

GOVERNMENT OF SIERRA LEONE

STRENGTHENING SIERRA LEONE INDUSTRIAL POLICY FOR ECONOMIC DEVELOPMENT

A FINAL REPORT

December, 2021

Forward

Executive Summary

This document reports the situation analysis of the economy of Sierra Leone, especially as it relates to the industrial sector. It also reviews, updates and aligns the existing Sierra Leone industrial policy with the ECOWAS Industrial Policy and AU Vision for industrialization. It also interrogates the various legal, regulatory frameworks as well as services infrastructure to fully realize the potential of the industrial sector, while mainstreaming environmental and gender issues. This report is expected to lead to the development of policy measures that are responsive to the emerging trends in global industrial space and align them with the wider growth strategy of the Government of Sierra Leone.

Situational analysis of the economy of Sierra Leone positions the country among the least industrialized countries in Africa as the share of industrial sector in domestic output averaged 9.32% during 2010-2019, after a declining trend for most of the period. Mining and quarrying remains the dominant activity in the sector, although its contribution to the output of the sector fell noticeably in the recent years. Industrial output growth deteriorated noticeably in the last decade, though it remained positive for most of the years. The sector is among the least employer of labour with about 6% of total employment in the country, whose exports are dominated by primary products, and imports consisting of refined and manufactured products.

The macroeconomic and business environment in Sierra Leone is still largely unstable with the attending low domestic and foreign investments. Average interest rates are higher in the country than what obtained in the more industrialized non-oil rich economies in Africa such as Senegal, Botswana and Zambia. This reflects the high cost of inputs and cost of living which represent a major hindering factor for attracting the much needed investment into the industrial sector. In terms of cost of export, documentary compliance cost is one of the highest on the continent. For cost to import, documentary compliance is more costly in Sierra Leone than most countries in Africa irrespective of the level of industrialization. Time to import is higher in Sierra Leone than most African countries as indicated by border and documentary compliance. These are key indicators of costs of doing business, with serious implication for investment for industrial development. Since the industrial sector growth is private sector-led and export-oriented, the cost and time of doing business must be reduced so as to make the sector and the overall economy competitive.

Industrial sector development rests on adequate provision of reliable infrastructural facilities, especially those relating to communication, transport and electricity. Fixed telephone lines subscriptions in Sierra Leone are lower than what obtains in Djibouti and the more industrialized African countries such as Botswana, Zambia and Senegal. The level of innovation and related activities, as well as human capital is among the lowest on the continent, which signals the need to promote human capital development so as to internalise the benefits of the foreign direct investment in terms of technology and skills transfer. The poor global competitiveness ranking of the Sierra Leone economy has serious implication for foreign investment inflow from other countries within and outside Africa.

The priority products identified for exports by the National Trade Strategy include coconut and groundnut oil, cocoa paste, sesamum seeds, natural honey, bovine meats, pineapples and mangoes, fruit juice, soap, chemical or alcohol disinfectants/sanitizers, cosmetics, pigments and preparations containing titanium dioxide (colouring, sunscreen or paint), and wooden furniture.

Analysis of stakeholders' opinion reveal low level of stakeholders' engagement and consultation which is not cross cutting enough in the design and implementation process of industrial policy to deal with the critical issues in the sector. There are also lack of awareness of the industrial policy process, ineffective institutional collaboration among cross-cutting agencies; lack of broad consensus among stakeholders and problem of coordination. Other challenges relate to coordination problems ranging from lack of information sharing to low level representation at coordination meetings, and inability to get all the relevant stakeholders to contribute to the process in a timely manner.

Natural resource endowment remains a potential driver of industrial development in Sierra Leone. Huge investment is still required in the area of infrastructural development. Specifically, there is need to improve the condition of facilities such as road, airway, railway, power (electricity), ICT, water, health, and education. Other areas needing considerable attention include policy environment, institutions & governance, financial development factors and research & development (R&D). Stakeholders also suggested provision of fiscal and non-fiscal incentives; establishment of development banks to provide adequate financial facilities to businesses, especially SMEs. They emphasized the role of digitalization and ICT usage in reducing the adverse effect of COVID-19 pandemic on businesses in Sierra Leone.

The inclusion of climate change and gender issues in the Sierra Leone industrial policy must also be considered.

Contents

Forward.....	ii
Executive Summary	iii
List of Figure	viii
List of Tables	ix
List of Acronyms	x
Strategic Direction of Government NDP (Vision, Mission, Objectives)	xiii
Vision	xiii
Mission	xiii
Objective	xiii
 PART I	 1
INTRODUCTION	1
Background and Rationale for Industrial Policy	1
 PART II	 3
SITUATIONAL ANALYSIS: OVERVIEW OF INDUSTRIAL SECTOR AND ECONOMIC ENVIRONMENT	3
2.1 Profile of resources endowment and comparative advantage for Industrial Development in Sierra Leone	3
2.2 Magnitude and growth of GDP and industrial output in Sierra Leone	5
2.3 Sectoral Contribution to GDP, Export and Import in Sierra Leone	7
2.4 Sectoral Contribution to Employment in Sierra Leone	9
2.5 Trend of industrial products and contribution to industrial output in Sierra Leone	10
2.6 Structure of industrial export and import in Sierra Leone	11
2.7 Institutional Capacity	12
2.8 Macroeconomic and Business Environment for Industrial Development in Sierra Leone	13
2.9 Infrastructure, Innovation and Global competitiveness of Sierra Leone Economy	18
2.10 Foreign capital flows for industrial development in Sierra Leone	20
 PART III	 22
SIERRA LEONE INDUSTRIAL POLICY REVIEW	22
3.1 Review of Existing Sierra Leone Industrial Policy and Strategy	22
3.1.1 Strategic direction of the industrial policy	22
3.1.2 Consistency of Sierra Leone Industrial Policy/Strategies and Programmes with those of ECOWAS and AU	23
3.2 Review of Strategic Policies and Programmes	30
3.1.5 Reviewing and Updating Industrial Policy measures and Strategies	32
3.2.2 Trade Policy Review	35
3.2.3 Local Content Policy	40

3.2.4 Review of Industrial Financing	42
3.2.5 Review of available skills, Education & human resource development for industrialization	44
3.2.6 Gender Mainstreaming Strategy for industrial development in Sierra Leone	46
3.2.7 Emerging Issues	46
3.2.8 African Continental Free Trade Area	51
PART IV	55
Institutional Arrangement for the Implementation of the Industrial Policy	55
4.1 Institutional Arrangement	55
4.1.1 Legal and Regulatory arrangements	55
4.1.2 Core Machinery of Sierra Leone Industrial Policy Committee	56
4.1.3 Core Functions of the Ministry of Trade and Industry	56
4.1.4 Guiding Principles for the Ministry of Trade and Industry	56
4.2 Partnership for the Implementation of Industrial Policy	57
4.2.1 Partnership among Government MDAs	57
4.2.3 Partnership with the Private Sector and Civil Society	57
4.2.4 Partnership with the External Stakeholders	57
4.2.5 Coordination of Stakeholders Activities	58
4.3 Capacity Building for Implementation of Industrial Policy	58
PART V	59
Stakeholders' Analysis of Drivers of Industrial growth	59
5.1 Stakeholders involvement in industrial policy formulation & implementation	59
5.2. Stakeholders' identification and rating of important factors for industrial development	62
5.3. Stakeholders' Rating of the Current State of important Drivers of industrial development	64
5.5 Stakeholders' opinion on financing scheme for industrial development	66
5.6 Other issues	66
PART VI	72
Conclusion and Recommendations	72
6.1 Summary of findings and Conclusion	72
6.2 Policy Recommendations and Implementation Action Plan	76
REFERENCES	81
TECHNICAL APPENDIX	83
A. Methodology	83
B. SAMPLE SELECTION AND QUESTIONNAIRE ADMINISTRATION METHOD	83
QUESTIONNAIRES FOR STAKEHOLDERS' ANALYSIS	85

List of Figure

Figure 1: Average Share of Industrial Output in GDP in African Countries (2010-2019)	11
Figure 2: Trends of Output of Industrial activities in Sierra Leone	16
Figure 3: Contribution of Activities to Industrial Output in Sierra Leone	17
Figure 4: Top Export Products of Sierra Leone (% of Total Export)	17
Figure 5: Top Import Products of Sierra Leone (% of Total Export)	18
Figure 6: Costs to Export (2014-2019: USD)	21
Figure 7: Costs to Import (2014-2019: USD)	22
Figure 8: Time to Export (2014-2019: Hours)	22
Figure 9: Time to Import (2014-2019: Hours)	22
Figure 10: High-technology exports (% of manufactured exports) (2010-2019)	24
Figure 11: Human capital index (HCI) (scale 0-1) (2010-2019)	24
Figure 12: Foreign direct investment, net inflows (% of GDP)	26

List of Tables

Table 1: Magnitude and Growth of National Output	12
Table 2: Magnitude and Growth of Industrial Output	12
Table 3: Sectoral contribution to GDP (%)	13
Table 4: Contribution of Manufactures to Export and Import (% of merchandise imports)	14
Table 5: Sectoral contribution to Employment (% of total employment)	15
Table 6: Institutional capacity in Sierra- Leone (2019)	18
Table 7: Indicators of Macroeconomic Environment	19
Table 8: Fixed Telephone and Broadband Subscriptions Per 100 People (Per 100 People)	23
Table 9: Global Competitiveness Index (2017-2018)	25
Table 10: General and Specific Objectives of the AfCFTA	54
Table 11: Protocols of the AfCFTA and their status by negotiating phase, as of May 2020	54
Table 12: Framework Agreement Establishing the AfCFTA: Operative obligations	55
Table 13: Functions of the National AfCFTA Committee	56
Table 14: Awareness of Industrial Policy (%) of Respondents	61
Table 15: Role played during the policy formulation and implementation	61
Table 16: Observed Issues wrong in the process of formulating Sierra Leone Industrial Policy	62
Table 17: Challenges to the Formulation of Ideal Industrial Policy in Sierra Leone	62
Table 18: Stakeholders Position on the Current Industrial Policy Formulation in Sierra Leone	63
Table 19: Participation (Level and Rating) during the Implementation of Industrial Policy Formulation in Sierra Leone	63
Table 20: Factors hindering participation of stakeholders in the implementation of industrial policy in Sierra Leone	63
Table 21: Rating of Important Factors for Industrial Development in Sierra Leone	65
Table 22: Rating the Current Position of Important Factors for Industrial Development in Sierra Leone	67
Table 23: Stakeholders' opinion on financing scheme for industrial development in Sierra Leone	68
Table 24: Awareness of African Continental Free Trade Agreement (AfCFTA)	68
Table 25: Industrial Products that could benefit most from AfCFTA	69
Table 26: Stakeholders' Opinion on mainstream AfCFTA into Sierra Leone industrial policy	69
Table 27: Stakeholders Opinion on how Covid-19 has affected businesses in Sierra Leone	70
Table 28: Stakeholders Opinion on digitalization and ICT usage	70
Table 29: Stakeholders Opinion on the issues of climate change and gender	71
Table 30: Suggestions on the Current State of Important Factors for Industrial Development in Sierra Leone	72
Table 31: Recommendation and Responsibility	77

List of Acronyms

List of Acronyms

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
AGOA	African Growth and Opportunity Act
ARIPO	African Regional Intellectual Property Organisation
AU	African Union
CAC	Corporate Affairs Commission
COVID-19	Corona Virus Disease
DSTI	Directorate of Science Technology and Innovation
DTIS	Diagnostic Trade Integration Study
EBID	ECOWAS Common Agricultural Policy
ECOWAP	ECOWAS Common Agricultural Policy
ECOWAS	Economic Community of West African States
EDP	Economic Diversification Projects
EITI	Extractive Industries Transparency Initiative
EPZ	Export Processing Zone
ERP	Economic Recovery Programme
ETLS	ECOWAS Trade Liberalisation Scheme
EU	European Union
FCCPA	Federal Competition and Consumer Protection Act
FDI	Foreign Direct Investment
GC	Growth Centre
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GIZ	German Agency for International Cooperation
ICT	Information Communication Technology
IFC	International Finance Organisation
IGC	International Growth Centre
IMF	International Monetary Fund
IP	Integrated Programme
IPR	Intellectual Property Rights
IR&D	Independent Research and Development

ISI	Import Substitution Industrialisation
ISID	Inclusive and Sustainable Industrial Development
JET	Jobs and Economic Transformation
JSS	Junior Secondary School
MDA	Ministries Department and Agencies
MFD	Maximise Finance for Development
MSME	Micro Small and Medium Enterprises
MTI	Ministry of Trade and Industry
MTNDP	Medium Term National Development Plan
NCCT	National Coordinating Committee on Trade
NCDB	National Cooperative Development Bank
NCP	National Commission for Privatization
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NES	National Export Strategy
NPPA	National Public Procurement Act
NSADP	National Sustainable Agricultural Development Plan
OPII	Office of the President Infrastructure Initiative
PAIPO	Pan African Intellectual Property Organisation
PRSP	Poverty Reduction Strategy Paper
R&D	Research and Development
RAP	Rights Accumulation Programme
RIC	Reconstruction Import Credit
SCD	Systematic Country Diagnostic
SEZ	Special Economic Zone
SLCCIA	Sierra Leone Chamber of Commerce Industry and Agriculture
SLEITI	Sierra Leone Extractive Industries Transparency Initiative
SLIEPA	Sierra Leone Investment and Export Promotion Agency
SLPMC	Sierra Leone Produce Marketing Company
SME	Small and Medium Scale Enterprises
SMEDA	Small and Medium Enterprises Development Agency
SMI	Small Medium Industry
SSA	Sub Sahara Africa

TQM	Total Quality Management
TRIPS	Trade Related Aspects of Intellectual Property
TVET	Technical and Vocational Education and Training
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
UNICEF	United Nations International Children's Emergency Fund
UNIDO	United Nations Industrial Development Organisation
USD	United States Dollar
WACIP	West African Common Industrial Policy
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation

Strategic Direction of Government NDP (Vision, Mission, Objectives)

Vision

The vision is to develop a solid industrial structure which is regionally and globally competitive, environment friendly and capable of significantly improving the living standards of Sierra Leoneans by 2030.

Mission

- 1) To build capacities for industrial sector development through investment in human capital.
- 2) To provide a conducive business and economic environment capable of promoting innovative activities and value addition that can spur rapid industrial growth and development.

Objective

The objective is to accelerate industrialization through the promotion of employment oriented industrial transformation of local raw materials into finished commodities, the development and diversification of industrial base and productive capacity, and strengthening of regional and multilateral cooperation to facilitate export of manufactured goods.

PART I

INTRODUCTION

Background and Rationale for Industrial Policy

Structural transformation is a key component of economic development which involves movement from the first stage (primary production) to the second stage (secondary production) (industrialization) and finally to the third stage (tertiary production). These dynamic movements can be effectively attained through well-articulated and implemented industrial policy. Thus, industrial policy has been seen as an instrument for governments to mobilize and direct resources for rapid industrial development and economic growth via the transformation of an economy from low productivity activities such as agriculture and simple manufacturing to high productivity activities like modern hi-tech industries (Chen and Xie, 2019). Efficient industrial policy is very critical in setting the process for local content promotion, export orientation, technology transfer, employment creation, value chain development, and sustainable industrialization. UNIDO, (2020) emphasized the need for deliberate efforts to design and implement useful industrial policy that promote inclusive and sustainable industrial development (ISID) in all dimensions. This is also evident in the various recent United Nations studies and policy discussions where policy issues are explicitly and repeatedly addressed. For instance, the United Nations General Assembly has resolutions proclaiming the first and second industrial development decade for Africa, and recently the third which runs from 2016 to 2025.

Sierra Leone heavily relied on agricultural resources for survival prior to the discovery of mineral resources such that agriculture is the biggest sector contributing 55%–60% to GDP. The country is also endowed with cocoa and coffee plantations as well as fishing. With the passage of time, Sierra Leone discovered some major mineral resources such as diamond, gold, bauxite, iron ore, and recently crude oil. This corroborates UNECA (2013) which proposes that industrialization in Africa can be effectively driven by the abundant human and natural resources and conscious efforts to create value-addition in all activities across critical sectors such as agriculture, industry and services. Other potential drivers of industrialization include trade, infrastructure, business support and urbanization (UNECA, 2015; UNECA, 2017; UNECA, 2016a; UNECA, 2016b) However, the exploitation of the mineral resources

has brought some prospects to the economy particularly in terms of revenue, export, employment and growth but it has also engendered civil conflicts which the economy has not been able to recover from (Jalloh, 2013; UNCTAD, 2010). Other identified major constraint to industrialization in Africa and Sierra Leone in particular include rising globalization, governance; weak economic integration; political, economic and social instability; climate change; inadequate infrastructural development and insecurity (Altenburg 2009; ECOWAS. 2010 and Naudé, 2010). UNECA (2011) therefore provided a huge role for the state through several capacity-building and institutional reforms processes, with new areas of cooperation and collaboration.

Based on data from the World Bank, Sierra Leone is characterized by declining growth (from 10.4% in 2010-2014 to -0.27% in 2015-2019), lack of structural transformation (agricultural share of GDP from 39% in 1990-1994 to 60% in 2015-2019), declining export orientation (export-GDP ratio from 30% in 1990-1994 to 22% in 2015-2019), increasing import penetration (import-GDP ratio from 30% in 1990-1994 to 47% in 2015-2019), lack of institutional capacity (negative ratings in corruption, rule of law, government effectiveness, regulatory quality, etc) and macroeconomic instability as a result of high rate of inflation.¹ Further, there is very low level of industrial contribution to output (around 32% of GDP in 1990-1994 to 5.2% in 2015-2019) and employment (6.0% of total employment) and the country was ranked globally about 140 in the Global Competitiveness index..

Against the above background of lack of growth, comparativeness and structural transformation of the economy, the successive Governments of Sierra Leone have been making efforts to put diverse policies and programmes in place to restructure, diversify and transform the economy from the dominance of primary production to secondary production. Given that effective industrial policy formation and implementation is critical to successful diversification and transformation efforts, the government had put up a machinery to develop industrial policy and the latest Sierra Leone's (2011) Industrial Policy is due for review. Thus, the Government sought the support of the UNECA for reviewing, updating and finalising the existing Sierra Leone industrial policy with an emphasis on participatory approach in the review process.

¹ World Bank World Development Indicators, online

PART II

SITUATIONAL ANALYSIS: OVERVIEW OF INDUSTRIAL SECTOR AND ECONOMIC ENVIRONMENT

2.1 Profile of resources endowment and comparative advantage for Industrial Development in Sierra Leone

Before the discovery of mineral resources, Sierra Leone greatly relied on agricultural resources for the survival of its citizens. For instance, Agriculture, including Crop production, Forestry and Fishing, is the main driver of the economy in terms of provision of output, employment, export and income (UNCTAD, 2010; Jalloh, 2013). Sierra Leone has high potentials in Cocoa and Coffee plantations and it is well endowed with mineral resources such as Diamond, Gold, Bauxite, Iron-ore, and most recently Crude oil (Jalloh, 2013). However, natural resource endowment has been linked with the outbreak of civil conflicts in West African countries including Sierra Leone.

Based on available Land and forest resources, Sierra Leone would have comparative advantage in the production and exporting of forest products produced by timber, furniture wood, pulp and paper industries and other related industries. This is based on the fact that Sierra Leone is endowed with approximately 5.4 million hectares of arable agricultural land, of which almost 75 percent is available for cultivation. The country boasts fertile soils and its ample rainfall averages roughly 3,800mm per year, making it one of the most humid countries in Africa. This climate supports a broad range of crops including rice, cassava and groundnuts, as well as livestock and cash crops, such as coffee, cocoa, and palm oil. Still, the sector's vast potential is largely untapped (Ministry of Foreign Affairs, 2017). It would also have comparative advantage in the production and exporting of food and beverages provided that the government promoting investment in the rehabilitation and expansion of existing plantations and estates, as well as agro-processing, and that further plans are being developed to establish (tax free) export-processing zones in the country (Ministry of Foreign Affairs, 2017).

Diamond² is used for jewellerys, glass cutting, polishing and engraving other stones, tungsten wires, electronic applications, lapping, herbs, heat sinks, among other purposes.

² Diamond was Sierra Leone main export product and has over 600,000 carats exported in 2013.

Gold³ is used for many industrial purposes including jewelry, cosmetics, mobile phones, computers, medicine, dentistry, in-space, printing manufacturing, building, and food/drinks. Bauxite⁴ is used in the industries such as metallurgy, paper manufacturing, water purification, abrasive in sandpapers, drilling for oil and natural gas, building materials (pipe, bricks, tiles, etc.) and road aggregates, medicine and pharmaceuticals, Iron-ore are utilized for production of Steel which is in turn used to make automobiles, locomotives, ships, beams used in buildings, furniture, paper clips, tools, reinforcing rods for concrete, bicycles, among other uses. Crude oil is used for the production of many products including gasoline, heating oil, diesel fuel, jet fuel, propane, residual fuel, and asphalt. Both local and foreign industries should be encouraged to use all these resources in production processes to engender comparative advantage over others and enhance industrialization.

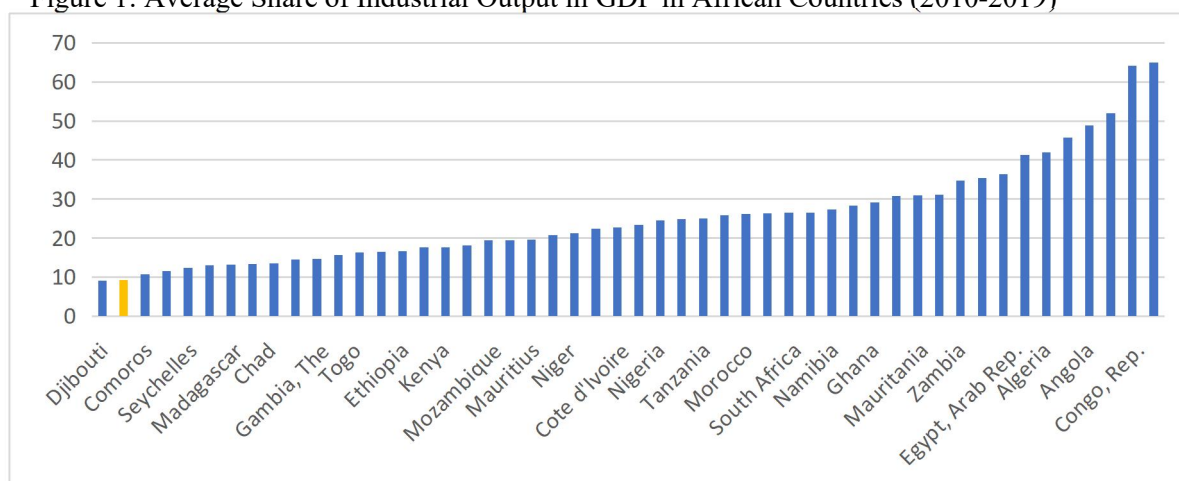
Using data from the World Bank, African countries are classified into three levels of industrialization based on contribution of industrial output to GDP: the most (greater than 35%), average (middle - 20%-35%) and the least (less than 20%) industrialized countries. The most industrialized countries are oil rich, with industrial share of GDP ranging from 36% to 65% (Figure 1). The contribution of industrial sector to national output in Sierra Leone averaged about 9.32% in the last decade (2010-2019), ranking among the least industrialized countries in Africa. As shown in Figure 1, based on the decade average, the country is compared to countries with similar endowment (non-oil) on the continent, all of which are either least or average industrialized countries. The selected least industrialized countries include Liberia (11.64%), Comoros (10.69%), Djibouti (9.18%) and Rwanda (17.59), while the selected average or middle level industrialized countries include Eswatini (35.35%), Zambia (34.76%), Botswana (31.09%), Mauritania (31.01%) and Lesotho (30.75%). Like Sierra Leone, these countries are not oil rich and heavily depend on agriculture and solid minerals. While the top industrialized countries on the continent are oil producers, a good number of non-oil-rich countries have made huge steps towards industrialization, though their contribution to total output largely remained below 35%. A comparative analysis of the industrial sector and economic environment of Sierra Leone is further conducted in relation

³ Sierra Leone produced approximately 141 kilograms worth of gold in terms of mine output in 2012 and 193 kilograms in 2014.

⁴ Sierra Leone has bauxite mining (including the country's Portloko deposit, which contains 100 million tons of bauxite reserves).

to these similar African countries who depend largely on the endowment of agricultural resources and solid (non-oil) minerals.

Figure 1: Average Share of Industrial Output in GDP in African Countries (2010-2019)



Source: Computed, Data from the World Bank World Development Indicators (WDI)

2.2 Magnitude and growth of GDP and industrial output in Sierra Leone

Sierra Leone's gross domestic output witnessed an upward trend over the last three decades, rising from an average of about USD1.6 billion during the 1990-1994 period to USD3.5 billion between 2015 and 2019 (Table 1). Among the selected least industrialised African countries, the GDP of Sierra Leone was above those recorded by Liberia, Comoros and Djibouti, while it was below what was recorded by Rwanda for all the periods considered. It was also lower than the domestic output of the more industrialized non-oil economies in Africa, except Lesotho. In particular, Zambia is by far the biggest among the selected economies with almost USD30 billion worth of gross domestic output, followed by Botswana with USD17 billion. The growth rate of GDP of Sierra Leone was impressive between 2000 and 2014 with greater growth performance than most of the more industrialized countries on the continent. The country recorded a growth rate of 10.42% during 2010-2014, higher than that recorded by any of the selected countries on different levels of industrialization, with Djibouti being the closest with 7%. However, average growth rate of GDP of Sierra Leone plunged to -0.27% between 2015 and 2019, the least growth performance among all the selected countries.

