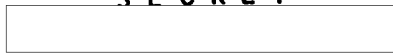


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Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE

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Sierra Leone: Dim Prospects for the Momoh Regime

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Summary

President Momoh's six-month old pro-Western government faces increasingly serious political and economic problems which we believe will probably threaten his grip on power in the next six months to one year. Sierra Leone's economic outlook is bleak, and Momoh's inability to stem acute shortages of consumer goods, spiraling inflation, and endemic corruption is likely to lead to outbreaks of urban violence. Moreover, his reluctance to challenge powerful Lebanese businessmen who control the economy has eroded most popular support for his rule. The US Embassy reports that the military is increasingly unhappy with Momoh's performance.

Although US interests in Sierra Leone are limited, Iran and Libya may seek to cultivate the country's large Muslim community--about 40 to 60 percent of the population--to exploit likely instability over the next six months to one year.

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This memorandum was requested by Phillip Ringdahl, Director, Office of African Affairs, National Security Council. It was prepared by West Branch, Office of African and Latin American Analysis. This paper was coordinated with the Directorate of Operations. Questions and comments are welcome and may be directed to the Chief, Africa Division, on

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Ineffectual Leadership

Joseph Momoh, who last November succeeded as Siaka Stevens' handpicked successor, was welcomed by most Sierra Leoneans, according to US Embassy reports, in the hope that he would clean up the corruption and mismanagement of the the former president's regime. We agree with the Embassy that Momoh squandered his "honeymoon" period--the first 100 days in office--by not imposing stiff austerity measures and arresting corrupt businessmen. The US Embassy reports that most Sierra Leoneans are now disillusioned, and the semi-independent press has become increasingly critical of Momoh's inertia.

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US Embassy reporting indicates Momoh's failure to distance himself from the Old Guard--the cronies of the corrupt and despised Stevens regime--has undermined his "reformist" image. Momoh reportedly believes that the Old Guard are temporarily indispensable for the management of government, but that eventually they can be replaced with more reformist-oriented officials. However, the Embassy reports that First Vice President Minah--

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and is regarded as one of the most influential, and Momoh appears to lack the political will to fire him. many senior cabinet officials believe that Minah so far has made most key decisions and that Momoh is a indecisive leader.

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Parliamentary elections scheduled for May are likely to test Momoh's leadership skills. According to the US Embassy, Momoh believes that he can use the election to form his own political base and to rid himself of the Old Guard, including First Vice President Minah. The Embassy notes, however, that although Momoh serves as secretary general of the ruling party, the All People's Congress, he has not attempted to increase his so far marginal influence. Former President Stevens, who remains party chairman, and his longtime cronies, are working behind the scenes to protect their power by controlling the selection and nomination of candidates. Moreover, public confidence in Momoh's rule will further erode, in our view, if--as seems likely--he fails to ensure reasonably free elections by deploying troops to polling stations.

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Economic Disintegration

In his inaugural speech in January, Momoh vowed to revive the ailing economy, but so far has not introduced any major initiatives. US Embassy reporting indicates that last year inflation was nearly 70 percent, the foreign debt totaled over \$500 million, and the debt service ratio was nearly 50 percent. Sierra Leone's foreign reserves totaled only \$279,000 in November. Production of key cash crops--cocoa, coffee, and palm kernels--continues to decline because of low producer prices and large-scale smuggling into neighboring

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Liberia and Guinea. Despite his pledge to streamline the bureaucracy, Momoh has resisted a freeze on government hiring, probably fearing that unemployed school graduates would take to the streets in protest. We also note that Momoh has yet to appoint a competent economic team and most finance ministry officials are holdovers from the Stevens era. [redacted]

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Sierra Leone also faces growing food shortages, according to US Embassy reporting. A net exporter of rice in the 1970s, last year Sierra Leone imported about one-third of its consumption, and the Embassy predicts even greater deficits for at least the next two years. According to the US Embassy, substantial quantities of rice are smuggled abroad because of low producer prices at home. International economists report that some 65 percent of the population lives in absolute poverty, and that limited resources will be further strained by a rapidly growing population--about 2.3 percent a year. [redacted]

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Momoh has told US officials that he will seek an IMF accord, but we think it unlikely that he will implement long overdue austerity measures. According to press reports, Momoh has not moved on his pledge last month to float the currency, and reduce petroleum and rice subsidies, liberalize trade, and increase agricultural producer prices. According to Embassy sources, Momoh claimed last year that the lifting of rice subsidies would be "political suicide," and we note that urban riots erupted in 1984 when the Stevens administration attempted to do so.

