he said that People are poor because they are denied access to vital resources.

He further said that systems and processes that keep people in poverty should be challenged. He spoke about the need to correct the injustices in the economic systems and the need for a proactive and united front to do so. Hence, his organizations' commitment in helping organizations that seeks to fight injustice in the economy. The economic Justice network could be p



Patrick Zombo, Head of Programmes & Policy -AAISL

a platform for such activity. He said that his organization will interface with other international organizations to move the process of economic justice forward.

Representative from the Civil Society Organization's in Sierra Leone.

In her own contribution, Madam Hawa Samai of Executive Director, AmNET-SL said that the coalition is about research and advocacy work and it will also be an informative and educative forum.

She further said that the information shared in this workshop is very important and that it will be good for the process to move forward .She suggested that more people should be informed so that participation could be increased.

She further went on to deliberate on the idea that focus should not only be on government



Hawa Samai, Executive Director –AmNET-SL

but an all encompassing one that looks at other key players in the economy.

TRAINING SESSION

The training session started with paper presentation by the facilitators of the programme. They were drawn from diverse background visa a vis : The Academic's who are more involved in research and findings related to the topics for discussion; CSO's who act as interface between the government / private sector and key actors in the nation's economy and the generality of the population which they represent . The government was represented by two senior officials from economic related ministries.

Presentations were as follows: Development Financing- issues and implications. This presentation was done by Mr. Samuel Jamiru Brima, Head of Department, Economics FBC, and USL using the PowerPoint.

He first of all encourage participant to ask as many questions as possible. During his presentation, he gave the layouts which include: A view of FfD, **WHY** FfD, FfD environment in Sierra Leone and coordination and bad policy in view of financing for development. He said that FfD is the way



Samuel J. Briama- Head of Economics Dept- FBC, USL/ENJ-SL

domestic and international remittances are managed. He explained about the FfD debt relief given to countries and advised that Sierra Leone should carefully study Aid, Aid grant, loans, debt portfolio on hand and their resources with critical eye so as not to fall within the groups of non –starters in the race of human development, economic growth and why are we part of the world if we cannot compete. He gave a lot of examples to illustrate his point such as faulty contract awards for which foreign loans have been contracted : Poor execution of projects for which loans have been given : then given projects for execution to the wrong people who often claim to know the dynamics of contracted project areas which sometimes turn out to be lies . He said these were some of the ways in which some of the 'SABABU' project funds were misused.

He gave an example from someone who claimed to be from Kailahun, received SABABU money to build a school that was never completed.

Mr. Brima described Sierra Leone as highly aid dependent which is a sign of fragility that reflects concern with effectiveness accountability responsiveness and legitimacy of the institutions of the state. He revealed that sometimes governments do not help themselves by contracting Aids since these aids are often not given in a whole but in faces.

He cautioned that engagement with development partners must be explicit. He gave the objective of doing this as; to provide clarity and document general trend in financing development in Sierra Leone over the last five years. Provide a picture of the extent at which such investments contribute to address the issues and are within the framework of human rights based approaches. He opined that we need to know who is doing the work, how the work is been done and who owns the company.

Mr. Briama gave a background of the FfD in environment in Sierra Leone which includes: DFID, EU, IMF ADB, ADF, World Bank. He said Sierra Leone has donor enthusiasm but where are we in terms of development in spite of such enthusiasm. He spoke about sustainable economic development; poverty alleviation as elements of governance (both good and economic) and some structural disadvantages which remain formidable challenges. He sited structural bottlenecks as some of those challenges. Examples: Goods are sometimes produced but no access to market. He explained that the world economic order separate donor driven economics based on leverages and those that possess the ability to lift them out of dependent to self provision and if possible assist weaker nations. He went on to say the need for development financing stems from the nations desire to modernized and acquired capacity to benefit from global economic order if possible devoured of the rank of aid (Foreign dependence).

He highlighted the following problems with foreign aids:

1. Foreign assistance is not coordinated very well (there is high fragmentation)
2. Isolated coordination and harmonization efforts among donor group are weak.

He spoke on aid policy and aid coordination in Sierra Leone in which he observed that effective coordination should be the responsibility of the donor partners as well as the recipient countries.

He said that donors should not enforced policy that may not be applicable to the recipient country. He said one of the main reasons of the economic melt down that occurred in the developed countries was that people were chopping what did not exist.

He talks about the need for a network so that questions can be asked about the utilization of Aid.

He also said there is a need for a concurrent planning and implementation of both the donors and the recipient countries.