Sierra Leone's industrial output was less than USD1 billion for most of the last 3 decades, which is less than those of all the selected more industrialized countries (Table 2). Zambia, which appears to be the most productive, also has the largest industrial output of about USD27.97 billion during the 2015-2019 period. This may suggest a greater role for industrial activities in promoting domestic output. In terms of industrial growth, Sierra Leone recorded a better performance than other selected countries for most of the period 1990-2019. The country hit an average growth of over 50% between 2010 and 2014, indicating a great growth potential for the industrial sector in the country. This remarkable growth performance however plunged into negative in the five-year period that followed.

Table 1: Magnitude and Growth of National Output

Country	Indicator	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Magnitude (\$Billion)	1.620	1.334	1.606	2.230	3.254	3.490
	Growth (%)	-2.777	-2.463	8.527	5.075	10.423	-0.274
Rwanda	Magnitude (\$Billion)	2.457	2.219	3.309	4.920	7.112	9.892
	Growth (%)	-11.480	15.000	7.940	8.730	6.964	7.363
Comoros	Magnitude (\$Billion)	0.580	0.612	0.735	0.827	0.978	1.127
	Growth (%)	1.191	1.911	3.906	2.697	3.540	2.880
Djibouti	Magnitude (\$Billion)	-	-	-	-	1.129	-
	Growth (%)	-	-	-	-	7.062	7.126
Liberia	Magnitude (\$Billion)	-	-	1.613	1.655	2.318	2.561
	Growth (%)	-	-	-5.210	7.061	6.340	-0.037
Selected Average industrialized African Countries							
Eswatini	Magnitude (\$Billion)	2.45	2.908	3.321	4.087	4.748	5.316
	Growth (%)	6.302	3.465	2.940	3.763	3.242	1.994
Botswana	Magnitude (\$Billion)	5.825	7.472	9.113	11.571	14.541	17.414
	Growth (%)	4.539	6.259	3.128	3.958	6.912	2.591
Lesotho	Magnitude (\$Billion)	1.237	1.526	1.738	2.075	2.522	2.902
	Growth (%)	5.892	2.921	2.883	4.285	3.999	1.488
Mauritania	Magnitude (\$Billion)	3.329	3.877	4.031	5.362	6.130	7.381
	Growth (%)	0.941	3.609	1.665	4.939	3.938	3.636
Zambia	Magnitude (\$Billion)	8.371	8.957	11.049	15.712	22.836	27.965
	Growth (%)	-0.815	3.439	5.540	8.097	6.643	3.188
Senegal	Magnitude (\$Billion)	8.335	9.599	11.823	14.711	17.357	23.012
	Growth (%)	0.881	4.549	4.198	3.834	3.915	6.356

Source: Calculation based on data from World Bank World Development Indicators (WDI)

Table 2: Magnitude and Growth of Industrial Output

Country	Indicator	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Growth (%)	23.077	-7.850	12.492	-1.317	52.191	-11.205
	Magnitude (\$Billion)	0.164	0.135	0.145	0.195	0.609	0.315
Rwanda	Growth (%)	-16.911	25.325	8.355	9.287	9.286	8.451
	Magnitude (\$Billion)	0.374	0.284	0.499	0.810	1.272	1.798
Liberia	Growth (%)	-	-	11.090	24.581	27.917	7.420
	Magnitude (\$Billion)	-	-	0.026	0.059	0.202	0.355
Comoros	Growth (%)	1.191	1.911	3.907	2.150	4.260	0.899
	Magnitude (\$Billion)	0.064	0.067	0.081	0.091	0.112	0.118
Djibouti	Growth (%)	-	-	-	-	6.934	16.979
	Magnitude (\$Billion)	-	-	-	-	-	-

Selected Average Industrialized African Countries							
Botswana	Growth (%)	1.677	3.639	4.130	-2.299	6.104	-0.918
	Magnitude (\$Billion)	2.879	3.265	4.044	4.557	4.390	4.434
Eswatini	Growth (%)	6.045	3.123	2.504	3.012	4.322	0.726
	Magnitude (\$Billion)	0.953	1.125	1.270	1.533	1.784	1.918
Lesotho	Growth (%)	18.163	4.880	6.827	3.636	-0.432	2.249
	Magnitude (\$Billion)	0.267	0.386	0.524	0.650	0.706	0.697
Mauritania	Growth (%)	0.819	0.366	-1.754	4.130	0.915	1.167
	Magnitude (\$Billion)	2.048	2.314	1.859	2.538	2.267	2.464
Zambia	Growth (%)	-0.976	-1.324	9.932	10.351	4.024	4.475
	Magnitude (\$Billion)	2.779	2.370	3.017	5.088	6.965	8.696
Senegal	Growth (%)	2.741	4.590	5.049	4.001	5.380	6.762
	Magnitude (\$Billion)	1.693	2.037	2.548	3.151	3.958	5.435

Source: Computed, Data from World Bank World Development Indicators (WDI)

2.3 Sectoral Contribution to GDP, Export and Import in Sierra Leone

Agricultural sector's contribution to GDP in Sierra Leone dominates other sectors, with increasing relevance to the economy over the last three decades. As observed in Table 3, average agricultural contribution to GDP fluctuated for most part of the period 1990-2019. However, the contribution of the industrial sector to GDP in the country witnessed a downward trend for the period under consideration. Contrary to the situation under industrial sector, the average share of the services sector in total GDP rose by about 10 percentage point between the 1990-1994 and 2015-2019 periods to reach about 33%. Unlike Sierra Leone, the service sector made the highest contribution in all selected countries irrespective of the level of industrialization. Thus, the role of service sector appears to be growing across all countries, with declining trend of the agricultural sector.

Table 3: Sectoral contribution to GDP (%)

Country	Indicator	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Agriculture	38.872	52.366	48.241	52.155	51.581	58.695
	Industry	32.008	29.505	13.118	9.134	13.406	5.239
	Services	23.445	13.928	33.781	35.247	32.275	32.934
Rwanda	Agriculture	36.282	44.021	37.346	28.858	24.413	24.796
	Industry	20.755	18.681	18.545	16.432	17.739	17.437
	Services	42.963	39.145	51.081	48.137	49.096	49.172
Liberia	Agriculture	-	-	73.788	63.732	40.180	37.019
	Industry	-	-	4.710	6.991	12.233	11.041
	Services	-	-	21.581	30.037	47.590	50.161
Comoros	Agriculture	29.376	29.376	29.376	29.376	30.391	31.627
	Industry	12.206	12.206	12.206	12.206	11.591	9.565
	Services	54.535	54.534	54.534	54.534	53.534	54.202
Djibouti	Agriculture	-	-	-	-	1.211	1.328
	Industry	-	-	-	-	11.546	13.739
	Services	-	-	-	-	80.415	78.008
Selected Average Industrialized African Countries							
Botswana	Agriculture	4.363	3.606	2.559	2.293	2.416	2.037
	Industry	50.250	44.672	42.694	38.588	32.237	29.935
	Services	36.538	45.141	46.713	49.094	55.564	58.852
Eswatini	Agriculture	9.343	11.015	11.792	10.432	9.886	8.785

	Industry	36.405	37.232	39.260	39.905	36.510	34.191
	Services	40.144	35.443	45.715	47.522	49.555	52.452
Lesotho	Agriculture	9.031	8.116	6.970	5.475	4.575	4.699
	Industry	28.135	31.113	36.598	36.761	30.728	30.767
	Services	54.468	54.525	49.327	53.180	53.650	51.690
Mauritania	Agriculture	27.122	26.519	24.205	18.569	16.486	20.396
	Industry	25.653	28.845	28.335	36.662	37.364	24.663
	Services	41.173	38.970	41.981	39.011	39.456	45.108
Zambia	Agriculture	19.518	15.086	15.647	12.581	8.679	4.153
	Industry	42.016	29.999	24.062	30.074	32.839	36.687
	Services	27.460	43.003	49.263	48.902	52.607	53.308
Senegal	Agriculture	17.719	17.678	15.128	14.003	13.950	14.697
	Industry	20.911	21.197	21.523	21.471	22.939	23.754
	Services	51.421	50.353	51.237	53.034	53.400	51.805

Source: Computed, Data from World Bank World Development Indicators (WDI)

Trade relations and activities of Sierra Leone have increased tremendously over the past few decades, but like most African countries, manufactures contributes little to exports but dominates imports. Table 4 shows that the share of manufactured products in total merchandise exports was 11% during 2015-2019, whereas about 58% of imports are manufactures. While the Sierra Leone's manufactured export performance is similar to those recorded by Rwanda (14%) and Zambia (13%), its import performance in similar products is lower than those reported for all the countries except Senegal (50%) and Comoros (51%). Further, while this trade structure may be true for most of the selected countries at similar level of industrialization with Sierra Leone, the top industrialized non-oil rich African countries export more manufactures than they import. For instance, about 95% of Botswana's export during 2015-2019 period consist of manufactures, while it was 71% and 66% in Lesotho and Eswatini respectively. Surprisingly, Djibouti recorded over 90% contribution of manufactures to total exports of merchandise during 2005-2009. A deliberate investment in industrialization is therefore critical to promoting manufactured products for export, as more industrialized economies export more of manufactures than the less industrialized countries. In Sierra Leone, export share of GDP has not been encouraging over time, reducing from 30.26% during 1990-1994 to 21.95% during 2015-2019.

Table 4: Contribution of Manufactures to Export and Import (% of merchandise imports)

Country	Indicator	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Exports	-	-	8.592	-	9.505	11.390
	Imports	-	-	31.914	-	49.610	58.139
Rwanda	Exports	-	5.837	8.649	6.416	8.844	13.815
	Imports	-	60.224	63.049	73.643	72.660	76.454
Comoros	Exports	-	26.572	4.009	18.033	26.456	30.958
	Imports	-	49.769	54.314	56.388	58.383	50.955

Djibouti	Exports	10.070	-	-	90.743	-	-
	Imports	48.268	-	-	62.443	-	-
Selected Average Industrialized African Countries							
Botswana	Exports	-	-	88.620	78.571	86.769	94.580
	Imports	-	-	71.788	66.470	70.606	72.093
Eswatini	Exports	-	-	61.181	64.747	63.551	66.426
	Imports	-	-	67.946	63.849	60.029	64.559
Lesotho	Exports	-	-	90.017	79.077	65.518	71.235
	Imports	-	-	54.317	55.127	60.899	62.269
Mauritania	Exports	-	0.281	0.001	0.006	0.014	0.356
	Imports	-	48.426	58.695	51.096	60.550	64.551
Zambia	Exports	4.633	11.945	9.133	7.550	10.885	12.618
	Imports	-	73.595	72.788	71.126	65.912	64.622
Senegal	Exports	26.604	50.969	35.985	40.849	39.637	32.684
	Imports	54.846	50.400	51.027	46.216	43.468	50.191

Source: calculation based on data from World Integrated Trade Solution.

2.4 Sectoral Contribution to Employment in Sierra Leone

Table 5 shows that the contribution of agricultural sector to employment generation in Sierra Leone is the highest relative to other sectors. Despite the fact that it maintained a steady fall over time, the sector's contribution still overshadowed that of other sectors, though significant improvement in service employment is observed. The industrial sector however continued to employ only about 6% of total employment in the country. Comparatively, while other non-oil dependent countries in Africa employed more workers in the industrial sectors than Sierra Leone, industrial sector employment still trails those in service and agriculture in most of the countries, except Eswatini and Lesotho. These two countries are among the most industrialized non-oil rich economies on the continent, with higher industrial employment than any other selected country, though the service sector remained the highest employer. In fact, Rwanda increased its share of industrial sector employment in total employment overtime to overtake what was recorded by Sierra Leone in the last decade. In essence, the development of the industrial sector may be instrumental to boosting employment opportunities in Sierra Leone.

Table 5: Sectoral contribution to Employment (% of total employment)

Country	Indicator	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Agriculture	71.244	70.879	69.477	66.609	60.894	56.349
	Industry	6.210	6.012	6.211	5.732	5.596	6.157
	Services	22.546	23.109	24.312	27.660	33.509	37.495
Rwanda	Agriculture	89.529	88.949	87.552	83.039	75.106	64.484
	Industry	2.114	2.341	2.799	4.390	6.814	8.532
	Services	8.357	8.711	9.649	12.571	18.079	26.984
Liberia	Agriculture	55.855	55.205	51.274	49.229	45.663	43.759
	Industry	10.068	9.692	10.909	10.579	11.081	10.548
	Services	34.078	35.102	37.817	40.192	43.256	45.693

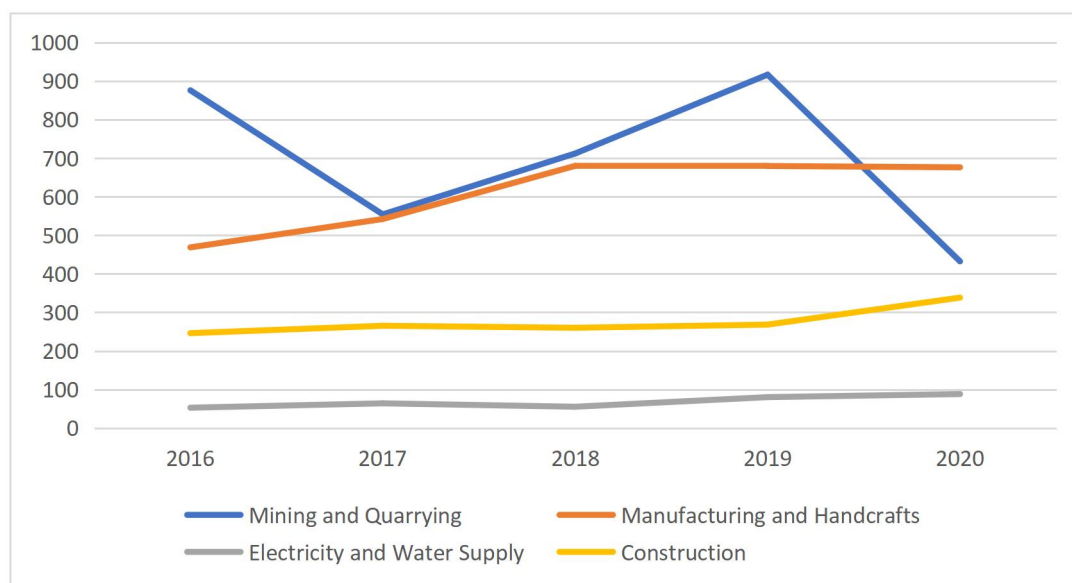
Comoros	Agriculture	57.681	57.522	56.175	54.825	52.874	51.054
	Industry	15.377	14.775	14.528	13.906	13.622	13.214
	Services	26.941	27.702	29.298	31.270	33.504	35.732
Djibouti	Agriculture	44.116	44.833	44.407	42.300	39.111	34.759
	Industry	14.447	13.051	11.822	11.465	11.775	12.691
	Services	41.436	42.117	43.771	46.235	49.114	52.549
Selected Average Industrialized African Countries							
Eswatini	Agriculture	20.127	19.440	18.245	16.258	14.510	12.961
	Industry	26.875	26.505	25.851	25.681	25.089	24.260
	Services	52.998	54.055	55.904	58.062	60.401	62.779
Lesotho	Agriculture	17.819	16.873	15.238	12.808	10.398	8.968
	Industry	40.892	41.074	41.005	41.609	42.811	42.534
	Services	41.288	42.054	43.757	45.582	46.791	48.498
Botswana	Agriculture	16.033	18.070	20.872	23.786	23.681	21.430
	Industry	25.867	23.894	21.788	19.356	18.347	18.176
	Services	58.100	58.036	57.339	56.858	57.972	60.393
Mauritania	Agriculture	63.071	62.547	61.486	58.289	55.586	52.628
	Industry	11.737	11.517	11.178	11.866	12.180	12.647
	Services	25.192	25.936	27.336	29.845	32.233	34.725
Zambia	Agriculture	69.984	70.017	71.519	71.107	57.565	50.094
	Industry	7.281	7.087	6.997	7.480	9.820	10.784
	Services	22.735	22.896	21.484	21.413	32.616	39.122
Senegal	Agriculture	48.570	47.638	44.891	40.668	36.373	31.614
	Industry	12.509	12.391	12.404	12.756	12.807	13.253
	Services	38.922	39.971	42.705	46.576	50.819	55.133

Source: Calculation based on data from World Development Indicators.

2.5 Trend of industrial products and contribution to industrial output in Sierra Leone

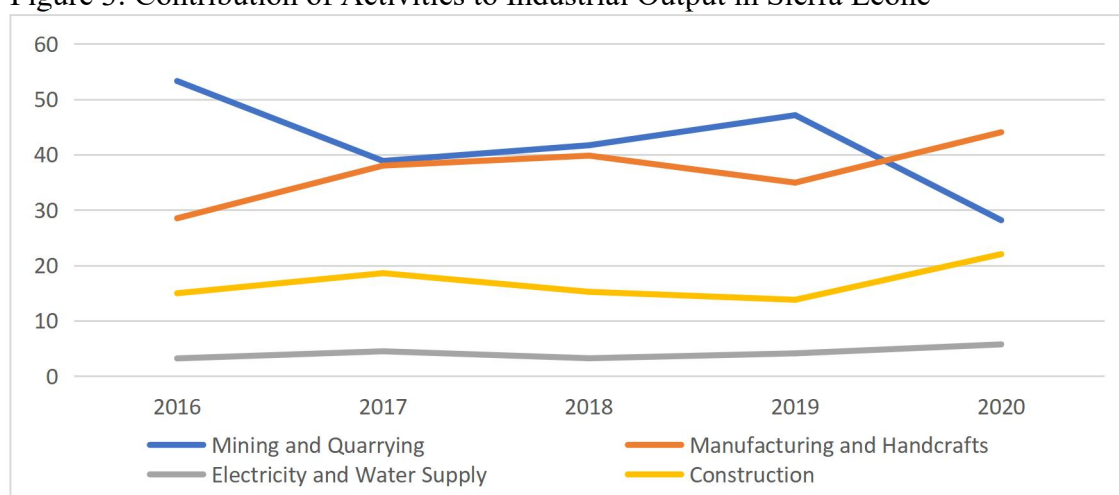
Industrial activities in Sierra Leone is dominated by mining and quarrying. However, as revealed in Figure 2, output from mining and quarrying was unstable in the last 5 years, though the highest for most of the years. Mining and quarrying output reached a peak of 9.17 trillion Leone in 2019 after which it fell sharply to 4.32 trillion Leone in 2020 which may be partly a result of the COVID-19 effect on many economic activities. This output performance is largely driven by the country's mining of diamonds and other minerals, particularly bauxite, gold, and rutile (National Accounts and Economic Statistics Division, Statistics Sierra Leone, 2019-2020). Manufacturing is also a major activity in the industrial sector with output rising gently from 4.69 trillion Leone in 2016 to 6.76 trillion Leone in 2020. Activities in the construction as well as electricity and water supply sub-sectors also showed some improvement in the last 5 years. Figure 3 shows a declining contribution of mining and quarrying sub-sector to industrial output, falling from 53% in 2016 to 28% in 2020 though it remained the dominant player in Sierra Leone economy. In contrast, the share of manufacturing sub-sector in industrial output rose steadily from 29% in 2016 to 44% in 2020, while construction, and electricity and water supply sub-sectors also recorded noticeable increase in their contribution.

Figure 2: Trends of Output of Industrial activities in Sierra Leone



Source: Statistics Sierra Leone

Figure 3: Contribution of Activities to Industrial Output in Sierra Leone



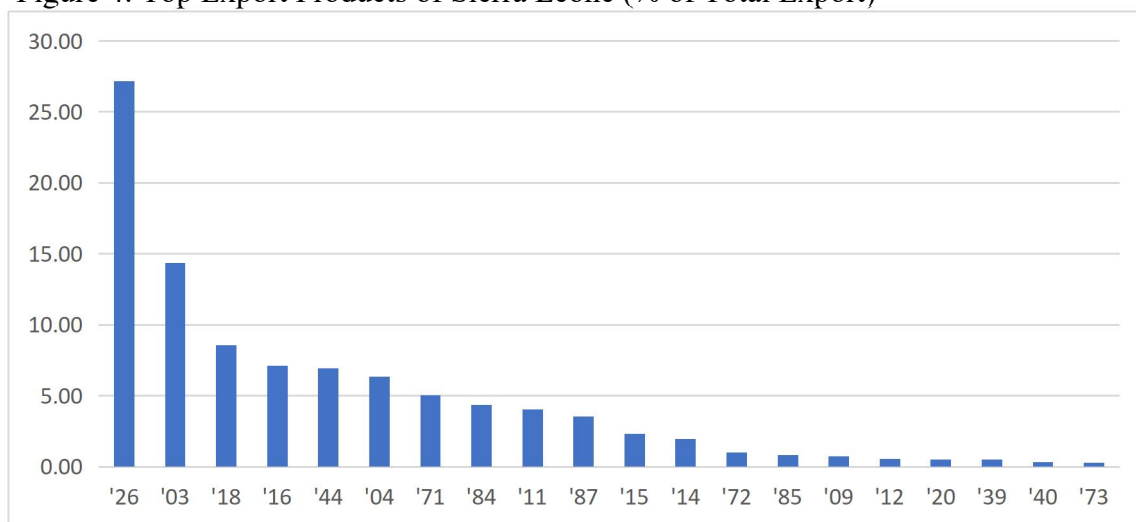
Source: Statistics Sierra Leone

2.6 Structure of industrial export and import in Sierra Leone

The top 20 export products of Sierra Leone between 2014 and 2019, in terms of their share of total export, are presented in Figure 4. Ores, slag and ash are the leading export products of the country, contributing about 27% to total export, on the average during the period 2014-2019. During the same period, other major export products, with over 5% average contributions include fish (14%), cocoa (9%), fish and meat preparations (7%), wood and related articles (7%), dairy products (6%), natural pearls and precious metals (5%). Figure 5 indicates that mineral fuels (16%) and vehicles (10%) are the dominant imported products in the country. Cereals and machinery also make up an average of about 9% of imported

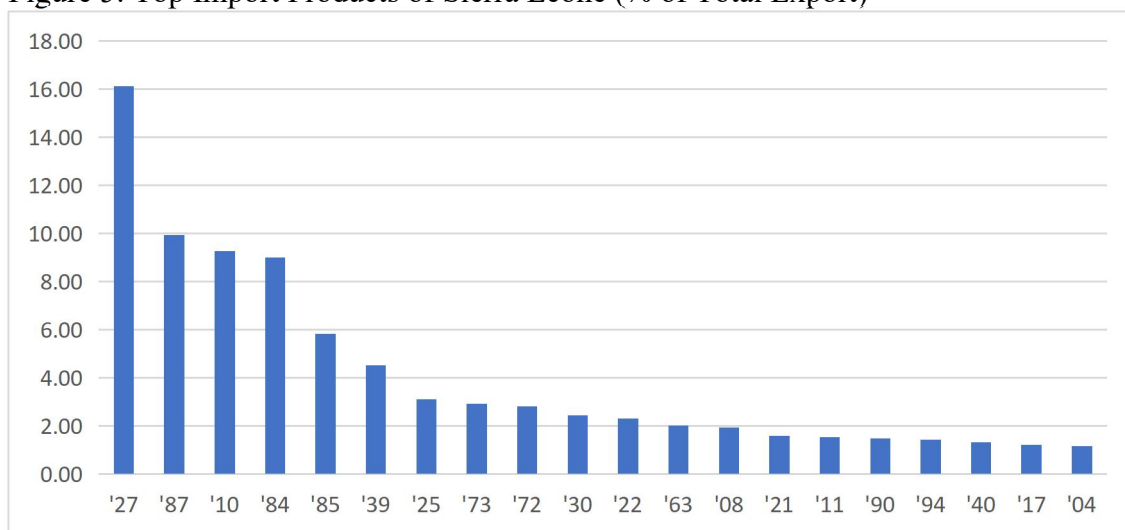
products (each) during the same period while electrical machinery and equipment (6%) and plastics and related articles (4.5%) also contributed substantially to total imports. Thus, while exports are dominated by primary products, refined and manufactured products are the major components of imports.

Figure 4: Top Export Products of Sierra Leone (% of Total Export)



Source: Trade Map

Figure 5: Top Import Products of Sierra Leone (% of Total Export)



Source: Trade Map

2.7 Institutional Capacity

Like most selected non-oil rich economies in Africa, institutional capacity in Sierra Leone is weak. On all indicators of institutional capacity, the country recorded negative values indicating a need for urgent institutional reform that may be critical for industrial sector development (Table 6). The country however performed better on most of the indicators than

all the selected countries (Djibouti, Liberia and Comoros) on the same level of industrial development, except Rwanda. Apart from Botswana, which has the most improved governance quality among the selected countries with positive values on all indicators, Sierra Leone performed better than any other country in the area of political stability and absence of violence/terrorism, voice and accountability (except Senegal, Lesotho and Liberia) and control of corruption (except Senegal and Lesotho).

