



Business Environment Reform Facility

Business Environment Reform Diagnostic-Sierra Leone

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About Business Environment Reform Facility (BERF)

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We provide expert advice, analysis of lessons learned, policy research about what works and what doesn't and develop innovative new approaches to involving businesses and consumers in investment climate reform.

BERF has a strong emphasis on strengthening the Business Environment for women and girls, as well as for young adults more generally. It is also aiming to improve the relationship between business and the physical environment including where relevant through linkage to climate change analysis. BERF recognises the need for appropriate political economy analysis in order to underpin business environment reform processes and interventions.

About this Report

Research and report writing for this study were undertaken by Clare Manuel of The Law & Development Partnership (LDP) and Laureen Katiyo, between February and March 2017.

The views contained in this report are those of the authors and do not necessarily represent the views of KPMG LLP, any other BERF consortium member or DFID.

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Acronyms and Abbreviations

AASISL	ActionAid International Sierra Leone
AFDB	African Development Bank
AGI	Africa Governance Initiative
ALIC	Africa Link Inspection Company
ASYCUDA	Automated System for Customs Data
BE	Business Environment
BEED	Business Environment for Economic Development
BERF	Business Environment Reform Facility
BMO	Business Membership Organisation
BoSL	Bank of Sierra Leone
CA	Christian Aid
CAC	Corporate Affairs Commission
CED	Customs and Excise Department
CET	Common External Tariff
CGG	Campaign for Good Governance
CSO	Civil Society Organisation
DFID	Department for International Development, UK
EDSA	Electricity Distribution and Supply Authority
EGTC	Electricity Generation and Transmission Company
EITI	Extractive Industries Transparency Industry
ENABLE	Enhancing Nigerian Advocacy for Better Business Environment
EPA	Environmental Protection Agency
EPA	European Partnership Agreement
EPZ	Export Processing Zone
EU	European Union
FAO	Food and Agriculture Organisation
FCAS	Fragile and Conflict-Affected State
FTCC	Fast Track Commercial Court
FTZ	Free Trade Zone
GDD	Gold and Diamond Division
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GDP	Gross Domestic Product
GNI	Gross National Income
GoSL	Government of Sierra Leone
HMG	Her Majesty's Government
IFC	International Finance Corporation
IFUSE	Investment Facility for Utilising UK Specialist Expertise
IMF	International Monetary Fund
IT	Information Technology
LASER	Legal Assistance for Economic Reform
LCP	Local Content Policy
LOD	Law Officers Department
LRC	Law Reform Commission



M&E	Monitoring and Evaluation
MDAs	Ministries, Departments and Agencies
MFMR	Ministry of Fisheries and Marine Resources
MoFED	Ministry of Finance and Economic Development
MSMSE	Micro, Small, Medium Sized Enterprises
MTI	Ministry of Trade and Industry
NASSIT	National Social Security Insurance Trust
NES	National Export Strategy
NGO	Non-Governmental Organisation
NLP	National Lands Policy
NMA	National Mineral Agency
NMJD	Network Movement for Justice and Development
NPPA	National Public Procurement Authority
NRA	National Revenue Authority
OARG	Office of the Administrator and Registrar General
OWNERS	Organisation of Women's Networks for Entrepreneurs
PAF	Performance Assessment Framework
PDT	Presidential Delivery Team
PEA	Political Economy Analysis
PFM	Public Financial Management
PPD	Private Public Dialogue
PPP	Private Public Partnership
PRSP	Poverty Reduction Strategy Paper
PSD	Private Sector Development
SFCG	Search for Common Ground
SL	Sierra Leone
SLADF	Sierra Leone Agribusiness Development Fund
SLCC	Sierra Leone Chamber of Commerce
SLCCIA	Sierra Leone Chamber of Commerce, Industry and Agriculture
SLeCAD	Sierra Leone Chamber of Agribusiness Development
SLIEPA	Sierra Leone Investment and Export Promotion Agency
SLPA	Sierra Leone Ports Authority
SLSMEDA	Sierra Leone Small and Medium Sized Enterprise Development Agency
SME	Small and Medium Enterprise
SMEDA	Small and Medium Sized Enterprise Development Agency
SOBA	Sierra Leone Opportunities for Business Action
SPU	Strategy and Policy Unit
SSEIP	Sierra Leone Secondary Education Improvement Programme
TFA	Trade Facilitation Agreement
TIN	Taxpayer Identification Number
TISL	Transparency International Sierra Leone
ToRs	Terms of Reference
UK	United Kingdom
UNDP	United Nations Development Programme
USAID	United States Agency for International Development



WABEAN	Western Area Budget Education Network
WARFP-SL	West Africa Regional Fisheries Programme-Sierra Leone
WBG	World Bank Group
WCO	World Customs Organisation
WEF	World Economic Forum
WLSME	Women's Leadership in Small and Medium Enterprises
WTO	World Trade Organisation



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Executive Summary

This report provides a technical analysis of the business environment in Sierra Leone and recommends a feasible reform agenda in the light of the political economy and the ability of donors to make a difference. Drawing on a wide range of existing diagnostics, as well as new analysis, this report forms a platform for a coherent donor approach to business environment reform during the period between now and the Presidential election in March 2018. Subsequently, this report can be used by donors to engage with government and the private sector.

Sierra Leone is one of the world's top ten business reformers, having climbed into the top half of the Sub-Saharan index of ease of doing business within a 5-year period. However, with a low capacity government faced with a highly complex set of business environment problems, and an extremely wide-ranging policy agenda, the country scores poorly on measures of government effectiveness. There are many government ministries and agencies involved with private sector development/business environment, but there is limited coordination among them.

Sierra Leone has pushed through a wide range of legislative reforms and developed a plethora of policies associated with improving the business environment. But the record on implementation and of real impact is mixed. Some reforms have delivered — or at least are on the way to delivering — real change. Recent successful reforms can be categorised as (i) operational changes which do not challenge powerful vested interests and also, where the Government of Sierra Leone has capacity to deliver change, are often backed by donor funds and technical assistance, and (ii) deeper, more fundamental reform where there is political will, sometimes in response to a “critical juncture”.

This report suggests four approaches to tackling key business environment constraints in Sierra Leone:

Approaches to support improvement in Sierra Leone's business environment

Approaches to support improvement in Sierra Leone's business environment	
Approach	Prioritisation
1. Continue to 'chip away' at bottlenecks where there is demonstrated traction and capacity:	Immediate
2. Improve policy coherence, enabling a more focused and prioritised approach in a resource-constrained and low capacity environment.	Longer-term policy engagement
3. Focus on government change mechanisms (a) to exploit Presidential convening power, complemented by (b) strengthening core processes.	Complex, risky and politically charged. Undertake by way of 'small bets' to test the GoSL appetite for reform.
4. Improve private sector collective action	Longer-term policy engagement

The specific actions recommended are summarised as follows, with detail provided in the action plan at the end of this executive summary.

■ Approach (1): Continue to 'chip away' at bottlenecks where there is demonstrated traction and capacity

- Continue to support Companies Act reform
- Streamline registration of other business forms
- Continue to improve the Collateral Registry
- Develop the Fast Track Commercial Court as a 'flagship' court



- Address remaining bottlenecks at Freetown Port
- **Approach (2): Improve policy coherence, enabling a more focused and prioritised approach in a resource-constrained and low capacity environment**
 - Strengthen private sector engagement with Local Content Policy
 - Develop coherent trade policy in light of WTO Trade Facilitation Agreement
 - Develop and implement key sector policies (tourism and fisheries)
- **Approach (3): Focus on government change mechanisms (a) to exploit Presidential convening power, complemented by (b) strengthening core processes.**
 - (a) Improve GoSL policy enforcement / implementation by strengthening Strategy and Policy Unit and launching a “compact” between GoSL, private sector and donors to tackle complex and politically charged issues of key concern to private sector
 - (b) Strengthen and improve coordination between Law Officers’ Department and Law Reform Commission
 - (b) Instigate budget working group as part of the budget process
- **Approach (4): Improve private sector collective action**
 - Support market based/ problem driven approach to strengthening the demand side
 - Instigate strategic dialogue between GoSL, private sector and donors through the “compact” proposed under approach (3) above, identifying a common reform framework

The suite of reforms proposed above (detailed in the action plan at the end of this executive summary) represents an initial agenda for reform, but new openings and opportunities are likely to emerge, particularly in the wake of the 2018 Presidential election. There is appetite on the part of donors engaged in private sector development in Sierra Leone for better co-ordination of their efforts. This report recommends that, at the very least, light touch coordination should take place through a regular donor/private sector meeting, which would enable donors at an operational level to be better informed about each other’s projects and plans. A donor/private sector group could also potentially become a platform for interaction with the Government of Sierra Leone on business environment reform and, more generally, on private sector development.

Proposed next steps for the donor community between now and the Presidential elections scheduled in March 2018:

Proposed donor community next steps

Next Steps	
Proposed way forward	Next steps
Develop platform for action	DFID - circulate this report to other donors and consult.
	BERF - Finalise report.
Improve donor coordination	Develop a redacted/reframed version to share with GoSL and private sector.
	Set up donor PSD working group and agree terms of reference.
	Consider funding a facilitator to support donor coordination and engagement.
	Develop agreed upon donor framework on business environment reform.
	Agree upon donor channels of communication with GoSL to minimise transaction costs on both sides.



Next Steps	
Proposed way forward	Next steps
	<p>Agree upon common donor approach to engaging with private sector.</p> <p>Develop agreed upon approach to funding (mix of funding instruments).</p>
Develop policy options for new administration	<p>Collate existing analysis and develop set of policy options on business environment reform.</p> <p>Engage at the political level to ascertain appetite for new approach to private sector development, including proposed private sector/GoSL/donor compact and possible “first 100 days” initiative.</p>
Private sector engagement	<p>Initial small incremental steps. Engage facilitator to work with private sector to:</p> <ul style="list-style-type: none"> • identify entry points for collective action, including in relation to gender and youth . • investigate appetite for policy engagement by informal/virtual private sector groupings. • encourage and support private sector to respond to on-going business environment policy opportunities, e.g. recommendations of Commercial Law and Justice Summit, budget process. • gauge support for proposed compact <p>If appropriate, develop market-based support programme for private sector engagement.</p>

Action Plan: Key business environment constraints and recommended policy actions

No	Constraint	Action	GoSL responsibility
Approach (1) : continue to take small steps to reform constraints where there is demonstrated traction and capacity			
1.1	Weak regulation of limited liability companies	Develop a framework for strong corporate governance in Sierra Leone including – <ul style="list-style-type: none"> • Finalise legislative framework for corporate governance including regulations • Develop and implement mechanisms to enforce Companies Act compliance • Rationalise legislative framework relating to the corporate insolvency regime and registration of charges against companies 	CAC (MTI)
1.2	Weak regulation of other business forms (sole proprietorships, partnerships and cooperatives)	Sole proprietorships and partnerships <ul style="list-style-type: none"> • While there is scope for rationalisation of the registration regime including clarity about its purpose and ensuring register is up to date • Enable online (or potentially mobile phone) registration of Cooperatives <ul style="list-style-type: none"> • Update 1977 Cooperative Societies Act with more facilitative approach to the regulation and promotion of cooperatives. (Act + supporting regulations) • Implement the Act 	OARG (Ministry of Justice) Cooperative Department (MTI)
1.3	Limited access to finance	Enhance ability of business to use collateral other than land as security for loans <ul style="list-style-type: none"> • Develop regulations which ‘flesh out’ the operation of the Borrowers and Lenders Act 2014 • Open up new regime to enable anyone (not just financial institutions) to register to protect their interest in moveable property. 	Collateral Registry (Bank of Sierra Leone)
1.4	Weak contract enforcement / Limited access to finance	<ul style="list-style-type: none"> • Develop FTCC as a “flagship” for court reform • Automate and professionalise the registry • Publish FTCC court rulings and judgments. 	FTCC (the Judiciary)
1.5	Delays, inefficiencies and costs at Freetown Port	<ul style="list-style-type: none"> • Strengthen customs pre-clearance: install a tracking system, train customs agents, provide importers with information about the system and encourage them to demand it. • Publish information about the performance of different hauliers in relation to scanning delays • Streamline the process for funds transfers to CED (large transfers need BoSL clearance). • Strengthen capacity of SLPA as regulator to improve coordination, eliminating unnecessary cross checking, for example, with the Pharmacy Board and the Bureau of Standards. 	SLPA CED BoSL



No	Constraint	Action	GoSL responsibility
		<ul style="list-style-type: none"> Introduce stronger private sector oversight– for example, undertaking “real time” identification of problems (e.g. using WhatsApp groups or a dedicated version of “Pay no Bribe”¹), data analysis, reporting and feedback. 	
Approach (2) : improve policy coherence, enabling a more focused and prioritised approach in a resource constrained and low capacity environment			
2.1	Local content policy	<ul style="list-style-type: none"> Strengthen private sector engagement including supporting the GoSL on research and analysis, and linking dialogue to demand-driven approaches to local skills development [See 4.1 below] 	Local Content Agency (MTI) MoFED
2.2	Trade policy	<ul style="list-style-type: none"> Ratify the WTO Trade Facilitation Agreement (TFA), and notify list of category A commitments Access the technical assistance and capacity building support available under the TFA, drawing on the trade facilitation gap analysis undertaken in May 2016. 	MTI
2.3	Sector policies	<ul style="list-style-type: none"> Develop, refine and implement key sector strategies (tourism and fisheries) 	Ministry of Tourism & Culture / MFMR
2.4	Key national strategies	<ul style="list-style-type: none"> Strengthen private sector engagement with implementation of National Lands Policy (NLP) and Constitutional review process on land issues especially on women’s tenure rights and the rights of local communities in relation to commercial contracting. [See 4.1 below] 	Ministry of Lands Constitutional Review Committee
Approach (3): focus on government change mechanisms- (a) exploit Presidential convening power			
3.1	Weak enforcement / implementation	<ul style="list-style-type: none"> Strengthen Presidential Strategy and Policy Unit (SPU) on private sector development policy and planning In first hundred days of new Presidency in March 2018, launch a new approach to business environment reform involving a “compact” between government, the private sector and donors to tackle complex, politically charged and highly risky issues through a series of politically informed ‘small bets’ (3.2,3.3 &3.4 below) 	SPU
3.2	Duty concessions & exemptions – delays and corruption	<ul style="list-style-type: none"> Abolish duty concessions and exemptions 	MoFED NRA

¹ <https://www.pnb.gov.sl/>.



No	Constraint	Action	GoSL responsibility
3.3	Corruption in procurement regime	<ul style="list-style-type: none"> Reform procurement including strengthening the capacity and role of the NPPA and the Independent Procurement Review Panel; tightening procurement rules and practices; supporting the Law Officers Department in the Ministry of Justice in contract management; and enhancing private sector oversight 	MoFED MoJ
3.4	EPA charges and processes	<ul style="list-style-type: none"> Increase EPA transparency on legitimate powers and charges and develop ombudsman process to challenge EPA assessments 	EPA
Approach (3): focus on government change mechanisms - (b) strengthen core GoSL policy and law-making, and resource allocation processes which impact the business environment			
3.5	Weak processes for policy and law making	<ul style="list-style-type: none"> Improve coordination between the Law Reform Commission and Ministry of Justice Law Officers' Department Strengthen law-making processes including enhanced engagement with private sector Strengthen capacity of Law Officers' Department with respect to drafting commercial laws Take forward recommendations of Commercial Law Summit 	LRC LOD
3.6	Limited private sector engagement in GoSL resource allocation processes	<ul style="list-style-type: none"> Instigate private sector budget working group as part of the budget process. 	MoFED
Approach (4): Improve private sector collective action			
4.1	Weak private sector collective action	<ul style="list-style-type: none"> Support a market-based/problem-driven approach to strengthening the demand side Investigate the scope for a strategic dialogue between the private sector, GoSL and donors in the form of a 'compact', identifying a common reform framework. 	MTI & Donor Agencies

1. Introduction

1.1 Report Purpose

The report was commissioned by DFID Sierra Leone under the BERF programme. The report provides a technical analysis of the business environment in Sierra Leone and an analysis of what might be feasible in light of the political economy and the ability of donors to make a difference. The purpose of the report is to form a platform first for a coherent donor approach to business environment reform, and then for donors to engage with government with an agreed agenda. Terms of Reference (ToRs) are in Appendix 1.

1.2 Report Methodology

A team comprising Clare Manuel of The Law & Development Partnership (LDP) and Laureen Katiyo undertook a two-week mission to Sierra Leone from 12–25 February 2017. The methodology deployed was as specified in the ToRs. A list of meetings held can be found in Appendix 2, and a list of documents consulted in Appendix 3.

