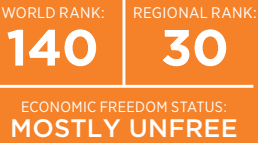


SIERRA LEONE

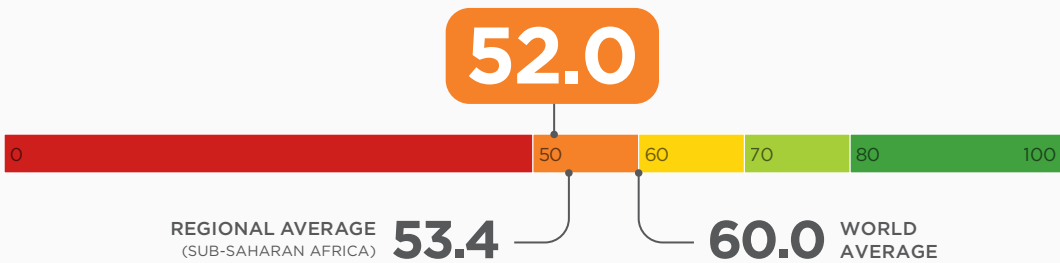
Sierra Leone's economic freedom score is 52.0, making its economy the 140th freest in the 2022 *Index*. Sierra Leone is ranked 30th among 47 countries in the Sub-Saharan Africa region, and its overall score is below the regional and world averages.

Over the past five years, economic growth in Sierra Leone has averaged 3.4 percent despite a downturn in 2020. During the same five-year period, economic freedom has fluctuated. With drops in scores for **fiscal health** and **business freedom** outpacing some improvement in rule of law, Sierra Leone has recorded a small 0.6-point overall loss of economic freedom since 2017 and remains in the lower half of the "Mostly Unfree" category. Approximately 90 percent of workers are employed in the informal sector, so **government spending** and taxation are understandably low, but **government integrity** and **financial freedom** are weak.

IMPACT OF COVID-19: As of December 1, 2021, 121 deaths had been attributed to the pandemic in Sierra Leone, and the government's response to the crisis ranked 141st among the countries included in this *Index* in terms of its stringency. The economy contracted by 2.2 percent in 2020.

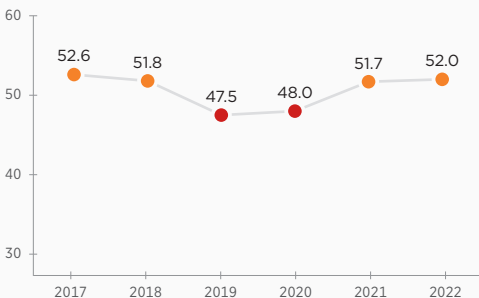


ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +2.2

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
8.0 million

GDP (PPP):
\$13.8 billion
-2.2% growth in 2020
5-year compound annual growth 3.4%
\$1,725 per capita