Table 6: Institutional capacity in Sierra- Leone (2019)

	Voice and Accountability	Political Stability and Absence of Violence/Terrorism	Government Effectiveness	Regulatory Quality	Rule of Law	Control of Corruption
Selected Least Industrialized African Countries						
Sierra Leone	-0.10	-0.10	-1.13	-0.88	-0.77	-0.41
Rwanda	-1.08	0.12	0.19	0.08	0.08	0.56
Liberia	-0.03	-0.23	-1.38	-0.98	-1.00	-0.88
Comoros	-0.69	-0.15	-1.67	-1.12	-1.09	-1.02
Djibouti	-1.41	-0.34	-0.71	-0.77	-0.91	-0.86
Selected Average Industrialized African Countries						
Botswana	0.53	1.01	0.43	0.37	0.50	0.71
Eswatini	-1.32	-0.38	-0.68	-0.61	-0.50	-0.49
Lesotho	0.03	-0.35	-0.83	-0.54	-0.38	-0.03
Mauritania	-0.78	-0.54	-0.50	-0.76	-0.58	-0.86
Zambia	-0.29	-0.10	-0.68	-0.55	-0.46	-0.64
Senegal	0.26	0.06	-0.06	-0.11	-0.19	0.05

Source: Computed, Data from World Governance Indicators.

2.8 Macroeconomic and Business Environment for Industrial Development in Sierra Leone

Analysis of macroeconomic stability which is an important driver of both domestic and foreign investments and industrial development shows that inflation is very high in Sierra Leone. By the period 2015-2019, inflation rate in the country had reached 13.33% (Table 7). While this shows a similar performance with Liberia, it indicates that prices of goods and services are generally higher than other selected African countries on the same level of industrial development, as well as the more industrially developed economies on the continent. For most part of the last three decades, average real effective exchange rate in Sierra Leone stood around 118, reaching maximum (130) and minimum (98) during the 1995-1999 and 2005-2009 periods. Real interest rates are also relatively high in Sierra Leone, though a declining trend is observed over the period 2005-2019. Average real interest rate in Sierra Leone is highest at 12.15% during 2005-2009, but stood at 7.24% during 2015-2019 which is smaller than those observed in Comoros, Liberia, Rwanda and Mauritania, but higher than most of the more industrialized African economies. This implies that cost of inputs, cost of living and the purchasing power of the local currency are high in Sierra Leone

compared to the most of the selected countries, with serious implication for attracting investment needed for industrialization.

Table 7: Indicators of Macroeconomic Environment

Country	Indicator	1990-1994	1995-1999	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Inflation (%)				9.108	6.147	13.327
	Exchange rate	118.575	129.945	118.136	98.141	115.690	118.212
	Interest rate (%)	-6.462	5.561	7.029	12.158	8.923	7.242
Rwanda	Inflation (%)	11.434	5.808	5.787	11.071	4.275	4.206
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	-	11.241	9.707	3.692	11.961	14.245
Liberia	Inflation (%)	-	-	10.773	10.897	8.010	13.142
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	-	-	11.391	7.978	7.759	12.179
Comoros	Inflation (%)	-	-	4.340	3.383	1.804	
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	-	7.424	8.321	8.216	8.022	9.182
Djibouti	Inflation (%)	-		1.872	5.038	3.360	1.185
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	-	-	-	-	-	-
Selected Average Industrialized African Countries							
Botswana	Inflation (%)	12.841	8.745	7.866	9.595	6.647	3.039
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	4.084	3.548	8.147	7.495	3.125	3.392
Eswatini	Inflation (%)	11.076	8.008	8.181	7.652	6.171	5.959
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	-0.182	8.113	3.199	4.777	2.610	5.786
Lesotho	Inflation (%)	13.574	9.301	8.396	7.109	4.957	4.840
	Exchange rate	197.133	173.756	99.696	91.654	92.162	77.096
	Interest rate (%)	4.648	8.360	6.611	8.705	2.054	7.025
Mauritania	Inflation (%)	7.174	5.591	5.477	7.038	4.907	2.470
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	1.186	14.751	14.420	11.626	11.276	13.653
Zambia	Inflation (%)	121.657	30.734	21.805	12.768	7.258	10.241
	Exchange rate	49.775	55.135	63.703	96.413	99.332	86.801
	Interest rate (%)	-24.039	16.794	14.336	9.183	4.703	3.224
Senegal	Inflation (%)	6.034	2.871	1.301	2.955	1.134	0.902
	Exchange rate	-	-	-	-	-	-
	Interest rate (%)	-	-	-	1.841	4.161	4.284

Source: World Bank, World Development Indicators (Online). NB: Exchange rate is the Real effective exchange rate index (2010 = 100); Inflation is the annual percentage change in consumer prices; Interest rate are in real terms.

Analysis of the indicators of business environment (i.e. trading across-border indicators) reveals that average cost of export in terms of border compliance in Sierra Leone is relatively higher than what obtains in most of the more industrialized non-oil dependent African countries, especially Eswatini, Lesotho, Botswana, Senegal and Zambia. It is however, lower than those recorded by countries on the same level of industrialization with Sierra Leone, except Rwanda. For instance, it costs an average of about USD1,110.83, USD650.1 and USD605.3 in Liberia, Comoros and Djibouti to comply with border issues during export, but

USD551.9 in Sierra Leone. However, border compliance cost less in Eswatini (USD134.2), Lesotho (USD150), Botswana (USD316.5) and Zambia (USD370) (Figure 6). In terms of documentary compliance, it costs more to export in Sierra Leone (USD227.1) than in any other selected country. In terms of import, documentary compliance costs more in Sierra Leone (USD387.1) than all selected countries, except Mauritania (USD400) (Figure 7). Again, cost of import regarding border compliance is higher in Sierra Leone (USD 821) and other countries on similar level of industrial sector development (Djibouti-USD1,055, Liberia-USD1,010.83 and Comoros-USD765.4), than those observed in the more industrialized African countries.

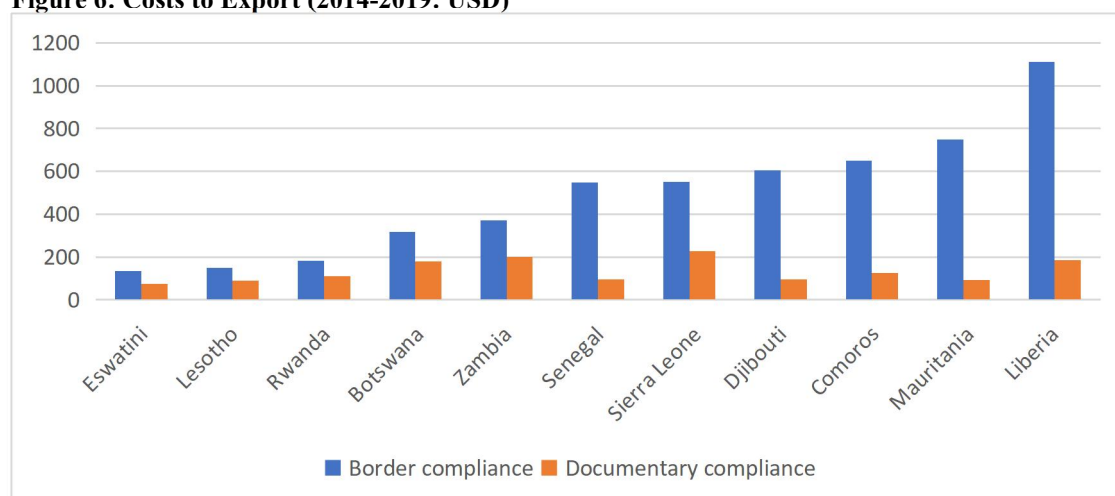
Moreover, time to export (documentary compliance) in Sierra Leone (102.85 hours) is higher than most of the selected countries, though when border compliance is considered, time to export (54.9 hours) is relatively moderate, as depicted in Figure 8. However, in terms of time to import, Figure 9 shows that border compliance only takes longer in Zambia (127.83 hours) and Liberia (217 hours) than in Sierra Leone (126.85 hours). Similarly, documentary compliance only takes longer in Liberia (144 hours) than in Sierra Leone (127.92 hours). Thus, the relatively higher cost and time to export and import may be a big issue for business environment in the quest for industrialization of Sierra Leone.

Additionally, other indicators of business environment are requirements for effective and efficient operations of firms in the domestic economy. These requirements are otherwise known as doing business indicators and it captures several important dimensions of the regulatory environment as it applies to local firms. It also provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, enforcing contracts and resolving insolvency. Overall, Sierra Leone scored 48 points in the ease of doing business index for the year 2020. The business environment in the country was not particularly favorable. This creates very severe and major obstacles to firms operating in Sierra Leone, thus making the environment completely unconducive for business operations. For instance, for the periods 2019 and 2020, starting a business had a score of (91.2% and 91.3%), paying taxex (73% each year), enforcing contracts (56% each year), registering properties (43.5% and 42.8%), protecting minority investors (40% each year), dealing with construction permits (38% each year), getting electricity (32% each year), resolving

insolvency (25% each year), getting credits (25% each year) and contract with the government (24.7% each year).

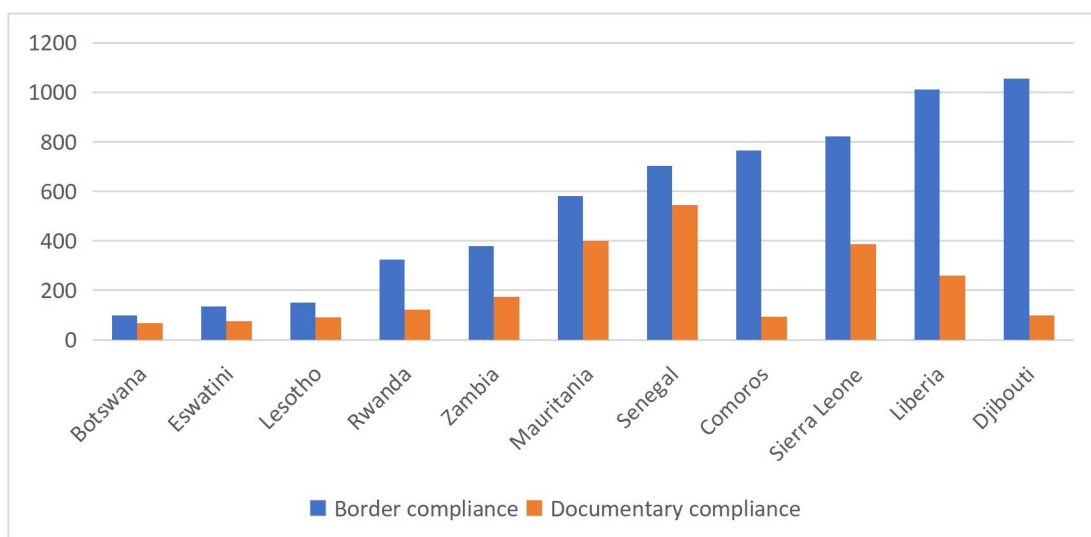
The 2017 enterprise survey of manufacturing firms in Sierra Leone highlighted a number of major obstacles to the growth of industrial activities. These include access to finance, access to land, inadequate electricity, corruption, poor transport network, high tax rates, poor tax administrations, weak labour regulations, unfavourable customs and trade regulations, courts, crime, theft and disorder, telecommunications, inadequately educated workforce, business licensing and permits and political instability. The SLCCIA further included other constraints including lack of dialogue, consultation and understanding of the private sector's needs to government decision-taking, lack of predictability and stability of the regulatory framework, lack of confidence and trust towards private sector and non-compliance of agreements made with previous administrations. Other challenges include cumbersome and complex export processes that creates space for corruption, high port costs and high costs for customs clearing processes, that creates space for corruption and weak banking and financial sector.

Figure 6: Costs to Export (2014-2019: USD)



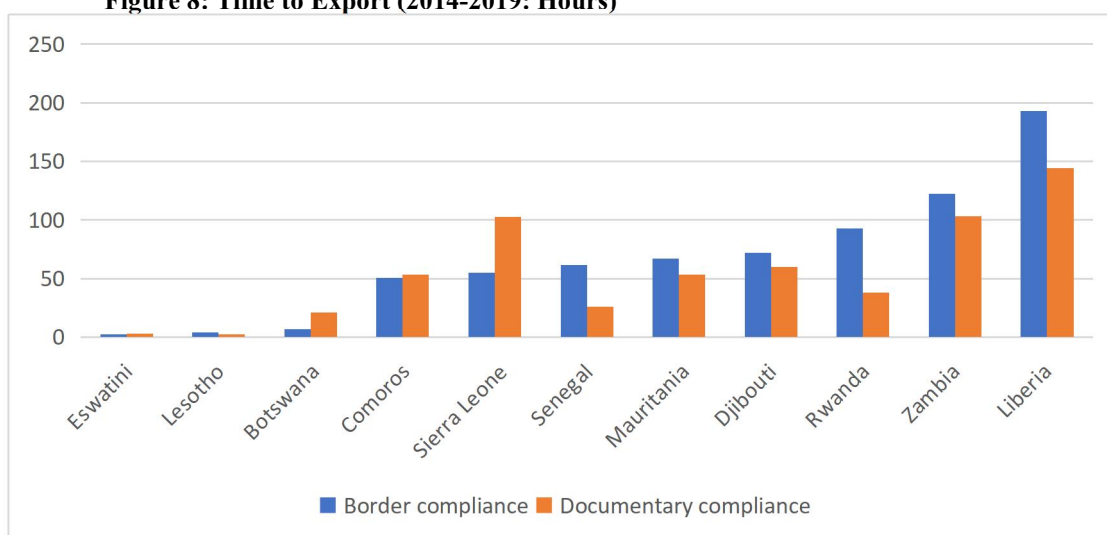
Source: World Bank, World Development Indicators (Online)

Figure 7: Costs to Import (2014-2019: USD)



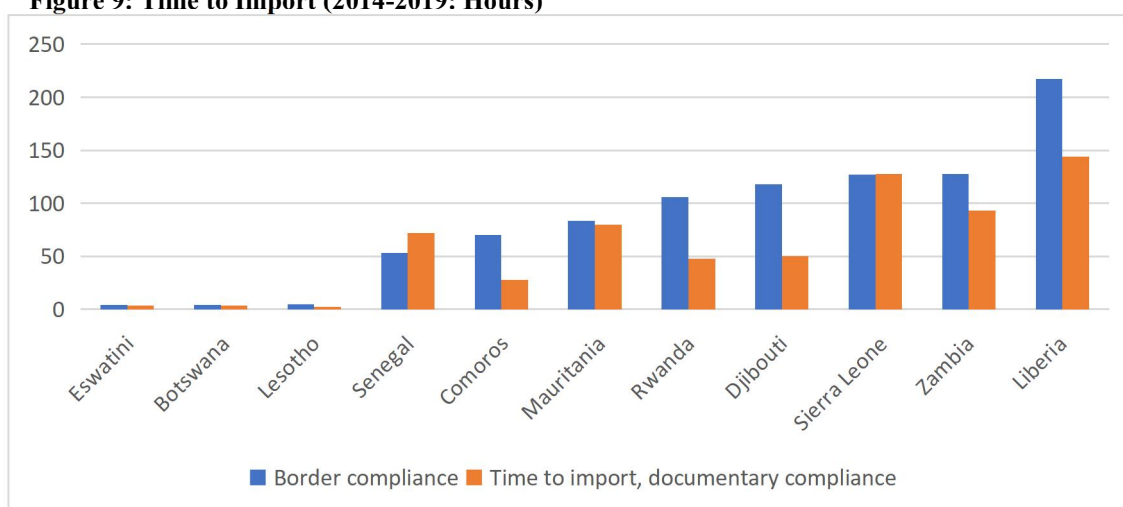
Source: World Bank, World Development Indicators (Online)

Figure 8: Time to Export (2014-2019: Hours)



Source: World Bank, World Development Indicators (Online)

Figure 9: Time to Import (2014-2019: Hours)



Source: World Bank, World Development Indicators (Online)

2.9 Infrastructure, Innovation and Global competitiveness of Sierra Leone Economy

Owing to the significance of communication to business, it is imperative to assess the state of usage of communication facilities in Sierra Leone. Fixed telephone lines subscription in the country remained less than one per 100 people (Table 8). This is lower than any other selected country irrespective of the level of industrial sector development. This may be a major impediment to the industrialization process of the country, which calls for a deliberate actions to upgrade and develop the communication facility and usage so as to facilitate the activities in the industrial sector. It should be stated that data are not available on other infrastructure such as road, water, air and energy.

Table 8: Fixed Telephone and Broadband Subscriptions Per 100 People (Per 100 People)

Country	Indicator	1990-1994	1995-2000	2000-2004	2005-2009	2010-2014	2015-2019
Selected Least Industrialized African Countries							
Sierra Leone	Fixed telephone subscriptions	0.327	0.398	0.470	0.506	0.240	0.159
	Fixed broadband subscriptions	-	-	-	-	-	-
Rwanda	Fixed telephone subscriptions	0.164	0.159	0.269	0.259	0.412	0.113
	Fixed broadband subscriptions	-	-	0.013	0.019	0.045	0.137
Liberia	Fixed telephone subscriptions	0.259	0.241	0.231	0.059	0.240	0.188
	Fixed broadband subscriptions	-	-	-	0.004	0.055	0.174
Comoros	Fixed telephone subscriptions	0.870	1.096	1.889	3.765	3.173	1.611
	Fixed broadband subscriptions	-	-	0.0002	0.010	0.132	0.185
Djibouti	Fixed telephone subscriptions	1.099	1.229	1.368	1.677	2.288	3.227
	Fixed broadband subscriptions	-	-	0.0007	0.220	1.648	2.625
Selected Average Industrialized African Countries							
Botswana	Fixed telephone subscriptions	2.762	5.716	8.170	7.308	7.751	6.599
	Fixed broadband subscriptions	-	-	-	0.270	1.057	1.935
Eswatini	Fixed telephone subscriptions	1.789	2.676	3.758	4.285	4.911	3.770
	Fixed broadband subscriptions	-	-	-	0.108	0.452	0.628
Lesotho	Fixed telephone subscriptions	0.743	0.984	1.429	2.310	2.259	1.214
	Fixed broadband subscriptions	-	-	0.001	0.009	0.071	0.178
Mauritania	Fixed telephone subscriptions	0.325	0.523	1.088	1.649	1.707	1.321
	Fixed broadband subscriptions	-	-	-	0.108	0.184	0.268
Zambia	Fixed telephone subscriptions	0.869	0.818	0.796	0.738	0.714	0.615
	Fixed broadband subscriptions	-	-	0.001	0.036	0.104	0.294
Senegal	Fixed telephone subscriptions	0.714	1.301	2.217	2.286	2.517	1.806
	Fixed broadband subscriptions	-	-	0.035	0.323	0.710	0.765

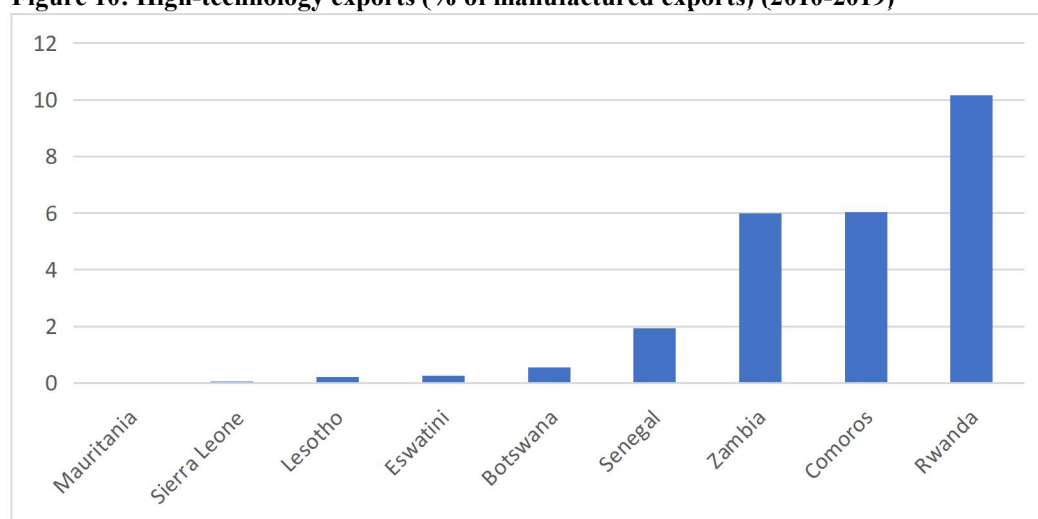
Source: World Development Indicators (WDI, 2019)

Innovation is generally low in Sierra Leone. The percentage of high-technology exports⁵ in manufactured exports is relatively low in the country compared to other selected countries (Figure 10). For instance, the average contribution of high-technology products to manufactured exports in Sierra Leone is 0.02% between 2010 and 2019. This is significantly lower than that of Zambia and Comoros which recorded 6% each despite being on different

⁵ These are exports of products with high R&D intensity, such as in aerospace, computers, pharmaceuticals, scientific instruments, and electrical machinery.

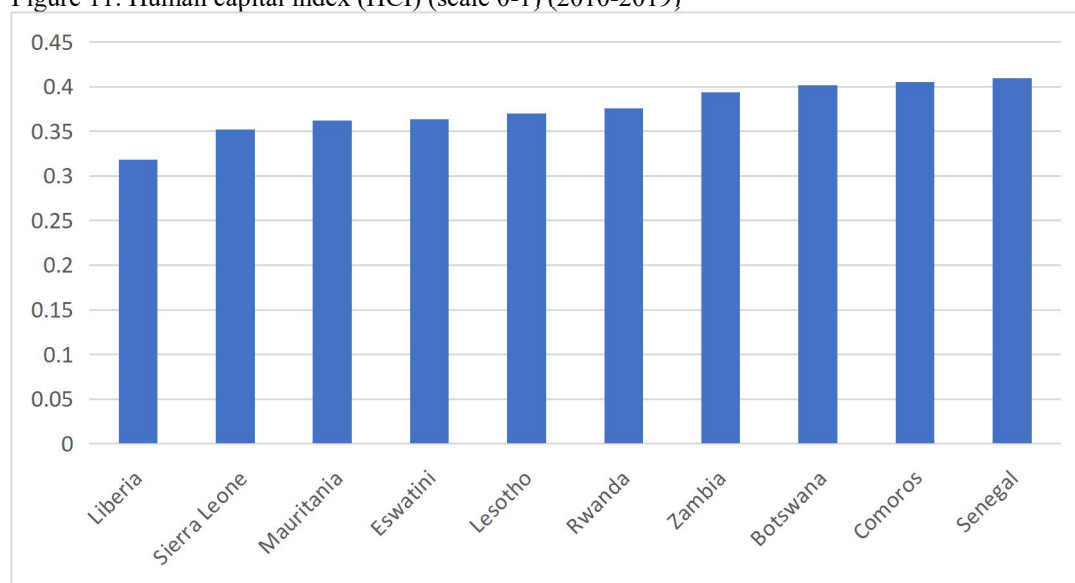
levels of industrialization. Interestingly, Rwanda manufacturing exports is composed of about 10% high-technology export despite being among the least industrialized countries like Sierra Leone. Further, analysis of the human capital index also indicates inadequate human capital level in the country (0.36) and suggests the need for promotion of human capital development in order to aid industrial development (Figure 7).

Figure 10: High-technology exports (% of manufactured exports) (2010-2019)



Source: World Bank, World Development Indicators (Online)

Figure 11: Human capital index (HCI) (scale 0-1) (2010-2019)



Source: World Bank, World Development Indicators (Online)

The ability of each of the world economies to provide high level of well-being for their populace and ensure necessary factors for economic development is ranked using the global competitive index. This index is arrived at via the combination of different factors including

institution, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods and labour market efficiency, financial market development, technological readiness, market Size, business sophistication and innovation. Relative competitiveness of the Sierra Leone economy is analysed with the data provided in Table 9. It is observed that global competitiveness ranking of the Sierra Leone (130) economy is low compared to all other selected economies, except Liberia (134), Mauritania (133) and Lesotho (131) which ranks the least. This has negative implication for the country in competing for foreign investment from other countries within and outside Africa.

Table 9: Global Competitiveness Index (2017-2018)

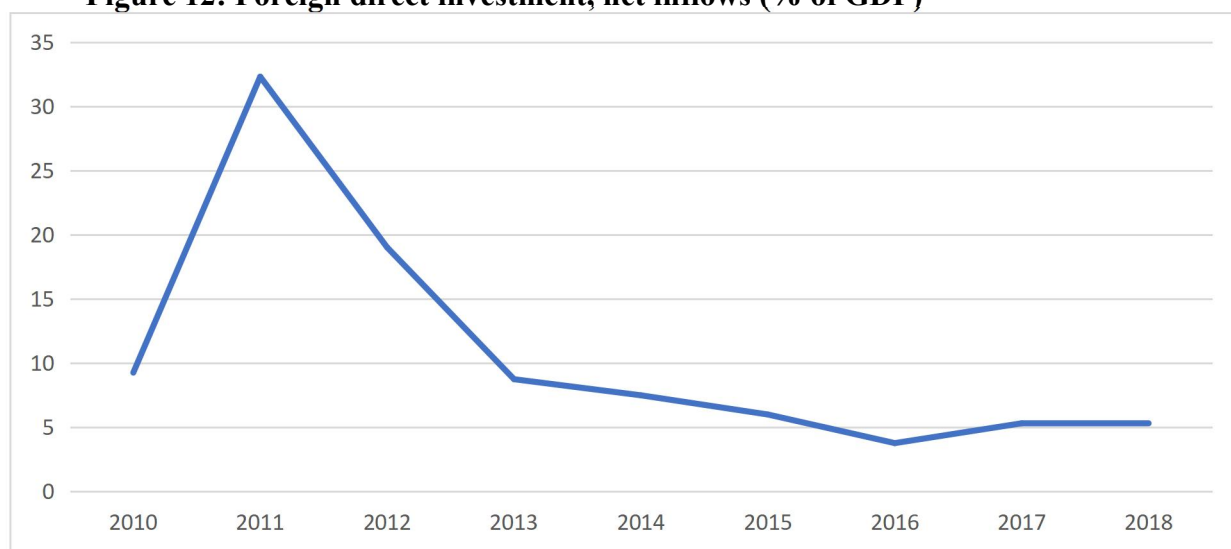
Country	Value	Rank
Selected Least Industrialized African Countries		
Sierra Leone	3.2	130
Rwanda	4.3	58
Selected Average Industrialized African Countries		
Eswatini	3.4	122
Liberia	3.1	134
Mauritania	3.1	133
Botswana	4.3	63
Zambia	3.5	118
Lesotho	3.2	131
Senegal	3.8	106

Source: World Economic Forum Global Competitiveness Index

2.10 Foreign capital flows for industrial development in Sierra Leone

Foreign investment, particularly in the mining sector, has been identified as playing an important role in the industrial development of developing economies. However, in Sierra Leone, foreign direct investment (FDI) continues to play little role. This could be attributed to Sierra Leone's poor infrastructure, small domestic market, and lack of export experience outside of the mining sector, making it an unlikely destination for investment (UNCTAD, 2010). For instance, the share of FDI in total GDP fell significantly from a peak of 32% in 2011 to a minimum of 3.75% in 2016 and 5.33% in 2018. This development is a major concern for the country in the quest for industrialization. Efforts must therefore be expended to attract foreign investment into the country.