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For the near term, Freetown will probably look to the West for increased financial assistance. The US Embassy reports that West Germany--Freetown's largest donor--provided some \$10 million last year, but that Bonn may tie future aid commitments to Sierra Leone's adherence to IMF criteria. A variety of open source reporting indicates that although Sierra Leone is interested in attracting foreign investment, only a few Western companies have begun operations in recent years, partly because Freetown has no foreign investment code. According to Embassy figures, Sierra Leone's main trading partners are the Netherlands, West Germany, United Kingdom and the United States. [redacted]

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Pressures Building in the Military

The US Embassy reports that the generally pro-Western, 3,200-man military, which initially welcomed Momoh's presidency in the hopes that he would improve their poor living conditions, is now demoralized. Embassy reporting also indicates that Momoh has ignored the military's longstanding unhappiness with outdated weapons, and he has not provided

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funding for the construction of new barracks at Wilberforce, the key garrison in Freetown. [redacted]

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In the coming months, Momoh is likely to come under mounting pressure from both senior and junior Army officers to introduce reforms. In particular, we believe that two key officers--Force Commander Tarawalli and Lt. Col. L.M.S. Turay--may demand that the president either move against corrupt businessmen and the Old Guard or be toppled. [redacted]

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[redacted] who participated in Army revolts in 1967 and 1968, is frustrated by the Lebanese expatriot stranglehold on the economy and opposes Minah's presence in the administration. Turay, a close friend of Tarawalli, commands the 700-man First Battalion--the key garrison in Freetown--and believes that martial law is necessary to halt smuggling. Should they decide to launch a coup, we believe they would have the support of other key garrisons and unit commanders around the capital and could easily disarm the ill-equipped and poorly trained 1,200-man Special Security Detachment, which shares responsibility for the president's security with a small Army unit. [redacted]

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Mounting Public Discontent

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US Embassy reporting indicates that civil unrest may occur soon as a result of public frustration with the high inflation, delayed salary payments, and shortages of fuel and consumer goods. [redacted]

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[redacted] Freetown's secondary school students may demonstrate against government policies at any time, while the police are ill-equipped to control any sustained rioting. We note that students demonstrated in March 1985 to protest the previous regime's mismanagement and they looted Freetown shops in January 1984 over shortages of cooking oil and gasoline. [redacted]

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Sierra Leone's trade unions also are increasingly frustrated with Momoh's ineffectual leadership and are likely to challenge government policies. [redacted] police, university lecturers and some civil servants in Freetown have threatened to strike because of inadequate pay and poor transportation, [redacted] small strikes erupted last month in southern Sierra Leone. We believe that should the government fail to pay its employees on a fairly regular basis, the 50,000-strong trade union confederation--the Sierra Leone Labor Congress--may call a strike. According to academic studies and press reports, the Congress paralyzed the country for two months in 1981 following then President Steven's refusal to cut food prices and improve housing and transportation. [redacted]

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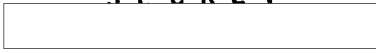
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The Lebanese Community and Middle Eastern Influences

Momoh has pledged to reduce the illicit activities of the Lebanese business community that have crippled the economy, but so far he has failed to introduce any major reforms. The US Embassy reports that most of the 35,000 Lebanese who live in Sierra Leone are small traders and merchants, but a handful dominate key economic sectors and have illegally acquired vast fortunes. Freetown almost certainly is afraid to challenge Lebanese businessmen who provide the government with funds to purchase rice imports, while most of the government's domestic debt of \$1 billion-- in the form of treasury bills and stock certificates--is owed to these Lebanese, who can demand immediate repayment, [redacted]

[redacted] Although no public pressure for their mass expulsion or expropriation of property has yet surfaced, US Embassy reporting indicates that some Sierra Leoneans hold the Lebanese responsible for the country's grinding poverty. [redacted]

