



Effect of Domestic Politics on Aid's Effectiveness in Improving Human Welfare in Sierra Leone (2000-2019)

Abu Kai Kamara, Prince Lahai Momoh

Department of Accounting and Finance, Fourah Bay College, School of Post Graduate Studies, University of Sierra Leone, Freetown, Sierra Leone

Email: postgraduate@usl.edu.sl

How to cite this paper: Kamara, A.K. and Momoh, P.L. (2023) Effect of Domestic Politics on Aid's Effectiveness in Improving Human Welfare in Sierra Leone (2000-2019). *Open Access Library Journal*, 10: e9542. <https://doi.org/10.4236/oalib.1109542>

Received: November 7, 2022

Accepted: January 13, 2023

Published: January 16, 2023

Copyright © 2023 by author(s) and Open Access Library Inc.

This work is licensed under the Creative Commons Attribution International License (CC BY 4.0).

<http://creativecommons.org/licenses/by/4.0/>



Open Access

Abstract

Critics of foreign aid programs have long argued that poverty reflects government failure. In this paper, I test predictions for aid effectiveness based on an analytical framework that relates aid effectiveness to political regimes. Based on a systematic review of the impact of aid on both state capacity for, and elite commitment to sustainable development, this article concludes that a better understanding of the impact of aid has the potential to directly inform practices of international development. This requires better empirical insight into how donors interact with formal and informal institutions in Sierra Leone. Furthermore, it is critical to see aid as part of a spectrum of international exchange, rather than in isolation. This implies a significant research agenda, combining quantitative and in-depth qualitative analysis, as there are barriers to more informed political analysis to inform practice, and little analysis exists of how donors, even where they do start adopting a political perspective, do influence local institutions and the people they work with.

Subject Areas

Accounting

Keywords

Aid Effectiveness, Elite Commitment, Donors, Domestic Politics, Sierra Leone

1. Introduction

In Sierra Leone particularly, an investigation of the role of politics in the aid business deserves some attention. Firstly, there has been an increasing drive to-

wards democratic institutions or democratisation in the country, particularly since the end of the country's civil war for which the then politically less competitive one-party rulership had been identified as one of the reasons for the civil conflict in the country (Zack-Williams, 1999) [1]. This has been further reinforced by the increasing support of donors for democratic reforms and institutions following the end of the country's civil conflict. Fieldwork interviews with some of the country's leading donors (for instance DFID) emphasized the promotion of democracy as one of its reasons for granting aid to Sierra Leone. This is also in tune with USAID's Millennium Challenge Account (for which Sierra Leone is a beneficiary), which also emphasizes the importance of democratic governance as crucial to granting aid. Despite the emphasis on democracy as an important condition for aid allocation and development in general, the review of the literature on political institutions and economic growth by Przeworski and Limongi (1993) [2] concludes that in as much as politics is important for the process of development, there is no clear-cut conclusion on whether it is democracy or autocracy that contributes more to economic development. Koeberle, S. G. (2003) [3] argues that the effect of aid on human development is only evident under good democracies. The main purpose of the study by McGillivray and Noorbakhsh (2007) [4] was to investigate the link between aid, conflict, and human development, and also attempt to examine the link between aid, democracy, and human development as a measure of human welfare and therefore the quality of life. In this investigation, they could not find strong support that good democracies improve the impact of aid in promoting human development in aid-recipient countries.

On the other hand, could not confirm the finding of Kosac (2003) [5]. Kosac (2003) argues that the development of a country should be measured by the actual quality of life of its citizens rather than the income each citizen should receive if the total productive income were to be divided equally among its population, which is never realistic. Hence, the article argues that the per capita measure is a measure of "potential rather than actual services and the income available to the population" (Kosac, 2003: p. 2) [5]. Thus, aid effectiveness as conceptualized in this study framework means aid has an impact on economic growth and poverty reduction. This study contributes to the literature and attempts to enter the argument on aid, politics, and human development by extending the analysis to Sierra Leone, a country that has experienced notable episodes of both democratic and autocratic regimes.

Further, this study examines the impact of aid on welfare at the country level of analysis. This is an original approach as most studies that examine this relationship have only limited their analysis at the cross-country level.

In order to have an in-depth understanding of this research the paper is structured into discussing Sierra Leone's Political Background that provides insight into the population, boundaries shared with neighboring countries, and the political governance since independence in Section 2, and in Section 3 of the

paper, the basis for the research is laid out by pointing out the Objectives of the Research, and Statement of the Problem. The Model and the Empirical Results are articulated in Section 4. The model and empirical results informed the basis of our Discussions and Conclusions in Section 5.

2. Sierra Leone Political Background

Sierra Leone is a country in West Africa, on the Atlantic Ocean. It's known for the white-sand beaches lining the Freetown Peninsula. The capital city is Freetown. The country is neighbored by Liberia in the southeast and Guinea in the north and east. It has a size of 71,740 square kilometers and an estimated population of 2022 is 8,605,718 in 2022, a 2.2% increase from 2021 while 2021 was 8,420,641, a 2.27% increase from 2020. The country has 14 provincial districts with the northern region, the largest of the country's four regions.