UNEMPLOYMENT:
4.6%

INFLATION (CPI):
15.7%

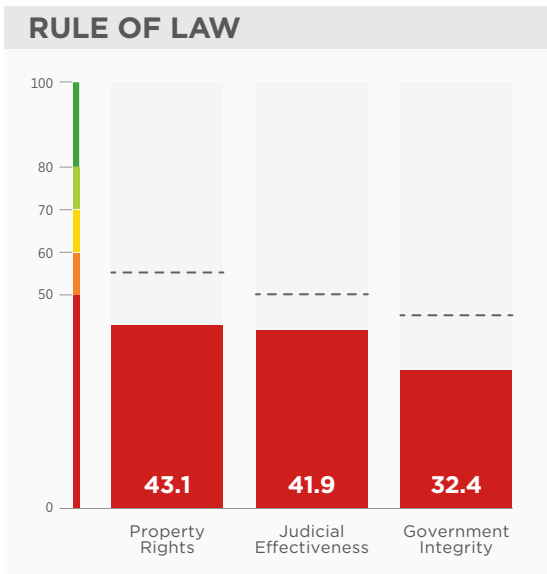
FDI INFLOW:
\$349.0 million

PUBLIC DEBT:
71.9% of GDP

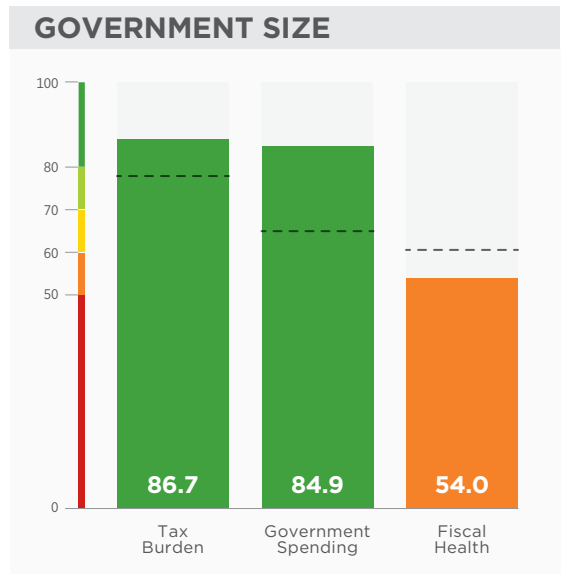
2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: Sierra Leone became independent from the United Kingdom in 1961. A civil war in the 1990s killed or displaced about a third of the population, and the country did not enjoy its first peaceful transfer of power until 2007. Former junta leader Julius Maada Bio of the Sierra Leone People's Party won the presidency in 2018, and his party enjoys a de facto legislative majority because of support from independent members of parliament. In 2019, the mining of iron ore was suspended until 2021. Gem-quality diamonds account for nearly half of exports. Sierra Leone remains extremely poor, and much of the population depends on subsistence agriculture. Political instability has hindered development of Sierra Leone's substantial mineral, agricultural, and fishery resources.

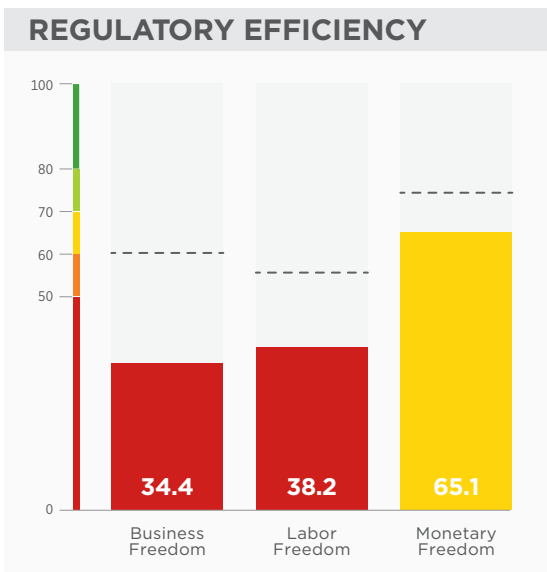
12 ECONOMIC FREEDOMS | SIERRA LEONE



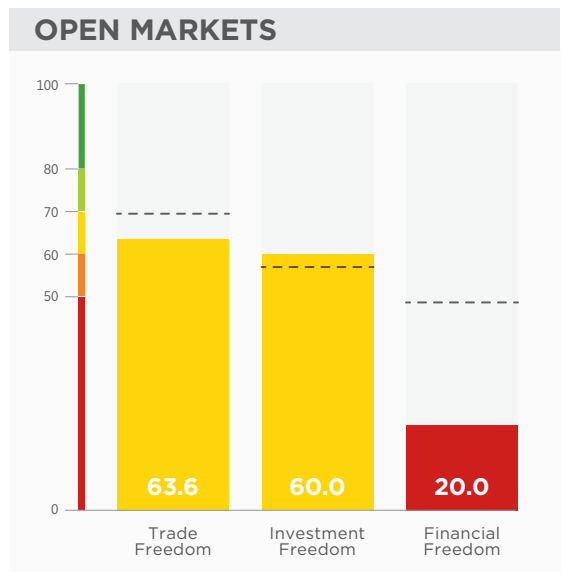
Property rights and contracts are recognized by law, but because of fragile and uneven enforcement, they are not adequately secured. There is no land titling system. The judiciary is subject to financial and political influence. Corruption is endemic, especially in government procurement, the award of licenses and concessions, regulatory enforcement, customs clearance, and dispute resolution.



The top individual income tax rate is 15 percent, and the top corporate tax rate is 30 percent. Other taxes include goods and services and interest taxes. The overall tax burden equals 14.4 percent of total domestic income. Government spending has amounted to 22.4 percent of total output (GDP) over the past three years, and budget deficits have averaged 4.7 percent of GDP. Public debt is equivalent to 71.9 percent of GDP.



In 2019, the government canceled the mining licenses of a major Chinese iron ore company and a U.S. company. A settlement was reached with the U.S. company, which is resuming operations in 2021. The labor force is about 90 percent informal, is unregulated, and lacks specialized skills. Enforcement of the labor laws is ineffective. The government has eliminated fuel subsidies but has increased subsidies for electricity.



Sierra Leone has one preferential trade agreement in force. The trade-weighted average tariff rate is 13.2 percent. Steps have been taken to dismantle nontariff barriers. Efforts to increase transparency and streamline the investment framework are ongoing. Most credit is offered at market rates, but the government uses subsidized loans to promote investment. The financial sector remains underdeveloped, and foreign participation is limited.