

## SIERRA LEONE: VIOLENT PROTESTS OVER SOARING COST OF LIVING



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## EVENT

On 10 August protests erupted in the capital Freetown and other towns in Sierra Leone, condemning the rising cost of living, corruption and governance issues. The events quickly escalated and turned violent, leading to the death of several protesters and police officers. As a reaction, the government deployed the army in support of the police and announced a nationwide curfew, which was lifted on 13 August. A day later, a high-profile opposition figure, Evangelist Samson, was killed by security forces in the aftermath of investigations into the protests of 10 August. Unrest and violent confrontations with security forces are expected to persist in the coming weeks and could even intensify in the run-up to the June 2023 general elections.

## IMPACT

Sierra Leone's economy and public finances have been hit by a series of external shocks, the latest being COVID-19 and the war in Ukraine, which increased the cost of essential consumer goods (especially fuel and food products). Fuel costs for consumers in Sierra Leone are said to have quadrupled since the invasion of Russia in Ukraine. In fact, year-on-year inflation is expected to reach 22% by the end of 2022 (27.9% in June '22). This will also further worsen the already tight fiscal position of the country. The fiscal deficit in 2021 almost doubled compared to what was projected last year and reached 7.1% of GDP. In 2022, it is projected at 3.9% of GDP. According to the latest IMF's debt sustainability analyses, Sierra Leone is at 'high risk of debt distress', which also limits its fiscal room for manoeuvre to deal with the recent crisis. Nevertheless, an increase of government spending (partly to indirectly increase fuel subsidies) was presented to the parliament in June and Sierra Leone's central bank raised its policy rate twice already since March to 16% in July '22. Still, actions to alleviate the impact of rising inflation on the population remain insufficient. Similar unrest might also erupt in other countries of the region equally confronted with high inflation and rising frustration over governance issues. In countries such as Burkina Faso, Ghana, The Gambia, Guinea or Nigeria, the soaring cost of living might also incite large protests.

For MLT political risk, Credendo classifies Sierra Leone in the highest risk category 7/7 and in category 6/7 for ST political risk. The outlook for these classifications can be considered to be stable in the near-term future.

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