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US Embassy reporting indicates that Jamil Muhammed, Sierra Leone's wealthiest and most powerful Lebanese businessman, maintains a stranglehold on the economy. According to the Embassy, Jamil controls Sierra Leone's sale of diamonds and gold through the state enterprises he manages and funds, and that he nets at least \$25 million annually from illegal diamond sales. Foreign observers report that Jamil is Sierra Leone's "bank of last resort,"--the Bank of Sierra Leone's foreign exchange reserves usually are low--and he brokers the country's oil imports. [redacted]

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The US Embassy also reports that Jamil maintains close personal and financial ties to Middle Eastern countries [redacted]

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[redacted] According to the US Embassy, Jamil is a close friend of Lebanese cabinet minister Nabbi Berri and collects \$50,000 in contributions a month for Berri's Amal faction from Sierra Leone's Lebanese. Jamil also has business interests in Morocco and Jordan, [redacted] some 150 PLO members serve as his bodyguards and that Jamil's dynamite factory in Sierra Leone provides the PLO with explosives. [redacted]

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Although Momoh probably would like to reduce Jamil's pre-eminent position, he lacks the political skills necessary to do so. According to US Embassy reporting, Momoh--somewhat naively in our view--believes that Jamil can be co-opted--but has not really tried to curtail Jamil's influence for fear that oil imports would be cut off. Even if Momoh seeks to distance himself from Jamil, we believe corrupt government officials-- [redacted]

would work behind the scenes to assist Jamil's various schemes. [redacted]

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Iranian Presence and Influence. Since the establishment of relations in 1983, Tehran has forged fairly close ties with Freetown and, largely as a result of Jamil's influence, provides at least half of Sierra Leone's oil supplies. According to the Embassy, in 1984 Freetown sponsored, Iran funded, and local clerics helped to organize an Islamic Unity Conference of the Hajj, attended by delegates from some 90 countries. The Embassy also reports that in May 1985 then Sierra Leone Foreign Minister Kanu condemned Iraqi "aggression" during his five-day official visit to Tehran. Although Momoh has sought to diversify oil suppliers--in March Algeria agreed to provide 60,000 tons of oil--Sierra Leone lacks the hard currency necessary to secure long-term supply from most petroleum producers, and for the near term will have to depend on Jamil's financial "largesse" to pay for its imports from Tehran. [redacted]

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Iran is likely to increase its propaganda efforts in Sierra Leone and provide financial support to the Muslim community in an attempt to increase its influence. Embassy and press reporting indicates that in the past two years Tehran has funded the construction of an Islamic school, a mosque, has offered local clerics free trips to Iran, and has placed full-page ads in newspapers explaining the Islamic revolution. The Iranians are likely to proselytize through the Sierra Leone-Iran Friendship Society, established in 1984, and through the local Lebanese Shitte leader, Sheikh Chadade, who receives an unknown amount of financial assistance from Tehran, according to the US Embassy. [redacted]

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Libya's Role. We believe Tripoli may attempt to exploit Freetown's economic decline to recruit disenchanting students unable to find employment. Embassy reporting indicates that so far Libya has cultivated only a small number of supporters and sympathizers--probably under 100--but that last January radical students demonstrated against US policies in front of the US Embassy. Although Freetown has refused to allow Tripoli to open a People's Bureau, Libya maintains a "caretaker" presence. In our view, Tripoli will probably recruit sympathizers through the Sierra Leone-Libya Brotherhood Society and the "Green Book" study group, both of which operate at Fourah Bay College in Freetown. The Embassy also reports that a small number of university lecturers are pro-Libyan and have traveled to Tripoli in recent years. [redacted]

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The Communist Presence

China. The US Embassy reports that the Chinese, who maintain a low profile, are well regarded by the Freetown government and the local population. China had forged close ties with the former Stevens administration as well as with Momoh regime, and the US Embassy in Beijing reports that Sierra Leone is regarded as one of China's closest allies in Africa, due in part to Freetown's relatively early--1971--recognition of the Peoples Republic. China is one of Sierra Leone's largest economic aid donors, and since the early 1980s has provided some \$30-35 million in