Sierra Leone became a crown colony in 1808 and gained independence from Britain on April 27, 1961. The post-colonial political regimes in Sierra Leone have been characterised by a mix of periods of democratic rule and some level of autocratic rule with the latter largely being made possible by military junta regimes.

Sierra Leone's political regimes since independence have taken the form of both democratic and autocratic (authoritarian) regimes. Considering the period from 2000-2019. The multiparty democratic regimes have comprised the regimes of Sir Milton Margai, Sir Albert Margai, Ahmed Tejan Kabbah, Ernest Bai Koroma and now President Julius Maaada Bio. In total, the remainder of the country's regimes has comprised one-party form of political governance served by Siaka Stevens and Joseph Saidu Momoh (total of 23 years) and military junta regimes involving those of Andrew Juxon-Smith, Valentine Strasser, Maaada Bio and Johnny Paul Koroma (which in total served 6 years). Both military junta and the one-party regimes are arguably autocratic regimes. Sesay (1995) [6] describe the one-party system of political governance by both President Stevens and President Momoh as authoritarian. In effect, power was largely restricted to the executive instead of the parliament (Baland *et al.*, 2010) [7]. There were no presidential elections. Even as Stevens retired from power, he manipulated the transfer of power to his successor (Luke and Riley, 1989) [8]. Even though there were parliamentary elections during the one-party regime of Siaka Stevens, yet these were violent and manipulated elections with a restricted level of political competition (Luke, 1985) [9]. The description of regimes shows that the form of political regimes has never been perfectly democratic, but neither could any regime be described as strongly authoritarian. Some periods of autocracy had some democratic principles, and some periods of democracy experienced some autocratic forms of governance. This is evident in Marshall and Jagers' (2008) [10] POLITY IV scoring estimation of the level of democracy and autocracy in the country's polity regimes.

In their precise chapter on governance and development, Baland *et al.* (2010) [7] traced the origin of bad governance in Sierra Leone and linked it with the

prevalence of patrimonial politics in the country's political regimes, particularly that by President Siaka Stevens. This political practice/bad governance, the article argues, has been the most crucial impediment to the country's economic development and poverty reduction. Baland *et al.* (2010) [7] suggest that since independence, the sequence of political regimes in the country has had no interest or incentive in providing the basic ingredients that can make a nation prosper; and this they suggest emanates from the political strategy of patrimonialism that had been employed by post-independent politicians in Sierra Leone. Patrimonialism can be generally disastrous for economic policy and development.

In as much as patrimonialism may have been more evident in Siaka Steven's rule (as is argued by Baland *et al.*, 2010) [7], this study argues that this has been a common attribute across the country's political regimes. Sesay's (1995) [6] review of political regimes shows that evidence of patrimonial practices existed in the regimes preceding that by Siaka Stevens. Emerging from British colonial rule to independence on April 27, 1961, it could be expected that Sierra Leone's first president at independence would operate under a political rule that is largely democratic with multiparty political competition. However, that does not guarantee the absence of patronage as the then government of Sir Milton Margai longed to build and consolidate patron-client networks to support its political continuity. On this verge, the role of local governance and chieftaincy became crucial as such are closest to and considerably regarded by most rural electorates. Following the early death of Sir Milton Margai in 1964, it was no surprise that his achievement backed by the patron networks he built could guarantee an election of his brother, Sir Albert Margai and secures the continuity of the ruling party in governance. However, a counter coup ensured that the elected government of Siaka Stevens assumed power in 1968.

Steven's reign of power has been characterised by relative political stability, but with economic decline, largely undemocratic polity and surge in neo-patrimonial politics. It is therefore no surprise that under such features, corruption of state resources can ensue. This is the regime that Baland *et al.*'s (2010) [7] review of bad governance in Sierra Leone largely associates with high levels of patrimonialism. Building on the grounds of a divided country, Stevens introduced a republic and formed a one-party system of governance under the All-People's Congress (APC) party (Baland *et al.*, 2010) [7]. The formation of the one-party form of governance implied political competition was eliminated at the presidential level and only restricted to parliamentary elections. This did not only ensure that Stevens ruled as the longest serving head of state (17years), but further made sure that he built and strengthened patron-client networks to support his uncontested leadership and violent parliamentary elections. Stevens failed to introduce economic reforms as he himself admitted that politics was his priority against economic development (Luke and Riley, 1989) [8]. His failure to implement the contractionary IMF suggested economic reforms were partly as the need to avoid the political and social costs of such austerity measures. Luke and Riley (1989: p. 137) [8] put it in a direct way.