Figure 12: Foreign direct investment, net inflows (% of GDP)



Source: World Development Indicators, 2020

PART III

SIERRA LEONE INDUSTRIAL POLICY REVIEW

This section reviews the existing Sierra Leone industrial policy and strategies to ensure that they are (a) consistent with sub-regional and regional policies and strategies; and (b) up to date, reflecting recent developments.

3.1 Review of Existing Sierra Leone Industrial Policy and Strategy

3.1.1 Strategic direction of the industrial policy

Vision

The vision is to maintain a solid industrial structure which is regionally and globally competitive, environment friendly and capable of significantly improving the living standards of Sierra Leoneans by 2030.

Mission

- To build capacities for industrial sector development through investment in human capital.
- To provide a conducive business and economic environment capable of promoting innovation activities that can spur industrial growth and development.
- To mobilise and allocate productive resources to achieve regional and global competitiveness and improved living standards of the people.

Objectives of the Industrial Policy and Strategy

The objectives of the Sierra Leone Industrial Policy were formulated with full consideration for the increasing globalization as well as the key role of industry in the development process of the country. The main objective of the country's industrial policy is to accelerate industrialization through promotion of endogenous industrial transformation of local raw materials, the development and diversification of industrial productive capacity and strengthening regional cooperation and export of manufactured goods. This is in a bid to attain the vision of maintaining a solid industrial structure which is regionally and globally competitive, environment friendly and capable of significantly improving the living standards of Sierra Leoneans by 2030. This industrial policy objective is directly derived from the West African Common Industrial Policy (WACIP) articulated by the ECOWAS.

To achieve this objective, the government of Sierra Leone prioritizes the role of the private sector. Given the challenge of clearly defining the aims and objectives of the industrial sector, how it intends to conduct its business and the national, regional and international influence on its roles and responsibilities, the policy is expected to be primarily guided by West African Common Industrial Policy (WACIP), from where its objectives are directly derived.

Achieving the industrial policy objective in Sierra Leone requires careful design and implementation of policy strategies and programmes.

3.1.2 Consistency of Sierra Leone Industrial Policy/Strategies and Programmes with those of ECOWAS and AU

The strategies and programmes for industrial development in Sierra Leone target key sectors and activities which are articulated in the following.

A. Micro and Small Enterprise Development

The government of Sierra Leone seeks to develop the capacities of local support agencies for SMEs while promoting training and education in areas such as technical skills, entrepreneurial competence and business management. The government also aims to establish and develop the financial institutions, promote innovation within the SME sector, and create access to trade and technology information networks. Within the WACIP, the ECOWAS pledges to support the Member States' governments, including Sierra Leone to establish a clear political framework suitable for the development of micro-enterprises and SMEs, which is consistent with the regional policies. In particular, Sierra Leone Industrial Policy is in line with the provision of ECOWAS targeting micro-enterprises and SME/SMIs through the creation of incentive and support programmes as well as framework for the implementation and monitoring of these enterprises. The African Union (AU) Agenda 2063 also developed strategies to promote SMEs under 3 different goals, which include transformed economies and job creation; modern agriculture for increased productivity; and African cultural renaissance. While the Sierra Leone Industrial Development Strategies for the MSEs are largely consistent with those of the AU, the formal has not provided for the building of the capacities linked into regional/continental/global value chains, as well as the creation of MSMEs based on agricultural value chains for the youth and women, and support for the growth of the creative arts businesses.

B. Services Sector Development

The Sierra Leone Industrial Policy prioritizes the development of the service sector. A number of strategies and measures therefore focus on this sector. For instance, the government is making effort to design programmes for the development of human resources to achieve competitiveness of the sector; establish a regime of incentives for the development of trade in services; and adopt measures to promote the establishment of an appropriate legal framework to support the sector. Other accompanying commitments include efficient provision of infrastructural services, development of capacity-enhancing services and cross-sector competitiveness, facilitation of cross-border provision of services and development of informatics and other knowledge-based services. While ECOWAS do not provide clear policy strategies and programmes for the service sector in the WACIP, the AU Agenda 2063 only makes related provisions for the sector within other broad goals and aspirations. For instance, as part of the strategies to transform economies and create jobs, AU commits to invest in science, technology and innovation skills, research and development for manufacturing, extractive and service industries. Other AU service-related strategies include building human and institutional capacity and legal frameworks, developing/implementing frameworks for the harmonization of regulatory reforms, and improving data and statistics for shipping services.

C. Energy Sector Development

The government of Sierra Leone sees the energy sector as critical to industrialization. Within the industrial policy of the country, major commitments are made to improve the supply, quality, cost effectiveness and reliability of energy supplied to industrial complexes; develop and encourage the efficient use of alternative energy sources; and develop and support energy efficiency and conservation measures in industrial complexes. Other strategies and measures include the provision of incentives for industries to meet their energy requirements from renewable sources; encouraging the mining conglomerates to feed excess power into the national or local grid; and ensuring cooperation between mining companies and power utilities in developing power generation facilities. These measures are in tandem with those specified by the WACIP under the ECOWAS infrastructure development targets, and the country is likely to receive support from the Community via effective collaboration. In particular, ECOWAS seeks continuous synergy with ECOWAS Bank for Investment and Development (EBID) and the private sector to establish a regional fund for the development and financing of the transport and energy sectors. The ECOWAS is committed to actively involve the private sector and different partners in the development of renewable energy

(solar, biofuels, etc), electricity generation projects (gas, carbon, nuclear, hydroelectric plants, etc.) and interconnection of electric networks.

The Sierra Leone Energy Sector Strategies are also accommodated within the various goals of the AU Agenda 2063. The AU goals such as the *environmentally sustainable climate resilient economies and communities* and *World Class Infrastructure criss-crosses Africa* specifically provides for the development of the energy sector. For instance, the AU aims to develop and promote adoption of green energy and energy efficient technologies and use clean energy sources, while ensuring adequate finance of education, adoption and use of renewable energy technologies. The continental body also seeks to implement geothermal projects, as well as the Summit Decision on Africa Bio Energy Policy Framework and Guidelines. Again, the AU Agenda includes the development and implementation of policies for usage capacities, as well as research and development, and financing as key strategies for energy sector development across African countries including Sierra Leone.

D. Agricultural Sector Development

Since Sierra Leone largely depends on the agricultural sector, a number of sector-specific measures are accommodated within the countries Industrial Policy. These include increased focus on the diversification of processed agricultural products; rural enterprise development; effective agricultural financing systems, especially for fishers, small farmers, foresters and agro-processors; research and development (R&D); sanitary and phytosanitary measures; technical cooperation and the dissemination of knowledge in agriculture; and effective agricultural marketing systems.

Strategies for the development of the agricultural sector of the ECOWAS member states are not explicitly accommodated within the WACIP, as these are already contained in the ECOWAS Common Agricultural Policy (ECOWAP) adopted on 19 January 2005. However, the specific provision for the agricultural sector in the Sierra Leone Industrial Policy may reflect the government's concern for the critical role of the rich agricultural endowment of the country in industrial sector development. This position is consistent with the aspirations and goals of the AU Agenda 2063, where specific focus is on agricultural value chain. For instance, to achieve the goal of developing modern agriculture for increased productivity and production, industrial sector related strategies of the AU include those relating to agro-value chains such as investments in agro-processing and infrastructure; building the capacities of

women for their effective participation in agrobusinesses and agro-value chains; and creation of MSMEs based on agricultural value chains for the youth and women.

E. Industrial Research & Development Programme

The Sierra Leonean Government considers the role of market-led research, technological development and adaptation of technology as key elements of the development of the industrial sector for the diversification of production and enhancement of national, regional and international competitiveness. Some of the related strategies include encouraging public and private sector agencies, research establishments and tertiary institutions in their research and technological development activities; promoting cooperation in research and technological development with competent and reputable international organizations; facilitating cooperation in training, exchange of scientific and technical information among competent institutions; and developing and implementing technological policies and strategies. The policy also commits to protect intellectual property rights, promote the development of technology extension services and actively engage the private sector to play a vital role in the development, adaptation and transfer of appropriate technologies and research findings in the industrial sector.

The Sierra Leone Industrial Strategies on research and development overlaps those of ECOWAS. Specifically, ECOWAS seeks to create an institutional mechanism for coordinating the R&D programmes of activities; strengthening cooperation in priority areas such as exchange of information and joint IR&D programmes; and collaboration projects aimed at raising quality and productivity in the industrial sector. They also commit to supporting Sierra Leone industrial development of patents and partner with the private sector and the technical and financial partners to mobilize targeted aid, quality equipment and infrastructures, competent human resources, as well as training. These strategies are also in line with the those of the Agenda 2063 of the AU. Some of the AU R&D strategies for industrial development include collaborative policies between the public and private sectors for the finding of research; policies to nurture research and innovation culture; financial support to R&D programmes in educational institutions; invest in R&D for manufacturing, extractive and service industries; and build national capacity for research in science, technology and innovation.

F. Managerial Capacity & Development Programme

Capacity building is an important element in the industrialization process of Sierra Leone. The Industrial Policy recognizes this with the design of strategies that particularly address human resource development. Some of these strategies and measures include the development of programmes to assist Sierra Leoneans in acquiring the competence to function effectively; the skills and attitudes required entrepreneurship; strengthening educational and training institutions for formal and informal modes of delivery and alternative modes for distance learning; development of industry-oriented curricula designed to improve the competitiveness of enterprises; and promotion of practical training.. While no clear strategic provision was made for the development of human resources in the AU Agenda 2063, capacity building strategies of Sierra Leone Government directly follow those highlighted by the WACIP.

G. Development of Intellectual Property Rights

As a member of the World Intellectual Property Organization (WIPO), the African Regional Intellectual Property Organization (ARIPO), and the World Trade Organization (WTO), Sierra Leone is bound by the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). The WIPO Copyright Treaty and the Berne Convention for the Protection of Literary and Artistic Rights have not been ratified by Sierra Leone. Sierra Leone's intellectual property protection is inadequate, despite its recognition of international standards. Patents and trademarks registered in the United Kingdom can be extended to Sierra Leone under laws dating back to the colonial era. The Copyright Act of 2011, the Patents and Industrial Design Act of 2012, and the Trademark Act of 2014 have all been used to enhance the country's legal structure. Nonetheless, due to resource and capacity constraints, legal protections are antiquated and insufficient, and government enforcement is minimal. The government does not publish statistics on counterfeit products seizures, and customs screening for counterfeit items is inadequate⁶.

In order to promote the country's industrialization, the government of Sierra Leone provides advice on IPR protection, including information on the registration of patents and trademarks. This is anticipated to be accomplished through a variety of strategies and measures. These include the protection of IPRs and the simplification of registration procedures; the establishment of a national agency for IPRs except copyright; and the establishment of a

⁶ <https://www.trade.gov/country-commercial-guides/sierra-leone-protecting-intellectual-property>.

national agency for IPRs other than copyright; establishment of mechanisms to ensure the use of protected works; preservation of indigenous Sierra Leonean culture; dissemination and use of patent documentation as a source of technological information; increasing public education and awareness; introduction of measures to prevent the abuse of IPRs; and encouraging participation in international regimes for the protection of IPRs. these strategies are consistent with those of WACIP which seeks to create single window for the registration and management of IPRs among ECOWAS member States, and organize sensitization workshops, training initiatives and advocacy on the use and respect of the IPRs. The AU equally advises African countries to develop/implement policies on promotion of IPRs and design/implement systems for research and development to IPRs. The continental body however seeks to facilitate the setting up of the Pan African Intellectual Property Organization (PAIPO).

H. Standardization, Quality Assurance, Accreditation & Metrology Programme

The industrial policy of Sierra Leone is expected to rest on collaboration with competent agencies to develop a standardization programme. The policy will seek to harmonize standards and technical regulations, with emphasis on transparency; recognize conformity assessment procedures; facilitate standards infrastructure development at the national and regional levels; facilitate metrology infrastructure development; and promote agreements for the sharing of relevant information. These strategies are consistent with the goal of high-level industrial standards and guarantee of acceptable product quality by the ECOWAS, although they are not explicitly included in the AU Agenda 2063.

I. Environmental Protection

Environmental protection is a global concern and Sierra Leone is accommodating this in its industrial policy. The government is therefore expected to introduce measures to make scientific and technical data available and accessible; evaluate the potential costs and benefits of action or inaction; develop principle that the polluter pays and ensure a balance between the requirements of industrial development and the protection and preservation of the environment. These strategies are in line with the AU Agenda 2063 which seeks to promote establishment of an African Climate Fund by 2025 to achieve the goal of environmentally sustainable and climate resilient economies and communities, while they appear unclear in the WACIP.

J. Industry Restructuring & Rehabilitation Programme

Other strategic programmes of the Sierra Leone Industrial Policy focus include industry restructuring and rehabilitation programme where government specifically targets the restructuring and upgrading of enterprises to make them more competitive, by developing technical support structures and re-invigorating industrial activities through improving infrastructure and financing schemes. Other strategies and measures involve the development of export promotion consortiums/networks; promotion of partnerships and mentoring; the establishment of a system of traceability; and informal sector support.

K Implementation Strategies in the existing Sierra Leone Industrial Policy

The existing industrial policy of Sierra Leone identifies a number of strategies for implementing the various programmes and measures for the development of the industrial sector. These strategies include:

- i. Establish and maintain an investment-friendly environment, including a facilitative administrative process
- ii. Diversify the products and markets for goods and services with a view to increasing the range and value of exports
- iii. Organise and develop products and factor markets
- iv. Develop the requisite institutional, legal, technical, financial, administrative and other support for the establishment of micro and small economic enterprises nationwide
- v. Develop criteria for according special facilities/privileges to particular industries and sectors
- vi. Design appropriate policy instruments to support industries, which may include effective export promotion policies, financing policies, incentives and technology policies
- vii. Establish and maintain appropriate macro-economic policies supportive of efficient production, and put in place arrangements for effective payment mechanisms, the avoidance of double taxation, harmonized legislation in relevant areas, elimination of bureaucratic impediments to the deployment of investments in industrial enterprises, improvement of infrastructure in air and maritime transport and efficient communications systems
- viii. Develop strategies for the development and dissemination of market information and appropriate mechanisms to facilitate acquisition, storage and retrieval of such information
- ix. Establish and develop export markets especially in non-traditional sectors, through the development of sector-specific incentives and appropriate policy instruments
- x. Encourage cooperation among economic enterprises in areas such as marketing, purchasing, research and development
- xi. Promote the establishment and development of capital markets

- xii. Maintain a stable and secure political system.

Despite the robust strategies, no clear institutional framework is developed for implementing the various industrial strategies and measures. monitoring the progress of the of implementation. The ECOWAS however identifies a number of institutions that have the capacity to implement these strategies at national level which include the following:

- a. Industry associations
- b. Chambers of Commerce and Industry
- c. Export promotion Councils
- d. Investment promotion Councils
- e. Ministerial departments and relevant Government agencies
- f. Financial establishments;
- g. Training institutions;
- h. Research institutions
- i. Standard organisations

The ECOWAS also commits to provide technical assistance for the formulation of industrial development policies and coherent industrial reconstruction and growth strategies. The body also provides assistance for the institutional rehabilitation and reconstruction of micro enterprise and SME/SMI support organizations. In addition, emergency institutional capacity building support for government organizations and private sector are provided.

L Monitoring and Evaluation Framework

The existing industrial policy document in Sierra Leone does not provide clear guideline on the monitoring and evaluation of progress. At the ECOWAS level, the approach is to prepare annual report on the region's industrial development and published it, while analyses of progress are made available to the Community Authorities. Also, policy implementation is to be monitored through the regular control and performance assessment using measurable criteria, with evaluations conducted after every 5 years. This regional level approach should be adopted by Sierra Leone and coordinated by both Federal Ministries of Trade and Industry, and Planning and Economic Development.

3.2 Review of Strategic Policies and Programmes

Sierra Leone National AGOA Response Strategy (2019-2025)

The Government of Sierra Leone/ Ministry of Trade and Industry, with support from the United Nations Economic Commission for Africa (UNECA), commissioned the preparation of a strategy for accessing and benefiting from the United States African Growth and Opportunity Act (AGOA). The International Growth Centre (IGC), Sierra Leone office, provided technical services to the Task Force set up for this purpose by the Ministry of Trade and Industry and the Sierra Leone Investment and Export Promotion Agency (SLIEPA). AGOA is a US development effort which was promulgated into law in May, 2000. It is the centrepiece of the United States (US) – sub-Saharan Africa (SSA) trade relations and provides eligible countries in sub-Saharan Africa with more liberal access to the US market. Country eligibility under AGOA is based on a set of criteria that evaluates a country's progress toward establishing a market-based economy, the rule of law and political pluralism, as well as its efforts to protect intellectual property rights, combat corruption, reduce poverty, increase the availability of health care and educational opportunities, protect human and workers' rights and eliminate certain child labour practices (UNECA, 2019).

This strategy will guide government interventions and programs aimed at ensuring that the country can take advantage of the AGOA preferential treatment opportunities. It was created after extensive consultations with stakeholders, particularly the Sierra Leonean private sector. Several focus group discussions and bilateral meetings with specific interest groups, such as manufacturers, traders, producers, and businesses already engaged in small-scale exports to US markets, were held. The strategy used was to examine opportunities along the value chain for actual and potential products to be exported to the US market (UNECA, 2019).

Despite the opportunity presented by AGOA to Sierra Leone's businesses, relevant actors have been unable to take full advantage of the provisions of the Act, somewhat due the operational obstacles to producing at scale in Sierra Leone, but mainly due to the lack of coherent strategy from the government. Following the extension of AGOA until 2025, the Ministry of Trade and Industry (MTI) was awarded financial support from the United Nations Economic Commission for Africa (UNECA) to prepare a National AGOA Response Strategy. The MTI requested that the IGC lead on developing this strategy due to its valuable advice previously given for the country's general export strategy and the 'Made in Sierra Leone' initiative.

Vision for National AGOA Response Strategy

The vision of this strategy is to widen and deepen Sierra Leone's trade relations with the United States of America. In particular, to increase the competitiveness and volumes of Sierra Leone's exports to the US as well as promote the flow of foreign direct investment (FDI) from US to Sierra Leone.

In order to achieve the vision stated above, the objectives of this strategy are:

- ❖ To develop the productivity of the focus products with a view to increasing exports to the US under AGOA.
- ❖ To advise government on support, interventions and reforms required (as identified by domestic private sector investors) in order to take advantage of AGOA.
- ❖ Facilitate a substantial increase in US investment in Sierra Leone as well as encourage and promote strong engagement between US small and medium scale enterprises (SMEs) and the Sierra Leone private sector.

3.2.1 Reviewing and Updating Industrial Policy measures and Strategies

Ever since independence in 1961, Sierra Leone has embarked upon several industrial policies so as to enhance the sector's performance and to support its socio-economic development efforts. For instance, from the early 1960s up to late 1970s, the first industrial policy adopted by the Sierra Leone government was inward-looking. The major policy/strategy introduced was import substitution industrialization (ISI) strategy. ISI strategy was directed mainly at increasing local production of manufactured goods, generation of employment especially for new graduates, artisans and skilled manpower and generate additional funds for development through further investment and revenue to Government in the form of interest on loans, dividends and royalties, preservation of the country's foreign exchange and expansion of the country's domestic market for goods locally manufactured.

This strategy, however, failed due to several constraints to include: lack of adequate finance for huge investments, poor infrastructural facilities (bad roads, poor electricity and water supply services), a narrow market, with limited purchasing power, paucity of skilled manpower and the large share of imported inputs, which combined to make prices of industrial products uncompetitive.

Apart from ISI strategy, few other policies/strategies have also been introduced with the main objective of strengthening the promoting the industrial sector towards competitiveness. Some of these policies/strategies are discussed as follows:

i. The Structural Adjustment Programme (SAP) (1989)

The Sierra Leone government implemented the Economic Recovery Programme (ERP) which was mutually agreed with the IMF and the World Bank. The Rights Accumulation Programme (RAP) was approved by the IMF in April 1992 covering two years (1992-93), followed by the World Bank's Reconstruction Import Credit (RIC). The two programmes were aimed at addressing economic crisis which threatened to have a devastating effect on the social fabric of the country. The RAP focused on macroeconomic stabilization measures- chiefly monetary, exchange rate and trade policies, while the RIC dwelt more on structural measures mainly fiscal management (expenditure control and revenue generation), civil service reform and public enterprise reform. These reform measures are ongoing and have formed the basis for the Poverty Reduction Strategy Paper (PRSP), a plan specifically designed to reduce poverty nationwide.

ii. Private Sector Development

Towards achieving economic growth and poverty reduction, Sierra Leone government provided a conducive regulatory environment for private sector investment and economic activity. In recent years, several measures have been implemented by the government to promote private sector activity. Some of these measures include: Sierra Leone Investment and Export Promotion Agency (SLIEPA), trade promotion activities under the Integrated Framework, and the modernization of the legal and regulatory framework.

The administration of the Investment Promotion Act 2004, enacted by the Government of Sierra Leone in 2014, was assigned to the Sierra Leone Investment and Export Promotion Agency (SLIEPA) in 2007. The objectives of SLIEPA are to promote investment into Sierra Leone and provide information to potential investors on matters relating to investments. This makes Sierra Leone stands in good comparison to that of neighbouring countries, ranked 7th among the 15 ECOWAS partners, and 1st in the Mano River Union. With SLIEPA, the private sector began to play its role as the engine of growth in the economy through which certain guidelines were prepared to facilitate the flow of private sector investment into the country and to encourage the export of raw, semi-processed and manufactured goods both to the ECOWAS sub-region and to the global market. The broad agenda of private sector

development includes the enactment of an Investment Code in August 2004 and the establishment of the National Commission for Privatization (NCP). The Investment Code ensures that all enterprises-domestic and foreign, new or old benefit from and be subjected to the same laws and regulations.

The Agency furthermore promotes exports of Sierra Leonean products and facilitate registration of business enterprises. It assists investors in obtaining permits, licenses, certificates or clearances rolex replica needed for the commencement of business and it assists potential investors in identifying joint venture partners in Sierra Leone. It also assist the development of relationship between public and private sector for the growth of investment.

iii. “Post Conflict SME Support Programme” for Industrial Development and Poverty Alleviation

Subsequent to eleven-year civil conflict 1991 to 2001, Sierra Leone found itself with a severely damaged physical infrastructure and serious socio-economic problems. In order to restore stability and recover the national productive capacity, the Sierra Leone Government launched various strategies and policies such as “the National Recovery Strategy” and the “Interim Poverty Reduction Strategy”. The two strategies emphasized the need to reinstate the economy through SME development, the strengthening of the civil society and its role in economic recovery and the need to attain food self-sufficiency, tradable surpluses and rural employment. Youth and women were singled out as particularly vulnerable groups to be prioritized. Other priorities were to reestablish essential public services and political stability (UNIDO, 2008).

In 2004, the Sierra Leone Integrated Programme (IP) “Post Conflict SME Support Programme for Industrial Development and Poverty Alleviation” was approved and had a duration of 2 years. The Programme was introduced to contribute to the national recovery from almost 10 years of civil war by re-establishing entrepreneurial initiatives and providing jobs and income opportunities to help people in depressed provinces and displaced people in Freetown. A target area was food security with backward and forward linkages between micro and small-scale industrial activities and the agricultural sector. A total of US\$ 5,146,700 was approved for the programme but only small proportion of the budget was funded while a total of US\$ 738,479 was allotted by UNIDO. Essentially, the focus of the Programme was on the rehabilitation of three rural Growth Centres (GCs) and on

strengthening the capacity for food processing and the production of agricultural tools and implements by the centres (UNIDO, 2008).

iv. Sierra Leone Extractive Industries Transparency Initiatives (EITI)

In 2002, EITI was launched and was supported by an international coalition of donor institutions, governments, companies and civil society that aim to promote transparency and accountability in ‘resource rich’ countries where monies generated from the extractive industries (e.g. oil, gas, iron, gold, diamonds, etc.) have not been readily transformed into sustainable development (Levy, 2010). In June 2006, Sierra Leone expressed intent to become an EITI candidate country. It became a candidate on February 22, 2008 and established The Sierra Leone EITI Multi-Stakeholder Group, comprised of mining companies, government agencies and citizen advocacy groups, including the media.