1.3 Report Structure

In line with the objectives in the ToRs, Section 2 provides a *context analysis*, focussing at a high level on Sierra Leone's macro-economy, constraints to growth, private sector, policy and institutional environment, institutional mapping and political economy challenges for business environment reform. Section 3 offers a *business environment diagnostic*, reviewing existing diagnostics, identifying potential entry points for business environment reform and providing a more detailed analysis of each feasible entry point, including opportunities and challenges. Section 4 looks at *stakeholder engagement*, providing an analysis of the status quo and suggesting possible ways forward. Section 5 provides *recommendations* for donors on how they could approach business-enabling reform in Sierra Leone. Section 6 draws *conclusions, fleshing out what this could look like in practice* in the period between now and the March 2018 Presidential election.

2. Context

2.1 Overall context

An overview of the general and economic context of Sierra Leone is provided in Appendix 4. This includes the country's post-conflict and post-Ebola situation, youth and gender.

2.2 The Private Sector in Sierra Leone

The private sector in Sierra Leone has shrunk since independence in 1961. Manufacturing businesses have been shutting down since the 1960's. Tourism operations (including ClubMed) closed down in the wake of the conflict. Today, there are only a few large concerns, and the vast majority of businesses are small and in many cases informal, and focused on a handful of sectors: agriculture: mining; fishing; a small manufacturing sector; and services. Over 95 percent of workers in Sierra Leone are self-employed, and over 59 percent of these work in subsistence agriculture.² Eighty-four percent of rural women and 63 percent of urban women operate micro enterprises such as small-scale farming, table-top trading, artisanal mining and small-scale fishing.³ A recent clear-out of the companies' registry shows that 2,300 companies are registered, which gives an indication of the number of formal businesses in Sierra Leone. (See Appendix 4 for further details).

Sierra Leone's weak governance structures, low regulatory capacity, strong links between the private sector and political elites, and high levels of corruption make for weak regulation of markets, creating an environment that enables dominant groups to engage in cartel-like behaviour and squeeze out new entrants (see Box 1 below). In addition, Sierra Leone has a sizeable black economy associated with money laundering and drug smuggling, assisted by porous borders.

Box 1: The role of Lebanese business community

The role of the Lebanese business community in Sierra Leone's economy is controversial, with some commentators seeing the Lebanese as having a "stranglehold" on the economy, linked to high-level political connections. In the 1990's there were about 30,000 Lebanese in Sierra Leone, having begun to arrive at the end of the nineteenth century. They have risen from, petty traders in produce and retail trading to key sectors of dominance include fishing, construction, alcohol, casinos, cinemas and hotels, facilitated by access to cheap foreign capital. A few powerful and high profile Lebanese were associated with diamond smuggling.

Today there is some strong anti-Lebanese sentiment in Sierra Leone. There are allegations that some powerful Lebanese have used their economic power to establish close links to politicians and government officials, enabling them at times to influence policy, engage in cartel-like behaviour and prohibit new entrants.

As with other business communities, the Lebanese business community is diverse. Some Lebanese have more of a stake in Sierra Leone than others, being fifth generation in Sierra Leone. The constitutional reform process (interrupted by Ebola) is an opportunity for the Lebanese to be encouraged to have an official stake in the country, including the right to hold political office.

Sierra Leone has an emerging "corporate" sector, a cadre of small and growing companies that are positioned to accelerate growth. These are typically owner-managed, innovative, value-driven and usually in the service sector (including IT, import/export, transport, travel). Some are run or funded by

² Sierra Leone 2014 Labour Force Survey Report (September 2015) (supported by World Bank Group and ILO).
³ Survey, CEDAW, 2009.



the Diaspora. Most involve some pooling of resources (few of the new registered companies have single shareholders), including funding from family and friends and external investors. These legitimate private sector operators have found space to operate in areas not crowded out by vested interests or susceptible to patronage. Within Sierra Leone's different communities there are entrepreneurs who will go for genuine opportunities. Non-traditional networks and groups — WhatsApp groups, support networks etc. — provide vibrant fora for the exchange of views, information and support on business issues.

2.3 Government of Sierra Leone Policy and Institutional Environment

Sierra Leone is one of the world's top ten business reformers and has climbed into the top half of the Sub-Saharan index of ease of doing business, moving from 176th of 185 countries in 2009 to 140th of 185 in 2014. Sierra Leone ranks 148th on the 2017 *Doing Business* Index. A key achievement is having reduced the time required to register a limited liability company from 300 to 12 days. The Investment Promotion Act 2004 offers incentives to foreign investors including the ability to repatriate profits and capital without restriction, the ability for companies to carry forward losses indefinitely and customs exemptions for expatriate workers.

However, the Economist Intelligence Unit risk ratings classify Sierra Leone as having *severe* risk indicators relating to government effectiveness (82/100) and legal and regulatory risk (68/100).⁴ Sierra Leone scores particularly poorly on measures of government effectiveness, falling in the bottom 10th percentile in the Worldwide Governance Indicator.⁵ Sierra Leone's revenue-to-GDP ratio, commonly used as a measure of 'the social contract' between state and citizens, is well below the average for low-income countries, at 13%.⁶ Overall, Sierra Leone ranks 102nd out of 127 countries in KPMG's Change Readiness Index, which is designed to measure how effectively a country's government, private and public enterprises, people and wider civil society anticipate, prepare for, manage and respond to change and cultivate opportunity.⁷

The latest World Bank Enterprise Survey in 2009 identified corruption as the fifth most important constraint to doing business ahead of access to land and transportation constraints, with medium-sized firms identifying corruption as their most serious problem.

Overall this is a low capacity government faced with a highly complex set of problems, an extremely wide-ranging policy agenda and reform environment. As will be explored below, there are a lot of laws, a lot of public sector bodies, a lot of policies and a lot of donor initiatives, all concerned with the business environment.

There is an extensive list of business environment-related legislation enacted over the last twelve years (see table A in Appendix 5). In addition, draft legislation waiting in the wings includes a draft Fisheries Bill. Overall, the quality of the legislation (often drafted with donor assistance) is fine, but enforcement is poor. In some cases, subsidiary legislation/regulations have not been developed to operationalise and 'flesh out' the primary legislation.

The Government's reform agenda is contained in the national over-arching plan: Agenda for Prosperity 2013-2018 (Sierra Leone's third-generation Poverty Reduction Strategy Paper), which emphasises private sector-led growth, with a particular focus on diversification and improving the enabling environment. The wide-ranging and ambitious National Ebola Recovery Strategy for Sierra Leone

⁴ Overall, the Economist Intelligence Unit ratings indicate a moderate level of overall investor risk (58/100), with political risk ratings generally more favourable than neighbouring countries (Liberia and Guinea).

⁵ <http://info.worldbank.org/governance/wgi/#home>.

⁶ World Bank, World Development Indicators, 2011.

⁷ Change Readiness Index, KPMG, 2015.



2015–17 stressed the fragility of the economy, with its high dependence on iron ore, and the need to restore economic growth and output. Sitting under the Agenda for Prosperity are a plethora of initiatives and strategies, some of which are (in theory at least) active, some of which have lapsed, and some of which are still in draft. Several commentators have noted Sierra Leone’s symptoms of policy and institutional incoherence. The country is characterised by institutions with overlapping mandates, confusion within government about roles and responsibilities and a failure to prioritise and sequence reforms effectively, resulting in thinly spread human and financial resources and incomplete reforms.⁸ Table B in Appendix 5 provides key GoSL strategies and policies for economic development.

The latest policy focus is the *Made in Sierra Leone* strategy announced by the Minister of Finance in the 2016 Budget speech. The initiative — currently being developed by the Central Planning and Monitoring and Evaluation (M&E) Unit in the Ministry of Finance and Economic Development (MoFED) — is linked to the Local Content Act, which is the responsibility of the Local Content Agency.

There is limited coordination between the large number of government ministries and agencies involved with private sector development/business environment (for detail see Appendix 6), and in many of them there is only a handful of people with real capacity, particularly at the mid-level.

2.4 Donor Business Environment Initiatives

There are a wide range of relevant donor programmes, as detailed in Appendix 7. Of note are high levels of Chinese aid, not only in infrastructure but also in training for the private sector (very well received by recipients). GoSL agencies tend to compete for donor resources and request support from one donor in an area in which others are already providing support. In some cases, the GoSL fails to follow through on delivery. For example, under the Aid for Trade programme, the WTO carries out a diagnosis of the business environment, which was last done in 2014. The output was supposed to be used by SLIEPA to design a trade strategy, but this has so far not been achieved.

2.5 Political Economy

Sierra Leone has pushed through a wide range of legislative reforms and policies, but the record on implementation and of real impact is mixed. Some reforms have delivered — or at least are on the way to delivering — real change. Recent successful reforms can be categorised as:

- Operational changes which do not challenge powerful vested interests, and also where the Government of Sierra Leone has capacity to deliver change, often backed by donor funds and technical assistance. Examples include the collateral registry and the companies’ registry, both of which received an additional boost through the accountability mechanism of the Presidential Delivery Unit.
- Deeper, more fundamental reform where there is political will, sometimes in response to a “critical juncture”.⁹ Examples include the privatisation of the port and the reform of mining regulation, both of which are discussed below.

The question is whether there may be space for more and deeper reform. Positive reform indications are discussed first, followed by a review of the factors that militate against reform.

⁸ Unblocking Results, Case Study: The Africa Governance Initiative in Sierra Leone, Simson, R. for ODI, 2013.

⁹ Critical junctures can be defined as major events that disrupt the existing political and economic balance in one society. There appears to be a positive causal link between critical junctures and institutional reform and change. In the case of Sierra Leone, the outbreak of Ebola can be seen as a critical juncture facilitating some ‘deep’ business environment reforms.



2.5.1 Positive Business Environment Reform Indicators

Politicians in Sierra Leone are riding twin horses. On the one hand, political power is won and maintained through political patronage: political leaders win and maintain power by rewarding their networks of supporters with state resources, public employment and business favours.¹⁰ On the other hand, power has increasingly become more associated with the electorates' expectation of service delivery. Following the first post-war election in 2002, the country in 2007 saw a peaceful transition of power from the Sierra Leone People's Party, which lost a closely contested election to the All People's Congress, at least in part because of public dissatisfaction with the previous government's failure to deliver public goods and services.¹¹ An increasingly mobile and urbanized population contributes to these sentiments,¹² and arguably the Ebola epidemic has shifted the balance further towards the demand for service delivery.

A second positive reform indicator is the government's use of a centralised reform model, which has had some success in getting things done. In the wake of the Ebola epidemic, this has been through the DFID funded Presidential Delivery Unit, which uses the convening power of the president to push reform forward. Similarly, since 2008 the Africa Governance Initiative's programme¹³ centres on embedded advisory and capacity building support to the Strategy and Policy Unit (SPU) in the Office of the President to enable it to prioritise core deliverables, support implementation, monitor performance and hold managers to account. The intervention has been assessed as having positive effects on the government's ability to deliver services and infrastructure, including in relation to electricity provision, distribution of agricultural inputs and construction of roads.¹⁴

Thirdly, as will be discussed more fully in Section 4, there are positive indications that there are sections of the private sector advocating for pro-market change (as opposed to lobbying to protect vested interests). Vibrant sections of the private sector are developing new networks and groups, often informal and sometime virtual, that are aimed at mutual problem solving, and which may have the potential to take forward collective action. Older, more established groups such as the Chamber of Commerce and the many sectoral chambers and associations, although with low capacity, are active. The Chamber of Commerce is currently taking steps to re-invigorate itself as the voice of the private sector, has advocated for pro-market reforms, and was this year invited by the Minister of Finance to participate in the budget process.

2.5.2 Reform Challenges

Despite some encouraging signs, "deep" business environment reform faces a number of very significant challenges. Underpinning them is the close intertwining of economic and political power discussed above. In terms of the business environment, political and economic elites favour markets that are distorted by handouts through patronage system and government subsidies, and are closed to new entrants. Characteristics of this 'limited access order'¹⁵ include the following.

- *Powerful informal "rules of the game" which militate against proper enforcement of regulatory standards, with power structures that are largely hidden/invisible. Examples cited by the private*

¹⁰ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.

¹¹ Robinson, 2008; Wyrod, 2008.

¹² Political Economy of Extractives Governance in Sierra Leone, Fanthorpe, R. and Gabelle, C. for the World Bank, July 2013.

¹³ Financed by the UN Development Programme, the European Union and DFID.

¹⁴ Unblocking Results, Case Study: The Africa Governance Initiative in Sierra Leone, Simson, R. for ODI, 2013.

¹⁵ Limited Access Orders: Rethinking the Problems of Development and Violence Douglass C. North, John Joseph Wallis, Steven B. Webb and Barry R. Weingast 1 January 25, 2011



sector include the use of duty waivers granted illegitimately or through back door, and non-transparent charges and requirements imposed by the Environmental Protection Agency.

- *Weak regulation of competition.* Politically-connected big businesses are anecdotally accused of anti-competitive practices, including bribing government ministries to prevent the granting of operating licences to potential competitors in the sectors in which they have interests, such as the fisheries sector, food imports and hotels.¹⁶ There are complaints that bodies charged with regulating particular markets (such as telecom, by the National Telecommunications Commission) have low capacity and are prone to regulatory capture by incumbents. Overall, accountability mechanisms (including the Judiciary) are weak.
- *Limited collective action for reform.* To date businesses have rarely proved capable of effective collective action, with limited effective advocacy on issues of common concern to the private sector.¹⁷ There are powerful sections of the private sector not interested in reform, who largely disconnect from the domestic economy/general investment environment by doing deals with government or engaging in ‘hand-in-hand’ arrangements with politicians.
- *The civil service, businesses and politicians have vested interests* in the current system. Appointments are often patronage-based, which — coupled with low pay and poor oversight — foster a civil service culture that does not encourage strong performance.¹⁸ Poorly paid civil servants use regulatory processes as a means of controlling the private sector and as rent-seeking opportunities.
- *The business-enabling policy and institutional landscape is fragmented, weak and complex* as outlined above. Government bodies tend to be territorial and compete for scarce resources, including from donors.

¹⁶ See Campos et al (2010) Corruption as a barrier to entry: Theory and evidence, CEPR Discussion Paper 8061

¹⁷ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.

¹⁸ Unblocking Results, Case Study: The Africa Governance Initiative in Sierra Leone, Simson, R. for ODI, 2013.



3. Business Environment Diagnostic

3.1 Introduction

This chapter presents a framework for a feasible programme of business environment reform for GoSL, donors and private sector representative bodies to discuss. The suggestion is that donors should review, and agree to, a common approach based on this analysis during the period from now until after the Presidential election in March 2018, when there may be an opportunity to engage with the new administration and propose a common agenda for action.

3.2 Addressing the Constraints

3.2.1 Introduction

The “shopping list” of business environment constraints in Sierra Leone is well known and has been extensively analysed in a large number of reports: Appendix 8 provides details including a discussion of ‘binding’ constraints to growth. As described in Section 2 above, Sierra Leone has made good progress in recent years in improving its business environment, implementing specific measures that are reflected in the country’s improved *Doing Business* ranking. On the other hand, the reforms which have delivered this improved ranking were the least threatening to the vested interests of the political elite, to those sections of the private sector with political influence, and to those engaged in anti-competitive and/or cartel-like behaviour. Business environment reform has, in some instances, proved possible in Sierra Leone, most recently facilitated by the post-Ebola crisis. Port privatisation is one example (although, as discussed in paragraph 3.2.2 below, not a panacea for all the port’s problems). Another is the – as yet largely untested – new regime for the regulation of the mining industry (see Box 2 below). The strong policy focus on Local Content/Made in Sierra Leone (discussed in paragraph 3.2.3 below) can also be seen as challenging the status quo and those powerful sections of the private sector (including in the Lebanese community) who make their living from trading/importing.

Box 2: Mining sector reform

Having been badly regulated for decades, the 2009 Mines and Minerals Act and the 2013 National Mineral Agency Act (together with their regulations) set up a mechanism, which, if adhered to, would enable a transparent regulatory regime. The National Minerals Agency (NMA), charged with implementing the GoSL’s minerals policy, is a semi-autonomous body under the Ministry of Mines. The NMA is supported by the Mineral Advisory Board, which is responsible for recommendations to the Minister for granting mining licenses. A key role of the NMA is to take forward an airborne geophysical survey to improve geological knowledge, which has the potential to change the landscape of the mining industry. Proper data management and storage will be key issues and may be put out to tender. The reforms are supported by the World Bank and by DFID-funded technical assistance, including from the British Geological Survey (through the Investment Facility for Utilising UK Specialist Expertise, or IFUSE).¹⁹

Some commentators doubt the ability of these mechanisms to challenge the corrupt granting of mineral licenses, especially in the case of large concessions. On the other hand, Sierra Leone’s recognition in 2014 as Extractive Industries Transparency Industry (EITI) compliant (having previously been de-listed) was a step in the right direction. The aim is now to develop a Core Minerals

¹⁹ <http://www.bgs.ac.uk/>.