Stevens used the social networks of his political party (which came into power with strong support from the north—mainly from the Temnes and Limbas) to build his patrimonial regime, and as well as largely changing political institutions (as previously emphasised) shortly upon assuming power in 1967 (Baland *et al.*, 2010) [7].

Though President Joseph Momoh, who peacefully took over power from President Stevens, succeeded in amending the country's constitution with the major amendment being the reintroduction of multiparty elections (passed in 1991), yet the then prevailing political instability, economic hardship, discriminatory reforms in the diamond mining, the growing powerfulness of his 'Ecutay' cabal in the government, with power above that of the cabinet and parliament (Zack-Williams, 1999) [1], characterised his political governance. Thus, patrimonial politics was also a feature of the Momoh regime.

Even with military regimes, patrimonial politics was also evident. In particular, the political association of the military NPRC leaders and the SLPP party suggests some level of patrimonial politics at play. Maada Bio, who toppled his NPRC compatriot Valentine Strasser and passed overpower to the democratic civilian regime of Late Tejan Kabbah of the SPPP party, has himself become the flag bearer as presidential candidate for the 2012 presidential elections under this same party (The Patriotic Vanguard, 2011) [11]. Further, Tejan Kabbah was coincidentally a key adviser to the military regime, which implies the military regime of the NPRC may have been subject to political manipulation and association with the SLPP party. Hence, even in the military, patrimonialism has been evident.

Despite being largely democratic, the government of Ernest Bai Koroma, following fieldwork interviews has also been largely criticised for re-instituting patronage practices particularly in the appointment of government officials. Hence, patrimonialism has been a common feature displayed by political regimes in the country's post-independent history, and not only in the one-party regimes of President Stevens and President Momoh as emphasised by Baland *et al.* (2010) [7].

A final point worth noting in Sierra Leone's political history is that a substantial number of years in the country's post-independence period had been subject to political instability partly because of coup d'états, but mostly due to the country's civil conflict which lasted from 1991-2002. Political regimes during this period of rule ranging from President Momoh, Captain Valentine Strasser, Maada Bio and particularly Tejan Kabbah have had their governance significantly interrupted. Though he ensured a peaceful end to the 11-year conflict in 2002, President Kabbah's leadership in the first term of office encountered some notable instability. In 1997, he was overthrown from power by some factions of the military (headed by Major Johnny Paul Koroma) who eventually cooperated with the rebels in ruling the country. President Kabbah fought back and regained power in 1998 with the help of ECOMOG and British forces. In January 1999, his seat of power in Freetown was also temporarily destabilized by the

fighting Revolutionary United Front (RUF) and the Armed Forces Ruling Council (AFRC) rebels. A few months later, he succeeded again with the help of ECOMOG in securing the city and much of the country. Before the end of that same year major peace talks with the fighting factions began which eventually resulted in the disarmament of the fighting forces and the formal declaration of the end of the war in 2002. It would be no surprise therefore that economic growth and human welfare can be adversely affected by such political instability. Further, because political and economic institutions are affected during this period, the potential effectiveness of aid could as well be adversely affected.

In essence, Sierra Leone's post-independence political regimes have been both in the forms of democratic and authoritarian regimes; and have been subject to lengthy periods of political instability which occurred through the country's 11-year civil conflict and military coups d'états. The result is that the lack of strong institutions exacerbated by the moderation of political competition in either one-party, military or junta regimes may have contributed to slow economic development in the country. Further, the analysis showed that patrimonial politics characterised by patronage, tribalism and corruption has been a common feature of the country's post-independence political regimes. However, with democratisation and the increasing realization of Sierra Leone as a nation state alongside the increased sense of nationalism as well as the increased citizens' preference for development rather than patrimonial exchanges, the intensity of patrimonialism may have minimized (Baland *et al.* 2010) [7], particularly since the end of the civil conflict. But, whilst democratisation may have ensured much improvement in political practices, the realization of the benefit of economic improvement by the vastly poor Sierra Leoneans has remained largely unattained despite the immense natural resource endowment of a country possessing manageable agricultural lands and rich in mineral resources such as diamonds, gold, rutile, bauxite and perhaps most importantly iron ore and recently oil –as per recent oil discovery. Having reviewed Sierra Leone's post-independence political regimes and their implication on the country's economic development, in the following, we present an overview of the economic performance of the country since independence to provide some descriptive evidence of how the country had performed relative to regional and economic groups as well as over time. This will help to put into context our investigation of the effect of Domestic Politics on Aid's Effectiveness in Improving Human Welfare in Sierra.

3. Objective of the Study and Statement of Problem

3.1. Objective of the Study

The objective of this study is to investigate the effect of politics on aid effectiveness at the country's analytical level for Sierra Leone.

3.2. Statement of the Problem

In spite of shared rhetorical commitments to tackling poverty worldwide, the

level of poverty in Sierra Leone remains high. This paper, therefore, intends to evaluate the Effect of Domestic Politics on Aid's Effectiveness in Improving Human Welfare in Sierra Leone. The model and the empirical results are articulated in Section 4.