Sierra Leone achieved candidate status in February 2008. A Multi Donor Trust Fund financed by supporting countries and managed by the World Bank provides financial and technical assistance for the implementation of EITI. The Ministry for Presidential and Public Affairs (MPPA) was charged with the responsibility of implementing the Sierra Leone EITI (SLEITI) in collaboration with a Multi Stakeholders Group (MSG). The group was a coalition of government, civil society and company representatives. The EITI requires countries and companies that commit to participating in the EITI to periodically validate their progress in meeting the EITI standards by submitting their performance for review by an independent third party. The goal of validation is to ensure that countries and companies comply with stated objectives and that the implementation program complies fully with the EITI Criteria and Principles. Central to the validation process is a report that reconciles payments by mining companies with relevant revenue received by government entities.

3.2.2 Trade Policy Review

Since the development of Diagnostic Trade Integration Study (DTIS) in 2006, Sierra Leone's trade policy has been guided by series of trade related policies and strategies. These include the National Export Strategy (2010), the Industrial policy and Action Plan, a Special Economic Zone / Export processing Zone – (SEZ/EPZ) Policy, Consumer Protection Policy and Bill, Competition Policy, and Small and Medium Enterprise (SMEs) Policy (WTO, 2017).

In 2010, the Sierra Leone Trade Policy was developed. It is aimed at providing a harmonized and coherent reference for trade development in Sierra Leone. The implementation of the

Trade Policy is guided by a Trade Support Program, a complementary document fundamentally based on the 2006 (DTIS) Action Matrix, which helped operationalize the key recommendations and actions in the policy. Sierra Leone updated the DTIS and action matrix in 2013. The DTIS also provided input to the PRSP-III and created synergies with the new PRSP, so as to guide the Sierra Leone Trade Policy in enhancing implementation (WTO, 2017).

Some of the aforementioned trade related policies and strategies undertaken since the development of DTIS are discussed as follows:

i. National Export Strategy (2010)

National Export Strategy (NES) is one of the mechanisms through which the objectives put forward by the Agenda for Change — the Second Poverty Reduction Strategy Paper can be achieved. This strategy is complemented by other existing initiatives such as the National Sustainable Agricultural Development Plan (NSADP), the Fisheries Strategic Plan, the Tourism Master Plan and the Minerals Policy (Government of Sierra Leone, 2010; Belloc and Di Maio, 2012).

NES as a policy document is designed to cover the period 2010-2015. It is aimed at evaluating and discussing potentialities and constraints to export. The overall objectives are to boost the competitiveness of Sierra Leone and enhance its export performance. The strategic objectives consist of increasing productivity, enhancing value addition, diversifying export and improving human and financial capacity of the stakeholders. The ultimate goal is to increase income and standards of living. The vision set out in the NES is to transform Sierra Leone into a flourishing country through a globally competitive export driven economy (Government of Sierra Leone, 2010; Belloc and Di Maio, 2012).

ii. A Special Economic Zone / Export processing Zone – (SEZ/EPZ) Policy

In 2003, a joint venture was launched to develop an industrial and trade zone by Sierra Leone Government and Chinese company Henan Guoji Group. The Sierra Leone Government was to provide the land and existing buildings while the required capital, expertise and labour were to be provided by Henan Guoji Group. The venture was not completed because the two parties could not finalize agreement on incentives and exemptions to be provided by the Government.

In 2011, First Step Economic Opportunity Zone, which is a subsidiary of the non-profit international development agency World Hope International (WHI), has established a Special Economic Zone (SEZ) in Sierra Leone on 50 acres near the country's principal seaport in Freetown. According to the Sierra Leone SEZ policy of 2013, businesses operating in this zone enjoy tax holidays for ten years in the first instance, renewable for another five years at the discretion of the Sierra Leone SEZ Authority. The government further provides these businesses with import duty exemptions and expedited government services including customs, immigration, and registration (US Department of State, 2014). Also, First Step will lease space to partner firms and assist them with networking, logistics support, and establishing their operations. However, the expectations from the SEZ policy were not realised as a result of a number of factors. This led to the development of a new SEZ policy along with this industrial policy review.

iii. Small and Medium Enterprise (SMEs) Policy

SMEs policy, being an Act to provide for the establishment of the Small and medium Enterprises Development Agency, to create a conducive environment within which Small and Medium Enterprises can thrive and operate, to provide for Sierra Leone's fiscal, monetary and banking policy, trade and industry, technology, marketing, infrastructural and institutional development, and for other related matters.

Government, with support from its development partners, has developed specific policy documents related to SME development in Sierra Leone. These include the development of the SME Strategy, SME Policy, and the SME Agency Act 2016. The National MSME Development Strategy was developed in 2013 by the Ministry of Trade and Industry (MTI) with support from international Finance Corporation (IFC). The MTI also developed a National MSME Policy that complements the National MSME Strategy and an implementation plan that will guide the implementation of activities to ensure the development of MSMEs. In 2016, the Small and Medium Enterprises Development Agency Act 2015 was passed establishing the Small and Medium Enterprises Development Agency (SMEDA) in Sierra Leone⁷. In addition, the government's 2014 Statement of Economic and Financial Policies established an SME Fund to support business entrepreneurial skills,

⁷ SMEDA's objective is to promote a conducive business environment, including an efficient and effective service delivery network to empower and develop SMEs for growth, productivity, and competitiveness.

innovation, expansion, and development, and to improve access to credit for women and youth. The 2015 Statement of Economic and Financial Policies adopted a policy that 30 percent of all government-funded procurement transactions should go to women to promote empowering women, especially women-owned businesses.

Specific initiatives of particular interest for MSMEs development include:

- ❖ A National Policy to identify the MSME capacity in Sierra Leone and to develop a policy framework to support growth in the sector.
- ❖ A National MSME Development Strategy that identifies constraints in the sector and proposes a strategic plan for the next five years.
- ❖ An Implementation Plan that identifies key activities for the National MSME Development Strategy and proposes a plan for key stakeholders to deliver these activities
- ❖ Support for business growth centres.
- ❖ Development of the tourism sector.
- ❖ Establishment of growth poles around large anchor investors.
- ❖ Strengthening the financial services sector for MSME lending, including the adoption of IFC's Business Edge Training Program.

In addition, the government has enabled specific advancements in the following areas:

Legislative and policy reform. In the past five years, government has adopted a raft of fundamental laws, acts, policies, and strategies that can benefit MSMEs in Sierra Leone. Improvements have been made in the general business environment, including co-ordination for the formulation and implementation of a trade policy; legislation to simplify business procedures; a new Finance Act endorsing a change in the tax system for SMEs from a fixed amount to a turnover tax system; the development of a privatization strategy by the National Commission for Privatization; and a new Local Content Policy, which requires large foreign companies to source goods and services from smaller local companies, essentially SMEs.

Institutional set-up. The government has also taken steps to establish specialized agencies which focus on private sector development. These include support institutions such as SLIEPA to promote foreign and domestic investments and exports, the significant streamlining of business registration processes, the establishment of a credit reference bureau and the formation of a commercial court.

Broad private sector support programs. Further, there have been government-sponsored programs to spur private sector development, including broad-based programming in small-scale agriculture, notable infrastructure investments for artisanal fishermen, substantial youth employment programming in public works, and selected financial assistance for small and medium enterprises.

iv. Competition and Anti-Trust Laws

Competition policy refers to government measures that directly affect the extent of rivalry between enterprises and the structure of industry. Competition policy typically includes both policies that enhance competition in local and national markets (such as liberalized trade policy, relaxed foreign investment and ownership requirements, and economic deregulation) and competition law (also referred to as antitrust or antimonopoly law) designed to prevent anticompetitive business practices by firms and unnecessary government interventions in the marketplace.

The Ministry of Trade and Industry oversees the regulation of anti-competitive practices. Although competition law enforcement in Africa has primarily been limited to Eastern and Southern Africa, two recent developments have brought competition law to the fore in West Africa. The first of these is the signing into law in 2019 the Nigerian Federal Competition and Consumer Protection Act (FCCPA), and the second is the establishment of the competition authority for the Economic Community of West African States (ECOWAS), on 31 May, 2019. Both developments could have a fundamental impact on businesses operating or investing in West Africa, however, much will depend on ongoing political support to ensure that the new authorities are properly equipped to effectively deliver on their broad mandates.

Sierra Leone does not have a competition law. The European Union (EU) and the United Nations Conference on Trade and Development (UNCTAD) have supported the Ministry of Trade and Industry's attempt to develop a competition policy, but the parliament has not yet adopted the relevant legislation.

V. Consumer Protection Policy and Bill

The Bill entitled: "The Consumer Protection Act, 2020" was passed into law by the Parliament of Sierra Leone on 6th August 2020, with some amendments, after an extensive

debate. The Act seeks to provide and enhance the protection and promotion of the interest of the consumers in a free market economy and provide for the establishment of a National Consumer Commission and other related matters. The Bill was piloted by the Minister of Trade and Industry. It was debated on a separate date by Parliament before committal to a joint committee for further scrutiny.

3.2.3 Local Content Policy

The latest Sierra Leone Local Content Policy operates since May 10, 2012, with subsequent establishment of the Local Content Agency under the Sierra Leone Local Content Agency Act, 2016. The Agency is mandated to ensure the development and realisation of local content in Sierra Leone in a range of sectors of the economy such as industrial, manufacturing, mining, petroleum, marine resources, agriculture, transportation, maritime, aviation, hotel and tourism, construction and energy sectors; public works and procurement of goods and services. It is also expected to promote the ownership and control of productive sectors in the economy by citizens of Sierra Leone; and to provide for other related matters.

The private sector is considered the engine of growth in Sierra Leone, thus the overall focus of the development objectives of the Government is on this sector. Creating an environment that promotes the development of the private sector while addressing the challenges faced by entrepreneurs are top priorities. The Government also aims to position Sierra Leone as an attractive investment destination through targeted policy and legal reforms that will facilitate the operations of large, medium and small enterprises.

The local content policy is seen as necessary to ensure sufficient linkage between the local economy and foreign enterprises. This ensures adequate harnessing of FDI benefits in domestic market and distribution networks while ensuring proper linkages between foreign and domestic firms of all categories (large, medium and small enterprises) to improve their competitiveness and economic performance. In particular, the Local Content Policy provides policy statements and strategies in the following areas:

- Promotion of the use of locally sourced Sierra Leonean's goods and services
- Promotion of the development of Sierra Leonean's Small and Medium Enterprises
- Employment and training requirements which will require investors to employ a stipulated percentage of Sierra Leoneans at various levels of the labour force
- Institutional arrangements for the implementation of the Policy

➤ Monitoring and Evaluation Framework for the Policy

The Policy is expected to be governed by certain principles to be observed by all actors in the implementation process. These principles are highlighted below:

- i. Promotion of a friendly investment climate
- ii. Strengthening of the domestic Private Sector
- iii. Transparency
- iv. Capacity and Institutional building
- v. Adherence to international and regional Obligations
- vi. Mutual Cooperation

The following are the specific policy focus and objectives of the Sierra Leone

- To promote the utilization of locally available Sierra Leonean goods in the industrial and manufacturing sectors.
- To facilitate the development of Sierra Leonean service providers by promoting linkages with more advanced and experienced foreign companies.
- To support the growth of small and medium enterprises through targeted Government procurement.
- To promote employment of Sierra Leonean citizens through participation in the private sector.
- To develop the human and institutional capacity of Sierra Leoneans through training and transfer of knowledge and technology from foreign firms to Sierra Leoneans.
- To establish an institutional framework for the implementation and monitoring of the Policy.
- To promote a culture of local ownership and participation in aspects of productive economic activity.

The implementation of the policy covers issues of Investment Agreements negotiation; Granting of Incentives; institutional framework including coordination and role of existing institutions and MDAs; creation of the Local Content Committee including composition and well-defined functions. The policy also includes a monitoring and implementation plan for the Local Content Committee while specifying clearly the documents to be submitted by investors including business plan, capital plan, procurement plan, imports plan, employment plan, and training plan.

3.2.4 Review of Industrial Financing

In Sierra Leone, lack of financing has been major constraint to industrial development. About 25 percent of industrial enterprises operating in Sierra Leone employing 20 or more workers are publicly owned, 40 percent are limited liability companies, while about 35 percent are partnerships or are privately owned. Government participation in industrial enterprises has taken the form of public corporations.

Foreign aid has been used significantly to finance a considerable part of industrial investment in the public sector. The private limited liability companies are almost entirely foreign owned and are mainly subsidiaries of overseas firms. The other private industrial enterprises are largely managed and financed by members of the Lebanese and Indian communities in Sierra Leone.

The Bank of Sierra Leone has gone beyond the traditional function of Central Bank to engage in development financing through a credit-guarantee scheme for small borrowers. The scheme is intended to overcome the reluctance of commercial banks to extend loans to small enterprises due to inadequate security that they can offer; the Bank of Sierra Leone guarantees to pay 80 percent of the value of the loan in the event of a default. The scheme is a laudable attempt to provide small entrepreneurs access to existing credit facilities, but it has a few drawbacks:

- (i) Success depends completely on the cooperation of commercial banks. If commercial banks are reluctant to make small loans because they are too costly to appraise and process compared with expected revenue, then, this scheme could not help.
- (ii) The guarantee does not cover the entire loan. Thus, the commercial banks still need collateral, which at the moment must cover the entire loan. So, the guarantee scheme merely provides additional security to the commercial banks.
- (iii) Although the Bank of Sierra Leone relies largely on the judgment and good faith of the commercial banks, in principle the system involves a procedure for its appraisal and approval of loans. Complaints about long delays before applications for guarantees are approved or rejected are not uncommon. To avoid bureaucratic delays, a more specialized agency for extending credit to small industries would probably function better than the present system.

The National Cooperative Development Bank (NCDB), alongside its affiliated cooperative societies, constitutes another source of industrial financing. Existing cooperative societies in Sierra Leone are about 1,000, of which 85 percent are thrift and credit societies, 10 percent

are marketing societies, and the remaining 5 percent are other types of societies. The last category includes what could be called industrial cooperatives which finance mainly the handicraft sector.

In recent time, Sierra Leonean financial services sector has significantly improved and it is gradually positioned to meet the needs of both small and large scale enterprises. There are 13 commercial banks, some of which have considerable experience in lending to smaller businesses. However, lending to SMEs has not been as widespread as required due to the lack of collateral among smaller enterprises and a high interest rate that was around 21 percent in 2015-2019. Government is making efforts to increase access of micro, small and medium enterprise (MSMEs) to finance.

Besides, Sierra Leone, as other other developing countries, has established some specialized financial institutions under diverse names such as development financing corporations or development banks. In the case of financing corporations, it works as channeling agencies for funding industrial projects financed by foreign aid. In this way, a loan can serve to develop many projects such that it becomes unnecessary negotiating separate loans for individual industrial project.

Also, in Sierra Leone, financing industrial development required a central agency charged with the task of granting loans for working capital and for the purchase of fixed assets such as land, buildings, machinery, and equipment. Such an agency should also act as a guarantor for loans, especially those to small enterprises. It should also participate in equity capital financing, and making machinery and equipment available to small enterprises by means of leasing or hire-purchase arrangements. Finally, the it should establish, manage, and make available common infrastructural facilities such as industrial estates to small industries. It should have autonomous status in the form of a limited company directed by a Board, the chairman of which is appointed by the Government. The Board normally should have final authority to approve and execute the financing of projects. The agency should obtain its financial resources directly from the Government, the Central Bank, and the commercial banks, as well as external donors, either in the form of equity capital, loans, or grants. The Government often retains control of such agency by deciding who should hold equity in the organisation.

In February 2008, the Ministry of Trade and Industry, the Ministry of Finance and Economic Development and the Bank of Sierra Leone, worked with the Sierra Leone Business Forum to organize a successful Financial Sector Seminar on the theme “Evolving the Financial Sector: Delivering Faster Growth.” The main outcome of the seminar was the formation of a “Financial Sector Working Group” to facilitate efforts at reforming the financial sector. The Working Group comprised of members drawn from key institutions in the public and private sectors. These included the the Central Bank, insurance industry, the Ministry of Finance and Economic Development, Professional Bodies, Commercial Banks, non-banking sector, the Institute of Public Administration and Management, representatives of small and large businesses, and business Associations. The Sierra Leone Business Forum serves as the Secretariat.

A reformed financial sector that will serve the needs of a growing private sector in Sierra Leone is required because access to finance for small businesses, the poor and agricultural activities is still very limited. Physical barriers are compounded by weak institutional, legal and administrative frameworks. A robust and efficient financial sector is therefore a necessary solution for effective private sector development in the country.

3.2.5 Review of available skills, Education & human resource development for industrialization

Skills are defined as abilities that enable a worker to carry out tasks and duties associated with a given job. The core skills that employers require to function well include: cognitive skills (the ability to understand ideas and concepts); technical skills (the ability to perform production processes related to a product or service); and socio-emotional skills (the ability to manage ones’ emotions and work effectively with others)⁸.

In Sierra Leone, inability to supply workers with right quality skills is a key constraint preventing firms from modernizing operations of productive sectors and improving product quality. At an aggregate level, skills constraints private sector investment in the economy and limit the extent to which the economy can grow and create employment. A skills gap assessment conducted by the African Development Bank (AfDB) suggests that the workforce in Sierra Leone lacks both foundational and technical skills, and the high cost of training is often prohibitive especially for small and medium domestic enterprises. Addressing these constraints would require both public and private sectors investment in the supply of, and

⁸ <http://www.worldbank.org/en/topic/skillsdevelopment>.

demand for, skills. Experience from other countries including Pakistan, India, and Ghana, has shown that public funding of skills acquisition and technological improvements in strategic sectors, if properly targeted, can offset market failures and move countries towards a higher skills equilibrium while contributing to increased labor productivity (World Bank, 2018).

Skills acquisition among any given population is associated with the quality of the education system including teaching structure, workforce, infrastructure and tools. The current structure of the education system in Sierra Leone consists of a cycle of primary schooling (6 years), junior secondary schooling (JSS) (3 years), senior secondary schooling (SSS) (4 years) and higher/tertiary education (duration varies). Pre-primary schooling (3 years and fee-based) is optional and is concentrated primarily in urban areas (World Bank, 2018).

The core challenges confronting Sierra Leone's skills development system include: low basic cognitive skills obtained from general education; low access to training programs (particularly for women and rural populations), a supply-driven approach with little or no input from employers' informing the content of training, curricula and delivery; inadequate resourcing resulting in poor quality and relevance of Technical and Vocational Education & Training (TVET) programs, duplication of courses, outdated curricula and equipment, and inadequate faculty/instructors; lack of reliable information on the performance of the system (monitoring and evaluation) and poor information regarding labor market outcomes of graduates; and a fragmented and complex system for coordination and management of the system (World Bank, 2018).

One of the policy reform priorities of Sierra Leone Government is to sustain robust real economic growth and reduce poverty by sustaining current policies towards increasing human capital through free quality education and health programs and promoting the efficiency of public service delivery. In the medium term, an increase in human capital resources at the national level would significantly improve the business climate, boosting the output of private sector activities and the attractiveness of Sierra Leone for future investment. Also, improved health has tendency of reducing days lost to illness, increasing the supply of labor for agriculture or informal non-farm enterprises. Furthermore, quality education has been shown to improve the uptake of modern farming practices and allow, for example, fishermen and fish traders to move up the value chain.

3.2.6 Gender Mainstreaming Strategy for industrial development in Sierra Leone

In Sierra Leone, there is gender structure in which there are gender dynamics such that men and women tend to have different roles and contribution across sectors and within sub-sectors. Further, the underlying gender realities behind policy reforms (such as industrial and trade policy reforms) include the fact that gender biases and inequality in access to resources, training, technology and credit structure constraint the opportunities of women to participate in the labour market as well as entrepreneurship. This is visible especially in the areas of services and agricultural sectors as well as industrial sectors. In particular, women businesses tend to be relatively less capitalized than men and suffer from lack of access to credit. Gender discrimination in access to skills and training also implies that women will tend to be dominated in one or other industrial sub-sectors (Olympio, Bidé & Ndlela, 2006).

Like it happened in the past, the burden of the African Continental Free Trade Agreement (AfCFTA) could fall heavily on women, if successful implementation with careful monitoring of impacts is lacking. This is because a stiffer competitive environment may also harm the majority of women who run MSMEs and small-scale farms. As a result, they incur higher trading costs than larger enterprises and hence suffer financial hurdles in competing with larger companies (Albert, 2019). For instance, in Sierra Leone, the IMF led Structural Adjustment Programme (SAP) resulted in some negative trends for women. Employment of women in the formal sector significantly declined due to SAP, and only few jobs were created under employment schemes for women, with only a small part of loans giving to small and medium-sized enterprises (SMEs). However, SMEs have proved to be an important area for the economic and social empowerment of women worldwide. During the 2021 Africa Dialogue Series, the Director of the Gender, Poverty and Social Policy Division at UNECA noted that Africa's free trade area can benefit women equally but targeted measures must be pursued across the region. In general, past experiences of Sierra Leone and other African countries in terms of impact of reforms at various levels show that gender inequality has not been fully addressed (Olympio, Bidé & Ndlela, 2006). Besides, while addressing the productive resources gap of the SMEs, women should be given special considerations to be able to cope with the current and future pandemic.

3.2.7 Emerging Issues

A. Occupational & safety policies and programmes for Industrial development

Health and safety issues are important elements in industrial sector policy development. Establishment of a deliberate health impact assessment framework for the industrial sector is critical because industrialization process can engender unique health and occupational risks for workers as well as communities. The attraction of migrants to the industrial sector of an economy increases health risks and pressurizes health facilities which calls for a coordinated health system. An industrial sector health and safety system and health impact assessment framework is expected to consider everyone directly associated by or affected by the activities and processes of industrial development. There is need to also set up a health impact assessment for industries within the policy design and implementation. This is particularly important to be able to design coping strategies for the current and future pandemic.

B. Promoting compliance with international standards and adoption of quality management system

International standards and product quality are key aspects of international competitiveness which industrialisation can promote. Specifically, the industrial sector development policy can give firms the needed competitiveness edges in international market through emphasis on quality which is achievable through implementation of key components of Total Quality Management (TQM). Total Quality Management focuses on continuous improvement of product quality that meets the need of the customers. There must be a deliberate effort on the part of the Sierra Leone Ministry of Trade and Industry to embrace an integrated quality management system to achieve a superior level of quality for products.

C. Policy & Programmes to address Climate change

Climate change is a major threat to sustainable development across the globe. Many countries have realized the need to move away from dependence on heavy fossil-fuel due to the attendant greenhouse gas (GHG) emissions to alternative clean energy sources. Following global meeting and debates, there is global consensus that all the countries should contribute to the efforts in fighting the problem associated with climate change according to their respective capabilities. In developing countries including Sierra Leone, development and climate change are two interlinked dilemmas. Green industrial economy offers a potential platform for both development and environmental sustainability. Environmental management resources and infrastructure should be provided to enhance sustainable industrial

development. These include use of efficient low-carbon management expertise, steep learning curve, peer pressure drive for excellence and low carbon intensive technologies.

Following international practice, the Low-Carbon (Green) industrial framework has been found useful with five core components. These components include GHG mitigation target, sustainable infrastructure, climate-friendly investment generation, low-carbon policy incentives and regulations and carbon finance. In terms of mitigation targets, the industrial policy is expected to establish a target and commitment to GHG mitigation at the core of its overall strategy such as 15% reduction by 2025 and renewable energy mix of 30 percent. Sustainable Infrastructure will involve planning, designing, and building a infrastructure using energy-saving, resource-efficient, and carbon-reducing techniques, including a waste reuse and recycling system. Moreover, development of a low-carbon, green industrial sector can produce a low-risk environment to attract new, climate-friendly investment and technologies. Thus, developing relevant investment promotion tools to incorporate green elements in industrial sector is critical. Such elements can range from intellectual property protection to green business targeting, marketing strategy, and incentives. Low-carbon policy incentives and regulations may include eliminating trade and nontrade barriers on climate-friendly products, instituting green building codes, and establishing renewable energy or energy-efficiency laws as seen in the case of Brazil, China and India. A carbon finance mechanism provides the potential for new source of funding for the development of low-carbon, green industrial sector in Sierra Leone.

D. Small Enterprises Supports

Sound industrial policy should attract both domestic and foreign investment. Small and Medium Scale Enterprises (SMEs) can become catalysts for a broader entrepreneurial culture and propellers of linkages between domestic and foreign firms. Examples of practical interventions in this area are the establishment of incubators, encouraging larger domestic and foreign firms to provide training, mentoring and other support services, and organizing regular formal and informal platforms for discussions between government and business operators irrespective of size of firms. Such strategies have been successfully implemented in Sierra Leone, where the country's Economic Diversification Projects (EDP) help strengthen the business enabling environment by promoting reforms to facilitate business entry and operation, facilitate strategic public investments to improve competitiveness and private

investments, support SMEs and entrepreneurs, and build the capacity of public institutions and private sector operators.

In Sierra Leone, SMEs are presently facing growth challenges, among which are: low access to information, poor infrastructure, limited access to finance, and weak capacity to scale up businesses. These constraints excessively impact women entrepreneurs, thus, the EDP hopes to address them through public goods investment, SME and start-up acceleration, and early-stage financing. The project is consistent with the Government's Medium-Term National Development Plan (2019-2023) and its strategic objectives to prioritize private sector-led growth for job creation, poverty reduction and economic diversification. The project is also aligned with the World Bank Group Africa Region Strategy, and the World Bank's focus on Maximizing Finance for Development (MFD) and Jobs and Economic Transformation (JET IDA 2019), and consistent with the priorities for sustainable growth and poverty reduction as outlined in the Systematic Country Diagnostic (SCD, 2018). The project is a key part of the World Bank's support to the Government of Sierra Leone, as articulated in the most recent Country Partnership Framework (FY21-FY26), which prioritizes support to Economic Diversification and Competitiveness with Resilience.