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loans, as well as technical assistance for various agricultural projects. In March, Momoh visited China and secured a \$16 million loan, but, [redacted] failed to gain long-sought funding for the rehabilitation of Sierra Leone's near-defunct railroad system. Since the delivery of some small arms in the early 1970s, China has provided no military aid to Freetown, according to the US Embassy. [redacted]

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Cuba. Havana and Freetown have maintained fairly warm relations since diplomatic ties were established in 1972. [redacted]

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[redacted] Momoh admires Castro and Cuban military prowess, [redacted] Momoh may send politically ambitious officers to Havana if training is unavailable in Western countries. However, Momoh is unlikely to pursue closer ties with Cuba for fear of jeopardizing badly needed Western economic aid. Although Cuba presently provides no military or paramilitary training, US Embassy and press reporting indicates that from the early 1970s until 1982 Cubans trained the presidential guard. Havana provides neither economic nor technical assistance, according to the Embassy, but it has formed several joint ventures with Lebanese businessmen in Sierra Leone. The US Embassy reports that some 60 Sierra Leoneans presently study in Cuba. [redacted]

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The Soviet Union. According to the US Embassy, the Soviet Union has negligible influence in Sierra Leone. [redacted]

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[redacted] are largely anti-Soviet, and the Embassy detects no pro-Soviet orientation among most Sierra Leoneans. Moscow provides no economic or military aid, but the Soviets claim that some 500 Sierra Leoneans have been educated in Moscow, and that 20 are presently enrolled there. Nevertheless, the Embassy reports that most students--including Momoh's daughter--return disillusioned and embittered by Soviet racism. The Soviet presence is limited to a small Embassy staff and a 10-man trade mission. [redacted]

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Outlook and Implications for the US

US Embassy reporting indicates that relations between Washington and Freetown are good, and Sierra Leone often has supported US positions on key issues, such as Afghanistan. The United States provided \$6.4 million in economic aid in 1984--the latest year for which figures are available--including PL-480 food aid, and US private investment in Sierra Leone totals some \$70 million, mainly in the rutile (titanium ore) mining industry. Moreover, [redacted]

[redacted] would like further expanded training programs. In addition to preserving the moderate pro-Western orientation of the current regime, US interests also include preventing the country from being used as a base for destabilizing other moderate regimes in the

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region--particularly neighboring Liberia, where the US has substantial strategic and financial interests. [redacted]

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If, as we expect, Momoh fails to address Sierra Leone's political and economic problems we believe that growing civilian and military unrest is all but certain. Momoh may attempt to placate disgruntled military officers by arresting a few corrupt businessmen and pleading that more time is necessary to implement reform. Public patience is likely to evaporate within the next three to six months, however--and possibly sooner--if Momoh continues his relationship with the Old Guard and the Lebanese elite. As a result, we believe strikes, student demonstrations, and potentially violent work stoppages may erupt. Moreover, although the Lebanese and Sierra Leonean communities have lived in relative harmony since independence, we believe anti-Lebanese riots are possible if the economic decline continues and Momoh is seen as unwilling to stem the corrupt Lebanese business practices. [redacted]

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[redacted] We believe the military would not hesitate to arrest Jami and other corrupt businessmen, repudiate government debts to them, and seal the borders to reduce smuggling. However, we also believe that a new government would face the same intractable economic problems, particularly shortages of foreign reserves, making it unable to finance fuel and food imports. In our view, any new government would have difficulty meeting public expectations for change and would probably have to contend with outbreaks of public unrest. A new government, particularly if headed by Tarawalli or Turay, probably would maintain Sierra Leone's generally pro-Western orientation and traditional distance from the Soviet Union. Moreover, we judge that Moscow will not make a serious effort to cultivate Sierra Leone unless it loses its foothold in neighboring Guinea. [redacted]

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We believe, however, that Sierra Leone is likely to become an increasingly attractive target for Iranian and Libyan influence peddling. Tehran and Tripoli are likely to exploit economic and political instability by increasing their ties in the Muslim and Lebanese communities. Moreover, in our view, Sierra Leone's small and ill-trained security service cannot effectively monitor foreign activities, and we suspect that both Iran and Libya--assisted by some Lebanese radicals--may use Sierra Leone as a transit point for arms smuggling and regional subversion. [redacted]