4. The Model and Empirical Results

This paper investigates the importance of politics in influencing the impact of aid on human development in Sierra Leone. Donors are usually skeptical about disbursing aid to fragile political regimes for the fear that such aid may be used to fund patrimonial practices, and hence not only be misappropriated but may also fund political corruption. Therefore, it is essential to investigate whether democratisation as a good political practice (and therefore likely to reduce political corruption) is not detrimental to aid's impact in improving human development in Sierra Leone. Two indicators of politics are used here - the quality of democracy and the quality of the political regime. These two variables are individually added to the aid-human development base model specification. The governance variable is replaced by either indicator of politics. This is so because governance and politics are intuitively related factors/attributes. In the POLITY IV measure of the quality of polity regime and level of democracy, some of the components of these variables happen to as well be direct or indirect components of governance as measured by the International Crisis and Risk Guide (e.g. quality of the bureaucracy and rule of law). To avoid problems of double counting therefore, both indicators of politics and governance cannot be used together in the same regression estimation. As the purpose of this paper is to assess the impact of politics on human well-being as well as its impact in influencing foreign aid's impact on well-being, we therefore replace the governance variable in the base model with the indicator of politics. This is contrary to the specification of McGillivray and Noorbakhsh (2007) [4] who added the measures of democracy and governance in the same regression. As justified previously, we deviate from that specification and rather replace the measure of governance with the measure of politics when we are interested in analysing the impact of politics on human development as well as its importance for aid effectiveness in Sierra Leone. The model specification used in analysing the impact of politics on aid's effect in improving human development is specified as:

$$W_{it} = d_0 + d_1GDPPC_1 + d_2PPE_{it} + d_3G_{m;it} + d_4AID_{it} + d_5POLIT + d_6DSL + d_7AID * POLIT * DSL + e_{it} \quad (1)$$

$$W_{it} = d_0 + d_1GDPPC_1 + d_2PPE_{it} + d_3G_{m;it} + d_4AID_{it} + d_5DEM + d_6DSL + d_7AID * DEM * DSL + e_{it} \quad (2)$$

where: W_{it} —denotes Welfare measures;

d_1GDPPC_1 —denotes the initial income measure/Initial GDP;

d_2PPE_{it} —Denote the pro-poor government Expenditure;

AID_{it} —Denotes Foreign Aid measures;

POLIT—denotes Polity Quality;
 DSL—denotes Sierra Leone Dummy;
 DEM—denotes Democracy;
 G_m —Denotes Other Sources of Government Revenue;
 e_{it} —Denotes the error terms.

In this research, use is made of the Polity IV data series which is a political science data series that is used in measuring a country's lenience towards autocracy, democracy, or anocracy. Countries, where democratic tenets are held at a higher rate, have better scoring and are much more favoured by Polity IV, however, the Polity IV system used to rate countries is criticized as too America-centric. Nonetheless, the Polity IV data series is an acceptable tool used in measuring a country's lenience towards autocracy, democracy, or anocracy. Hence, in Equation (1), we use polity quality (denoted as POLIT) as a measure of politics sourced from the POLITY IV database (Marshall and Jaggers, 2008) [10]. It is the revised polity 2 score in the POLITY IV database, specially constructed to enhance its use in time series analysis. This indicator is the combined score resulting from the subtraction of the autocracy score from the democracy score, and hence we interpret it as the extent to which a country's political rule tends towards democratic institutions (*i.e.* democratisation). We therefore use it in this study as a measure of the quality of politics. This combined score ranges from a scale of +10 (strongly democratic) to -10 (strongly autocratic). The interaction term AID*POLIT*DSL is a three-way interaction comprising an interaction of foreign aid, polity quality and Sierra Leone country dummy and captures the impact of foreign aid under pro-democratic politics in Sierra Leone. In other words, it captures the importance of politics for aid's impact in improving human development in Sierra Leone. When the interaction term is positive and significant, it implies that aid is effective under the conditions specified. The system Generalised Methods of Moments (GMM) regression estimate for this specification is presented in model 2 of **Table 1** below

In Equation (2) above, we use the measure of Democracy (denoted as DEM) as another measure of politics sourced from the POLITY IV database (Marshall and Jaggers, 2008) [10]. This indicator is the simple score for institutionalised democracy comprising three interdependent components. These components include the existence of institutions and procedures via which the citizens can express their choices about alternative policies and leaders (competitive elections), the presence of institutionalised limitations on the use of executive powers (constraints on the chief executive); and the assurance of civil liberties to all citizens in their political participation (openness of politics and freedom of expression). Other elements of plural democracies such as rule of law, system of accountability and press freedom are further considered as means to these general principles outlined (Marshall and Jaggers, 2002 in Teorell *et al.*, 2009). This democracy score is scaled from 0 - 10, with 0 signifying low institutionalised democracy and 10 implying high institutionalised democracy. The AID * DEM * DSL

Table 1. Politics and aid effectiveness (full African sample).