The promotion of SMEs in Sierra Leone led to the formulation and implementation of Local Content Policy. In the Local Content Policy (2012), the Government is committed to ensuring utilization of Sierra Leone's resources (including goods and services) in a way that promotes the creation of backward and forward linkages by streamlining public procurement to give preferential margins to domestic SMEs. Government entities were encouraged to give preference to domestic suppliers according to the provisions of the National Public Procurement Act (NPPA) and Regulations regarding the award of preferential margins. The Policy also encouraged the private sector to give first consideration to Sierra Leonean goods and services in their procurement process.

E. Infrastructure Programme

The existence of modern infrastructure and the provision of reliable utility services such as electricity and water are key to the successful implementation of industrial policy. The development of industries in Sierra Leone has been adversely affected by delays in infrastructure development and access to utility services (UNDP, 2015). In Sierra Leone, the Government's Medium-Term National Development Plan (GoSL's MTNDP) recognized infrastructure as a veritable tool for promoting economic development and stability.

Transforming Sierra Leone from a lower-income country to a middle-income country will require the development of its infrastructure facilities, systems and services. A number of short, medium and long-term priority infrastructure projects have also been identified by the Office of the Presidential Infrastructure Initiative (OPII). Some of the most pressing infrastructure in Sierra Leone are those of electricity, connectivity and access to ports. Presently, only 10 percent of Sierra Leoneans have access to electricity, while lack of electricity frequently appears as one of the top three concerns for doing business in Sierra Leone. This significantly limits industrialization and constricts the ability to extend the value chains within industries, as factories and processing plants all require large amount of electricity.

Less than 5% of arable land is irrigated, and only 7.6 percent of the population has access to piped water (World Bank Group, 2013). Sierra Leone's expenditure was re-oriented to enhance investment in priority infrastructure projects such as roads, energy, and water supply to support economic growth and poverty reduction (WTO, 2017). Also, limited extent of the electricity grid, which is yet to reach many of the provincial areas in Sierra Leone, has made expansion of the telecommunications infrastructure more difficult across the country and thus inhibiting industrial development. Government of Sierra Leone (2019), which documents government's 5-year plan of action across various sector between 2019 and 2023, contains critical investment in the area of infrastructure. In particular, according to Government of Sierra Leone (2020), Medium-Term National Development Plan (MTNDP) of Sierra Leone (2019-2023) contains the key energy sector targets by 2023 which include the following:

- ✓ restore electricity in all district headquarters and cities;
- ✓ increase in electricity generation from 25% to 60%;
- ✓ increase installed electric capacity from the current 100 megawatts to 350 megawatts;
- ✓ enhance a 65% contribution to energy generation from renewable sources (e.g. solar, hydro, wind);
- ✓ connect 20 villages and eight towns in each district to the national grid or off-grid standalone schemes

F. Technology, Innovation and Upgrading

Government of Sierra Leone puts strong emphasis on technology learning and innovation, as well as on technology-intensive industries. It shouldt continue to make efforts to protect

intellectual property rights. It should also implement various incentives to encourage high-tech industries, R&D spending, and venture capital investment and to attract technology talents via FDI. High FDI provides a good opportunity for technology learning. Moreover, the development of industrial sector, should be designed to be closely connected to domestic enterprises and industrial clusters through supply or value chains. This connection not only helps achieve economies of scale and business efficiency, but also stimulates synergistic learning and enhances industrial competitiveness (Zeng, 2010).

To drive the development and uptake of innovative technologies in Sierra Leone, UNICEF and Directorate of Science, Technology and Innovation (DSTI) have developed two approaches: first, they leveraged partnerships with the private sector and share expertise. This approach, aligned with UNICEF's Strategic Plan's renewed focus on innovation and partnerships to reach, protect the rights of every child, and develop an ecosystem of partners that are able to use science- and technology-based solutions for development problems. Second, they work with Ministries and Agencies to develop user-driven solutions to their day-to-day problems.

3.2.8 African Continental Free Trade Area

Overview of the AfCFTA Negotiations and Agreement

Sierra Leone signed the African Continental Free Trade Area Agreement (AfCFTA) at the 31st African Union Summit, held in Nouakchott on 2 July 2018, and deposited its instrument of ratification on 29 April 2019. Having surpassed the threshold number of 22 ratifications, the AfCFTA Agreement entered into force on 30 May 2019 and trade under the Agreement official started on 1st 2021, meaning that the legal rights, provisions and obligations of the Agreement apply to Sierra Leone and the other state parties that have ratified. The Treaty Establishing the AfCFTA outlines eight general objectives and seven specific objectives. These are aimed at deepening African economic integration and ultimately the economic diversification and competitiveness of the continent. The objectives notably derive from and contribute to the economic integration ambitions of the African Union, in particular the 2012 Boosting Intra-African Trade Action Plan and the 1991 Abuja treaty. The objectives of the AfCFTA are highlighted in Table 10:

Table 10: General and Specific Objectives of the AfCFTA

General Objectives	
1	Create a single market for goods, services, facilitated by movement of persons in order to deepen economic integration

2	Create a liberalized market for goods and services through successive rounds of negotiations
3	Contribute to the movement of capital and natural persons and facilitate investments building on the initiatives and developments in the State Parties and RECs
4	Lay the foundation for the establishment of a Continental Customs Union at a later stage
5	Promote and attain sustainable and inclusive socioeconomic development, gender equality and structural transformation of state parties
6	Enhance competitiveness of the economies of State Parties within the continent
7	Promote industrial development through diversification and regional value chain development, agricultural development and food security
8	Resolve the challenges of multiple and overlapping membership and expedite the regional and continental integration process
Specific Objectives	
1	Progressively eliminate tariffs and non-tariff barriers to trade in goods
2	Progressively liberalize trade in services
3	Cooperate on investment, intellectual property rights and competition policy
4	Cooperate on all trade related policies
5	Cooperate on customs matters and the implementation of trade facilitation measures
6	Establish a mechanism for the settlement of disputes concerning their rights and obligations
7	Establish and maintain an institutional framework for the implementation and administration of the AfCFTA

Sources: AfCFTA Agreement Article 3 ‘General Objectives’ and Article 4 ‘Specific Objectives’.

Progressively, the AfCFTA abolishes tariffs on intra-African trade, thus making it easier for African countries to trade within the continent. By number of participating countries, it is the world’s largest free trade area since the formation of the WTO, covering a market of 1.2 billion people with a GDP of \$2.5 trillion across all 55 member States of the African Union. The objectives of the AfCFTA are achieved through an overarching framework Agreement and seven Protocols spread across three phases of negotiations as contained in Table 11:

Table 11: Protocols of the AfCFTA and their status by negotiating phase, as of May 2020

Phase I		
	Framework Agreement	Complete
1	Protocol on Trade in Goods	Advanced (outstanding Schedules of Concessions for some countries and some rules of origin)
2	Protocol on Trade in Services	Advanced (outstanding Schedules of Specific Commitments for some countries)
3	Protocol on Rules and Procedures on the Settlement of Disputes	Complete
Phase II		
4	Protocol on Investment	Scheduled for December 2021 due to COVID-19 Pandemic
5	Protocol on Competition Policy	Scheduled for December 2021 due to COVID-19 Pandemic
6	Protocol on Intellectual Property Rights	Scheduled for December 2021 due to COVID-19 Pandemic
Phase II		

7	Protocol on Digital Trade and E-Commerce	Schedule forthcoming
---	--	----------------------

Source: ATPC, update as of as of April 2020. Note: At the time of writing scheduling was liable to change following COVID-19 disruptions but give an indicative framing over which to anticipate upcoming phases of negotiations.

Framework Agreement Establishing the AfCFTA

The framework agreement establishing the AfCFTA defines, in general terms, the purposes and intentions of the Agreement, establishes the primary definitions, and outlines the scope of the Agreement. It also creates the institutional framework for the implementation of the AfCFTA and outlines procedural steps for its administration. Other functions of the framework agreement are to provide overarching guidelines pertaining to the principles of transparency, as well as the relationship of the AfCFTA Agreement with other relevant international and regional instruments.

The key obligations of Sierra Leone according to the framework agreement establishing the AfCFTA is the country's active participation in the continent-level institutions needed to implement the Agreement, such as the AfCFTA Council of Ministers. This is important for industrial strategy and policy design. Table 12 itemizes the outstanding preparatory steps required for Sierra Leone to satisfy its obligations under the Framework Agreement Establishing the AfCFTA.

Table 12: Framework Agreement Establishing the AfCFTA: Operative obligations

Provision	Obligation / Right	Preparatory steps required
Article 7: Phase II Negotiations	Enter into Phase II negotiations in: intellectual property rights, investment and competition policy	Obligation: i) Identify national-level public and private sector stakeholders in each phase II topic; ii) Coordinate with national-level stakeholders to identify defensive and offensive negotiating interests; iii) Actively engage in phase II negotiations and review progress with national-level stakeholders
Article 11: The Composition and Functions of the Council of Ministers	Prepare for biannual ministerial-level participation in AfCFTA Council of Ministers meetings, as well as appropriate-level participation in committees thereafter established by the Council of Ministers	Obligation: i) Ensure ministerial-level participation is budgeted and planned for in trade ministry annual planning; ii) Designate and budget for, as required, Sierra Leonean representation in Committees and Sub-Committees established by the Council of Ministers, including those on goods and services
Article 12: Committee of Senior Trade Officials	Prepare for the biannual participation of the Permanent Secretary in the AfCFTA Committee of Senior Trade Officials meetings	Obligation: i) Ensure Chief Director's participation in Committee of Senior Trade Officials meetings is budgeted and planned for in trade ministry annual planning
Article 17: Notification	Trade agreements, commitments	Obligation: i) Any future trade agreements,

	and proposed trade measures to be notified to the AfCFTA Secretariat	commitments and proposed trade measures to be notified to the AfCFTA Secretariat
Article 26: Registration and Notification	WTO notification	Obligation: i) Notify ratification of the AfCFTA agreement to the WTO through Sierra Leone's WTO representative in Geneva
Article 28: Review	Review of the AfCFTA in 2024	Obligation: i) Identify issues concerning the effectiveness of the AfCFTA in preparation for the 5-year review in 2024

Sources: Authors' analysis on the basis of reviewing the AfCFTA Agreement and corresponding stakeholder interviews

Note: For simplification, this list does not consider non-binding, best-endeavour or passive obligations or rights other than when they comprise core elements of the AfCFTA Agreement.

Sierra Leone's Implementing Institutions under the AfCFTA

Sierra Leone is legally obligated under the AfCFTA Agreement to designate or establish several national-level institutions for the purpose of undertaking the implementation of the Agreement and liaising with other country counterparts. The principal institution is the National AfCFTA Committee, while there are contact and focal points for the substantive requirements of the Agreement, such as those on NTBs, trade facilitation or customs cooperation. These contact and focal points in turn drive the fulfillment of the substantive commitments of the Agreement, including reporting on compliance with those commitments, and report upwards to the National AfCFTA Committee.

To avoid the proliferation of institutions, it is recommended that Sierra Leone's National Coordinating Committee on Trade (NCCT) be granted the responsibility of Sierra Leone's National AfCFTA Committee alongside other related responsibilities, including overseeing the AGOA trade arrangement. Necessary sub-committees, for instance on non-tariff barriers, can be set up to report to the National AfCFTA Committee. Together with its direct responsibilities under the AfCFTA Agreement, the NCCT can bear responsibility for Sierra Leone's utilization and involvement in the AfCFTA complementary tools, including providing trade data to the African Trade Observatory. The functions of the Sierra Leone National AfCFTA Committee are contained in Table 13

Table 13: Functions of the National AfCFTA Committee

National AfCFTA Committee functions	
➤	Negotiations and deliberations
➤	Mainstreaming gender and youth in National Trade Strategy implementation
➤	Leveraging political will to ensure Government of Sierra Leone follows through on trade, export and investment measures related to expanding Sierra Leone's trade and investment engagement with Africa

- Implementation of AfCFTA Annexes
- Managing AfCFTA communications and AfCFTA national sensitization campaign
- Ensuring stakeholder buy-in
- Monitoring and Evaluation
- Mobilizing internal and external financing for National Trade Strategy implementation

PART IV

Institutional Arrangement for the Implementation of the Industrial Policy

4.1 Institutional Arrangement

4.1.1 Legal and Regulatory arrangements

Setting up of an institutional framework is important for successful industrial policy development and implementation in Sierra Leone. The Ministry of Trade and Industry (MTI) will set up a Committee for industrial policy development as well as implementation who will develop the legal framework for the policy and its implementation. The Judiciary is central to the drafting the legal backing for the industrial policy, as well as revising existing laws to reflect the new policy stance and interpreting the laws in a transparent manner to facilitate implementation of the policy. In terms of legal and judicial backing, specific areas of interest include, but not limited to, policy context, objective, and prescriptions.

4.1.2 Core Machinery of Sierra Leone Industrial Policy Committee

The Ministry of Trade and Industry represents the main driver of the industrial policy development and implementation in Sierra Leone. The composition of the Industrial Policy Committee will be determined in consultation with all relevant stakeholders including the public and private sectors, as well as non-state actors, as appointed by the government through the Minister of Trade and Industry.

4.1.3 Core Functions of the Ministry of Trade and Industry

The core functions of the Ministry of Trade and Industry, regarding the implementation of the Sierra Leone Industrial Policy shall include:

- i. Coordinate and spearhead of implementation of all the aspects of the Industrial Policy
- ii. Provide policy guidance and supervision to institutions that are related to the policy for service delivery for effective
- iii. Coordinate the development of a Industrial Policy Support Program that reflects the policy objectives and prescriptions of the Policy,
- iv. Coordinate formulation of Annual Implementation Plans for the Industrial Support Program
- v. Ensure that industrial policy remains an integral component of national development plans
- vi. Mobilize resources for implementation of the industrial Support Program
- vii. Monitor and evaluate the overall performance of the industrial sector

4.1.4 Guiding Principles for the Ministry of Trade and Industry

The guiding principles for the industrial policy development and implementation include the following.

1. The development and implementation of the industrial policy shall be guided by the provision of the law establishing it.
2. Conflict resolution shall follow the steps provided by the relevant policy provided by the MTI
3. The MTI is responsible to the Presidency

4.2 Partnership for the Implementation of Industrial Policy

4.2.1 Partnership among Government MDAs

The Ministry of Trade and Industry is expected to collaborate with other key MDAs such as Ministries of Finance, Planning and Economic Development, Communication and Information, Energy, Agriculture and Forestry, Works and Public Assets, Environment, Transport and Aviation, Labour and Social Security, Foreign Affairs, National Revenue Authority, Customs and Excise Department, Bank of Sierra Leone, Standards Bureau, Investment and Export Promotion Agency, among others. This partnership is important in designing policies and taking decisions relating to tariff and customs; legal and judicial matters and reforms; access to financial services; enforcement of standards; effective backward linkages and value chain issues; tourism; transportation; and telecommunications.

4.2.3 Partnership with the Private Sector and Civil Society

The private sector and civil society are expected to be a key stakeholder in industrial sector development in Sierra Leone. The Ministry of Trade and Industry should therefore engage them actively at important stages of the development of the industrial policy. The private sector can be in the form of trade, producer and consumer associations, such as the Chamber of Commerce, Industry and Agriculture. Such collaborations should also be extended to the universities and research centres, and media for policy informed evidences as well as to build public trust and support. The government does not necessarily finance all aspect of the project in the process of revamping the industrial sector in the country with its own resources.

4.2.4 Partnership with the External Stakeholders

Collaboration with the external sector is also critical to successful industrial policy development and implementation, especially for resource mobilization and capacity building. A number of foreign stakeholders can be considered including the ECOWAS (for presence in West Africa); the African Union (to key into the African Continental Free Trade Area-AfCFTA) and other African-wide organisations (of benefits to Sierra Leone); the African Regional Industrial Property Organization (ARIPO); the World Trade Organization (WTO), UNIDO, UNICEF, GIZ,; the World Intellectual Property Organization (WIPO); the World Bank; the African Development Bank and other relevant international organizations and financial institutions.

4.2.5 Coordination of Stakeholders Activities

In May 2004, the National Coordinating Committee on Trade (NCCT) was established to bring together all relevant stakeholders, including related ministries as well as private sector and the academia. It was one of the initiatives implemented by the Sierra Leone government to address the country's lack of trade policy coordination and encourage trade and export diversification. The capacity of the NCCT should be enhanced and the Committee should be given the necessary support for various the trade negotiation and policy implementation. The committee and its sub-committees must be abreast of development in various bilateral, regional and continental Agreements, including those relating to the AfCFTA, WTO, ECOWAS, AGOA, EPA, and NEPAD. Other important issues in the coordination activities should include market access for goods and services, intellectual property rights, standards, subsidies, trade remedies, and dispute resolution. Emerging issues such as climate change and environmental sustainability, resource use efficiency, gender, and labour must be carefully considered in the design and implementation of industrial and trade policy strategies.

4.3 Capacity Building for Implementation of Industrial Policy

Designing and executing industrial policy required highly skilled personnels. The Ministry of Trade and Industry should therefore develop a framework for capacity development of staff members through workshops and training while additional highly skilled ones must be employed. Regular training should be organised for staff members in various areas of the implementation of industrial policy for Sierra Leone. Capacity for gathering necessary data on all areas of industrial activity including trade and productivity to ensure accurate information on relevant variables that will inform design of policy and programmes for industrial development in the country. Regular training workshops should also be organized for key stakeholders

PART V

Stakeholders' Analysis of Drivers of Industrial growth

5.1 Stakeholders involvement in industrial policy formulation & implementation

The awareness of industrial policy is overwhelming among the stakeholders in Sierra Leone (Table 14). Analysis shows that 80 percent of the stakeholders claimed to have been invited by the Ministry of Trade and Industry (MTI) and fully engaged right from the inception meeting to evaluation, review, documentation and validation stage. With respect to the role each ministry performed and how it was performed during the policy formulation and implementation, 60 percent of the above stakeholders invited by the MTI claimed to participate actively and contribute adequately where possible while 20 percent claimed to provide information on the agro commodities sector and how the policy could aid their operations (Table 15). Three of the five stakeholders (Sierra Leone Investment and Export Promotion Agency, Corporate Affairs Commission (CAC), and Cooperative Department) provided responses, accounting for 60% of the total. Also, one government organization (Sierra Leone Produce Marketing Company (SLPMC)) constituting 20 percent only provided information on agro commodities sector and how policy could aid their operations. However, Sierra Leone Local Content Agency provided no response as regard to the role played during the policy formulation and implementation.

Table 14: Awareness of Industrial Policy (%) of Respondents

Response	Yes	No
Aware of Sierra Leone industrial policy	100%	-
Invited during the formulation and review processes	80%	20%

Source: Stakeholders' survey June, 2021

Table 15: Role played during the policy formulation and implementation

Response	Number of response	% of Stakeholders
Active participation and contribute adequately where possible	3	60%
provide information on the agro commodities sector and how the policy could aid their operations	1	20%
No response	1	20%
Total	5	100

Source: Stakeholders' survey June, 2021

Table 16 shows the opinions of the stakeholders on what they think is wrong with the process of formulating the country's industrial policy. 40 percent of the stakeholders claimed that the level of stakeholders engagement is not cross cutting to deal with all the issues. From the finding, it is clearly shown that the level of involvement of the lower and middle-level personnel was limited while the top level management personnel were more engaged in the policy formulation. Therefore, 20 percent of these stakeholders argued that consultation across board was left out during the formulation stage of the country's industrial policy, while another 20 percent stated that nothing was left out during the formulation stage. Moreover, there are divergent opinions among the stakeholders regarding the degree of public-private partnership in the formulation of the country's industrial policy.

Table 16: Observed Issues wrong in the process of formulating Sierra Leone Industrial Policy

Response	% of Stakeholders
Level of stakeholders engagement is not cross cutting to deal with all the issues	40%
Consultation across board was left out during the formulation stage of the country's industrial policy.	20%
Nothing was left out during the formulation stage	20%
No response	20%

Source: Stakeholders' survey June, 2021

The various challenges hindering the formulation of the ideal industrial policy in Sierra Leone are presented in Table 17. According to the stakeholders these challenges include lack of in-depth consultation; lack of awareness of the industrial policy process, ineffective institutional collaboration among cross-cutting agencies; lack of broad consensus among stakeholders and problem of coordination. Since many institutions and stakeholders were involved in the formulation of industrial policy, 40 percent of them indicated the existence of coordination problems in Sierra Leone which affect the formulation of the ideal industrial policy. The coordination problems according to these stakeholders therefore include: lack of information sharing; low level representation at coordination meetings, and inability to get all the relevant stakeholders to contribute to the process in a timely manner.

Table 17: Challenges to the Formulation of Ideal Industrial Policy in Sierra Leone

Response	% of Stakeholders
lack of in-depth consultation	80%
lack of awareness of the industrial policy formulation process	60%

Ineffective institutional collaboration among cross cutting agencies	60%
Lack of broad consensus among stakeholders	60%
Problem of coordination	40%
Lack of regulatory framework to guide in the implementation of the policy	60%

Source: Stakeholders' survey June, 2021

The positions of stakeholders on the current industrial policy formulation process in Sierra Leone are also shown in Table 18. 20 percent of the stakeholders claimed to be involved to show their positions only at the inception stage while another 20 percent stakeholders claimed that their positions are more inclusive and participatory at all stages. However, the remaining 60 percent stakeholders claimed to be unfamiliar with all the stages involved in the current industrial policy formulation. By implication, only few stakeholders participated actively in all stages of the industrial policy formulation in Sierra Leone.

Table 18: Stakeholders Position on the Current Industrial Policy Formulation in Sierra Leone

Response	% of Stakeholders
More inclusive and participatory at all stages	20%
Involved to show their positions only at the inception stage	20%
Unfamiliar with all the stages involved in the current industrial policy formulation	60%

Source: Stakeholders' survey June, 2021

On the implementation of industrial policy in Sierra Leone, 80 percent of the stakeholders participated in different stages. For instance, 40 percent of the stakeholders participated at a stage where monitoring is required to ensure compliance with local content laws and trade facilitation (Table 19). Also, a stage where collaboration is required between public and private sectors. Another 20 percent participated at the stage of reviewing of documentation while the remaining 20 percent participated at the production level within the various value chains in the country. Regarding the participation level of the stakeholders in the implementation of industrial policy in Sierra Leone, 40 percent of the stakeholders had high level of participation while 40 percent also had low level of participation. Therefore, the factors responsible for low participation level of these stakeholders in the implementation of Sierra Leone industrial policy include lack of information and lack of full involvement in the process (Table 20).

Table 19: Participation (Level and Rating) during the Implementation of Industrial Policy Formulation in Sierra Leone

Response	% of Stakeholders
-----------------	--------------------------

Participated at a stage where monitoring is required to ensure compliance with local content laws and trade facilitation.	40%
A stage where collaboration is required between public and private sectors	40%
A stage of reviewing of documentation	20%
Participated at the production level within the various value chains in the country.	20%
Stakeholders having high level of participation	40%
Stakeholders with low level of participation	40%

Source: Stakeholders' survey June, 2021

Table 20: Factors hindering participation of stakeholders in the implementation of industrial policy in Sierra Leone

Response	% of Stakeholders
Lack of information sharing	60%
Non-involvement fully in the implementation process	40%
Ineffective institutional collaboration on cross cutting issues	60%
Inadequate resources	60%
Lack of participation and inclusion of all interest groups	60%

Source: Stakeholders' survey June, 2021

5.2. Stakeholders' identification and rating of important factors for industrial development

Concerning the important factors for industrial development in Sierra Leone, some of the stakeholders indicated various factors. The essential factors also known as pillars or elements or they factors include

- ensure coherence in industrial policy element;
- creating effective industrial policy implementation mechanisms;
- effective implementation of industrial and local content policies;
- government procurement (raising lead firm procurement, sourcing and processing)
- boosting local skills and technology by investing in infrastructure, education and technology;
- addressing infrastructure bottlenecks (through large investment);
- running supply chain development programmes among major commodity firms;
- effective implementation of trade policy at various levels including ETLS and AfCFTA to foster intra-African trade and regional value chain;
- promoting digitalization and dynamism in the services sector;
- introducing measures and programmes for environmental sustainability and climate change mitigation;
- financing industrialization including provision of venture capital and subsidises;
- government interventions and supports in strategic industries; productive capabilities, technology and innovation for competitiveness.
- coordination of Ministries to improve policy implementation;

The rating of the important factors for industrial development are presented in Table 21. Majority of the stakeholders considered natural resources endowment (oil, other minerals, precious and industrial metals and agriculture) very important factor for industrial

development in Sierra Leone. Also, almost all the stakeholders rated infrastructural development as a very important factor that could drive industrial development. In the same vein, virtually all the stakeholders agreed that policy environment, human capital development, and environmental impact factors are very important drivers that could aid industrial development in Sierra Leone. In terms of institutions and governance, majority of the stakeholders also agreed that mechanisms for controlling corrupt practice, compliance with the law, provision of adequate security among others are very essential drivers for industrial development in Sierra Leone.