He called for a wider information sharing example: through SWG website. He further went on to highlight the need for sector working groups to play a key role in reviewing assistance proposal and in monitoring for implementation. He suggested the removal of administrative barriers to investing and stabilization of export.

Mr. Briama lamented on the issue of advocacy for development which is very important for CSOs. He said CSOs should start pushing or lobbying the government to adhere to the laws governing aid and loan management. He rejected the idea of any further commercial borrowing. He said that accelerated expenditure for poverty alleviation should drive the quest for financing development. Government must make sure that debts are sustainable and used for the betterment of the larger sector of the populace.

OVERVIEW OF THE SIERRA LEONE DEBT SITUATION - STATUS AND IMPLICATION

Presentation on this topic was made by Mr. Sahr Jusu, Head of Public Debt Management Unit in the Ministry of Finance and Economic Development. In his presentation, he outlined the following:

Structure of Public Debt in Sierra Leone,

1. External Debt and Domestic Debt
2. Commercial Debt

He disclosed the total debt stock of Sierra Leone up to June 2011 as LE 4.8 Tr. or USD 1.07 Bn. Representing 61% of GDP. He explains the



Sahr Jusu Head of Public Debt Management

concept of multilateral debts as debt owed to international Financing Institutions (IFIs) such IMF, WB, ADB, AFD etc.

He explained that bilateral debts are debts between Sierra Leone and other sovereign states like UK.

He further said that domestic debts are debts owed to individuals or institutions within the country examples: Treasury Bills, Treasury Bonds etc.

He gave the Commercial Debt to GDP for Multilateral as 63%, for Bilateral 15% . He said that international debt profile of Sierra Leone as of June 2011 is about USD 848.7million or 42% of GDP.

He further went on to say that the maturity period for some of this debt is 1-50 yrs and that the interest is 0.5 to 3 %. He said that the domestic debt is about 96% of GDP and gave a break down of it as follows:

Grant Security 1 %, Parastatals arrears 1 % , Domestic arrears 2 % , Ex- Diplomat arrears 1% , Treasury Bills 91.182%.

Mr. Jusu also spoke about the other government securities which include: Bank of Sierra Leone- Purchase through open market examples Treasury Bills. Private Sector example: The Commercial Banks, NASSIT etc. He revealed that this debt stood at Le 1.33 Tr. or 19% percent of GDP and that most of them are short term security except for the 3- 5 yrs bond with the Bank of Sierra Leone.

He explained the concept of HEPIC as Heavily Indebted Country and gave some statistical data to explain it using the Countries Performance Indicative Assessment (CPIA):

Graded in following ways: Weak, Medium and Strong:

Mr. Jusu made some recommendation for debt sustainability exercise:

1. Deeping Domestic Debt Market;
2. Restore Domestic Debt Portfolio to capitalized a cost / risk advantage;
3. External concessional borrowing ;
4. Prioritized grants to external borrowing;
5. Mining Revenue should be judiciously utilized;
6. Strengthen export base to improved debt sustainability
7. Underscore transparency and accountability
8. There should be clear procedure for issuing sovereign guarantee
9. Mandatory reporting to parliament and parliament to take appropriate measures.
10. Establishment of Public Debt Management Division

At the end of his presentation, views were expressed and questions were asked by participants.

Participant raised the issue of government working closely with the people in the area of contracting debt but Mr. Jusu responded that parliament is always consulted and it represents the people and make policies and laws on behalf of the people.

Information on debt issue is also communicated to the people through the electronics and print media.

OVER VIEW OF SIERRA LEONE TAX REGIME- ISSUES AND IMPLICATIONS

Presentation was done by Mr. Sheku Fadika , Lecturer – Economics/ Commerce Department- FBC/USL.

Mr. Fadika in his presentation used the PowerPoint to highlight the challenges, and potential leakages of the tax system in Sierra Leone. He defined some tax technical words such as: Tax, Taxation and Tax System as administered in Sierra Leone. He highlighted the challenges faced in tax management in Sierra Leone which includes low level of compliance, high cost of collection.



Sheku Fadika, Lecturer FBC,USL/ Member EJM-SL

fraud , under payment , non processing circle , other revenue leakages , smuggling , tax avoidance, discretionary duty wavers, poor enforcement of policy undermined by political links and tax payers perception .

He advised that that there should be an effective infrastructure to monitor tax collection otherwise the system may be abused. For example GST is a tax that is collected by the merchant. But there is no one to monitor the merchant to make sure that he remits what he collects to government.