Dependent variable is HDI.

Model	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<i>Regressors</i>						
HDI (-1)	0.199* (1.66)	0.203* (1.69)	0.204* (1.72)	0.204* (1.71)	0.191 (1.52)	0.194 (1.55)
AID POLIT	-0.083 (1.22)	-0.084 (1.27)	-0.081 (1.20)	-0.077 (1.16)	-0.084 (1.23)	-0.085 (1.27)
POLIT * DSL	0.004 (1.24)	0.004 (1.23)	-	-	-	-
AID * POLIT * DSL	0.023*** (4.89)	-	-	-	-	-
DEM	-	0.009*** (6.83)	-	-	-	-
DEM * DSL	-	-	0.009 (1.16)	0.009 (1.15)	-	-
AID * DEM * DSL	-	-	0.063*** (7.63)	-	-	-
AUT	-	-	-	0.020*** (7.67)	-	-
AUT * DSL	-	-	-	-	-0.012 (1.48)	-0.012 (1.45)
AUT * DSL	-	-	-	-	-0.020** (2.59)	-
AID * AUT * DSL	-	-	-	-	-	-0.01*** (4.48)
PPE ME	-	-	-	-	-	-
GDPPC (-1)	0.083** (2.63)	0.081** (2.57)	0.077** (2.29)	0.075** (2.23)	0.085*** (2.78)	0.083** (2.71)
DSL	-0.076* (1.77)	-0.078* (1.79)	-0.076* (1.81)	-0.077* (1.84)	-0.072* (1.73)	-0.075* (1.76)
	0.106 (1.39)	0.106 (1.42)	0.106 (1.36)	0.112 (1.44)	0.104 (1.33)	0.104 (1.36)
Contant	-0.301*** (4.13)	-0.301*** (4.13)	-0.458*** (6.00)	-0.471*** (6.42)	-0.293*** (3.96)	-0.268*** (3.73)
	-1.387** (2.14)	-1.372** (2.17)	-1.401** (2.13)	-1.443** (2.22)	-1.346** (2.03)	-1.335** (2.06)

Continued

<i>No. of Obs.</i>	135	135	135	135	135	135
<i>No. of Instruments</i>	17	20	17	18	17	20
<i>F-Stat</i>	129.70	120.75	670.55	873.9	130.27	103.29
<i>AR (2)</i>	0.614	0.557	0.751	0.756	0.583	0.582
<i>Hansen Test for (OIR)</i>	0.251	0.577	0.322	0.373	0.284	0.590

Note: All variables are in logs except 'Polity regime', democracy and autocracy variables and the country dummy. T statistic in parenthesis. ***Significant at 1% **Significant at 5% and *Significant at the 10%. AUT denotes autocracy score and AID * AUT * DSL denotes the interaction term of foreign aid, autocracy and the Sierra Leone dummy.

interaction term comprises an interaction of foreign aid, institutionalised democracy and the Sierra Leone country dummy, and it captures the impact of aid on human development in Sierra Leone under the condition of democracy. In other words, it captures the importance of democracy on aid's impact in improving human development in the case of Sierra Leone. The system GMM regression estimates for this specification are presented in model 1 of **Table 1** above.

Table 1 above presents the results of the diagnostic tests and regression estimates using the full African sample. The diagnostic tests show that in all four models presented in the table, the regression estimates are largely reliable enough for inference. The crucial system GMM diagnostic tests involving the test for serial correlation (the AR (2) test) and the model validity test (the Hansen test for over identifying restrictions) are both passed by the models. Hence, the System GMM estimator we employ is a consistent estimator since autocorrelation is not detected in the regressions; and the models we specify are valid since the Hansen test for the validity of the GMM instruments we use shows that the hypothesis that the instruments used are valid is not rejected. Therefore, we find the regression estimates interpretable to draw a valid conclusion on our findings of the relevance of politics on aid's impact in improving human development in the case of Sierra Leone.

Before analysing the importance of politics for aid's impact in improving human development in the case Sierra Leone, in models 1 and 3, attempt is first made to assess the significant impact of politics in advancing human development levels in the case of Sierra Leone. In Model 1 specifically, the impact of the quality of the polity regime is captured through the addition of a POLIT * DSL interaction term, whilst Model 3 captures the impact of democracy in improving wellbeing in Sierra Leone through the DEM * DSL interaction term.

In model 1, the GMM regression estimates show that improvement in human development in Sierra Leone for the period under study does respond to a higher quality of the polity regime. The POLIT * DSL interaction emerges to be positive and significant, implying that improvement in the quality of the polity regime significantly relates to an improvement in well-being in Sierra Leone. Likewise, institutionalised democracy is found to be important for improving well-being of the poor in Sierra Leone. The GMM regression estimates as presented in

Model 3, shows that DEM * DSL interaction term is significant at the 1% level of significance, indicating that institutionalised democracy as a form of political rule can significantly improve human development in Sierra Leone. Hence, both the quality of the polity regime and institutionalised democracy as measures of politics tend to directly improve human development in the country.