Policy and implement the Natural Resource Charter and the Africa Mining Vision of the African Union.

Key regulatory issues for the sector include the generous tax incentives offered to mining industries and transfer pricing.²⁰

This report sets out four approaches that have the potential to support improvements in Sierra Leone's business environment. They are proposed in the light of the vested interests and factors militating against reform described in Section 2.

Approach (1): Continue to make gradual progress to reform constraints where there is demonstrated traction and capacity.

Approach (2): Improve policy coherence, enabling a more focused and prioritised approach in a resource-constrained and low-capacity environment.

Approach (3): Focus on GoSL change mechanisms.

Approach (4): Improve private sector collective action.

The first three approaches are discussed in the rest of Section 3 of this report, and the fourth in Section 4.

3.2.2 Approach (1): Continue to make gradual progress to reform constraints where there is demonstrated traction and capacity

The proposition here is to consolidate and embed reforms that appear to have traction. The focus is on supporting initiatives that have begun to demonstrate impact (or which are linked to reforms which have demonstrated impact), where there is capacity within the organisation concerned to continue with reform agenda, and where there is political will. In most cases, this is backed up by on-going donor support, often through technical assistance. The suite of initiatives proposed below aims to consolidate on-going reforms and includes those business environment reforms prioritised by the GoSL and put forward as presidential post-Ebola special initiatives.

Most of the operational initiatives proposed below to address bottlenecks can be categorised as quick wins which are unlikely to encounter deep opposition. The aim is to improve service delivery in certain (quite limited) areas, and also to build reform momentum and confidence, create a demonstration effect and build on the positive effect of Sierra Leone being identified as a top ten reformer by the World Bank. The direct impact of such reforms on economic growth and job creation is less clear. There is controversy about what constitutes a "good enough" business environment to enable private sector development. In general, the evidence base for a link between business environment reform and growth has been assessed as weak.²¹ This is especially so in fragile and conflict-affected states (FCAS) such as Sierra Leone, where there is very limited evidence about how to deliver successful business environment reform — in particular about the "correct" prioritisation or sequencing of different types of

²⁰ Transfer Pricing in the Extractive Sector in Sierra Leone. Case Study March 2016 Natural Resource Governance Institute. Alexandra Readhead.

²¹ For a recent review of the evidence see Manuel, C., *Is there a causal link between investment climate and growth? A review of the evidence*, DFID LASER Synthesis Paper, June 2015. The paper concludes that overall, the evidence base examining the causal link between business environment/investment climate reform and growth is currently weak, with a lack of endogeneity making it difficult to establish patterns in findings across studies. Theoretical studies only partly explore causal links. Although correlations are more readily evident in the body of cross-country empirical studies, causality is not always well substantiated. At a country level, reports of success in business environment reforms rarely address impact.

reform.²² The recent Independent Evaluation Group's evaluation of the WBG's investment climate portfolio²³ found that the effectiveness²⁴ of the WBG's investment climate portfolio implemented in FCAS stands at less than 20 percent in FCAS, compared to 60 percent in non-FCAS.

These qualifications suggest the need for a context-specific, locally-led "best fit"²⁵ approach driven by political realities and openings for reform, rather than pushing a pre-determined package of technically-led "best practice" reforms. The suite of reforms proposed below represents an initial agenda for reform, but new openings and opportunities are likely to emerge, particularly in the wake of the 2018 presidential election. The initial entry point discussed pursuant to approach (1) are:

- (i) Company registration;
- (ii) Registration of other businesses;
- (iii) The Collateral Registry;
- (iv) Fast Track Commercial Court; and
- (v) Freetown Port

(i) *Company Registration*

The Companies Act of Act 2009 (as amended in 2014) together with regulations made in 2015 set out a new streamlined companies regime for Sierra Leone.²⁶ Registration as a company means that a business has its own legal status, separate from the rights and duties of its members. Most companies are incorporated with limited liability status, limiting the liabilities of the owners to the amount of their equity contributions to the business. Incorporating as a company thus encourages entrepreneurs to take risks, with the knowledge that their personal assets are protected through limited liability, while facilitating the pooling of resources. The price companies pay for their limited liability status is the requirement for public disclosure of financial information (usually audited accounts), and basic information about the directors and shareholders.

The regulation of companies is now the responsibility of the Corporate Affairs Commission (CAC), which opened for business in January 2016 as a semi-autonomous body under the auspices of the MTI. It has a staff of 13, of which two are lawyers, and work is currently taking place on drafting a strategic plan. Company registration can now be effected online. Taxpayer Identification Number (TIN) and National Social Security Insurance Trust (NASSIT) registration is effected at the same time, providing an integrated system with one standard registration fee of Le250,000.

The new regime makes it easier to form and run companies. As well as enabling streamlined registration, the new Companies Act simplified company structure, governance and regulation, in line with international norms. For example, the Act removed the necessity for minimum share capital and enabled single shareholder and single director companies. These fundamental changes have necessitated the re-registration of companies incorporated under the old law, and the Act provides for the re-registration of existing companies. There were more than 12,000 companies registered under

²² Manuel, C., and Kirwen, E., *Changing the rules of the game: investment climate reform in fragile and conflict affected situations*, DFID LASER Occasional Research Paper, November 2016.

²³ World Bank, 2015.

²⁴ That is, projects that succeeded in their own terms.

²⁵ World Development Report 2011: Conflict, Security, and Development, World Bank, 2011.

²⁶ Registration as a company means that a business has its own legal status, separate from the rights and duties of its members. Most companies are incorporated with limited liability status, limiting the liabilities of the owners to the amount of their initial contributions to the business. Incorporating as a company thus encourages entrepreneurs to take risks, with the knowledge that their personal assets are protected through limited liability, while facilitating the pooling of resources. The "price" companies pay for their limited liability status is the requirement for public disclosure of financial information (usually audited accounts), and basic information including about the directors and shareholders.



the previous system, dating back to the beginning of the previous century. Over 80 percent of these are thought to be defunct. The sifting, striking off and re-registration process is still underway, with the help of interns from the university who undertake data entry. So far, about 1,000 previously existing companies have been re-registered, together with about 1,300 new companies, of which about 30 are foreign companies (mainly mining). The rate of registrations of new companies is increasing.

There is a strong case for on-going support to the CAC. Excellent progress has been made, but there is more to be done to consolidate this and to develop a framework for strong corporate governance in Sierra Leone. For example, while companies that are registering are complying with basic Companies Act requirements (such as filing resolutions and annual returns), currently there is no action taken in the case of non-compliance. There are other important lacunae. For example, the Act provides that small companies can file un-audited accounts, but there is no definition of what a small company is, and the CAC intends to work with the NRA on this issue.

The CAC is receiving support from the IFC and from the Corporate Registers Forum²⁷, and it has been linked with the UK Companies Registry with the help of the British High Commission. There is a strong case to support the further embedding of the reform process including addressing problems with the legislative framework which have emerged (relating to the corporate insolvency regime and registration of charges against companies) and providing support for the development of an appropriate enforcement regime. Experience from countries with a similar, common law background to Sierra Leone will be important here (for example New Zealand, Australia and Hong Kong), rather than looking exclusively to the UK, whose company law regime has been complicated by compliance with EU directives.

(ii) Registration of other Businesses

The vast majority of businesses in Sierra Leone are not incorporated as companies but instead operate as sole traders or, in the case of enterprises involving more than one person, as partnerships. These business forms do not have separate legal identity and do not benefit from limited liability status. All such businesses are required to register with OARG under the Registration of Business Act of 2007. Businesses may choose this regime (rather than the companies regime) because it is simpler and cheaper; because their type of business (for example professional businesses such as lawyers) are prohibited from operating as companies; or because they are unaware of the benefits of incorporation.

The registration process is simple, cheap and efficient. Registration costs Le110,000 and the registration certificate takes 24–48 hours to finalise. As with the CAC, this is an integrated system, with a single form enabling not only registration under the Business Act, but also with NRA, NASSIT and the municipal authority. NRA staff and a bank teller are embedded within the registry. Forty to 60 business are registered every day in Freetown, and regional offices in Makeni, Bo and Kenema register 10–20 business a day each. There is no online registration.

The business registry is playing an important role in facilitating registration with NRA and NASSIT. However, the practical purpose of business registration *per se* is not entirely clear. Registration does not grant the business its own legal identity. It does not provide accurate information on operational businesses: because registration is a one-off process, with no annual renewal, the register contains tens of thousands of businesses, mostly sole traders, many of which are defunct. One rationale may be to ensure that more than one business is not registered with the same name. However, other countries

²⁷ <http://www.corporateregistersforum.org/>.



with similar legal systems deal with this in other, lighter-touch ways.²⁸ Technically, businesses that do not register under the Act are committing an offence. In practice, there have been no prosecutions.

While there is scope for rationalisation of the registration regime, the facilitation of NRA and NASSIT registration is helpful. There is scope for more work to rationalise and streamline the system. This includes online registration, and the potential for registration by mobile phone could also be considered. There are plans to bring the whole system under the auspices of the CAC, and this is an area where donor support would be useful.

The other business form in Sierra Leone is cooperatives. Like companies, cooperatives enable joint enterprise and have separate legal identity. Any business may register as a cooperative, but in practice they tend in Sierra Leone to be associated with agriculture. The MTI's Cooperative Department, in conjunction with the National Union of Cooperatives (operating at the district level) and the Cooperative Congress (covering all the cooperatives in the country), is encouraging cooperative formation, including by farmers. So far 1,100 cooperatives are registered at Department of Cooperatives, of which about only 40 are engaged in agricultural marketing (coffee, cassava, cashew nut, ground nut, vegetables, ginger and cocoa). Some groups of women farmers have joined together to form agricultural cooperatives. The Cooperative Societies Act 1977 is outmoded, based on state control and not in line with modern thinking about a lighter-touch, more facilitative approach to the regulation and promotion of cooperatives. The Cooperative Department is under-capacitated but seems to have a clear reform agenda.

(iii) Collateral Registry

The Collateral Registry has been set up by the Bank of Sierra Leone under the Borrowers and Lenders Act 2014. It enables lenders to register all forms of mortgages and charges which use moveable (personal) property as collateral. The registry enables lenders to register their interest in an asset, and the Act provides for the prioritisation of competing interests. This has the potential to open up the increased use of non-land assets as collateral, and thus to enhance access to finance in Sierra Leone, especially for small businesses. This may be particularly important for women, who are less likely than their male counterparts to have access to land to use as collateral for loans, but may have stock or machinery that could be used to secure loans through instruments such as pledges or leases. Banks such as Ecobank are beginning to use moveable property as security through products including leasing.

The new law and supporting regulations were drafted by the Bank of Sierra Leone in-house, using Ghana's law as a precedent. The Registry went live in December 2016 with a soft launch. There is a planned public launch in March 2017. Implementation is being undertaken by the Bank of Sierra Leone team and is being supported by the IFC.

More work needs to be done to consolidate the potential gains from the Collateral Registry. There is need for further support to develop appropriate regulations which 'flesh out' the operation of the Act, and in due course the regime should be opened up to enable anyone (not just financial institutions) to register to protect their interest in moveable property. In addition, there is evidence from Uganda (see Box 3 below) that a sound system for enforcing non-land collateral interests is needed for lenders to have confidence to develop products based on non-land collateral.

²⁸ The system of registering business names in England and Wales was successfully abolished in the mid-1980s. Protection of business names is now a matter for businesses themselves, rather than the state. If a business wishes to protect its name, it may do so (at its own discretion) by registering it as a trademark.

Box 3: Evidence from Uganda on collateral law reform²⁹

There is emerging evidence that in Uganda reform of the law to enable the use of moveable (non-land) security interests was not sufficient to enable this form of lending to take off. It also required a properly functioning Commercial Court, with demonstrated ability to enforce non-land collateral, to give financial institutions the confidence to develop new types of instruments to reach entrepreneurs without land security. One measure of this change can be seen in the 2015 National Small Business Survey of Uganda, which reported that while access to finance/lack of collateral is still the most critical obstacle for small businesses, the majority of loans are now secured on the basis of non-land assets.

(iv) *Fast Track Commercial Court*

The ability to enforce contracts can seem to be the underpinning of commerce. When contracts cannot be efficiently enforced, businesses will only make agreements with people they trust, and assets will be inefficiently deployed. However, there has been very limited robust testing of the importance of formal contract enforcement mechanisms for economic development.³⁰ Evidence from the study cited in Box 3 above suggests that in Uganda, at least, DFID support to the Commercial Court has had a positive economic impact, which has been sustained over a more than 10-year period. As well as enabling new forms of lending, the study suggests that the improvement of the Uganda Commercial Court has been a factor in the sharp increase in foreign direct investment. The limited availability of credit in Sierra Leone is associated with high ratios of non-performing loans (see Table 1) and financial institutions' limited confidence that they will be able to enforce their security through court process in the event of default.

Table 1: Commercial banks, September 2016³¹

Commercial banks, September 2016		
Bank	Government shareholding (%)	Non-performing loans (% of gross loans)
Sierra Leone Commercial Bank Ltd.	85	39.1
Standard Chartered Bank (SL) Ltd.	0	8.1
Rokel Commercial Bank (SL) Ltd.	65	61.6
Union Trust Bank (SL) Ltd.	0	30.6
Guaranty Trust Bank (SL)	0	6.2
First International Bank (SL) Ltd.	0	11.9
First Bank of Nigeria	0	6.6
Ecobank (SL) Ltd.	0	5.4
Skye Bank (SL) Ltd.	0	5.2
United Bank for Africa (SL)	0	1.3
Zenith Bank (SL) Ltd.	0	63.0
Access Bank (SL) Ltd.	0	11.9
Keystone Bank (SL) Ltd.	0	10.9

Commercial cases with a value of 5 million Leones and above are heard in Sierra Leone's Fast Track Commercial Court (FTCC), established in 2010 with IFC support as part of the Commercial and

²⁹ Retrospective study of the progress, performance and impact of the Uganda Commercial Court 1996-2015, DFID LASER, November 2015.

³⁰ Aboal, D., Noya, N., & Rius, A. (2014). Contract Enforcement and Investment: A Systematic Review of the Evidence. *World Development*, 64, 322-338. Retrieved from ScienceDirect.

³¹ Sierra Leone Trade Policy Review, WTO, January 2017.



Admiralty Division of the High Court. The FTCC got off to a slow start, but the GoSL prioritised it as a post-Ebola recovery priority, and the Court is receiving operational support including establishing a basic management information system under DFID's year-long Justice Recovery Programme, which is due to end in October 2017. The FTCC operates under the same procedural rules as the rest of the High Court [High Court Rules 2007 (as amended)], but aims to speed up cases by the use of a pre-trial settlement conference, adherence to strict deadlines, and short adjournments. The FTCC was originally set up as the first — and to date only — fully automated court in Sierra Leone, but automation is no longer functional. However, anecdotal evidence suggests that the court functions relatively well and that the pre-trial settlement conference results in speedier disposal of cases.

Overall, working with the Judiciary in Sierra Leone can be seen as challenging and high risk. The recent Global Corruption Barometer³² found the Judiciary to be the second most corrupt institution in Sierra Leone, accounting for the highest frequency of bribe paying. A recent DFID report on corruption and the private sector (written before the FTCC was fully operational)³³ reported that businesspeople would generally avoid using the formal legal system to resolve commercial disputes because of its poor performance. Bribe paying is reported as rife in court registries — for example, to influence the selection of judges to hear a particular case, delay procedures or ensure that critical files get lost.³⁴ What is less clear is the extent to which the judges (particularly High Court judges who hear commercial cases) are themselves corrupt, in that they take bribes or are susceptible to elite influence to influence the determination of cases. The performance and management of the FTCC depends on the quality of the two dedicated judges assigned to it. The two FTCC judges considered to be of high calibre and quality have recently been re-assigned to other courts, and new judges have been appointed. There is concern about interference in the FTCC by its supervising judges from the Supreme Court, one of whom is considered to be corrupt. Issues in the FTCC's registry are being tackled through a logbook system to track the location of files, funded by the DFID-funded Recovery Justice Priorities programme.