About 60 percent of the stakeholders testified that indicators of financial development (such as venture capital, cross border financial activity and flows and commercial banks) are very important while 80 percent also indicated the importance of access to credit, efficient financial services delivery, financial stability, financial innovation, development banks and SME funds in industrial development in Sierra Leone. Similarly, majority of stakeholders believed that climatic change, level of pollution, and environment innovations are very important factor for industrial development while all the stakeholders emphasized environmental law and regulations, and policy for waste conversion as the critical for industrial development. In addition, overwhelming percentage of stakeholders claimed that industrial development could be aided by research & development (R&D) activities such as establishment of research & entrepreneurship institutions, intellectual property right protection, raw materials development centres, incubation centres, and inter-firms linkages including domestic firms linkages with foreign firms.

Table 21: Rating of Important Factors for Industrial Development in Sierra Leone

Factor	Very important	Important	Undecided	Less important	Not important
Natural resources endowment					
Oil	60%	40%			
Other minerals	80%	20%			
Precious & industrial metals (Gold, etc)	80%	20%			
Agriculture	80%	20%			
Infrastructure					
Road	100%				
Airway	60%	40%			
Railway	80%	20%			
Power (electricity, etc)	100%				
Water	100%				
Health facilities	100%				
Education facilities	100%				
ICT facilities	100%				
Policy Environment					
Domestic policies	100%				
Industrial	100%				
Trade	100%				
Fiscal	100%				
Monetary	100%				

Foreign policies	60%	40%			
Regional	60%	40%			
Continental (AfCFTA)	60%	40%			
Human Capital Development					
Vocational skills	100%				
Education	100%				
Training	100%				
Health services	100%				
Institutions & Governance (Political Environment)					
Leadership	80%	20%			
Security	100%				
Corruption	100%				
Bureaucratic quality (govt effectiveness)	80%	20%			
Rule of law	80%	20%			
Financial Development factors					
Venture capital	60%	40%			
Cross border financial activity & flows	60%	40%			
Access to credit	80%	20%			
Volume of money in circulation	80%	20%			
Time to access financial services	80%	20%			
Financial stability	80%	20%			
Financial innovation	80%	20%			
Commercial banks	60%	40%			
Development banks	80%	20%			
SME funds	80%	20%			
Environmental impact factors					
Climatic change	80%	20%			
Level of pollution	80%			20%	
Pollution Abatement facilities	60%			40%	
Environmental law & regulations	100%				
Policy for waste conversion	100%				
Environmental innovations	80%	20%			
Research & Development (R&D)					
Research & Entrepreneurship institutions	80%	20%			
Intellectual Property Right Protection	80%	20%			
Raw materials development	80%	20%			
Incubation centres	80%	20%			
Inter-firms linkages including foreign	80%	20%			

Source: Stakeholders' survey June, 2021

5.3. Stakeholders' Rating of the Current State of important Drivers of industrial development

Apart from rating the important factors for industrial development, it is also necessary to rate the current position of these factors. From the overall analyses, it is observed that all the components of natural resources endowment except oil is considered the best factor by majority of the stakeholders to aid the industrial development of Sierra Leone (Table 22). In the case of infrastructure, less than half of the stakeholders were in support that its current state is better, particularly for road, airway, railway, power (electricity) and ICT facilities. However, another 40 percent stakeholders were of the view that the current state of water, health facilities, education facilities, and ICT facilities is bad but worse for railway. For human capital development, 40 percent stakeholders were of the view that the current status of all its components except health facilities is better while health services is bad.

With respect to policy environment, institutions & governance, financial development factors and research & development (R&D), less than half of the stakeholders agreed that their current state is best. In particular, the current state of all the components of policy environment except trade is claimed by 40 percent of the stakeholders to be good. For institutions & governance, all its components is supported by 40 percent stakeholders to be better. However, components of financial development factors (venture capital, cross border financial activity & flows, access to credit and financial innovations) is claimed by 40 percent stakeholders to be bad though 60 percent stakeholders supported good status of components such as volume of money in circulation, time to access financial services and financial stability to aid the industrial development in Sierra Leone. Similarly, all the components of research & development (R&D) is supported to be bad by 40 percent stakeholders. For environmental impact factor, 40 percent stakeholders agree that the current state of all its components except pollution abatement facilities is bad.

Table 22: Rating the Current Position of Important Factors for Industrial Development in Sierra Leone

Factor	Best	Better	Good	Bad	Worse
Natural resources endowment					
Oil	40%		60%		
Other minerals	60%		40%		
Precious & industrial metals (Gold, etc)	80%		20%		
Agriculture	80%	20%			
Infrastructure					
Road	20%	40%	20%	20%	
Airway	20%	40%		40%	
Railway	20%	40%			40%
Power (electricity, etc)	20%	40%		20%	20%
Water	20%	20%		40%	20%
Health facilities	20%	20%	20%	40%	
Education facilities	20%	20%	20%	40%	
ICT facilities	20%	40%		40%	
Policy Environment					
Domestic policies	40%		40%	20%	
Industrial	40%		40%	20%	
Trade	40%	40%		20%	
Fiscal	40%		40%	20%	
Monetary	40%		40%	20%	
Foreign policies	40%		40%	20%	
Regional	40%		40%	20%	
Continental (AfCFTA)	40%		40%	20%	
Human Capital Development					
Vocational skills	20%	40%	20%	20%	
Education	20%	40%	40%		
Training	20%	40%	20%	20%	
Health services	20%	20%		60%	
Institutions & Governance (Political Environment)					
Leadership	40%	40%	20%		
Security	40%	40%	20%		
Corruption	40%	40%	20%		
Bureaucratic quality (govt effectiveness)	40%	40%	20%		
Rule of law	40%	40%	20%		
Financial Development factors					
Venture capital	40%		20%	40%	
Cross border financial activity & flows	40%		20%	40%	
Access to credit	40%		20%	40%	
Volume of money in circulation	40%		60%		

Time to access financial services	40%		60%		
Financial stability	40%		60%		
Financial innovation	40%		20%	40%	
Commercial banks	40%		40%	20%	
Development banks	40%		40%	20%	
SME funds	40%		40%	20%	
Environmental impact factors					
Climatic change	20%		20%	40%	20%
Level of pollution	20%		20%	40%	20%
Pollution Abatement facilities	20%		20%	20%	20%
Environmental law & regulations	20%		20%	40%	20%
Policy for waste conversion	20%		20%	40%	20%
Environmental innovations	20%		20%	40%	20%
Research & Development (R&D)					
Research & Entrepreneurship institutions	40%		20%	40%	
Intellectual Property Right Protection	40%		20%	40%	
Raw materials development	40%		20%	40%	
Incubation centres	40%		20%	40%	
Inter-firms linkages including foreign	40%		20%	40%	

Source: Stakeholders' survey June, 2021

5.4 Stakeholders' opinion on financing scheme for industrial development

Towards removing the challenges to the implementation of the industrial policy in Sierra Leone, the financing modes suitable for such a dependent economy are suggested as shown in Table 23. 40 percent stakeholders emphasized the following: provision of fiscal and non-fiscal incentives; establishing development banks to provide adequate financial facilities to businesses, especially SMEs which is the main driver of the economy; and provision of tax exemption and tax breaks to enterprises at all levels.

Table 23: Stakeholders' opinion on financing scheme for industrial development in Sierra Leone

Response	Yes
Provision of fiscal and non-fiscal incentives	40%
Establishing development banks to provide adequate financial facilities to businesses	40%
Provision of tax exemption and tax breaks to enterprises at all level	40%

Source: Stakeholders' survey June, 2021

5.5 Other issues

The awareness of the African Continental Free Trade Agreement (AfCFTA) among participating stakeholders are examined as reported in Table 24. Most of these stakeholders across sectors of Sierra Leone claimed to be aware. Majority of the stakeholders considered AfCFTA as a regional trade agreement among African countries to promote trading activities and investment in the continent. Also, they viewed AfCFTA as a means to encourage free movement of goods and services within the African continent. According to these stakeholders, AfCFTA if fully implemented would offer African countries a unique opportunity to be part of the largest trading blocs in the world. During the AfCFTA negotiation process in Sierra Leone, 80 percent of the stakeholders claimed not to be invited. This implies that only 20 percent were invited during the negotiation process.

Table 24: Awareness of African Continental Free Trade Agreement (AfCFTA)

Response	Yes	No
Aware about AfCFTA	100%	-
Invited during negotiation process in Sierra Leone	20%	80%

Source: Stakeholders' survey June, 2021

Regarding the industrial products that could benefit from the Agreement, 60 percent of the stakeholders indicated products such as rice, cashew, oil palm, coffee, cocoa, vegetables (Table 25). These products are just few of the priority products identified with the export mapping and tariff analysis in the recent National Trade Strategy developed by the Sierra Leone Ministry of Trade and Industry. Other products not identified by the stakeholders include coconut and groundnut oil, cocoa paste, sesamum seeds, natural honey, Bovine meats, pineapples and mangoes, fruit juice, soap, chemical or alcohol disinfectants/sanitizers, cosmetics, pigments and preparations containing titanium dioxide (colouring, sunscreen or paint), wooden furniture, and textile face mask. Some of these products are staple food while some are cash crops which are meant for export. Further, these stakeholders were of the opinion that AfCFTA will produce positive impact if the country develops the special economic zone (SEZ). In terms of the innovative measures put in place by producers in Sierra Leone to maximize the benefits from AfCFTA, 60 percent of the stakeholders stated that the producers should be encouraged to embark on agro-processing and value addition of key agricultural products along the value chains and ensure that products from Sierra Leone meet and surpass international standards in order to gain competitive edge.

Table 25: Industrial Products that could benefit most from AfCFTA

Response	% of Stakeholders
Rice, Cashew, Oil palm, Coffee, Cocoa and Vegetables	60%
AfCFTA will positively impact on these products if Sierra Leone moves on with the special economic zone (SEZ).	60%
Innovative measures producers in Sierra Leone put in place to maximize the benefits from AfCFTA,	
Encourage processing of agricultural product	60%
Ensure that products meet and surpass international standards in order to gain competitive edge	60%

Source: Stakeholders' survey June, 2021

Mainstreaming the AfCFTA into the country's industrial policy is analysed with stakeholders opinion presented in Table 26. About 60 percent of the stakeholders were of the opinion that the country should include AfCFTA in the industrial policy and domesticate its blueprint into the national law; encouraging industrialization and providing incentives for value addition;

through consultations, public sensitization and a careful analysis of how the AfCFTA is going to impact the industries.

Table 26: Stakeholders' Opinion on mainstream AfCFTA into Sierra Leone industrial policy

Response	Yes
Inclusion of the AfCFTA elements in Sierra Leone industrial policy	60%
Domesticating the AfCFTA blueprint into the national law	60%
Public sensitization and a careful analysis of the impact of AfCFTA on industries	60%
Encouraging industrialization and providing incentives for value addition	60%

Source: Stakeholders' survey June, 2021

On how COVID-19 has affected businesses in Sierra Leone, most stakeholders supported that the pandemic has adverse effect on business activities in the country. In terms of its severity, the stakeholders all concluded that it led: to closure of some businesses, job and revenue losses; and high cost of doing business. It also resulted in reduction of operational hours which has led to low productivity and loss in revenue and restriction of movement flows. It has generally slow down the economy and restricted investment opportunities. Based on the responses of the entire stakeholders, the categories of business that are positively and negatively affected by COVID-19 are shown in Table 27.

Table 27: Stakeholders Opinion on how Covid-19 has affected businesses in Sierra Leone

	Response	Yes
	COVID-19 pandemic has adverse effect on business activities in Sierra Leone	100%
Categories of Businesses affected by COVID-19 in Sierra Leone		
	Categories of business that are positively affected	Categories of business that are negatively affected
1	Clothing and textile marketing	Building and construction materials
2	Trade in services such as private hospitals, pharmacies	Entertainment industry
3	Food industry because food was locally sourced	Services firm such as hotels and tourism, bars, night clubs, hairdressing salons, barbing shop.
4	Producers of face masks	SMEs

Source: Stakeholders' survey June, 2021

It is recommended that the government of Sierra Leone put some mechanisms in place to avert the adverse effect of future pandemic on businesses especially in terms of inputs sourcing and sales. The stakeholders were of the opinion that:

- The state of ICT infrastructure should be upgraded in order to give room for effective remote or work at home facilities.
- Creation of buffer stocks of required inputs necessary for various businesses.

- Creation of on-line shopping facilities.
- There should be provision for adequate funding for SMEs operating in the country.
- Incentivize businesses to strengthen the economy against future pandemic.
- Set up quick economic responses programme to cushion any negative effect caused by the pandemic.
- Build the trade support infrastructure and extend credit facilities to nurture the domestic private sector.

Digitalization and ICT usage play important role in reducing the adverse effect of pandemic on businesses in Sierra Leone. The stakeholders agitated that the industrial policy should be stressed the need to encourage businesses to adopt digital technology as this will facilitate online business (e-commerce and e-marketing) in order to increase trading activities. This is supported by 60 percent stakeholders while 40 percent emphasize active sensitisation of the public on the importance of using digital technology-ICT tools (Table 28).

Table 28: Stakeholders Opinion on digitalization and ICT usage

Response	Yes
Industrial policy should be deliberate about encouraging business to adopt technology	60%
Active sensitizing of the public on the important of using digital and ICT	40%

Source: Stakeholders' survey June, 2021

On the issues of climate change and gender, majority of the stakeholders agreed to their inclusion in the Sierra Leone industrial policy. As revealed in Table 29, 40 percent stakeholders claimed that climate change and gender are tmajor emerging issues that are shaping policies across the globe (presently), while another 40 percent of them stated that their inclusion in the industrial policy would work to mitigate against the negative effect of industrial pollution.. Concerning the main issues to be addressed on climatic change in relation to industrial policy in Sierra Leone, 80 percent of the stakeholders were of the opinion that: the main goald maintaining is a balance between reducing the harmful effects of dangerous emissions while ensuring that industries continue to be a major player in job creation and national development. There is need for enforcing/implementing, monitoring and ensuring compliance with environmental laws. There is also the need to ensure availability of renewable energy technology (knowledge sharing and development of renewable energy technology). Firms and households should protect the environment by reducing pollution and deforestation;which lead to greenhouse gas emission. They should comply with environementa;l laws and adopt clean energy technologies.

Table 29: Stakeholders Opinion on the issues of climate change and gender

Response	Yes
Inclusion of climate issue in the industrial policy mitigate against the negative effect caused by green emission	40%
climate change and gender are the major emerging issues that are shaping policies presently across the globe	40%
Core issues to be addressed on climatic change in relation to industrial policy	
Maintaining the balance between reducing the harmful effects of dangerous emissions	80%
Enforcing implementation, monitoring and ensuring compliance;	80%
Availability of renewable energy technology	80%
Avoid pollution and deforestation via compliance with environmental laws	80%
Avoid greenhouse gas emission by using clean energy technologies	80%

Source: Stakeholders' survey June, 2021

For the dynamics in the services sector to aid industrial development in Sierra Leone, 40 percent of the stakeholders were of the opinion that services sector could boost trading activities in the country provided there is conducive business environment that gives room for healthy competition. Table 30 suggests solutions to the current state of industrial development factors in Sierra Leone.

Table 30: Suggestions on the Current State of Important Factors for Industrial Development in Sierra Leone

	Factors	Suggested solutions
1	Natural resources endowment	<ul style="list-style-type: none"> ➤ The country should ascertain the full potential of its natural resources and its commercial value to benefit the people ➤ Promote value addition activities across the sectors. ➤ Regulations should be enacted to protect natural resources. ➤ Government should encourage citizens to be shareholders of all extractive companies. ➤ The geodata report recently launched by the President should be popularized for citizens to know its value
2	Infrastructure	<ul style="list-style-type: none"> ➤ Encourage Public-Private Partnership (PPP) model in the sector. ➤ The culture of effective repairs and maintenance should be enforced. ➤ More allocations should be voted for trade support infrastructure. ➤ Construction of feeder roads to enhance access to markets for agricultural produces and promote agribusiness.
3	Policy environment	<ul style="list-style-type: none"> ➤ Develop the necessary business friendly policies in support of industrialization. ➤ Effective policy framework to enhance the regulation of trading activities. ➤ There are good policies but its implementation should be genuinely.
4	Human capital development	<ul style="list-style-type: none"> ➤ Invest in middle level manpower. ➤ Establish and/or improve existing Technical and Vocational institutions to cater for middle level manpower. ➤ Government should invest in human capital. ➤ Apart from donor driven scholarship schemes, government should start allocating reasonable funds to send first citizens abroad for learn required skills.
5	Institutions & Governance	<ul style="list-style-type: none"> ➤ Promote accountability and transparency. ➤ Strengthen and empower institutions to perform.
6	Financial development	<ul style="list-style-type: none"> ➤ Maintain sound fiscal and monetary policies to support private sector activities. ➤ Increase finance for SMEs funding and ensure easy access to finance
7	Environments factors	<ul style="list-style-type: none"> ➤ Effective regulation that is aimed at protecting the environment for SMEs. ➤ Put plans in place (implementation of laws/polices/regulations) to mitigate environmental impacts.

		➤ Capacitate the newly created Ministry of the Environment to act.
8	Research & Development (R&D)	➤ Establish research institutions and strengthen existing research institutions to support industrialization. ➤ Government should capacitate the universities and other tertiary institutions to start doing quality researches to inform both higher education and also government critical policies
9	Other factors	➤ Include business registration and start-up.

Source: Stakeholders' survey June, 2021

PART VI

Summary, Conclusion and Recommendations

6.1 Summary of findings and Conclusion

The objective of this task is to review, update and align the existing Sierra Leone industrial policy with the ECOWAS Industrial Policy and AU Vision for industrialization. It is also meant to review the formulation and implementation processes of Sierra Leone's Industrial Policy and investigate the extent to which the industrial space and environment is favourable for the creation of employment opportunities, transfer of technology and development of human resources. It is directed at interrogating the various legal, regulatory frameworks and services infrastructure that enable the realization of the full potential of industries and to mainstream environmental and gender issues. The outcome of this exercise is to develop policy measures that are responsive to the emerging trends in global industrial development and align them with the wider growth strategy of the Government. Specifically, there is need to provide a clear implementation strategy for industrial development and economic development, and establish a guideline for drafting a sound legal and regulatory framework for transparent industrial operations.

In the course of this work, situational analysis was conducted and the following is the summary of findings. The share of industrial sector in domestic output of Sierra Leone averaged 9.32% during 2010-2019, positioning the country among the least industrialized countries in Africa such as Liberia (11.64%), Comoros (10.69%), Djibouti (9.18%) and Rwanda (17.59). Average aggregate output growth in Sierra Leone reached a peak of 10.42% during 2010-2014 but fell dramatically to -0.27% during 2015-2019, the least growth performance among all selected African countries. Average industrial sector share of GDP dropped significantly from 32% in the early 1990s to 5% during 2015-2019 period. The dominant activity in the Sierra Leone industrial sector is mining and quarrying, which entails the mining of diamond and other related precious metals. Manufacturing is the next most important activity in the industrial sector, while output of the construction, and electricity and water supply sub-sectors also improved in the last 5 years. The contribution of mining and quarrying sub-sector to industrial sector output fell from 53% in 2016 to 28% in 2020, while manufacturing contribution to industrial output rose from 29% in 2016 to 44% in 2020. The share of construction, and electricity and water supply also increased from 15% and 3% in

2016 to 22% and 6% in 2020 respectively. Industrial output growth deteriorated noticeably in the last decade, though it remained positive for most of the years.

A review of macroeconomic environment which is a major propeller of both domestic and foreign investments reveals that inflation is very high in Sierra Leone. Between 2015 and 2019 it was higher than those recorded by Rwanda, Liberia and Djibouti, which are on similar level of industrial sector development, as well as the more industrialized ones such as Botswana, Zambia and Senegal. Also, while average interest rates are lower in Sierra Leone than in Rwanda and Liberia, they remained higher than what obtained in the more industrialized non-oil rich economies in Africa such as Senegal, Botswana and Zambia. The high inflation and real interest rates indicate that cost of inputs and cost of living remain high in Sierra Leone. Moreover, real effective exchange rate in Sierra Leone during 2015-2019, was relatively higher than that of Zambia, suggesting that the purchasing power of the Sierra Leone currency is high compared to the more industrialized African countries. All these have implication for attracting investment into the industrial sector and competitiveness of the sector.

The business environment in Sierra Leone is generally weak, although the situation seems to be better than those in other least industrialized African countries. In respect of cost of export, border compliance costs in Sierra Leone are less than those of Djibouti and Liberia but higher than those of all the selected mid-industrialized economies. Also, among the selected countries, cost to export in terms of documentary compliance cost is highest in Sierra Leone. Similarly, cost to import in terms of border compliance is lower only in Sierra Leone than those in Djibouti and Liberia. Documentary compliance is also costly for import in Sierra Leone than in any of the other selected country (except Senegal) irrespective of the level of industrialization. However, looking at time to export, required duration for border compliance is lower in Sierra Leone than those of all the selected countries, except Botswana, while duration for documentary compliance in Sierra Leone is lower than only those of Zambia and Liberia. Time to import is also higher in Sierra Leone than in most of the countries, except Liberia with higher duration of border and documentary compliance, and Zambia with higher duration of border compliance. These costs of doing business have important adverse implication for inducing investment into the industrial sector of the economy. Since the industrial sector growth is private sector-led and export-oriented, the

cost and time of doing business must be reduced so as to make the sector and the overall economy competitive.

The communication facilities and usage should be upgraded so as to facilitate the activities in the industrial sector as fixed telephone lines subscriptions are low in Sierra Leone as in Rwanda and Liberia but lower than what obtains in Djibouti and the more industrialized African countries such as Botswana, Zambia and Senegal.. The level of innovation and related activities are very low in Sierra Leone relative to other least industrialised countries in Africa such as Rwanda. Human capital index for Sierra Leone indicates that human capital development in the country is among the lowest on the continent. This signals the need to promote human capital development so as to internalise the benefits of the foreign direct investment in terms of technology and skills transfer. The global competitiveness ranking of the Sierra Leone economy is among the lowest in Africa. This has negative implication for the country in competing for foreign investment from other countries within and outside Africa. In Sierra Leone, foreign direct investment (FDI) contributes little to output in Sierra Leone, which is a major concern for the country in the quest for industrialization. Efforts must therefore be expended to attract foreign investment into the country.

The industrial sector employs only about 6% of total employment in the country. Comparatively, other non-oil dependent countries in Africa employed more workers in the industrial sectors than Sierra Leone. Looking at the share of the top 20 export products of Sierra Leone between 2014 and 2019, Ores, slag and ash are the leading export products of the country, contributing an average of 27% to total export during the period 2014-2019. During the same period, other major export products, with over 5% average contributions include fish, cocoa, fish and meat preparations, wood and related articles, dairy products), natural pearls and precious metals. Mineral fuels and vehicles are the dominant imported products in the country. Cereals and machinery also make up a major part of imported products along with electrical machinery and equipment and plastics and related articles. Thus, while exports are dominated by primary products, refined and manufactured products are the major components of imports. On all indicators of institutional capacity, the country needs urgent institutional reform to facilitate industrial sector development.

The recent National Trade Strategy developed by the Sierra Leone Ministry of Trade and Industry identified some priority products to take advantage of the AfCFTA. These products

are mainly manufactures and are expected to be the focus of industrial sector development especially at the initial stage. They include coconut and groundnut oil, cocoa paste, sesamum seeds, natural honey, Bovine meats, pineapples and mangoes, fruit juice, soap, chemical or alcohol disinfectants/sanitizers, cosmetics, pigments and preparations containing titanium dioxide (colouring, sunscreen or paint), wooden furniture, and textile face mask. The existing Sierra Leone Industrial Policy was updated with recent developments, emerging global and regional issues and relevant international experience. The emerging global and regional issues include climate change, gender issues, occupational and safety as well as labour issues and the recent African Continental Free Trade agreement.

The stakeholders consultative meetings and survey provide some significant findings. The awareness of industrial policy is overwhelming among the stakeholders in Sierra Leone. However, they stated that the level of stakeholders' engagement is not cross cutting to deal with all the critical issues. According to the stakeholders the industrial policy formulation challenges include lack of in-depth consultation; lack of awareness of the industrial policy process, ineffective institutional collaboration among cross-cutting agencies; lack of broad consensus among stakeholders and problem of coordination. The coordination problems include: lack of information sharing; low level representation at coordination meetings, and inability to get all the relevant stakeholders to contribute to the process in a timely manner. By implication, only few stakeholders participated actively in all stages of the industrial policy formulation in Sierra Leone. On the implementation of industrial policy in Sierra Leone, some of the stakeholders indicated that they participated in difference stages. The factors responsible for low participation level of the stakeholders in the implementation of Sierra Leone industrial policy include lack of information and lack of full involvement in the process.

All the stakeholders considered natural resources endowment as a potential major driver of industrial development in Sierra Leone. In the case of infrastructure, more than half of the stakeholders revealed that its current state is bad, particularly for road, airway, railway, power (electricity) and ICT facilities. Similarly, stakeholders were of the view that the current state of water, health, education and ICT facilities is bad. For human capital development, stakeholders were also of the view that the current status is bad. With respect to policy environment, institutions & governance, financial development factors and research & development (R&D), majority of the stakeholders agreed that their current state is poor. On

the financing modes suitable for a dependent economy like Sierra Leone, the stakeholders suggested provision of fiscal and non-fiscal incentives; establishment of development banks to provide adequate financial facilities to businesses, especially SMEs and provision of tax exemption and tax breaks to enterprises at all levels.