More important for the purpose of this study, in Models 2 and 4 of **Table 1** above, attempt is made to capture the importance of politics on aid effectiveness in Sierra Leone in terms of improving the well-being of the poor in the country. In model 2, an AID * POLIT * DSL interaction term is added to capture the impact of aid in improving human development in Sierra Leone under conditions of improving the quality of the polity regime. The results show that foreign aid can be effective in advancing human development in Sierra Leone when the quality of politics is improved. The AID * POLIT * DSL interaction term emerged to be significant at the 1% level of significance. Hence, improvement in the quality of the polity regime is important for aid's effectiveness in promoting human development in the country. It does not however imply that aid cannot be effective in improving human development if the polity regime is not improved as previous analysis showed that aid does have a direct positive impact on improving human development. This result only ensures that improving the quality of political regime (towards a pro-democratic regime) is not bad a policy in making foreign aid foster human development Sierra Leone.

Likewise, model 4 considers the exclusive measure of institutionalised democracy in assessing the importance of politics in aid's impact on human development. This is captured with the addition of the AID * DEM * DSL interaction term. The regression estimates show that AID * DEM * DSL interaction is also significant and positive, implying that improving the level of democracy in Sierra Leone is not bad a policy for the significant performance of foreign aid in improving human development in the country. An interesting finding here is that though both measures of politics emerge to be significant for aid's impact on human development, yet the pure institutionalised democracy measure tends to perform better than the polity quality measure. The AID * DEM * DSL interaction term has a greater marginal effectiveness (as is shown by the magnitude of the coefficient) than the AID * POLIT * DSL interaction term. This implies that though the tendency to move away from autocratic to democratic rule (as measured by the quality of polity regime) was a good policy for making aid effective in terms of improving human welfare, yet the improvement in the quality of institutionalised democracy is a better policy option to aid's impact in improving well-being of the poor in Sierra Leone.

In models 5 and 6 of **Table 1** above, the study further attempts to test whether the corollary is true that in as much as the improvement of democracy is not a bad policy option for directly improving human development and for aid's impact on human development in the case of Sierra Leone, autocracy, on the other hand, should have a detrimental effect. In model 5, the regression to assess the impact of autocratic form of political rule showed that in the case of Sierra

Leone, autocracy has proved to have a detrimental effect on improvement of human development and hence well-being in the country. The $AUT * DSL$ interaction term which captures the impact of autocracy on human development in the case of Sierra Leone emerges to be negative and significant at the 5% level of significance to imply that autocracy has an adverse effect on the improvement of human development in the case of Sierra Leone. In model 6, the GMM regression to examine the detrimental effect of autocracy on the effectiveness of foreign aid in improving human development in the case of Sierra Leone confirmed that indeed autocracy has a detrimental effect. The $AID * AUT * DSL$ interaction term emerges to be negative and significant to imply that autocracy as a form of political rule can be damaging to the effect of aid in improving human development in the country. This result further confirms why the institutionalised democracy measure has a higher marginal effectiveness than the polity quality measure in terms of their relative influence on the impact of aid on human development as previously shown. As polity quality is a combined measure of autocracy and democracy, it implies the relative effect of polity quality on the effect of aid on human development could be expected to be lesser than that of the pure institutionalised democracy measure.

5. Discussion

The GMM regression analysis of the importance of politics on aid's impact in promoting human development in Sierra Leone revealed that though foreign aid and democratic politics independently improve human development in the country, yet reform measures aimed at enhancing the quality of democratic politics in the country are not detrimental to making foreign aid improve human development in Sierra Leone. Our findings for Sierra Leone appear to support the cross-country findings that had existed in the limited literature on aid, politics and well-being. In particular, the study provides some evidence to support the findings by Kosack (2003) [5] that foreign aid is significant in improving human development under good democracies. It however does not support his conclusion that aid's impact in improving human development is only contingent under good democracies. In as much as our study shows that conditions of good democracy are not detrimental to aid's impact in improving human development, we find that aid can directly improve human development irrespective of the quality of political rule or strength of the democracy. McGillivray and Noorbakhsh (2007) [4] though laid much emphasis on the link between aid, conflict and human development, they made some attempts to investigate the link between aid, democracy and human development and rather find that good democracies do not improve the impact of aid in promoting human development in aid-recipient countries.