Despite the challenges, there is a strong case for continued engagement with the FTCC. The vast majority of commercial cases are small-scale and therefore heard at Magistrates Court level. But engaging with Sierra Leone's Magistrates Courts is a long term and highly complex project. The FTCC, on the other hand, offers the prospect of supporting one small-scale organisation (albeit embedded within the judicial system as a whole) which could be a "flagship" for court reform. The current chief justice is reform-minded, banks and other financial institutions have the potential to be powerful advocates for reform (see Section 4), and the court is now engaging with them through a newly formed Users Committee. The Judiciary requested the support provided through the current institutional reform programme, and their five-year strategic plan includes a commercial law and justice component. Continued support would therefore align with reforms already identified by the Judiciary itself.

Strategies to deal with corruption could include at the Registry level, additional automation and professionalization of the registry; and at the Judicial level, enhancing transparency through the publication of rulings and judgments.

(v) *Freetown Port*

There have been very significant improvements in the operations of customs and the port since 2010.

³² <http://www.transparency.org/research/gcb/overview>.

³³ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.

³⁴ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.



In 2009–10, destination inspection replaced pre-shipment inspection. All containers are scanned at the port to assess the quality, quantity and value of their contents, and to propose their customs classification. The function is contracted out to Africa Link Inspection Company (ALIC).³⁵ ALIC issues a classification and valuation certificate, which is required for customs clearance (see Box 4 below). The aim is for the Customs and Excise Department (CED) to take over the scanning, classification and valuation functions when ALIC's contract expires in 2023.

In 2010, the Automated System for Customs Data (ASYCUDA) was introduced and the ASYCUDA++ platform now operates in Freetown³⁶. Processing and clearance times can be as short as four hours for consignments that do not require a customs examination (see Box 4 below).³⁷ However, day-to-day operation of the system is frequently affected by poor internet connectivity and electricity supply. The Customs Act (2011) simplified the tariffs regime. There is a simpler and more transparent presentation of tariff (and non-tariff) charges.

Port operations were contracted out from September 2015, which has resulted in a reduction in ship turnaround time from 8 days to 2.5 days or less.³⁸ Finally, the Sierra Leone Ports Authority (SLPA), the regulatory authority, has taken measures to improve port security, reducing opportunities for theft and corruption. Security is contracted out to a private security firm.

Box 4: Outline of the customs clearance process in Sierra Leone³⁹

The process for importing goods into Sierra Leone includes submission of the destination inspection form together with other required documents to the relevant destination inspection company; submission of the delivery order (upon arrival of the consignment); completion and assessment of the Single Customs Declaration using ASYCUDA; and payment of duties and taxes at the bank. Once the importer submits all supporting documents to customs, ASYCUDA triggers the selectivity of the customs declaration to one of four lanes for clearance processing: green lane (immediate release of the cargo without inspection); blue lane (documentary check before release); yellow lane (detailed documentary check before release); and red lane (detailed documentary check and physical examination).

Despite the improvements, private sector complaints about the system — particularly the need to bribe one's way through it — are rife. By far the most significant problem appears to be the duty waiver scheme for imports, which is discussed separately (at paragraph 3.3.4) below. DFID's 2014 study on the Impact of Corruption on Private Sector Growth⁴⁰ estimated that the private sector pays out around US\$45m per year in port associated bribes, and identified a number "corruption points":

- bribes to influence customs valuation and tariff determination and interpretation
- corruption in security arrangements in the port, enabling widespread theft
- improper use of auctions for unclaimed goods left in the port (Unclaimed goods are often sold off at very low prices, sometimes to the original importer as a means to avoid paying duty.)

³⁵ For shipments arriving by sea, and Sierra Inspection Company for shipments arriving by air or through terrestrial borders.

³⁶ The Queen Elizabeth Port, the Lungi International Airport, and the Gbalamoya border post.

³⁷ Sierra Leone Trade Policy Review, WTO, January 2017.

³⁸ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.

³⁹ Sierra Leone Trade Policy Review, WTO, January 2017.

⁴⁰ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.



- facilitation payments to speed up port and customs operations to clear goods through the port and customs.

The “difficult” reforms — contracting out key functions — have taken place and have overall had a positive impact. There is now need for a “final push” to deliver further improvements. This should involve the following.

- **More streamlining and automation of procedures** (reducing opportunities for corruption). Key issues include:
 - A much stronger focus on customs pre-clearance. In practice customs agents do not do pre-clearance but wait until goods arrive. This seems to be because there is no system for tracking when ships are coming in. A tracking system should be installed, customs agents trained, and importers given information about the system and encouraged to demand it.
 - Delays in the scanning process are, at least in part, apparently caused by the Indigenous Transport Owners Association, whose members put containers through the scanner on their vehicles. One way forward may be to publish information about the performance of different hauliers in this regard.
 - Work with the Bank of Sierra Leone (BoSL) to streamline the process for funds transfers to CED (large transfers need BoSL clearance).
- **On-going coordination between the different players involved in the port.** The capacity of the SLPA as regulator with ultimate responsibility for service delivery needs strengthening. The port’s Coordinated Board of Management, with the support of the Presidential Delivery Unit, meets once a week and has developed standard operating procedures. But there is still scope for improved coordination, eliminating unnecessary cross checking, for example, with the Pharmacy Board and the Bureau of Standards.
- **Private sector monitoring and accountability.** There is scope for much stronger accountability to and oversight by the private sector in relation to port performance. The Port Users Consultation Committee and the Customs Consultation Council are a good start, but the private sector could be much more involved – for example, undertaking “real time” identification of problems (e.g. using WhatsApp groups or a dedicated version of “Pay no Bribe”⁴¹), data analysis, reporting and feedback. DFID’s 2014 Corruption Report⁴² noted that there is precedent for concerted demand-side action leading to change: a demonstration and strike call by the Association of Importers in 2009 led to changes in customs procedures and charges. Section 4 below discusses in more detail proposals for stronger private sector engagement in demanding improved service delivery across the board.

3.2.3 Approach (2): Improve policy coherence, enabling a more focused and prioritised approach in a resource constrained and low capacity environment

Section 2 above highlights the very wide range of policies, donor initiatives and new legislation related to the business environment that the GoSL is dealing with. The legislative programme, in particular, would be challenging even in a developed country in terms of policy formation, legislative drafting (including subsidiary legislation), as well as implementation. The challenges are extreme in a highly resource-constrained and low-capacity environment. As far as the number of donor business

⁴¹ <https://www.pnb.gov.sl/>.

⁴² Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.



environment programmes are concerned, while there may be arguments for “competition” between donors offering different solutions and approaches to developing country governments, in an FCAS context, a more co-ordinated approach aligned with government priorities is more appropriate. This is particularly true at the operational level, where multiple donor diagnostics, meetings and reporting requirements pull government officials from getting on with their “real” jobs.

It is therefore proposed that a more focused and prioritised approach to business environment reform is required, based on the realistic ability of Government to implement in a context where key ministries may have only a handful of capable officials, often with a “missing middle” in capacity. Section 3.3.2 above has suggested a package of reforms to keep momentum going and capitalise on past wins. In addition, it is suggested that there is now scope for a more strategic, and GoSL-led, approach to prioritisation of private sector development-related reforms. Section 4 argues for improved policy coherence and prioritisation based on a tripartite “compact” between the GoSL, the private sector and donors, and outlines proposals for strengthening the private sector’s ability to engage in this through collective action. As discussed in Section 3.3.4 below, the March 2018 presidential election would be an opportunity to engage strategically with the new administration on this proposal.

The Agenda for Prosperity (and any successor poverty reduction strategy paper, or PRSP, following the presidential election) provides a framework for policy coherence. But given the tendency for such national planning documents to be both high level and wide-ranging, there would be merit in focusing down and a much more rigorous prioritisation process. Promising areas to frame such a process, based on emerging local priorities, would seem to be:

- (i) local content policy;
- (ii) trade policy;
- (iii) sector strategies; and
- (iv) key national strategies.

These are discussed below.

(i) Local Content Policy

The Local Content Agency reporting to MTI is responsible for administering the Local Content Act, which provides for the use of locally-sourced goods and services, national preference in contracts and procurements, employment of nationals, and national ownership. The Agency is authorised to issue certificates of authorisation following review of initial local content plans. This could be open to abuse and used as a rent-seeking opportunity for companies to receive certificates, similar to the problem with export waivers. The Scorecard system used to continuously monitor and rank companies and entities on local content compliance could also be manipulated. There is first preference for materials, products or goods made in Sierra Leone, provided they are equal to international standards. Linked to the Local Content Act is the Made in Sierra Leone initiative launched by the Minister of Finance in the 2016 budget speech. This initiative is under the auspices of the MoFPED and is still in its early stages of development.

There is scope for the private sector (including foreign investors) and donors to engage with the GoSL on these issues, especially the MoFED, which is currently developing the Made in Sierra Leone policy. Constructive dialogue, including supporting the GoSL on research around the policy, could be well received. The GoSL, despite recently recruiting thirty economists (mainly at the trainee level) has low

capacity to undertake such research and analysis. There is also scope to link dialogue around this issue to demand-driven approaches to local skills development (see Section 4).

(ii) Trade Policy

Despite membership of trading blocks and benefitting from a range of trading agreements,⁴³ Sierra Leone does not have a coherent trade policy. Key challenges in developing a coherent approach to trade include the current GoSL focus on local content and on its (small) domestic market rather than on export orientation, and also the very weak capacity of the Ministry of Trade and Industry.

Sierra Leone has not yet ratified the WTO Trade Facilitation Agreement (TFA), which has just come into force (February 2017), nor has it notified its list of category A commitments⁴⁴. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit; sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues; and contains provisions for technical assistance and capacity building. WTO estimates show that the full implementation of the TFA could reduce trade costs by an average of over 14 percent and significantly boost global trade, with the biggest gains in the poorest countries.⁴⁵ A starting point for engagement (once Sierra Leone has ratified the TFA) would be to support the MTI to access the technical assistance and capacity building support available under the TFA, drawing on the trade facilitation gap analysis undertaken in May 2016.⁴⁶

(iii) Sector Strategies

The wide range of GoSL private sector development-related strategies (see Table B in Appendix 5) highlights the need for improved coherence. Despite this, there are key sectors — in particular tourism and fisheries — where there is scope for supporting strategy development, refinement and implementation. Box 5 below sets out the current position in relation to fisheries.

Box 5: Fisheries

The Ministry of Fisheries and Marine Resources (MFMR) regulates the sector pursuant to the 1994 Fisheries (Development & Management) Act and its 1995 regulations. Management and control over fish, fisheries and other aquatic resources is vested in the government.⁴⁷ The Joint Maritime Committee deals with supervision and licensing activities.⁴⁸ The MFMR produced a Fisheries Development Strategy in 2013. A new Fisheries and Aquaculture Bill is at the final drafting stage, and includes provisions for the establishment of a register of fishing licenses and authorizations and a quota-management system for fishing activities, as well as measures to ensure that local communities are not deprived of traditional access to fishing grounds by aquaculture activities.⁴⁹

⁴³ Sierra Leone is member of the Economic Community of West African States, Mano River Union and the Community of Sahel-Saharan States. Sierra Leone is eligible for preferences granted by the EU under the Everything but Arms Initiative, and the United States under the African Growth and Opportunity Act. It also benefits from unilateral trade preferences granted by many other developed countries.

⁴⁴ Sierra Leone Trade Policy Review, WTO, January 2017.

⁴⁵ https://www.wto.org/english/tratop_e/tradfa_e/tradfa_e.htm.

⁴⁶ With the support of the WTO and the World Bank.

⁴⁷ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.

⁴⁸ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.

⁴⁹ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.

The African Development Bank’s Artisanal Fisheries Development Project⁵⁰ has funded the construction of fish landing sites, and the World Bank’s West Africa Regional Fisheries Programme⁵¹ (WARFP, approved January 2017) will fund the construction of a fisheries harbour; support improved governance (data collection, stock assessment), curbing illegal fishing by reinforcing patrolling and inspection; and encourage value addition.

Fisheries’ key problems include government failure to police the fisheries and the lack of incentive provided by the licensing regime to land fish in Sierra Leone. The sector is regarded as corrupt and run by a cartel that pushes out competitors. The relevant authorities are reportedly complicit and beneficiaries of rent-seeking. Last year, the government ordered an investigation into claims of breach of procurement laws, regulations and processes and the accusations that the relevant ministry was aware of the corruption but did not investigate.

(v) *Key National Strategies*

The Cabinet approved the National Lands Policy (NLP) in December 2015, and it is now in its first phase of implementation. The on-going Constitutional review process also addresses land issues. Key issues include women’s tenure rights (see row five in Table in Appendix 8), and the rights of local communities in relation to commercial contracting.⁵² Effective and constructive private sector engagement with the process is vital.

3.2.4 Approach (3): Focus on GoSL Change Mechanisms

Improvements in the business environment have proved possible in Sierra Leone. These have generally occurred at “critical junctures” (for example during the post-Ebola/post-iron ore price collapse period) or have involved “low hanging fruit” which does not threaten strong vested interests. Two complementary approaches are suggested to take forward deeper, more sustained and focused business environment reform:

- (i) exploit presidential convening power; and
- (ii) strengthen core GoSL policy and law-making and resource allocation processes which impact the business environment.

Both are discussed below.

(i) *Exploit Presidential Convening Power*

There is evidence that highly centralised forms of government can be more effective in economic development than more decentralised systems.⁵³ While “getting to Rwanda/Ethiopia” is problematic, not least from a human rights perspective, Sierra Leone does have experience that a centralised “command and control” system can work to get things done. In the wake of Ebola, the Presidential Delivery Team (PDT), under the Office of Chief of Staff, supported by 40 DFID funded consultants, used presidential convening power to push reform forward. A final assessment will be undertaken in June 2017 when the initiative ends. As far as the business environment reforms included in the initiative are concerned (the CAC, the Collateral Registry and the FTCC), progress has clearly been made, and modest results (in line with modest targets) have been achieved. It is unclear whether, given IFC/DFID

⁵⁰ <https://www.afdb.org/en/documents/document/sierra-leone-artisanal-fisheries-development-project-afdep-project-completion-report-pcr-26183/>.

⁵¹ <http://projects.worldbank.org/P156759?lang=en>.

⁵² See Ten Signs of an impending Global Land Rights Revolution for a recent and helpful summary of key land issues <http://oxfamblogs.org/fp2p/ten-signs-of-an-impending-global-land-rights-revolution/>

⁵³ Business, Politics and the State in Africa: Challenging the Orthodoxies on Growth and Transformation, Tim Kelsall, 2013



support for all these areas, the activities would have taken place without the intervention of the PDT. One issue is the difficulty in prioritising: the PDT is supporting 150 sub-initiatives. The President's long-standing Strategy and Policy Unit (SPU), also under the Office of the Chief of Staff, similarly is dealing with projects involving over 20 ministries, departments and agencies.

Despite possible reservations about reinforcing a highly centralised system of governance, and the dangers of increasing the government's reliance on discretionary solutions that threaten broader institutional reform efforts,⁵⁴ there is precedent (including through the Africa Governance Initiative)⁵⁵ for centralised efforts to deliver results. Any such centralised business environment in the Office of the Chief of Staff would require strengthening the Office's capacity on private sector development policy and planning.

The period immediately following the Presidential election in March 2018 would be an opportunity to launch such an initiative, potentially coupled with a new approach to business environment reform involving a "compact" between government, the private sector and donors (an idea explored in Section 4, which follows). The "first hundred days" of any new administration could be an opportunity to send a strong signal to the business community that the new government "means business" about "intractable" issues that have emerged as key private sector concerns, and which would require high levels of political will to address, all associated with corruption. As will be discussed further in Section 5, donor support to addressing these complex, politically charged and highly risky issues should, initially, be limited to "small bets", probably in the form of low level technical assistance, and should be firmly linked both to on-going assessments of the political economy around such reforms and to close monitoring. The three proposed issues are (a) duty concessions and exemptions, (b) public procurement and contract management and (c) the Environmental Protection Agency. Each is discussed briefly below.