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SUBJECT: Sierra Leone: Dim Prospects for the Momoh Regime [Redacted]

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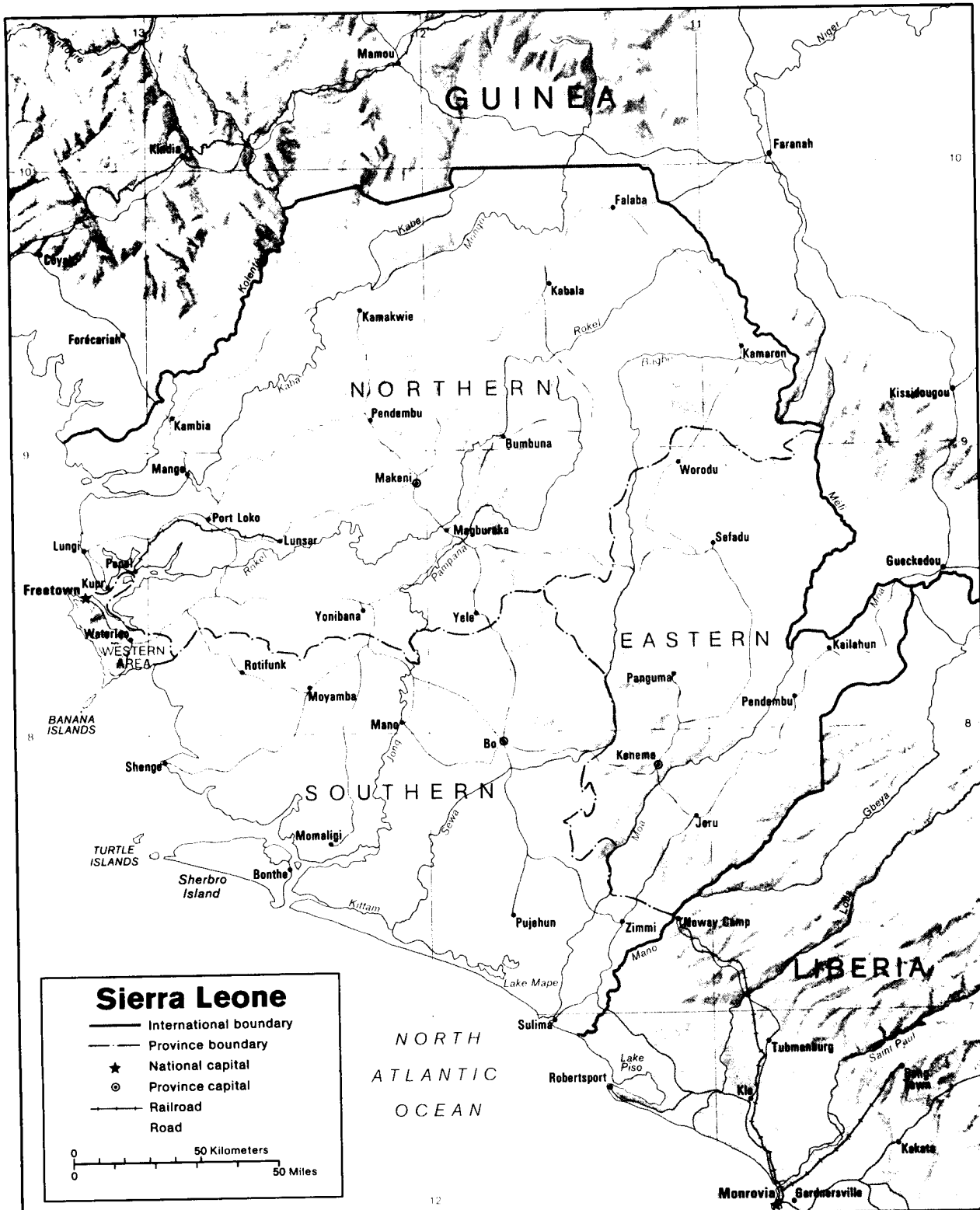
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