Hence, whilst our analysis of the link between aid, democracies and human development for Sierra Leone may have not provided support for the cross-section analysis by McGillivray and Noorbakhsh (2007) [4], it partly provides support for the panel analysis by Kosack (2003) [5] that the promotion of democratisa-

tion is a good policy action for aid's impact in improving human development. We however differently provide evidence, that irrespective of the democracy condition, aid remains an important determinant for the improvement of human development in the case of Sierra Leone. Even when we additionally use the combined measure of the quality of the polity regime as a measure of the extent to which a political regime moves from an autocratic towards a more democratic form of political governance, yet politics remains a non-detrimental factor for aid's impact on human development. This may be explained that the existence of a more democratic form of political governance encourages the inflow of increased donor aid and increases aid spending as well as government budgetary spending on social sectors, which ultimately will resort to improved human welfare. With respect to our finding on the direct impact of aid on human development and the link between aid, politics and human development in the case of Sierra Leone, we conclude that, for the case of Sierra Leone, though the promotion of good quality politics is important for aid's impact in improving human development, aid itself is significant in improving human development in the country irrespective of the quality of the political regime or the level of democracy.

6. Conclusions

Poverty reduction has emerged to be the widely recognised target of development aid particularly following the commissioning of the MDGs by the international community. The importance of poverty in development assistance is further enhanced by the decision of donors that Highly Indebted Poor Countries (HIPC) countries formulate a Poverty Reduction Strategy Paper (PRSP) as a requirement for debt relief and/or the further disbursement of more aid from international donors. As a correlate of income poverty, the improvement of human welfare (or well-being) expressed in the forms of improvement of human development and the reduction of infant mortality rate has increasingly emerged as the development outcomes upon which to measure the effectiveness of development aid. Hence, in this paper, we attempt to contribute to this limited but increasingly popular section of the aid effectiveness literature by using the more reliable estimation technique of system GMM to examine this relationship for Sierra Leone.

In this paper, we have investigated the direct impact of domestic politics on foreign aid on human development as indicators of human well-being in the case of Sierra Leone.

The results of our estimations reveal some interesting findings. We find that foreign aid does not significantly improve human well-being in Sierra Leone for the period 2000-2019. Specifically, aid is not found to be significant in improving human development. However, though aid may have not significantly improved human well-being in Sierra Leone, it is found to significantly improve human development in Sierra Leone.

Finally, for our investigation of the link between aid, politics and human development in Sierra Leone, we find that though aid is significant in directly im-

proving human development in the country, yet pro- democratic politics is also good a policy option for aid's impact on human development in the country. The corollary is however true, that more autocratic regimes have a detrimental effect on the role of aid in improving well-being in the country. In this respect, we argue that as opposed to the findings from the literature (Kosack, 2003) [5] that aid is only significant in improving human development under conditions of good democracy, in the case of Sierra Leone, in as much as the promotion of democratic politics is not bad a policy option for foreign aid to improve human development, yet aid can directly improve human development irrespective of the quality of the politics in the country.

Conflicts of Interest

The authors declare no conflicts of interest.

References

- [1] Zack-Williams, A.B. (1999) Sierra Leone: The Political Economy of Civil War, 1991-98. *Third World Quarterly*, **20**, 143-162. <https://doi.org/10.1080/01436599913965>
- [2] Przeworski, A. and Limongi, F. (1993) Political Regimes and Economic Growth. *Journal of Economic Perspectives*, **7**, 51-69. <https://doi.org/10.1257/jep.7.3.51>
- [3] Koeberle, S.G. (2003) Should Policy-Based Lending Still Involve Conditionality? *The World Bank Research Observer*, **18**, 249-273. <https://doi.org/10.1093/wbro/lkg009>
- [4] McGillivray, M. and Noorbakhsh, F. (2007) Aid, Conflict and Human Development. http://www.gla.ac.uk/media/media_210141_en.pdf
- [5] Kosack, S. (2003) Effective Aid: How Democracy Allows Development Aid to Improve the Quality of Life. *World Development*, **31**, 1-22. [https://doi.org/10.1016/S0305-750X\(02\)00177-8](https://doi.org/10.1016/S0305-750X(02)00177-8)
- [6] Sesay, M. (1995) State Capacity and the Politics of Economic Reform in Sierra Leone. *Journal of Contemporary African Studies*, **13**, 165-192. <https://doi.org/10.1080/02589009508729571>
- [7] Baland, J.-M., Moene, K.O. and Robinson, J.A. (2010) Governance and Development. In: Rodrik, D. and Rosenzweig, M.R., Eds., *Handbook in Economics*, Elsevier, London, 4597-4656. <https://doi.org/10.1016/B978-0-444-52944-2.00007-0>
- [8] Luke, D.F. and Riley, S.P. (1989) The Politics of Economic Decline in Sierra Leone. *The Journal of Modern African Studies*, **27**, 133-141. <https://www.tandfonline.com/author/Luke%2C+David+Fashole>
<https://doi.org/10.1017/S0022278X00015676>
- [9] Luke, D.F. (1985) Parties and Elections in Africa, Electoral Politics in Sierra Leone: An Appraisal of the 1982 Elections. *Journal of Commonwealth and Comparative Politics*, **23**, 30-42. <https://doi.org/10.1080/14662048508447464>
- [10] Marshall, M.G. and Jagers, K. (2008) Polity IV Project: Political Regime Characteristics and Transitions, 1800-2002 Dataset User' Manual. <https://fatcat.wiki/release/vctstuceibhbgw7geb4coc3fq>
- [11] The Patriotic Vanguard (2011) Maada Bio is SLPP Flagbearer. <http://www.thepatrioticvanguard.com/maada-bio-is-slpp-flagbearer>