(a) *Duty concessions and exemptions*

The Customs Act 2011 and investment incentive schemes provide for duty-free importation of a wide range of goods, although the Finance Act 2013 introduced a cap of 3 percent of GDP on duty waivers granted in a given year. In practice, duty waivers can take months to process, involving the relevant line ministry, the MoFED and the NRA. The duty waiver scheme distorts the market, allowing beneficiaries to sell goods at below the price of competitors who have to pay normal duties. It is also a major source of corruption and political patronage, including through corrupt issuance of duty fee waivers to non-eligible companies, and paying bribes to obtain an exemption or facilitate the approval process.⁵⁶ Firms not prepared to pay facilitation fees find it cheaper to avoid demurrage at the port and to pay duties instead of making use of duty-free exemptions. The ideal, but politically difficult, approach would be to abolish such exemptions and instead apply a low rate of duty across the board. At the recent 55th anniversary speech of the Sierra Leone Chamber of Commerce, the Chairman argued for pro-market reforms, including reform of the duty waiver system, arguing for a level playing field and the need to widen the tax base and thus increase revenue.

(b) *Procurement and Contract Management*

The procurement regime is outlined in row 6 of Table in Appendix 8, and, as discussed there, is associated with corrupt practices, including high-profile cases of alleged corruption associated with high-level political interests. Poor practice and corruption related to procurement and contract management enables corrupt firms to capture a large share of the public sector market for the supply

⁵⁴ Unblocking Results, Case Study: The Africa Governance Initiative in Sierra Leone, Simson, R. for ODI, 2013.

⁵⁵ Ibid.

⁵⁶ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.



of goods and services, reducing the opportunity for honest companies to compete, and results in losses to GoSL through failure to get good value from contracts. Potential entry points for reform could include strengthening the capacity and role of the NPPA and the Independent Procurement Review Panel; tightening procurement rules and practices; supporting the Law Officers Department in the Ministry of Justice in contract management;⁵⁷ and enhancing private sector oversight. The Minister of Finance announced measures to improve adherence to the 2016 Procurement Act in his 2016 budget speech, including a ban on the MoFPED issuing a Contract Clearance Certificate where the law has been breached.

(c) *Environmental Protection Agency*

The Environmental Protection Act provides the mandate to the Environmental Protection Agency (EPA) to assess the environmental impact of any business activity. Schedule 25 of the Act outlines factors to determine whether a project requires an environmental impact assessment and also outlines procedures for importing chemicals and other goods that have an environmental impact. The EPA has been accused of imposing charges that seem arbitrary and exorbitant, and some private sector players framed the EPA as the most corrupt of all government bodies. Further research is required into how the EPA administers its role. It is worth considering an initiative structured along the lines of a campaign to sensitise stakeholders on legitimate rules, supported by a process to challenge the agency's assessment through an ombudsman process.

(ii) *Strengthen Core GoSL Policy and Law-making, and Resource Allocation Processes which Impact the Business Environment*

Complementary to the centralised approach to reform discussed above, attention should also be given to the two core processes for institutional reform: (1) policy and law-making and (2) budgeting. There is scope for enhanced private sector involvement in each (see Section 4 for a discussion of what this could look like). The Law Reform Commission, for example, already has in place a well-established consultative process for policy and law-making, and the up-coming Commercial Law Summit is a good example of the private sector beginning to engage with business environment policy and reform prioritisation (see Box 6 below).

On the resource allocation side, representatives of the private sector (at least the Chamber of Commerce) were this year invited by the Minister of Finance to meet and make representation during the budget process. There is scope to institutionalise this process, perhaps through the formation by the MoFED of a private sector budget working group as part of the budget process. This is discussed further in Section 4.

Box 6: Policy and law-making

Policies are devised, and often preliminary draft laws developed, by line Ministries. All primary and subsidiary legislation then goes to the Law Officers Department (LOD) in the Ministry of Justice/Attorney General's Chambers. The LOD has two qualified drafts people and some trainees. It is seen as a major bottleneck in the legislative process, and there are concerns that policies can be altered at this stage. In addition, the Law Reform Commission (LRC) (an independent statutory body under the office of the President, reporting to the Attorney General) has a role in the policy and law-making process. Legislative reform priorities are set out in the LRC's Strategic Plan. Future priorities include labour laws, land laws and tourism. Compared to the LOD, the LRC is well resourced with seven lawyers. The LRC's process for developing proposals for law reform is highly

⁵⁷ Following on from well-received support from DFID's LASER programme.



participatory and involves the development of concept papers, which are then considered by committees of government and non-government stakeholders before a final, agreed report is developed.

The Commercial Law Summit, planned for March 2017, is a key opportunity for the private sector to engage with policy making and law reform, bringing together about 70 stakeholders from Sierra Leone, the UK and West Africa, with the aim of discussing and identifying commercial law priorities for the country. It could present an opportunity to develop a coherent and prioritised legislative programme for business environment reform, agreed with the LRC and LOD.

4. Stakeholder Engagement

4.1 Interaction between the Government and Private Sector

Public-private dialogue (PPD) enables a structure for business advocacy, acceleration of policy reforms and government to be opened to private sector scrutiny. A common platform for PPD in Sierra Leone has remained a challenge. High levels of informality and low levels of trust in the state are key challenges for effective PPD.

The donor-funded Business Forum, which was intended to operate as a PPD platform, has not succeeded (see Box 7 below). But the GoSL has created various frameworks to facilitate its engagement with the private sector. The Small and Medium Enterprises Policy (SME policy), for example, makes reference to the creation of networking opportunities for the private sector, provision of training, access to finance, and coordination and implementation of programmes for SMEs, among other activities. SLSMEDA's board includes the National Petty Traders Organisation, the Traders Association, the Sierra Leone Market Women's Association, the Art and Craft Association and the Sierra Leone Chamber of Commerce, Industry and Agriculture (SLCCIA).

The GoSL includes the private sector in other meetings such as the Central Bank's Finance Sector Advisory Committee, in which the SLCCIA participates. The SLCCIA was also invited by the Minister of Finance to engage in discussions on this year's budget. The Local Content Agency indicated that it is keen to engage with the private sector to address issues such as skills, formalisation of women's businesses and — controversially — tax incentives to encourage organisations to appointment women in senior management positions.

Box 6: Business Forum

The Business Forum, funded by DFID and the World Bank under the Private Sector Development Strategy, was co-hosted by the private sector and the Ministry of Trade and Industry and convened a few times but has been dormant for some time. Some private sector organisations have expressed views that it was not fit for its purpose but was more of an opportunity for government politicians to address the private sector rather than listen to business environment concerns. The SLCCIA, which was listed as one of the organisations implementing the Business Forum, indicated it was never invited to the Business Forum and therefore never participated.

4.2 Private Sector Representative Groups

There are a wide range of business membership organisations (BMOs) that represent different private sector groups and interests. The Sierra Leone Chamber of Commerce (SLCC), although not formally an apex body, can be considered the overarching, private sector representative group (see Box 8 below).

Box 7: Examples of business membership organisations in Sierra Leone

Sierra Leone Chamber of Commerce, Industry and Agriculture (SLCCIA) was incorporated in 1961 and is funded through membership fees. It has about 230 corporate members from different sectors who pay membership fees. Interviews with private sector members exposed mixed views about the chamber. It is regarded as being old fashioned and having an overbearing leadership, especially by young entrepreneurs. The chamber is aware of its short-comings and challenges. Its aim is to become an apex organisation with a strong voice representing the private sector in discussions with

government on policy reform. It is therefore seeking to recruit a full-time Chief Executive to manage the organisation and focus on recruiting new members.

Sierra Leone Chamber of Agribusiness Development (SLeCAD), incorporated in 2008, is growing in reputation, and its aim is to encourage commercialisation and value addition. It has district chambers in nine districts in the country and is funded through membership fees. Its officers are voluntary. Office premises are donated by members. The chamber has begun to receive technical assistance from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), which has seconded two agriculture advisors for two to four years to assist with building capacity and improving value chains. It is also working on building a stronger relationship with relevant government ministries. The chamber has held successful discussions with the regulator on duty-free concessions for imported machinery and inputs for agribusiness.

British Chamber of Commerce aims to “promote and support the business interests of all members both in Sierra Leone and overseas”. It is now in its second incarnation but currently dormant.

American Chamber of Commerce collapsed some years ago due to management conflicts within the group. The American Embassy plans to resuscitate it this year.

Appendix 9 lists some of the very wide range of formal and informal private sector groups in Sierra Leone. Other forums include social media platforms, where spirited discussions concerning the country’s economy and the business environment are taking place. The most common social media outlets for discussions are WhatsApp groups and Facebook, which are accessed using data phones, and some are by invitation only. One well-known forum is a WhatsApp group known as the Salone Private Sector Forum, where business people complain about issues such as delay of goods at ports or requests for bribes to receive government services. The platforms are also used as networking opportunities and self-help groups. The groups are not central to Freetown but are spread out in the provinces, even among the semi-literate and the semi-skilled. There are also breakfast clubs that meet regularly to discuss set agendas. Table in Appendix 9 in the annex provides list of some prominent formal and informal private sector groups in Sierra Leone

Local and international civil society organisations (such as Action Aid⁵⁸ and Restless Development⁵⁹) are also involved in private sector development and livelihood initiatives; advocate on private sector development issues such as women’s economic rights and youth inclusion and employment; and play a role in holding government to account. Some report being threatened and harassed by government.

Engagement with women

Although the chambers of commerce have women members, they do not have a specific agenda to engage with women or represent gender-specific policy reforms for women entrepreneurs. Women’s affairs fall under the remit of the Ministry of Social Welfare, Gender and Children’s Affairs which has not been effective in representing women entrepreneurs. CSOs have been more instrumental in organising women to create a representative voice. The Cherie Blair Foundation for Women partnered with the African Foundation for Development Sierra Leone (AFFORD-SL) in 2012 to establish the country’s first national network of women entrepreneurs, the Organisation of Women’s Networks for Entrepreneurs (OWNERS) which supports women in business. Another significant organisation is the Women’s Leadership in Small and Medium Enterprises (WLSME), a trust fund partnership with USAID that supports growth of women-owned SMEs (see Table in Appendix 9).

⁵⁸ <http://www.actionaid.org/sierra-leone/how-we-work>.

⁵⁹ <http://restlessdevelopment.org/sierra-leone>.



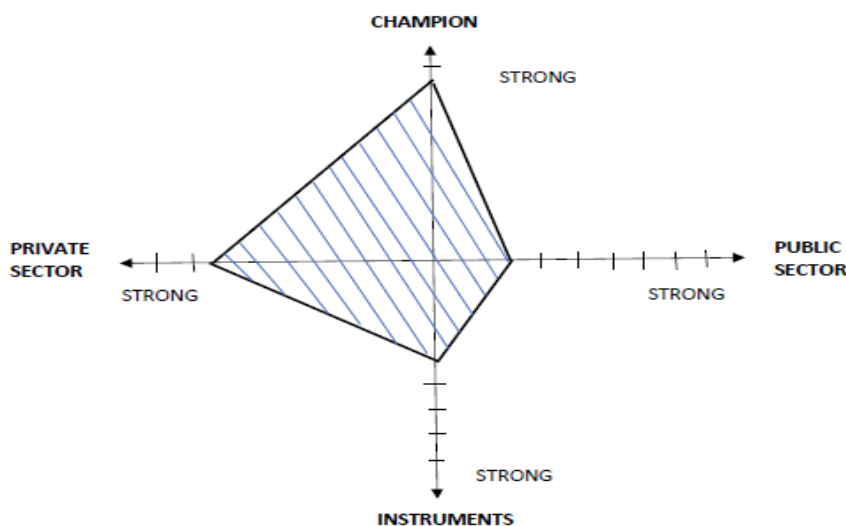
Youth Engagement

Engagement with youth has been left to CSOs including Save the Children and large umbrella organisations such as the United Nations and UNICEF who play a significant role in creating platforms for dialogue and youth entrepreneurship. There is a coalition of Youth Serving Agencies for Coordination of Youth Activities (CCYA), Youth Alliance for Peace and Development (YAPAD) and Sierra Leone Youth Empowerment Organization (SLYEO) with support from Open Society Initiative for West Africa (OSIWA) who have implemented a nationwide project in every district supporting youth civic participation in democratic processes⁶⁰ but this does not address youth unemployment nor the skills young people lack to actively participate in the economy. For those who have entrepreneurial ambitions, there is a lack of support to assist them to launch businesses and provide BDS services. The National Youth Commission initiated in 2010 under the Ministry of Education, Youth and sport and initially funded by the World Bank, has done little to achieve its mandate to 'promote youth creativity, potential and skills for national development'. The government still does not actively engage youth as participants and contributors to private sector growth. The major chambers of commerce have no strategic youth approach to represent their voice either.

4.3 Why PPD Has Failed to Thrive in Sierra Leone

It is evident from the vibrant discussions among the private sector, civil society organisations and other stakeholders that they are keen on dialogue, but this has failed to translate into a national voice. The "PPD diamond"⁶¹ is a useful conceptual framework in which to consider why the engagement is not working.

Figure 1: Current public-private dialogue in Sierra Leone



The ideal would be a perfect diamond. PPD can succeed if at least two dimensions are working, but a failure of three dimensions means that PPD would struggle to survive. Overlaying the diamond is the close entwining of powerful economic and political elites who are opposed to change, as discussed in Section 2 above. However, as discussed in Section 2, there are indications that there may be space for

⁶⁰ <http://www.icicp.org/resource-library/icp-publications/global-youth-service-database/africa-2/west-sub-saharan-africa/sierra-leone/>

⁶¹ Source: PPD Handbook, A Toolkit for Business Environment Reformers by Benjamin Herzberg and Andrew Wright.



more constructive interactions between the public and private sectors. At a more technical level, issues include the following.

Public Sector Constraints

- Many overlapping policy areas to engage result in a lack of ownership of responsibilities.
- In some ministries, such as the Ministry of Finance and the Ministry of Agriculture, there is good leadership, but this remains weak in most of the ministries and is also worsened by the lack of technical expertise amongst staff.
- There remains a rent-seeking culture and tendency to engage with the private sector on an individual basis (according to who has money and political influence).
- There are no requirements for the government to engage with the private sector — for example, in the process of enacting legislation or regulations.

Private Sector Constraints

- There is a large number of disparate bodies, each competing for scarce resources.
- There is a fear of speaking out directly against the government on a public platform.
- There is limited opportunity for interaction with officials. Even when the defunct Business Forum was active, Ministers would address the private sector and depart before question time, leaving junior staff with no decision-making authority to address private sector concerns.
- The government-private sector relationship is characterised by mistrust.
- Some leaders start BMOs to make money from the membership fees and have no genuine interest in delivering services to members to whom there is no accountability.
- Non-members of BMOs indicated they do not belong to fee-paying BMOs because there is no value for money, that BMOs do not provide training or information on access to markets and business development services.
- There is mistrust among BMOs themselves and their agendas. The Lebanese Business Association, for example, is only open to the Lebanese. Some other BMOs also seem exclusive.
- Micro enterprises feel excluded from prominent BMOs, as do women and youth in business.

Issues with the Existing “Champions” of Private Sector

Champions are individuals who stand out and are capable of leading the private sector voice in dialogue with government. Equally, there are champions on the government side.

- The more prominent BMOs in Sierra Leone are run by dominant leaders with strong personalities. While it is good to have strong leaders, this has negative repercussions when those individuals dominate an organisation to such an extent that they only drive their personal agendas. This has happened with the American Chamber of Commerce, for example. The British Chamber of Commerce is also regarded as a “one-man show”.
- On the public sector front, only a few ministers are seen as understanding and promoting private sector interests, including the Minister of Finance, the Minister of Agriculture and the Attorney General.

Instrument Problems

- The SLCC and SLeCAD seem to have some technical expertise, but this is not the case for other BMOs.
- Funding is a big issue. Membership funds are not sufficient to cover office rentals and the expenses of activities and services BMOs would like to provide.

4.4 Strengthening PPD in Sierra Leone

4.4.1 Market based Approach to Strengthening PPD

Models for initiating and deepening PPD differ from country to country, depending on the willingness of the parties to engage. On the government side, as suggested in Section 3 above, there are potential entry points for enhanced private sector engagement in core GoSL policy and law-making processes, as well as during the budget process (a private sector development budget working group is proposed). There may be other opportunities to encourage other ministries who are willing to engage to develop technical working groups involving the private sector. In general, there is scope to formalise and institutionalise a more open and consultative approach to governing, as occurred, for example, during the formulation of the National Lands Policy, and this should involve the private sector.

On the private sector side, there is scope for capacity building to support collective action and help the private sector to lobby and organise itself. There may be a case for some seed funding to key organisations, such as the SLCC, but the danger here is setting up unsustainable bodies. An alternative is a market-based/problem-driven approach which supports both the “supply” (government) and “demand” (private sector) side to engage with problems they care about (see Figure 2). Instead of providing direct funding, the model is to focus on providing technical assistance, both short and long term, to create systemic change from within and develop capacity at the same time. There would be need to include an outreach element to stimulate demand from weak and/or marginalised sections of the private sector.