On potential leakages, Mr. Sheku Fadika identified the following:

- A. Violation methods ,
- B. Tax exemption ;
- C. Input/ out analysis
- D. Exemption on raw material input;
- E. Evasion of duty and evasion of prohibition
- F. By smuggling (physical and technical)
- G. Concept of ware housing which permit storage of imported goods;

- H. Exemption of languages carried by post;
- I. A tax collector may collaborate with duty evaders.

He spoke about the different types of taxation and the percentage of each tax levied. He explained about taxable income and the percentages.

He further made participants to understand about tax incentives given to mining and other companies which makes it very much interesting. Another area sounding very much interesting was the custom and tariff in which he revealed tariff for normal cars to be between 30 to 35 % percent, for right hand drive cars is 40% percent.

He spoke about the laws and act governing the tax and tax policy in Sierra Leone. Example he made reference to relevant sections of the 1991 constitution, the goods and services act of 2011, customs tariff act and the income tax amended 2011.

He lamented the many lapses in the tax system especially issues relating to the mining sector. For example it was revealed that too many concessions are given to mining companies, the rate and time effect of which are to be determined by the Mines Ministry.

In reaction to the presentation on the tax regime, the chairman Mr. Abdulai Brima related the concession given to mining companies on the importation of machinery with that of the concept of transfer pricing which he made participants to understand.

ACTION PLAN

After two days of rigorous deliberations and expositions, on economic issues affecting the well been of every Sierra Leoneans by the dynamic organizers, Facilitators and participants that were drawn from a wide range of expertise background such as: academia/University, NGO's, private sector groups, and the government represented by very senior officials from the Ministry's of Finance and Trade, the following resolutions were raised:

1. To have an Interim Chairman with a Deputy Chair
2. AYCAH Sierra Leone to serve as coordinating secretariat since the initiative is coming from Actionaid International and AYCAH-SL with the backing from the Economics Department –FBC,USL. .
3. The Economic Justice Network to be officially launched before the end of the year 2011 ;
4. It was agreed that membership of the Economic Justice Network will be based on organization , each member organization should be represented by a focal person and an assistant .It must be someone that participated in the first national training engagement on economic justice. ;
5. It was agreed that the Economic Justice Network be registered with SLANGO and MOFED to obtained legal status in other to legitimized operations and this be handled by the AYCAH-SL secretariat and the interim chairman;
6. It was also agreed that a website for the network should be hosted and it is to be facilitated by the AYCAH-SL and the interim Chairman ;
7. A declaration form for membership of the network was issued to each participant to be taken to their various institutions or organizations for ratification and validation and to be returned at the next meeting to be held at Ramsy Conference Hall, Liverpool Street Friday 9th December 2011;
8. The aims and objectives of the Economic Justice Network were tentatively agreed as follows:

Aim: Economic Justice breeds Peace.

Objectives: These were to be specific, measureable resourceful and time bound (smart)

- a. Campaign to promote economic equity
- b. To Increase transparency and accountability
- c. Ensuring the implementation of agreed economic policy
- d. Optimal utilization of our resources for all of us
- e. To ensure access to information
- f. To reduce inequality /poverty within society
- g. Access to information to participate in economic building linkages and advocacy.

Vote of Thanks

At the end of the national engagement on Economic Justice and Debt Sustainability in Sierra Leone was graced by, Ms. Adenike Cole Secretary General Y.W.C.A. She expresses her appreciation thanking the organizers for implementing this very important programme at the time in need in addressing economic issues in the country. She also thanks the presentation from the various institutions for a job well done which makes participants response very interactive.

She maintained that what learnt today is just the beginning and that actors should come together to embraced this wonderful innovative idea and of the official launching of the Economic Justice Network to be held in December with the blessing from Actionaid International Sierra Leone, Head of Programme & Policy. She concluded that the workshop was attended by a wide range of participants in attendance.

Conclusion

In spite of the slow start of the national engagement on economic justice which was due to the fact that some participants turn out to be late especially those that travelled from the provinces: it turned out to be a vibrant activity oriented and a very informative workshop. The articulate and scholarly presentations by the facilitators greatly broaden the knowledge of the participants on subject that are inimical to the well-being and survival of the nation and its people.

The idea of forming the Economic Justice Network was well received by the participants that initially had doubt. The venue was good and was easily accessible in the center of the city while all facilities provided were satisfactory. Appropriate learning materials and other documents were printed and distributed among participants. The national engagement was very successful as its desired goal was achieved.

**Compiled by: AYCAH-SL
AYCAH-Sierra Leone,
Coordinating secretariat ,
Economic Justice Network Sierra Leone.**