Appendix 1. Post-Colonial Regimes in Sierra Leone

Head of State	Date	Type of Regime	Comments
Sir Milton Margai	1961-1964	Conservative and pragmatist; multi-party system	Established the SLPP. Relied on chiefs' patronage for support. Died of natural causes in 1964 while in office.
Sir Albert Margai	1964-1967	Reformist; non-Ideologue	Preferred a popular appeal for SLPP. Accused of corruption, tribalism and authoritarianism in his last days.
Andrew Juxon-Smith	1967-1968	Military junta	Implemented an austere IMF reform package; set up commissions of inquiry; removed from power by a counter-coup.
Siaka P. Stevens	1968-1985	Personalist. authoritarian. accommodationist	Founded the APC party; introduced republic and one-party state; corrupt; enlarged the bureaucracy; failed to introduce economic reforms; managed the succession.
Joseph S. Momoh	1985-1992	Personalist; benign authoritarianism. nationalist in rhetoric	Abolished one party in 1991 and introduced some liberal reforms; intervened in Liberia in 1990; rebel activity started in 1991; overthrown by a military coup d'état.
Valentine Strasser/Maada Bio	1992-1996	Military junta	Initially populist; carried out the largest series of political executions in December 1992; set up commissions of inquiry on ex- ministers; rebel activity intensifies.
Dr. Ahmed Tejan Kabbah	1996-1997	Multi-party system/democratic governance	First political regime with some features of modern democracy. Was however toppled by a Military junta Headed by Major Johnny Paul Koroma on the 25 th May 1997.
Johnny Paul Koroma	1997-1998	Military junta	Ruled for barely a year as the toppled democratic presidency of Tejan Kabbah fought back with assistance from ECOMOG and British Forces.
Dr. Ahmed Tejan Kabbah	1998-2007	Multi-party system/democratic governance. Notable political and governance reforms	The democratic regime resumed power before mid-mid-1998 and ruled unto 2007 winning another election in 2002 following the declaration of the end of the civil war few months before the elections. However, in January 1999 the government had been temporary disjointed as the rebel fought into the capital city but could not establish full control of governance and was again driven out with assistance of ECOMOG forces
Dr. Ernest Bai Koroma	2007-2018	Multi-party system/democratic governance. More of a populist leader with much political will in infrastructural Development	In 2007, the first peaceful transition of governance took place between two democratic civil regimes. The opposition APC party that had earlier ruled the country for 23 years won the elections under the leadership of Ernest Bai Koroma. To date, he remains the president of the country
Dr. Julius Maada Bio	2018-Date	This is also another multi-party system/democratic governance. More of a regimental leadership with much political will in controlling corruption	In 2018, we also saw a peaceful transition of governance between two democratic civil regimes. The opposition APC party that had earlier ruled the country for another 11 years to the Sierra Leone Peoples Party (SLPP) under the leadership of Dr Julius Maada Bia

Source: Adapted from Sesay (1995: p. 168) and the researcher.

Appendix 2. Foreign Aid and Human Development

Sample Dep. Variable/Model	Africa		Sub-Saharan Africa	
	HDI (Model 1)	HDI (Model 2)	HDI (Model 3)	HDI (Model 4)
Regressors				
HDI (-1)	0.190 (1.45)	0.200 (1.64)	0.171 (1.22)	0.181 (1.37)
AID	-0.039 (0.63)	-0.064 (1.21)	-0.091 (1.26)	-0.115 (1.50)
AID * DSL	-	0.264*** (2.90)	-	0.298*** (2.95)
PPE	0.048 (1.06)	0.049 (1.15)	0.072* (1.88)	0.075* (1.94)
ME	-0.057 (1.21)	-0.069 (1.39)	-0.086 (1.57)	-0.101* (1.78)
GDPPC (-1)	0.137 (1.63)	0.106 (1.31)	0.069 (0.76)	0.045 (0.47)
IQU	0.200* (1.83)	0.216* (1.90)	0.247* (1.95)	0.261* (1.99)
DSL	-0.362** (3.32)	-1.114*** (4.34)	-0.270** (2.27)	-1.132*** (4.46)
Constant	-1.747** (2.42)	-1.479** (2.14)	-1.230 (1.64)	-1.008 (1.28)

Note: All variables are in logs except dummy. T statistic in parenthesis. ***Significant at 1% **Significant at 5% and *Significant at the 10%. Regression with time dummies added but not reported.