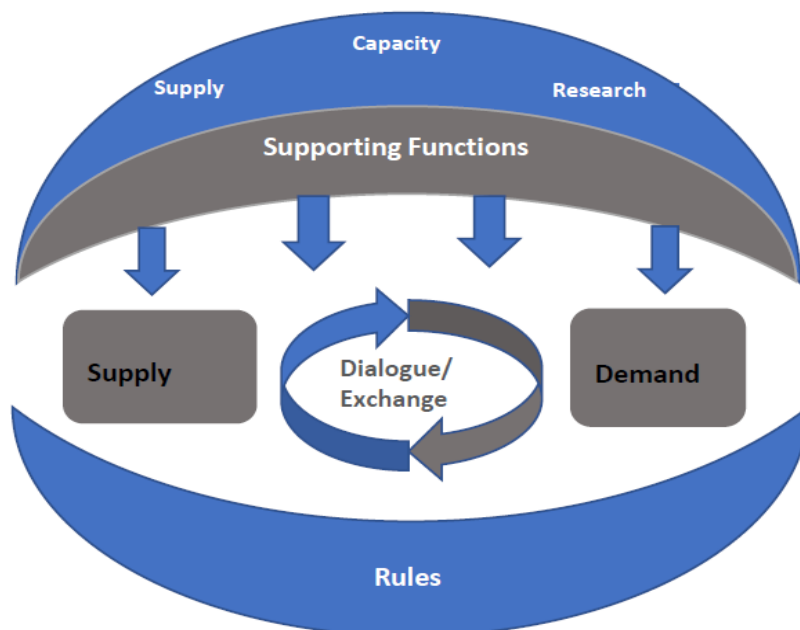
The approach is being implemented by a DFID-funded programme in Nigeria, Enhancing Nigerian Advocacy for Better Business Environment (ENABLE).⁶² ENABLE does not provide core funding (e.g. for an advocacy officer), but it works with organisations to enhance their capacity. It aims to establish genuine partnerships rather than supporting “beneficiaries” or “recipients”, and it responds to demand from market players and opportunities in the market instead of imposing an agenda. The primary concern is to ensure interventions are fully owned and implemented by partner organisations. In the Sierra Leone context, such an approach could support public-private dialogue around key issues where there may be traction to achieve change, including by:

- assisting BMOs and other private sector groups to develop capacity to advocate for policy reform on behalf of the private sector
- working with the media as a source of information and dialogue
- supporting research on policy and regulatory reform
- working with GoSL to create effective channels for private sector engagement.

⁶² <http://www.publicprivatedialogue.org/workshop%202011/Case%20Study%20Nigeria%20PPD%20Workshop%202011.pdf>.



Figure 2: Summarised PPD market system⁶³



4.4.2 Private Sector / GoSL / Donor Compact

Despite the weakness of private sector collective action, there are fledgling indications that there may be space for a strategic dialogue involving the GoSL, the private sector (BMOs and firms) and donors to identify a common reform framework, based on political consensus and available resources. This should be catalysed by support through a market-based/problem-driven initiative structured around the concept of accountable delivery of services in return for private sector payment of taxes and fees. The reform package suggested in this report could form the starting point for discussion about priorities, and engagement around the budget after the March 2018 election would ensure a strong focus on a realistic resource envelope. Such a tripartite “compact” would require high-level political commitment, and the March 2018 presidential election would be an opportunity to engage strategically with the new administration on this proposal.

⁶³

Source: Springfield Centre.



5. Recommendations on donor approach to reform

Section 3 set out a suite of proposed institutional reforms which could form the basis of an agreed approach to business environment reform, potentially encompassed in a tripartite GoSL/private sector/donor compact. Some proposed reforms are more easily implemented whereas others (such as strengthening the FTCC to improve contract enforcement) are riskier, while the final tranche (duty waivers, procurement and contract management, and the EPA) address deep-rooted dysfunctions associated with high-level corruption and patronage. Section 4 contains complementary recommendations for strengthening the ability of the private sector to take forward collective action to engage in the reform process.

This section sets out some recommendations on how donors could approach business-enabling reform in Sierra Leone. Section 6 proposes next steps to implement these recommendations in the period between now and the March 2018 presidential election.

5.1 Donor Coordination

There is appetite on the part of donors engaged in private sector development in Sierra Leone for better coordination of their efforts. At the same time, it was acknowledged during consultations that each donor's organisational requirements, in terms of managing and reporting on their own programmes, made this difficult in practice, and it was unclear which donor might take the lead in the managing of any coordination process. It is recommended that, at the very least, light-touch coordination should take place through a regular donor/private sector meeting which would enable donors, at least at an operational level, to be better informed about each other's projects and plans. A donor/private sector group could also potentially become a platform for interaction with the GoSL on business environment reform (and on private sector development more generally), possibly on the basis of the priorities and approach suggested in this report, including the development of a tripartite compact.

5.2 Business Environment Reform in the Context of Broader Private Sector Development Initiatives

This report has argued strongly for better prioritisation of GoSL and donor effort in relation to business environment reform, and a focus on those specific areas where there appear to be opportunities (some riskier than others) for getting things done. At the same time, consideration should be given to the linkage between business environment reform and broader private sector development initiatives. As suggested in Section 3, one such area may be in relation to skills development. As discussed in row 3 of Table in Appendix 8, this has been identified as a key constraint for the private sector in Sierra Leone. Enhanced collective private sector engagement with policy, planning and resource allocation in Sierra Leone could include the development of a demand-driven approach to skills development based on information about the skills the private sector needs. Skill requirements identified during this assignment ranged from basic workplace skills, to computer coding, to hotel and catering skills. Opportunities could be explored, for example, through business associations/groups for on-the-job training schemes, mentoring and apprenticeships. Since the World Bank's Youth Employment Support Programme ended in 2013, there is a big skills gap in the country that has been worsened by the Ebola epidemic. There is scope to replicate the programme, but with a long-term view to sustainable skills development as opposed to the previous short-term employment approach. The programme design should not just focus on the creation of employment for labour-intensive sectors such as road construction, agriculture or mining where there is a demand for unskilled labour, but should focus on developing technical and management skills to address the lack of middle-management skills in Sierra Leone. Entrepreneurial



skills are also critical as evidenced by emerging small businesses, particularly in the ICT sector and other sectors such freight forwarding and logistics.

In 2014, the IFC launched a National Study on Women’s Access to Financing in Sierra Leone which has remained relevant because its recommendations have not yet been achieved. It recommended an action plan as follows:

- a) Appoint a national Women MSME champion.
- b) Introduce affirmative action items in government public procurement.
- c) Review all key government strategy policies and make them “gender aware”.
- d) Institutionalize the capture of gender aggregated data for the purpose of tracking, monitoring and evaluation.
- e) Institute policies to enhance women’s ability to own property that could be used for collateral to access business loans.⁶⁴

The study is endorsed by a number of CSOs working with women and should inform the government’s business environment reform.

5.3 Donor Positioning in Preparation for the post-March 2018 Government

As argued above, the upcoming presidential elections and the formation of a new administration present an opportunity for a renewed effort on private sector development. Donors should use the period between now and March 2018 to prepare. This could include agreeing to a joint donor approach to business environment reform/private sector development; engaging with the private sector to explore the appetite for improved collective action and a possible compact with GoSL and donors; and working up policy options/proposals to discuss with the new administration, possibly as part of a “first 100 days” initiative.

5.4 Politically Informed and Adaptive

There is a growing body of evidence that domestic political factors are often much more important in determining developmental impact than the design, scale or technical quality of aid programming.⁶⁵ DFID’s new Economic Development Strategy⁶⁶ and the 2017 World Development Report⁶⁷ recognise the importance of underlying political issues in institutional reform and the need for programmes to be able to learn and adapt as political realities — or one’s understanding of political realities — changes.

An adaptive approach to business environment reform seems particularly important in the Sierra Leone context. With very low levels of capacity in government organisations, reform efforts can depend on individuals — and on particular Ministers or senior officials — who create an initial “authorising environment”⁶⁸ for reform. More generally, donor approaches to business environment reform in a fragile context — where the state is weak, power structures are largely hidden / invisible, and there is

⁶⁴ National Study on Women’s Access to Financing in Sierra Leone.

⁶⁵ Waddell, N., 2015; Akmeemana, S. et al., 2015; Carothers, D. & de Gramont, T., 2013; Fritz, V., Levy, B. & Ort, R., 2014; Faustino, J. et al., 2011; Wild, J. et al., 2015.

⁶⁶ Economic Development Strategy: prosperity, poverty and meeting global challenges, DFID, January 2017.

⁶⁷ World Development Report 2017: Governance and the Law, World Bank, 2017.

⁶⁸ Andrews, M., Pritchett, L., Woolcock, M., Managing Your Authorizing Environment in a PDIA Process, CID Working Paper No. 312, January 2016.



low capacity — are likely to require on-going testing and re-appraisal. The reform priorities identified in this report have been developed on the basis that business environment reform is inherently political.

Appendix 10 to this report provides a version of the BERF diagnostic tool, adapted for Sierra Leone. There is a clear consensus in the literature that private sector development work in FCAS needs to be approached differently to that in more developmental contexts.⁶⁹ The adapted tool enables an approach where solutions/results are not “locked in” up front, but instead are based on on-going, strategic political economy analysis, are then developed iteratively, and taken forward through small incremental steps which can be adapted (or abandoned if unsuccessful).

5.5 “Smart” Technical Assistance and Innovative Funding Mechanism

A fresh look at business environment reform in Sierra Leone provides an opportunity for donors to think afresh about the form of the assistance they may provide. This could include:

- payment by results/cash-on-delivery or mechanisms modelled on the EU’s State-Building Contracts with fragile and conflict affected states, or the Africa Development Bank’s (AFDB’s) Fragile States Facility
- joint donor programming to reduce transaction costs
- innovative approaches to technical assistance, de-linked from funding mechanisms (see DFID LASER’s fourth synthesis paper *Forget the Money: De-linking Technical Assistance*,⁷⁰ which suggests that such an approach can have a catalytic impact).

⁶⁹ See for example: International Dialogue on Peacebuilding (2015) International Standards for Responsible Business in Conflict-Affected and Fragile Environments Insert: An Overview. Available online http://www.pbsbdialogue.org/media/file_public/6f/96/6f96d1ad-45bb-48ae-8614-8d84d6f7b2e9/id-rbc.pdf.

⁷⁰ Manuel, C., *Forget the money: De-linking technical assistance*, DFID LASER Synthesis Paper, November 2016.



6. Conclusions: Next Steps

This chapter sets out proposed next steps in the form of a menu of potential actions for the donor community between now and the presidential elections scheduled in March 2018.

Table 2: Next steps

Next Steps	
Proposed way forward	Next steps
Develop platform for action	DFID - circulate this report to other donors and consult.
	BERF - Finalise report.
Improve donor coordination	Develop a redacted/reframed version to share with GoSL and private sector.
	Set up donor PSD working group and agree terms of reference.
	Consider funding a facilitator to support donor coordination and engagement.
	Develop agreed upon donor framework on business environment reform.
	Agree upon donor channels of communication with GoSL to minimise transaction costs on both sides.
	Agree upon common donor approach to engaging with private sector.
Develop policy options for new administration	Develop agreed upon approach to funding (mix of funding instruments).
	Collate existing analysis and develop set of policy options on business environment reform.
Private sector engagement	Engage at the political level to ascertain appetite for new approach to private sector development, including proposed private sector/GoSL/donor compact and possible “first 100 days” initiative.
	Initial small incremental steps. Engage facilitator to work with private sector to:
	<ul style="list-style-type: none"> • identify entry points for collective action, including in relation to gender and youth . • investigate appetite for policy engagement by informal/virtual private sector groupings. • encourage and support private sector to respond to on-going business environment policy opportunities, e.g. recommendations of Commercial Law and Justice Summit, budget process. • gauge support for proposed compact.
	If appropriate, develop market-based support programme for private sector engagement

Appendix 1 Terms of Reference

Detailed Business Environment⁷¹ Reform Diagnostic Sierra Leone

Overview

Sierra Leone is a small country (population 7 million) in a region dominated by Nigeria, Ghana, Ivory Coast and Senegal. GDP per capita in Sierra Leone is among the lowest in the world, at US\$700. Prior to the iron ore price crash and Ebola crisis in 2014–15, GDP per capita stood at US\$800. In economic terms, the iron ore price crash had the larger impact of the two crises. The collapse of the two iron ore exporting companies (together accounting for around 20 percent of GDP) resulted in a sudden loss of employment and domestic trade opportunities, unpaid debts to suppliers, a crisis in the banking sector and a severe drop in government revenues. This highlighted the lack of economic diversification.

Every year, 100,000 people join Sierra Leone’s job market. Seventy-five percent of the population is aged 35 or under. This demographic dividend could transform the country. Formal unemployment is very low, at 4 percent. But more than 90 percent of the population has income of less than US\$5 per day, indicating that employment is not very productive. Women are economically disadvantaged. Twenty percent of plots of land are owned by women. Only 2.8 percent of women who have been teenage mothers are in wage employment. Besides scaling up commercial agriculture, jobs are likely to come from a large range of smaller, and niche, sectors and industries. While their products are diverse, they face common issues.

Doing business in Sierra Leone is difficult. The World Bank’s latest *Doing Business* indicators rank Sierra Leone 148 of 190, which represents a decline of 8 positions since 2014. Inadequate infrastructure (power, transport, water) is a binding constraint to growth. Government policy and practice are inconsistent, and business investment needs a more stable environment, which is applied equally and fairly to all, if it is to thrive.

If the business environment were to be improved, there are opportunities for investment and trade in Sierra Leone, mainly in energy, extractives and agriculture. The UK’s interest is focused on encouraging the government to create a clean space in which the private sector can grow. Tackling corruption and creating a more level playing field will attract the UK private sector and foreign investment more broadly.

National growth strategies and priorities are in the planning process. GoSL is likely to prioritise key sectors for recovery, e.g. agriculture, minerals, trade, energy, water, education and health, light manufacturing, tourism and services. The DFID inclusive growth diagnostic and WB diagnostics are sources of priorities for GoSL and donor policy. The Government recognises that the private sector has an important role to play in economic recovery:⁷² this is what will deliver growth, attract investment and create employment. Businesses themselves have a clear message about what they want from the Government: a level tax system, with individual and sectoral waivers removed; elimination of political interference in business; protection of the sanctity of contracts; a proper land registry set up, and title respected; and improving infrastructure – especially the power supply, the road network and the port. There is much to do to improve the Business Environment, and many acts of legislation or policy have already been drafted, or will need to be drafted, for cabinet and parliamentary approval. A framework

⁷¹ The Donor Committee for Enterprise Development (DCED, 2008) defines the business environment as a “complex of policy, legal, institutional, and regulatory conditions that govern business activities. It is a sub-set of the investment climate and includes the administration and enforcement mechanisms established to implement government policy, as well as the institutional arrangements that influence the way key actors operate (e.g. government agencies, regulatory authorities, and business membership organisations including businesswomen associations, civil society organisations, trade unions, etc.).”

⁷² Sierra Leone has suffered from economic and health shocks and from internal conflict in recent decades. The impact of these challenges should not be exaggerated in the diagnostic.



for effective prioritisation and implementation of these reforms will be useful for the current Government of Sierra Leone in the face of a national election due in February/March 2018.

There are a number of industry associations — including a resurgent Sierra Leone Chamber of Commerce, a long established British Chamber of Commerce, and a fledgling Renewable Energy Business Association — which have had varying success in setting an effective agenda and establishing an effective dialogue with the Government and Development Partners. Support is needed to assess the capabilities of all industry associations and the quality and strength of their membership and to propose a realistic and effective pathway to improve public-private dialogue in Sierra Leone.

DFID Sierra Leone requires a detailed Business Environment reform diagnostic to assess which reforms could have the greatest impact linked to national growth strategies and priorities, given the country's capacity to resource reforms and political economy influences on government decisions and on private sector engagement in the reform process. The diagnostic will lead to a Business Environment reform readiness report.

Objectives

The objectives of this assignment are as follows.

- Undertake a wide diagnostic of the business environment in Sierra Leone to produce a Diagnostic and Reform Readiness Report with recommendations for feasible prioritised Business Environment (BE) reforms.
- Assess which reforms could have the greatest impact linked to national growth strategies and priorities, given the country's capacity to resource reforms and political economy influences on government decisions and on private sector engagement in the reform process.
- Provide improved BE reform diagnostic tools that can be used in the future by DFID Sierra Leone. This must incorporate political economy analyses, identifying underlying interests and institutional incentives, as well as gender analysis.
- Provide an assessment of stakeholder engagement in BE reform activities and set out areas for institutional reform and improvement in the PPD process, for BERF implementation support in a further phase of work including traditional and innovative approaches in stakeholder engagement.