Regarding the industrial products that could benefit from the Agreement, the stakeholders indicated products such as rice, cashew, oil palm, coffee, cocoa, and vegetables. Further, these stakeholders were of the opinion that AfCFTA will produce positive impact if the country develops the special economic zone (SEZ). On COVID-19, most of the stakeholders stated that the pandemic has adverse effect on business activities in the country. They revealed that digitalization and ICT usage play important role in reducing the adverse effect of pandemic on businesses in Sierra Leone. On the issues of climate change and gender, majority of the stakeholders agreed to their inclusion in the Sierra Leone industrial policy. The stakeholders claimed that climate change and gender are major emerging issues shaping policies across the globe presently. The stakeholders showed that: the main goal is maintaining a balance between reducing the harmful effects of dangerous emissions while ensuring that industries continue to be a major player in job creation and national development.

6.2 Policy Recommendations and Implementation Action Plan

Based on the findings some policy recommendations are made. These policy recommendations are presented in Table 31 so as to map policy prescriptions with policy the implementation machineries. A detailed policy and monitoring/evaluation framework is provided in the volume II.

Implementation the industrial policy is the responsibility of the the Ministry of Trade and Industry which is expected to seek the approval of the presidency. The MTI will develop a guildline for integrating the industrial policy into the Medium Term National Development Plan (MTNDP). The various programmes, projects, and activities in each financial year are ald integrated into the annual budget. Therefore, the extent of implementation of programmes and projects largely depends on the budget allocations.

There is need for a National Coordinating Committee for industrial policy development and implementation to ensure consistency of the coordination of activities, policies, and

programmes is with the priorities of the industrial plan. The committee will perform the following functions:

- i. Ensure that all projects and programmes are implemented and in line with the provisions of the policy.
- ii. The committee will also review the progress on the implementation of the various activities and results
- iii. Agree on the various monitoring indicators
- iv. Ensure adequate coordination of related programmes and projects
- v. Facilitate discussions to address challenges to implementation and resource mobilization.
- vi. Estimate the total projected cost of developing and implementing the industrial policy for a given period, such as a five-year or ten-year estimates.
- vii. Develop internal and external resource mobilization framework

The MTI should also identify risks and opportunities in the implementation of the policy including external shocks, climate change, financial instability, availability of data and information, , governance and capacity issues.

Table 31: Recommendation and Responsibility

Recommendation	Responsible Agent	Description
Approval of the revised Industrial Policy	The Three Arms of Government	
Domestication of the industrial Policy	Ministry of Trade & Industry & Ministry of Planning & Economic Development	Development of a guideline for integrating the industrial policy into the Medium Term National Development Plan (MTNDP).
Provision of Infrastructure	Ministries of energy, water, transportation and communication & Information, Presidential Committee on Infrastructure, private sector investors, Development Partners, MTI	<ul style="list-style-type: none"> ➤ Enforce the culture of effective repairs and maintenance. ➤ Provide more allocations for trade support infrastructure. ➤ Construct feeder roads to enhance access to markets for agricultural produces and promote agribusiness ➤ Commit more resources to energy, water, transport and communication
Natural resources exploitation and Development	Ministry of Agriculture & Natural Resources, Ministry of Mineral Resources	<ul style="list-style-type: none"> ➤ The country should ascertain the full potential of its natural resources and its commercial value to benefit the people ➤ Promote value addition activities across the sectors. ➤ Regulations should be enacted to protect natural resources. ➤ Government should encourage citizens to be shareholders of all extractive companies. ➤ The geodata report recently launched by the President should be popularized for citizens to know its value
Maintenance of favourable Business environment	All Relevant Ministries	<ul style="list-style-type: none"> ➤ Develop the necessary business friendly policies in support of industrialization. ➤ Articulate effective policy framework to enhance the regulation of trading activities. ➤ Ensure effective policy implementation should be genuinely
Human capital development	Universities, Research institutes, Specialised Tertiary Education Fund, Private sector investors, Development Partners	<ul style="list-style-type: none"> ➤ Invest in middle level manpower. ➤ Establish and/or improve existing Technical and Vocational institutions to cater for middle level manpower. ➤ Invest in human capital development ➤ Apart from donor driven scholarship schemes, government should start allocating reasonable funds to send brilliant citizens abroad for learn required skills.
Promoting good Institutions & Governance	The Three Arms of Government, Bureau of Public Procurements, Ministry of Justice, Ministry of Internal Affairs, Ministry of External Affairs, etc	<ul style="list-style-type: none"> ➤ Promote accountability and transparency. ➤ Strengthen and empower institutions to perform ➤ Digitalise public institutions and

		processes to reduce inefficiency and corruption
Accelerating Financial development	Ministry of Finance, Central Bank, Commercial Banks, Development Banks, Private investors, Non-Bank Public, etc	<ul style="list-style-type: none"> ➤ Maintain sound fiscal and monetary policies to support private sector activities. ➤ Increase finance for SMEs funding and ensure easy access to finance via setting up specialized creative industrial funds with less bottlenecks and collateral requirements ➤ Encourage financial innovations ➤ Strengthening agricultural and industrial insurance schemes
Environmental management	Ministry of Environment, Ministry of Agriculture & Natural Resources, Ministry of Mineral Resources, Private investors, Development Partners	<ul style="list-style-type: none"> ➤ Effective regulation that is aimed at protecting the environment for SMEs. ➤ Put plans in place (implementation of laws/policies/regulations) to mitigate environmental impacts. ➤ Capacitate the newly created Ministry of the Environment to act
Research & Development (R&D)	Ministry of Science & Technology; Universities & Research Institutes, Specialised Tertiary Education Fund, Private investors, Development Partners	<ul style="list-style-type: none"> ➤ Establish more research institutions and strengthen the existing ones to support industrialization. ➤ Capacitate the universities and other tertiary institutions to do quality researches to inform critical government policies ➤ Establish entrepreneurship schools for people's empowerment and creativity ➤ Use persuasion and incentive to drive private sector participation in R&D and supporting R&D
Develop Special Economic zone	MTI, Special Economic Zone Authority, all relevant public and private stakeholders	<ul style="list-style-type: none"> ➤ Effectively implement the SEZ policy ➤ Use local content policy and rapid human capital development to internalize the benefits of FDI in the SEZ and the industrial sector in general
Budgeting for Activities and programmes for implementing the policy	Ministry of Finance & Ministry of Planning & Economic Development (MoPED) in conjunction with Ministries associated with the activities, projects and programmes designed for industrial policy implementation	The various programmes, projects, and activities in each financial year are to be integrated into the annual budget

National, Regional and Sectoral activities, projects and programmes to be articulated by MTI & MoPED

Potential Projects for Industrial Development in Sierra Leone

A: Short-term (quick win) projects

- Reviving non-functioning industries (privatised and state-owned)
- Expansion of existing industries
- Development of SEZ/clusters
- Establishment of new light technology driven industries

B: Medium-term projects

- Agro Forest Plantations
- Iron Ore Project
- Coal to Electricity Project
- Establishment of handloom cluster
- Establishment of Fertilizer Blending Plant (NPK fertiliser)
- Furniture cluster
- Rice cluster and related value chain processing for local and export
- Extraction of fibres from banana pseudo-stem and conversion to useful products
- Cassava processing factory for tapioca starch; products use
- Development of sunflower processing Clusters at Kizota-Dodoma, Singida and Manyara

C: Long-term projects

- Agriculture City/SEZ for cereals production
- Oil palm projects
- Meat processing and allied products
- Development of land for sesame farms and oil production plant
- Petro Chemical Industries Complex
- Packaging industry glass, plastic, metal, cardboard, paper, aluminium, brick carton
- Development of metal clusters
- Polyethylene Foam Plant Source: MITI (2017)

REFERENCES

- Albert, T. (2019). *The African Continental Free Trade Agreement: Opportunities and Challenges*. Geneva: CUTS International, Geneva.
- Altenburg, T. (2009). 'Industrial Policy for Low and Lower-Middle Income Countries'. Paper presented at the UNU-WIDER, UNU-MERIT and UNIDO Workshop on Pathways to Industrialization in the 21st Century: New Challenges and Emerging Paradigms, 22-23 October. Maastricht.
- Belloc M. and Di Maio M. (2011). *Sierra Leone's National Export Strategy: Implementation Issues and Recommendations*. International Growth Centre (IGC), Working Paper F-39012-SLE-1
- Chen J. and Xie L. (2019). Industrial policy, structural transformation and economic growth: evidence from China. *Frontiers of Business Research in China*, 13(18), <https://doi.org/10.1186/s11782-019-0065-y>
- Ciuriak D. and Curtis J. M. (2013). *The Resurgence of Industrial Policy and What It Means for Canada*. IRPP Insight 2 (June 2013). Montreal: Institute for Research on Public Policy
- Grabowiecki J. (2006). Keiretsu Groups: Their Role in the Japanese Economy and a Reference Point (or a Paradigm) for Other Countries. V.R.F. Series, No 413, Institute of Development Economics, Japan External Trade Organization, March 2006.
- Hartwich F. and Isaksson A. (2020). Managing COVID-19: Why Poorer Countries May Drop Out of Industrialization. Opinion Piece, United Nations Industrial Development Organization (UNIDO), <https://www.unido.org/stories/managing-covid-19-why-poorer-countries-may-drop-out-industrialization>
- Ibrahim M. (2020). The Fourth Industrial Revolution Combatting COVID-19: The Role of Smart and Sustainable Cities. Expert Group Meeting on "Socially just transition towards sustainable development: The role of digital technologies on social development and well-being of all" UNDESA / Division for Inclusive Social Development, in collaboration with UNCTAD and ITU, 4-7 August, 2020. https://www.un.org/development/desa/dspd/wp-content/uploads/sites/22/2020/09/Maysoun-Ibrahim_4IR-and-SCs-in-the-Time-of-COVID19.pdf
- Jalloh M. (2013), Natural resources endowment and economic growth: The West African Experience *Journal of Natural Resources and Development* 2013; 03: 66-84.
- Kaplinsky R. and Morris M. (2008). Do the Asian Drivers Undermine Export-oriented Industrialization in SSA? *World Development*, 36(2): 254-273
- Lavopa A. and Szirmai A. (2012). *Industrialization, employment and poverty*. UNU-MERIT Working Papers #2012-081
- Martorano B., Sanfilippo M. and Haraguchi N. (2017). What factors drive successful industrialization? Evidence and implications for developing countries. *Inclusive and Sustainable Industrial Development*
- Working Paper Series, WP 7 | 2017, United Nations Industrial Development Organization, Vienna, Austria.
- Naudé W. (2010). *New Challenges for Industrial Policy*. WIDER Working Paper, No. 2010/107, ISBN 978-92-9230-345-7, The United Nations University World Institute for Development Economics Research (UNU-WIDER), Helsinki

- Ndlovu L. B. (2012). Challenges and Opportunities for LDCs: Graduation and Structural Transformation Case study on Liberia and Sierra Leone. Expert Meeting of LDCs, United Nations Conference on Trade and Development, New York and Geneva.
- UNCTAD (2010). Investment Policy Review of Sierra Leone. United Nations publication. UNCTAD/DIAE/PCB/2009/14. New York and Geneva.
- UNECA (2007). Accelerating Africa's Development through Diversification. Economic Report on Africa 2007, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2011). Governing development in Africa - the role of the state in economic transformation. Economic Report on Africa 2011, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2013). Making the Most of Africa's Commodities: Industrializing for Growth, Jobs and Economic Transformation. Economic Report on Africa 2013, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2014). Dynamic Industrial Policy in Africa: Innovative Institutions, Effective Processes and Flexible Mechanisms. Economic Report on Africa 2014, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2015). Industrializing Through Trade. Economic Report on Africa 2015, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2016a). Greening Africa's Industrialization. Economic Report on Africa 2016, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2016b). Transformative Industrial Policy for Africa. United Nations Economic Commission for Africa, Addis Ababa, Ethiopia
- UNECA (2017). Urbanization and Industrialization for Africa's Transformation. Economic Report on Africa 2017, United Nations Economic Commission for Africa, Addis Ababa, Ethiopia.
- UNECA (2019). Sierra Leone National AGOA Response Strategy 2019 to 2025.
- Yang Y. and Shao X. (2018). Understanding industrialization and employment quality changes in China: Development of a qualitative measurement. China Economic Review, 47: 274-281

TECHNICAL APPENDIX

A. Methodology

Desk-Work

Analysis of secondary data collected from various sources including Ministries, Departments and Agencies as well as International Organisations.

Review of policy and other documents gathered from the identified sources. These include Sierra Leone Industrial Policy, Sierra Leone Investment Policy, Sierra Leone Special Economic Zone Policy, Sierra Leone Local Content Policy, and other Policy documents. Relevant research materials such as journal articles, research or technical reports and other materials are also sought and used.

Review the formulation and implementation processes of Sierra Leone's Industrial Policy;

Mainstream environmental and gender issues into the Policy

Rigorous analysis of the existing policy, regulatory and institutional environments as well as lessons (via learning) from international experience & best practices

Development of survey instruments & sample selection

B. SAMPLE SELECTION AND QUESTIONNAIRE ADMINISTRATION METHOD

a. Sample Selection

The relevant stakeholders discussed below were consulted to obtain useful information and to seek their supports for the review and implementation of the industrial policy.

Level 1: The target audience is the key government ministries involved in developing and implementing Special Economic Zone Policy such as the Federal and State Ministries of Industry & Trade, Finance, Agriculture, Mining/Energy, Natural Resources, Power, Transportation, Foreign or External Affairs, National Planning, other relevant ministries and Departments, Central Bank, Relevant National Assembly Committees, Regional Organizations such as African Development Bank (AfDB), United Nations Industrial Development Organisation (UNIDO) and United Nations Economic Commission (UNECA), among others.

Level 2: This level focused on key government institutions involved in Economic Policy design and implementation. These include Industrial Parks or Economic Zones (Special zones), Exports Promotion Council (EPC), Investment Promotion Council (IPC), Development Banks such as Bank of Agriculture (BOA), Bank of Industry (BOI), and major institutions dealing with textile, agro-processing products (rice and edible oils), automobile, copper, cobalt, wires, power batteries and Pharmaceuticals. Others are

- National Revenue Authority
- Sierra Leone Investment & Export Promotion Agency
- Sierra Leone Special Economic Zone Authority

- Sierra Leone Immigration Service
- Sierra Leone Ports Authority
- Security & Exchange Commission
- Sierra Leone Maritime Administration
- The Airport Authority
- Sierra Leone Standards Bureau
- National Insurance company
- Sierra Leone Pharmaceutical Board
- National Agency For Food And Drug Administration & Control
- Environmental Protection Agency
- Sierra Leone Chamber of Commerce, Industry & Agriculture
- Foreign Investors
- International Organisations
- Non-Governmental Organisations
- Consumer Protection Council

Level 3: This focused on organizations largely representing the Organised Private Sector (OPS) that should be involved in developing and implementing Special Economic Zone Policy. These include Association of Manufacturers, Chambers of Commerce & Industries, Mining and Agricultural Associations especially those formed by key actors in specific sectors like textile, agro-processing products (rice and edible oils), automobile, and so on.

.

Level 4: This is the last set of respondents which consists of individuals directly involved in running institution dealing with implementing Special Economic Zone Policy or Experts with some good knowledge of the history of the institution. The aim is to collect historical information useful in understanding the operations of the institutions. These institutions include Universities, Research institutes, and so on.

b. Survey administration

Research instrument

Questionnaire/In-depth-Interview guide was developed to cover various issues relating to the formulation and implementation of industrial policy in Sierra Leone. It covers awareness, participation, inputs rendering and challenges in the formulation and implementation of industrial policy in the country. It also covers emerging issues such as impact and management of COVID-19 pandemic and role of digitalisation in industrial development and curtailment of future crisis. Other important issues in the planning and management of industrial are interrogated. Respondents are selected from various stakeholders' groups as shown in the next section.

QUESTIONNAIRES FOR STAKEHOLDERS' ANALYSIS

STATE/LG.....
.....

TYPE OF ORGANISATION/INSTITUTION (PUBLIC OR PRIVATE)

MINISTRY/SUB-SECTOR OF THE ORGANISED PRIVATE SECTOR

NAME OF YOUR ORGANISATION/INSTITUTION

.....
ADDRESS

.....
NAME OF THE RESPONDENT.....(OPTIONAL)

POSITION OF THE RESPONDENT.....

AWARENESS AND POLICY FORMULATION/IMPLEMENTATION

- Are you aware of this country's Industrial policy?
- Were you invited during the formulation and review of this country's industrial policy? (from inception meeting to evaluation or review to documentation and validation)

.....
.....
.....
.....
.....
.....
.....If yes, who invited you?

- What was your role and how did you perform it?

.....
.....
.....
.....

- What do you think is wrong in the process of formulating this country's industrial policy?

.....
.....
.....
.....
.....

- What do you think is left out during the formulation stage of this country's policy?

.....
.....
.....
.....
.....

- What can you say about the degree of public-private partnership in this country's industrial policy formulation?

12. Regional value chain
.....
13. Digitalisation and dynamism in the services sector
.....
14. Tax policy
.....
15. Environmental sustainability and Climate change
.....
16. Financing industrialisation including venture capital & subsidising
.....
17. Government interventions and supports in strategic industries
.....
18. Productive capabilities, technology & innovation for competitiveness
.....
19. Other areas (Please specify)
.....

• At what level(s) do you participate in the implementation of industrial policy in this country?.....

• Rate the level of your participation in the implementation of industrial policy in this country?.....

• If low, what is hindering your level of participation in the implementation of industrial policy in this country?.....

• Are you aware of the African Continental Free Trade Agreement (AfCFTA)?

• If yes, what do you know about AfCFTA?

.....
.....
.....
.....
.....

• Were you invited during the AfCFTA negotiation process in this country?
.....

• Which of the industrial products do you think will benefit most from the AfCFTA? Why?

.....
.....
.....
.....
.....

• Which of the industrial products do you think will benefit least (or be affected) from the AfCFTA? Why?

.....
.....
.....
.....
.....

• What innovative measures are the producers in this country putting in place to maximise the benefits from AfCFTA? Why?

.....
.....
.....
.....
.....

.....
• How do you think this country should mainstream AfCFTA into her industrial policy?

.....
• How feasible is it to include the AfCFTA elements in this country's industrial policy?

.....
• How has COVID-19 impacted businesses in this country? Describe the severity of the problem.

.....
• What businesses are positively and negatively affected in this country? Give details

List business that are positively affected

.....
List business that are negatively affected

.....
• What mechanisms should be put in place in this country to avert the negative effect of future pandemic on businesses especially in terms of inputs sourcing and sales?

.....
.....How can we ensure that digitalisation & ICT usage play important role in reducing the adverse effect of pandemics on businesses in this country?

.....
• What is the role of industrial policy in averting the negative effect of future pandemic on businesses in this country?

.....

.....

.....

.....

.....

.....

- Are the issues of climate change and gender so big as to consider them in the industrial policy formulation & implementation in this country? If yes, why?

.....

.....

.....

.....

- What are the key issues to be addressed on climatic change in relation to industrial policy in this country?

.....

.....

.....

- How can the dynamics in the services sector aid industrial development in Sierra Leone?,
.....

.....

.....

.....

.....

- What are the challenges to the implementation of industrial policy in this country?

.....

.....

.....

.....

- What are the solutions to the challenges to the implementation of the industrial policy in this country?

.....

....

.....

.....

.....

- Removing the challenges to the implementation of the industrial policy in your country requires getting appropriate financing modes, what are your suggestions on financing modes suitable for commodity dependent countries such as Sierra Leone which experience income instability?

.....

.....

.....

.....

- Can you say that this country is successful in industrial policy formulation and implementation?
- If successful, what are the success underlying factors

.....

.....

.....

.....

- If failed, what are the failure underlying factors.....

.....

.....

.....

.....

.....

1. Rate the importance of the following to industrial development in Sierra Leone

	Factor	Level of rating: 1=(very important; 2=(important), 3=I undecided; 4= less important; 5= Not important.				
		Very Important	important	Undecided	Less important	Not important
1	Natural Resources Endowment (i) Oil (ii) Other minerals (iii) Precious & Industrial metals (Gold, etc) (iv) Agriculture (v) Others (specify)					
2	Infrastructure (a) Road (b) Airway (c) Railway (d) Power (Electricity, etc) (e) Water (f) Health facilities (g) Education facilities (h) ICT facilities (i) Others (specify)					
3	Policy Environment (a) Domestic policies (i) Industrial (ii) Trade (iii) Fiscal (iv) Monetary (v) Others (specify) (b) Foreign policies (i) Regional (ii) Continental (AfCFTA) (iii) Others (Specify)					
4	Human Capital Development (i) Vocational Skills (ii) Education (iii) Training (iv) Health services (v) Others (Specify)					
5	Institutions & Governance (Political Environ) (i) Leadership (ii) Security (iii) Corruption (iv) Bureaucratic quality (govt effectiveness (v) Rule of Law (Enforcement & compliance with law & order) (vi) Others (Specify)					
6	Financial Development factors (i) Venture capital (ii) Cross border financial activity & flows (iii) Access to credit (iv) Volume of money in circulation (v) Time to access financial services (vi) financial stability (i) Financial innovations (ii) Commercial Banks (iii) Development Banks (iv) SME funds (v) Others (Specify)					
7	Environmental impact factors (i) Climatic change (ii) Level of pollution (iii) Pollution Abatement facilities (iv) Environmental law & regulations (v) Policy for wastes conversion (vi) Environmental innovations (vii) Others (Specify)					
8	Research & Development (R&D) i. Research & Entrepreneurship institutions ii. Intellectual Property Right Protection ii. Raw materials development v. Incubation Centres v. Inter-firms linkages including foreign i. Other (Specify)					
9	Other Factors (Specify) Including Firm Registration & Start-Up & Inputs Hiring					

2. Rate the Current position of the following in Sierra Leone (These ratings will give clues to the extent to which the industrial space and environment is favourable for the creation of employment opportunities, transfer of technology and development of human resources)

	Factor	Level of rating: 1=Best), 2=(Better), 3=Good), 4=Bad), 5=Worse				
		Best	Better	Good	Bad	Worse
1	Natural Resources Endowment (vi) Oil (vii) Other minerals (viii) Precious & Industrial metals (Gold, etc) (ix) Agriculture (x) Others (specify)					
2	Infrastructure (j) Road (k) Airway (l) Railway (m) Power (Electricity, etc) (n) Water (o) Health facilities (p) Education facilities (q) ICT facilities (r) Others (specify)					
3	Policy Environment (c) Domestic policies (vi) Industrial (vii) Trade (viii) Fiscal (ix) Monetary (x) Others (specify) (d) Foreign policies (iv) Regional (v) Continental (AfCFTA) (vi) Others (Specify)					
4	Human Capital Development (vi) Vocational Skills (vii) Education (viii) Training (ix) Health services (x) Others (Specify)					
5	Institutions & Governance (Political Environ) (vii) Leadership (viii) Security (ix) Corruption (x) Bureaucratic quality (govt effectiveness) (xi) Rule of Law (Enforcement & compliance with law & order) (xii) Others (Specify)					
6	Financial Development factors (vii) Venture capital (viii) Cross border financial activity (ix) Access to credit (x) Volume of money in circulation (xi) Time to access financial services (xii) financial stability (vi) Financial innovations (vii) Commercial Banks (viii) Development Banks (ix) SME funds (x) Others (Specify)					
7	Environmental impact factors (viii) Climatic change (ix) Level of pollution (x) Pollution Abatement facilities (xi) Environmental law & regulations (xii) Policy for wastes conversion (xiii) Environmental innovations (xiv) Others (Specify)					
8	Research & Development (R&D) i. Research & Entrepreneurship institutions ii. Intellectual Property Right Protection x. Raw materials development x. Incubation Centres ii. Inter-firms linkage including foreign ii. Other (Specify)					
9	OTHER FACTORS (SPECIFY): Including firm registration & start-up and inputs haring					

3. Suggest solutions to the current state of the following in Sierra Leone (What should be done and how?)

Provide suggestions	
1	NATURAL RESOURCES ENDOWMENT
2	INFRASTRUCTURE
3	POLICY
4	HUMAN CAPITAL DEVELOPMENT
5	INSTITUTIONS & GOVERNANCE
6	FINANCIAL DEVELOPMENT
7	ENVIRONMENTAL FACTORS
8	RESEARCH & DEVELOPMENT (R&D)
9	OTHER FACTORS (SPECIFY): Including business registration & start-up

Table C: Product Code and Label for Export Products

Product code	Product label
'26	Ores, slag and ash
'03	Fish and crustaceans, molluscs and other aquatic invertebrates
'18	Cocoa and cocoa preparations
'16	Preparations of meat, of fish or of crustaceans, molluscs or other aquatic invertebrates
'44	Wood and articles of wood; wood charcoal
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
'11	Products of the milling industry; malt; starches; inulin; wheat gluten
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
'15	Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal .
'14	Vegetable plaiting materials; vegetable products not elsewhere specified or included
'72	Iron and steel
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
'09	Coffee, tea, maté and spices
'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...
'20	Preparations of vegetables, fruit, nuts or other parts of plants
'39	Plastics and articles thereof
'40	Rubber and articles thereof
'73	Articles of iron or steel

Table D: Product Code and Label for Import Products

Product code	Product label
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof
'10	Cereals
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...
'39	Plastics and articles thereof
'25	Salt; sulphur; earths and stone; plastering materials, lime and cement
'73	Articles of iron or steel
'72	Iron and steel
'30	Pharmaceutical products
'22	Beverages, spirits and vinegar
'63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags
'08	Edible fruit and nuts; peel of citrus fruit or melons
'21	Miscellaneous edible preparations
'11	Products of the milling industry; malt; starches; inulin; wheat gluten
'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...
'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...
'40	Rubber and articles thereof
'17	Sugars and sugar confectionery
'04	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...