Link with BE/Investment/Jobs/Poverty (ToC)

If excellent quality and rigorous diagnostic products are developed through this facility, it will provide a solid platform on which the private sector, the Government of Sierra Leone and Development Partners can develop a harmonised agenda to reform the BE/Investment Climate. This in turn would lead to jobs for all, but particularly for young people (75 percent of the population are youth) and women (who have a very low representation in wage employment), and it would increase formal sector employment at a living wage (90 percent of wage earners are on less than US\$5 per day). A reformed BE would improve the prospects for scaling up commercial agriculture and providing jobs in smaller and niche sectors, thus reaching poor households.

This assignment will provide expert external assistance and does not replace the work of DFID civil servants.

Client and Beneficiaries

DFID Sierra Leone is the client. The beneficiaries will be Donor Partners, the SL Chamber of Commerce, the British Chamber of Commerce in Sierra Leone and the Chief of Staff, who will be able



to use this Diagnostic and Reform Readiness Report to develop a prioritised list of business environment reforms. The ultimate end beneficiaries will be the currently unemployed and working poor of Sierra Leone.

Scope

- The scope of the assignment will assess the full range of binding constraints in Sierra Leone and prioritise those reforms based on the largest beneficial impact on the BE. This will include a full and frank political economy analysis (PEA) as the basis for all deliverables/products.
- The diagnostic should consider BE constraints and reforms in the context of national growth strategies and priorities, the country's capacity to resource reforms, and political economy influences on government decisions and on private sector engagement in reforms.
- Consideration of impact on women and girls, and on youth employment, will also be given appropriate consideration and weighting in the development of a prioritised list of reforms. The BE work should not duplicate in anyway, but support and draw on, the BERF additional assignment on barriers to job creation and labour market access (managed by BERF Policy Research Workstreams).
- The scope must also consider realistic implementation of legislative, regulatory and institutional reforms through a thorough examination of the political economy to inform the prioritisation process and provide a list of quick wins for the improvement of the BE, if any are identified.
- The scope will also assess the level of public/private dialogue, and the capability of private sector BMOs to develop a strategy⁷³ for increasing the voice of the private sector in the implementation and design of key BE reforms, beyond only large well-connected firms to small firms, consumer groups, women's and youth groups, civil society and the informal sector.

Method

- Desk work: Review of relevant documents and reports.
- Country consultations: Wide consultation with the Sierra Leone Government (MDAs), the private sector (large and small firms, consumer groups, women's and youth groups, civil society and the informal sector), Development Partners and a range of programme implementing partners that are working with the BE.
- Country presentation: Presentation to DFID (and if required by DFID to other relevant organisations) of provisional findings and conclusions.
- Desk work – report writing: Draft and final report writing.

Timeframe

The work will start on 6 February 2017 (desk work) and deliverables will be received by 14 April 2017.

Deliverables

- **Detailed Business Environment reform diagnostic**: to assess which reforms could have the greatest impact linked to national growth strategies and priorities, given the country's capacity to resource reforms and political economy influences on government decisions and on private sector

⁷³ BERF assumes a strategy exists, whether written or not. Producing or revising a PPD strategy would form part of a separate stakeholder engagement assignment.



engagement in the reform process. The diagnostic will be included in a Diagnostic and Reform Readiness Report.

- **Diagnostic tool:** BERF will adapt its BE reform diagnostic tool for use by DFID Sierra Leone and Development Partners. Gender analysis must be incorporated into the diagnostic process. The adapted tool will be included as an Annex to the Diagnostic and Reform Readiness Report
- **As part of the Diagnostic and Reform Readiness Report, an assessment of the current approach to engaging stakeholder groups in BE reform processes:** this will include applying traditional and innovative approaches and involving a broader group of stakeholders (beyond just large well-connected firms), such as small firms, consumer groups, women's and youth groups, civil society and the informal sector and include them in reform design, implementation and monitoring of reforms.

Dissemination

DFID Sierra Leone (the client) will share the products with the Chief of Staff and his Presidential Delivery Team in charge of driving the President's recovery priorities, with a number of key ministers with responsibility for the business enabling environment, and with key private sector industry associations (the beneficiaries). Therefore, two versions of the report may be required: one that contains a very frank political economy analysis for Her Majesty's Government (HMG) and trusted development partners, and a shareable version that can be openly published. The consultants will be responsible for producing the first of these.

Workplan (Schedule)

Workplan – Business Environment Reform Diagnostic Sierra Leone			
Action	Consultant days	Location	Week commencing
Drafting of ToRs		Home-based	14 Nov 2016
Approval of ToRs (DFID CO)		Home-based	21 Nov 2016
Consultants Search and Selection		Home-based	9 Jan 2017
Finalise Consultant(s), budget and ICT approval		Home-based	16 Jan 2017
Mobilise Consultant(s) including visas			23 Jan 2017
Desk Research (PC + SC)	3 x 2	Home-based	6 Feb 2017
Assignment Stakeholder Consultations (PC + SC)	10 x 2	Sierra Leone	13 Feb 2017
Presentations of provisional results (PC + SC), stakeholder consultations in London	3 x 2	Sierra Leone	27 Feb 2017
Draft Business Environment reform diagnostic and reform readiness report (PC + SC)	5 x 2	Home-based	17 Mar 2017
BERF QA and report submitted to DFID (PC + BERF TA)	2 x 2	Home-based	24 Mar 2017
Review of Report by DFID and stakeholders		Home-based	31 Mar 2017
Address comments from DFID, finalise report (PC + SC)	2 x 2	Home-based	10 Apr 2017
Revise and tailor BE reform diagnostic tool (PC)	5	Home-based	17 Apr 2017
Total days	55		

PC = Principal Consultant

SC = Senior Consultant

BERF TA = BERF Technical Adviser



Competencies Required

DFID SL requests a Principal Consultant with experience of working in West Africa with the IFC and the World Bank on investment climate reform, and a second support consultant (senior).

Principal Consultant/Team Leader

- Experience working with DFID and high-level stakeholders across public and private sectors, the IFC and WB in West Africa in particular, to assess BE constraints and recommend feasible prioritised BE reforms
- Experience in undertaking BE diagnostic assessments and developing/using BE reform diagnostic tools
- Experience in political economy analysis as well as gender analysis
- Experience in assessing stakeholder engagement strategy
- Experience in consultative design processes via key informant interviews or focus group discussions to extract data from high level stakeholders
- Knowledge of Sierra Leone's business environment is desirable
- Excellent English language skills

Senior Consultant

- Experience of working on BE reform assignments using BE diagnostic tools
- Experience in political economy analysis as well as gender analysis
- Experience working with DFID and stakeholders across public and private sectors and the IFC and WB in West Africa in particular
- Experience in undertaking private sector assessments
- Experience in conducting informant interviews to extract information from high-level stakeholders
- Knowledge of Sierra Leone's business environment is desirable
- Ability to work in a team and take responsibility for key tasks
- Excellent English language skills

Responsibilities

Principal Consultant/Team Leader

- QA deliverables (including work done by the Senior Consultant) before submission to BERF

Senior Consultant

- Carry out tasks as indicated by the Principal Consultant/Team Leader

Appendix 2 List of Meetings, including Contact Information

List of meetings, including contact information			
Organisation	Representative	Position	Contact information
ADCA Investments	Adrian Carr	Founding Partner	ac@adcainvestments.com
Africa Governance Initiative	Andrew Empson	Project Staff	andrew.empson@tb-agi.org
African Development Bank	Jamal E. Zayid	Principal Economist	00232 30592727
Bank of Sierra Leone	Mona K. Kabba	Legal Adviser / Assistant Director	mkabba@bls.gov.sl
British High Commission Freetown	Guy Warrington	High Commissioner	guy.warrington@fco.gov.uk
Cooperatives Society, Ministry of Trade and Industry	Michael M Lavalie	Registrar of Cooperative Society	00232 78 276636
Corporate Affairs Commission	Michaela Mackay	CEO & Executive Registrar at Corporate Affairs Commission	00232 78989898
DFID - Whitehall Office	Ranil Dissanayake	Economist (Inclusive Growth)	R-Dissanayake@dfid.gov.uk
DFID Sierra Leone	Samina Bhatia	Governance Adviser	S-Bhatia@dfid.gov.uk
DFID Sierra Leone	Chris Gabelle	Governance Adviser	C-Gabelle@dfid.gov.uk
EducAid	Miriam Mason-Sessay	Country Director	Miriam@educaid.org.uk
Embassy of Ireland	John Callaghan	Deputy Head of Mission	00232 76771984
European Union Delegation	Daniel Grotino	Programme Officer, Economic & Social Sectors	00232 76629928
FT Insight	Memuna Forna	Magazine Owner	00232 78799999
GGEM Micro Finance Services Ltd.	Michael A. Kamara	Executive Director	michael_kamara_1@yahoo.com
Governance Advisor – AGI	Antoine Huss	Governance Adviser	antoine.huss@tb-agi.org
Government of Sierra Leone, Ministry of Agriculture, Forestry and Food Security	Foday S. Kanu	Programme Manager	kanu_solomon@yahoo.com
Government of Sierra Leone, Ministry of Agriculture, Forestry and Food Security	Saidu Sesay	Small Holder Commercialisation Office	00232 99375318



List of meetings, including contact information			
Organisation	Representative	Position	Contact information
Government of Sierra Leone, Ministry of Finance & Economic Development	Rui Xu	Economist	rui.xu5@yahoo.com
Government of Sierra Leone, Ministry of Finance & Economic Development	Sheka Bangura	Director, Central Planning, Monitoring & Evaluation	shekabangs@gmail.com
Government of Sierra Leone, Ministry of Trade and Industry	Michael M. Lavalie	Ag. Registrar of Cooperative Society	00232 088460520
Government of Sierra Leone, Ministry of Trade and Industry	Charles Mereweather-Thompson	Chief Director	00232 76900111
Government of Sierra Leone, Ministry of Trade and Industry – Local Content Agency	Emmanuel Konjoh	Director	Ministry of Trade & Industry, 6 th Floor, Youyi Building, Freetown
Government of Sierra Leone, National Minerals Agency	Peter Kapr Bangura	Director of Mines	pbangura@nma.gov.sl
Hilton Hotel Project	Trudy Morgan	Project Manager?	Trudy.morgan@idea-uk.com
IDT Labs	Leslie Gordon Browne	Founder	00232 79677382
International Finance Corporation	Frank Ajilore	Resident Representative Sierra Leone	fajilore@ifc.org
International Monetary Fund	Mathew Sandy	Economist	MSandy@imf.org
Job Search Sierra Leone	Edleen B. Elba	Managing Partner	edleen.elba@jobsearchsl.com
Lion Mountain (Farming enterprise)	Mike Gerrick	Managing Director of Farming Activities	contact@phoenixafrica.co.uk
Masada Waste Management Company	Aminata Dumbuya	National Project Manager	adumbuya@masadasl.com
Ministry of Health	James Cooper	Lawyer & OPM Fellow	james.david.cooper@gmail.com
Morvigor Sierra Leone Limited (Tea growing company)	Eva Roberts	Managing Director	00232 76933983
National Agricultural Marketing Co-operative Union Ltd.	B. A. Saliho-Dukuray	Consultant Director / CEO	namcoopsl@gmail.com
National Revenue Authority	Kpana M. Conteh	Manager, Customer Services, Custom Services Dept.	kpanac@gmail.com



List of meetings, including contact information			
Organisation	Representative	Position	Contact information
National Revenue Authority	Santos Kamara	Commissioner of Customs and Excise	00232 79229224
Nectar Group	Guy Wilkes	Director	guy.wilkes@nectar.co.uk
Nectar Group	Jim Page	General Manager of Nectar Sierra Leone Bulk Terminal	00232 77387871
NRA Customs & Excise	Timire Tavengana & Usheunesu Mazorodze (ASI consultants)	Specialist Customs & Excise consultants on ASI project	NRA Office, Customs House, Cline Town, Freetown
Office Administarar Registrar General	Mr Fofanah	Office Administrator	00232 76616988
Power for All	Aminata Dumbuya	Campaign Director, Sierra Leone	ami@powerforall.org
Restless Development	Anya Todd	International Head of Expansion & Quality	anya@restlessdevelopment.org
Rokel Commercial Bank	Alphonso Pratt	Manager	00232 76645330
SCADP - World Bank Programme/Institute of Chartered Accountants of Sierra Leone	Hugh Kweku Fraser	Team Leader, SCADP Programme	kweks_fraser@yahoo.com
Sensi Tech Hub	Morris Marah	Founder and Director	00232 76065939
Sierra Leone Chamber of Commerce, Industry and Agriculture	Christopher Forster	President	president@chamberofcommerce.sl
Sierra Leone Chamber of Commerce, Industry and Agriculture	Christo Forster	Chairman	00232 76655811
Sierra Leone Chamber of Commerce, Industry and Agriculture	Ahmed Nanoh	Executive Secretary	aknanoh@gmail.com
Sierra Leone Financial Intelligence Unit	Franklin M. O. Campbell	Head of Operations	campbellF@fiu.gov.sl
Sierra Leone Investment and Export Promotion Agency	Oluniyi Robbin-Coker	Trade Sector Coordinator	coordmtipsd@gmail.com
Sierra Leone Law Reform Commission	Maynard Timbo	Representative	00232 76610654
Sierra Leone - Public Private Partnership Unit	Ama Gborie	Project Development Specialist	00232 78777089
SMART Mobile	Hawa Jane Bangura	Legal Adviser	00232 44121810



List of meetings, including contact information			
Organisation	Representative	Position	Contact information
SOBA - DFID programme	Chukwu-Emeka Chikezie	Team Leader	cechikezie@up-africa.com
The Country Lodge Hotel	John Shallop	Dep. GM	john.shallop@countrylodgesl.com
Unimax Sierra Leone	Fatima Sesay	Managing Director	unimaxsl@gmail.com
United Nations Capital Development Fund	Tenzin Ngodup	Programme Manager for Cash Transfer and Financial Inclusion	tenzin.ngodup@uncdf.org
United Nations Development Programme	Ghulam Sherani	Team Leader, Inclusive Growth Cluster	Ghulam.sherani@undp.org
United States Embassy	Scott Risner	Economic and Commercial Officer	RisnerSA@state.gov
Wickburn Foreign Exchange Limited	Antonia Caramba Coker	Managing Director	antonia@wickburngroup.com
World Bank	Kweku Fraser	Team Leader, SCADP Programme	00232 76367842
World Bank	Rupiny Kerali Henry Godfrey	Country Director	00232 78874600

Appendix 3 List of Key Documents/Bibliography

List of key documents/bibliography		
Author	Title	Year
Acemoglu, D., Reed, T., Robinson, J.	Chiefs: Economic Development and Elite Control of Civil Society in Sierra Leone	Sep-13
Adam Smith International for DFID Sierra Leone	Ebola in Sierra Leone: Economic Impact and Recovery	Jul-15
African Development Bank	Sierra Leone Country Strategy Paper 2013-17	
African Development Bank	Sierra Leone Country Gender Profile	Oct-11
Coffey for DFID	Impact of Corruption on Private Sector Growth - Sierra Leone Case Study	Mar-14
DFID	Economic Development Strategy: Prosperity, Poverty and Meeting Global Challenges	Jan-17
DFID	Sierra Leone Inclusive Growth Diagnostic	
DFID Sierra Leone	Operational Plan 2013-15	
DFID Sierra Leone	Supporting Recovery Priorities for Justice Service Delivery in Sierra Leone – TORs	Aug-16
Donor Committee for Enterprise Development	Supporting Business Environment Reforms	2008
Food and Agriculture Organisation of the United Nations	Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone	2015
Garrido, L.	Sierra Leone's Vision of Prosperity: Overcoming Constraints to Diversification and Growth	Aug-12
Hebert Smith Freehills	Sierra Leone: An Investor's Guide	Jul-15
International Finance Corporation	Sierra Leone Country Profile	Jul-05
International Fund for Agricultural Development	Sierra Leone Rural Finance and Community Improvement Programme – Phase II (RFCIP2), Detailed Design Report	Feb-13
International Growth Centre (Belloc, M. and Di Maio, M.)	Sierra Leone's National Export Strategy: Implementation Issues and Recommendations (International Growth Centre Working Paper 11/1018)	Jan-12
International Monetary Fund	Country Report No. 16/378	Dec-16
KPMG	Change Readiness Index	2015



List of key documents/bibliography		
Author	Title	Year
Lansana Gberie Occasional Paper No6, The Diamonds and Human Security Project	War and Peace in Sierra Leone: Diamonds, Corruption and the Lebanese Connection	Nov-02
LASER	Changing the rules of the game: investment climate reform in fragile and conflict affected situations	Nov-16
LASER	Forget the money: De-linking technical assistance	Nov-16
LASER	Is there a causal link between investment climate and growth? A review of the evidence	Jun-15
LASER	Scoping Opportunities for DFID Sierra Leone Investment in Commercial Justice and related Support to SMEs	Feb-16
LASER	The Role of Commercial Law and Justice Reform in the President's Recovery Priorities: Considerations for Future Programming	Jul-16
LASER	Sierra Leone Strategic Review, 22 January 2016	Jan-16
LASER	Sierra Leone Strategic Review, 5 May 2016	May-16
Nathan Associates for DFID Sierra Leone	DFID Sierra Leone: Private Sector Development Strategy Programme - Diagnostic Report	Aug-08
Natural Resource Governance Institute	Transfer Pricing in the Extractive Sector in Sierra Leone	Mar-16
OUP Oxford (Leon de Mariz, C., Menard, C., Abeille, B.)	Procurement Reforms in Africa: Challenges in Institutions and Governance	2014
Overseas Development Institute	Unblocking Results, Case Study: The Africa Governance Initiative in Sierra Leone	2013
Sierra Leone Chamber of Commerce, Industry & Agriculture	Strategic Plan 2016-21 (Presentation)	
Sierra Leone Judicial Conference	Summary of the Session on Commercial Law and Justice	Apr-16
Sierra Leone Ministry of Energy	The President's Recovery Priorities: 100-day Energy Revolution report for His Excellency The President (presentation)	
Sierra Leone Ministry of Fisheries and Marine Resources	Ministry of Fisheries and Marine Resources: Management and Functional Review - Update	Jan-12
Sierra Leone Ministry of Trade and Industry	National Industrial Policy	Mar-11
Sierra Leone Ministry of Trade and Industry	National Policy and Strategies for the Cooperatives Sector	2016



List of key documents/bibliography		
Author	Title	Year
Sierra Leone Public Private Partnership Unit	Pipeline of Public Private Partnership Projects	
The Cherie Blair Foundation for Women	National Study on Women's Access to Financing in Sierra Leone	Nov-14
The Government of Sierra Leone	The Agenda for Prosperity (2013-18)	
The Government of Sierra Leone	National Ebola Recovery Strategy for Sierra Leone (2015-17)	
The Government of Sierra Leone	Presidential Recovery Priorities	Nov-16
The Government of Sierra Leone	Sierra Leone Local Content Agency Act	Mar-16
The Government of Sierra Leone	Unleashing the Talent of our People. A Vision and a Promise: Private Sector Development Strategy for Sierra Leone	2009
The Government of Sierra Leone	The President's Recovery Priorities: Mid-Term Review Presentation to Development Partners	Jan-17
The Government of Sierra Leone	Presidential Recovery Priorities - Activity Tracker	Feb-17
The Government of Sierra Leone	Public Private Partnership Act	Oct-14
The Government of Sierra Leone	The Sierra Leone Small and Medium Enterprises Development Agency Act	Mar-16
The Republic of Sierra Leone	Special Economic Zone Policy in Sierra Leone, Draft	
Transparency International	Corruption Perceptions Index	2016
UK Sierra Leone Pro Bono Network	Commercial Law and Justice Constraints Facing Foreign Investors in Sierra Leone	Sep-14
UK Sierra Leone Pro Bono Network	Sierra Leone Commercial Law Summit 2017	
United Nations Conference on Trade and Development	World Investment Report	2016
United Nations Development Programme	Human Development Index	2015
United States Aid Agency	Agribusiness Commercial Legal and Institutional Reform (draft)	Jul-16
United States Central Intelligence Agency	The Lebanese in Sub-Saharan Africa (approved for release)	Jun-99
United States of America	Sierra Leone Investment Climate Statement	Jun-15
World Bank Group	Doing Business	2017
World Bank Group	Doing Business Sierra Leone	2017
World Bank Group	Political Economy of Extractives Governance in Sierra Leone	Jul-13



List of key documents/bibliography		
Author	Title	Year
World Bank Group	Growth Poles Programme, Political Economy of Social Capital	Apr-14
World Bank Group	Trading towards Prosperity: Sierra Leone Diagnostic Trade Integration Study Update	Dec-13
World Bank Group	World Development Report 2017: Governance and The Law	2017
World Economic Forum	The Global Competitiveness Report 2015-16	
World Trade Organisation	Sierra Leone Trade Policy Review	Jan-17

Appendix 4 Country context and background

Introduction

Sierra Leone, with a population of just over 7 million, is a small country in West Africa, bordering Liberia and Guinea in a region dominated by Nigeria, Ghana, Ivory Coast and Senegal. It is divided into four administrative regions: Eastern Province, Northern Province, Southern Province, and Western Area (where Freetown, the capital, is located). The provinces are divided into 12 districts, where the central government is represented by district councils, and 149 chiefdoms. The chiefdoms are headed by local leaders (paramount chiefs) elected for life by tribal authorities and in charge of the day-to-day administration of their localities.⁷⁴ Sierra Leone is a constitutional republic with a unicameral parliament. The president is the head of state and the supreme executive authority. He is elected by direct universal suffrage for a term of five years, renewable once. The president is assisted by a vice-president (elected jointly with the president) and advised by a cabinet of ministers. The current president was elected for a second term in November 2012. The next presidential elections (together with the parliamentary elections) are scheduled for March 2018.

Sierra Leone has suffered from years of instability. It is in a fragile, post-conflict and post-Ebola virus disease situation, and it is one of the poorest countries in the world.⁷⁵ Following independence in 1961, the country experienced the outbreak of civil war in 1991. Lasting until 2002, the war devastated Sierra Leone, destroying much of its infrastructure and claiming the lives of 50,000 people. The last decade has been characterised by reconstruction efforts, supported by substantial inflow of external aid. The net overseas development assistance received as percentage of gross national income (GNI) was over 18 percent in 2014 (equalling US\$144 per capita).⁷⁶ Building on a positive trajectory of growth, the country was seeking to become a middle-income country by 2035.⁷⁷ This was disrupted by the outbreak of Ebola in May 2014, which forced Sierra Leone to declare a state of emergency.

Economic Overview

Before the Ebola outbreak, the economy was expanding. The country experienced an export boom in the early part of this decade, reflecting high commodity prices, with real gross domestic product (GDP) growth averaging 10 percent a year from 2002 to 2014.⁷⁸ In 2013 GDP growth, driven by booming iron ore exports, was over 20 percent, making it the second fastest growing economy in the world.⁷⁹ The collapse in commodity prices (iron ore price halving with a year) during 2014, at the time of the Ebola outbreak, led to a fall in growth rate to 6 percent, and the economy contracted by over 20 percent in 2015.⁸⁰ The economy is now recovering: growth for 2016 is projected to be nearly 5 percent⁸¹ and is expected to reach 6.5 percent in the medium term.⁸² Non-iron ore sector growth is projected to be nearly 4 percent in 2016, led by manufacturing and trade. Iron ore growth is also recovering, with the main company now operating with moderate profitability.⁸³ Growth has been pro poor. The proportion of population below the poverty line decreased from over 66 percent in 2003 to about 53 percent in

⁷⁴ Sierra Leone Trade Policy Review, WTO, January 2017.

⁷⁵ Ranked 181 out of 188 countries in the UNDP's Human Development Index 2015.

⁷⁶ Data, World Bank.

⁷⁷ The Agenda for Prosperity 2013-18, Government of Sierra Leone.

⁷⁸ Evaluation of Budget Support, April 2016.

⁷⁹ Sierra Leone Inclusive Growth Diagnostic, DFID.

⁸⁰ Sierra Leone Trade Policy Review, WTO, January 2017.

⁸¹ Country Report No. 16/378, IMF, December 2016.

⁸² Country Report No. 16/378, IMF, December 2016.

⁸³ Country Report No. 16/378, IMF, December 2016.



2011,⁸⁴ and the Gini index decreased from 40.17 in 2003 to 33.99 in 2011.⁸⁵ The economy is still fragile. The International Monetary Fund (IMF) has warned that further inflation and depreciation could result in social unrest, jeopardizing the post-Ebola recovery trajectory.⁸⁶

Population

Around 38 percent of Sierra Leone's population lives in urban areas:⁸⁷ approximately a quarter of the population in Freetown, the rest in provincial towns associated with mining. Over 40 percent of the population is under 15 years old.⁸⁸ Due to the civil war, a large proportion of this population has limited education or vocational skill levels. Youth unemployment/underemployment is estimated at about 70 percent.⁸⁹

Women form the majority of the population in Sierra Leone and — despite being marginalised in access to and ownership of land due to the land tenure system — play an important role in the economy in relation to agriculture, forestry and fisheries.⁹⁰ Sierra Leone ranked 181st out of 188 countries in the 2015 Human Development Report's gender inequality index. The Government of Sierra Leone has enacted various laws to ensure the protection and promotion of the rights of women. The National Policy on the Advancement of Women and the National Policy on Gender Mainstreaming were adopted in 2009 to guide the government's gender-equality aspirations. These were reinforced by the National Gender Strategic Plan 2009–12 and the National Gender Strategic Plan 2010–13. But the Matrimonial Causes Bill and the Gender Equality Bill, two major pieces of legislation, did not make it through the 2007–2012 parliamentary session.

Private sector

The vast majority of businesses in Sierra Leone are small and in many cases informal (see table below)

Business characteristics in Sierra Leone⁹¹

Business Characteristics in Sierra Leone	
Category	Characteristics
Income generating for survival enterprise	Table-top/tray market traders. No paid full-time employee; hired hands to perform labourer tasks such as loading as and when required. Primarily engaged in subsistence farming, trading, mining or service. No formal structure. Stock value between US\$100 and US\$500.
Micro/hybrid/self-employed entrepreneurs	Business operates from a shop, store or small office. Paid full-time employee size ranging between 0–4. Primarily engaged in trading or service business. Some formal structure, mostly registered with local council. Stock value greater than US\$500, with no upper limit.
Small-sized enterprises	Business operates from shop, store or small office. Employee size ranging between 5–19 employees. Semi-formal structure. Primarily engaged in trading or service business. Stock value usually greater than US\$5,000, with no upper limit.

⁸⁴ Data, World Bank.

⁸⁵ Data, World Bank.

⁸⁶ Country Report No. 16/378, IMF, December 2016.

⁸⁷ Sierra Leone: An Investor's Guide, Hebert Smith Freehills, July 2015.

⁸⁸ Sierra Leone Trade Policy Review, WTO, January 2017.

⁸⁹ <http://www.localcontent.sl/>.

⁹⁰ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.

⁹¹ National Study on Women's Access to Financing in Sierra Leone, The Cherie Blair Foundation for Women, November 2014.

Business Characteristics in Sierra Leone

Category	Characteristics
Low-value, medium-sized enterprise	Business operates from shop, store or small office. Semi-formal structure. Primarily engaged in trading or service businesses. Stock value less than US\$5,000. Paid employees 20–49 employees.
Medium-sized enterprise	Formal Structure. Engaged in a wide number of activities. Employee size ranges 20–49 employees. Stock value usually greater than US\$5,000.

The private sector is focused on a handful of sectors, as described below.

- **Agriculture:** Agriculture is the backbone of the economy, employing about 75 percent of the labour force.⁹² The sector’s contribution to GDP declined sharply in 2012 because of a boom in the mining sector, before bouncing back as minerals exports collapsed.⁹³ Agriculture now contributes over 60 percent of GDP and 25 percent of export earnings. The bulk of the agricultural workforce is female, with about 80 percent of rural women primarily engaged in agriculture.⁹⁴ Over recent years, the production of major crops such as rice paddy, cassava and cocoa has increased substantially.⁹⁵ But almost 75 percent of Sierra Leone’s 5.4 million hectares of fertile agricultural land and forestry remains under-cultivated.⁹⁶
- **Mining:** Sierra Leone is rich in minerals such as gold, diamond, bauxite, rutile and iron ore. Although only accounting for 2 percent of employment, Sierra Leone’s economic growth has been driven by mining, with its share of the economy rising from about 3 percent of GDP in 2001 to 21 percent in 2012, when iron ore overtook diamonds as the major export product.⁹⁷ In 2014 iron ore prices halved, stalling production and representing a major exogenous shock to the economy.⁹⁸ A further decline in iron ore prices in 2015 led to the closure of the country’s two main iron ore mines.⁹⁹ Iron ore production is still projected to be 6 million tons for 2016, with China the main market for the country’s iron ore.¹⁰⁰ More efficient production and lower costs, combined with higher iron ore prices, have resulted in moderate profitability, but there is downside risk to iron ore prices.¹⁰¹ The mining and quarrying sector accounts for about 90 percent of Sierra Leone’s annual export revenues.¹⁰²
- **Fishing:** Sierra Leone has sizeable inland and marine fisheries with yields estimated at more than US\$100m per annum, approximately 10 percent of GDP.¹⁰³ Small-scale fishing provides about 45 percent of employment for coastal communities in the country, with women playing a key role in the sector, mainly in processing and marketing the fish in the local markets.¹⁰⁴ In addition, there are

⁹² Sierra Leone Trade Policy Review, WTO, January 2017.
⁹³ Sierra Leone Trade Policy Review, WTO, January 2017.
⁹⁴ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.
⁹⁵ Sierra Leone Trade Policy Review, WTO, January 2017.
⁹⁶ Sierra Leone: An Investor’s Guide, Hebert Smith Freehills, July 2015.
⁹⁷ Sierra Leone Trade Policy Review, WTO, January 2017.
⁹⁸ Sierra Leone’s Inclusive Growth Diagnostic, DFID.
⁹⁹ Sierra Leone Trade Policy Review, WTO, January 2017.
¹⁰⁰ Sierra Leone Trade Policy Review, WTO, January 2017.
¹⁰¹ Country Report No. 16/378, IMF, December 2016.
¹⁰² Sierra Leone Trade Policy Review, WTO, January 2017.
¹⁰³ Sierra Leone: An Investor’s Guide, Hebert Smith Freehills, July 2015.
¹⁰⁴ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.

semi-industrial, foreign-owned, offshore trawler fleets that do not land fish in the country, operated mainly by South-east Asian crews.¹⁰⁵

- **Manufacturing:** The sector is very small and limited to first-stage processing of local raw materials and to light industries.¹⁰⁶ Examples include drinks (beer and soft drinks), plastic utensils and plastic bags.
- **Service sector:** The service sector, led by banking, retail, transport and tourism, contributes about 30 percent of GDP and is largely focused on Freetown and mining areas.¹⁰⁷
- **Oil and gas:** Sierra Leone has good potential in offshore oil and gas,¹⁰⁸ with yearly estimates ranging from 500 to 700 million barrels of what appears to be high quality oil.¹⁰⁹

¹⁰⁵ Analytical Assessment Report for the Implementation of the Voluntary Guidelines on Responsible Governance of Tenure in the Land, Fisheries and Forestry Sectors of Sierra Leone, Davies, F. A. for the Food and Agriculture Organisation of the United Nations, Rome, 2015.

¹⁰⁶ Sierra Leone Trade Policy Review, WTO, January 2017.

¹⁰⁷ Sierra Leone Inclusive Growth Diagnostic, DFID.

¹⁰⁸ Sierra Leone: An Investor's Guide, Hebert Smith Freehills, July 2015.

¹⁰⁹ Sierra Leone: An Investor's Guide, Hebert Smith Freehills, July 2015.



Appendix 5 Main Business environment legislation since 2005 and Key GoSL strategies and policies for economic development

Table A: Main business environment legislation since 2005¹¹⁰

Main business environment-related legislation enacted since 2005
Law
The Constitution of Sierra Leone (Amendment) Act, 2016
Anti-Corruption Act, 2008
Investment Code, 2005
General Law (Business Start-Up) (Amendment), 2007
Investment and Export Promotion Agency Act, 2007
Companies Act, 2009 + Companies (Amendment) Act, 2014
Bankruptcy Act, 2009
Registration of Business Act, 2007
Sierra Leone Produce Marketing Act (Repeal) Act, 2013
Public Private Partnership Act, 2014
Sierra Leone Small and Medium Enterprises Development Agency Act, 2016
Local Content Agency Act, 2016
Good and Services Tax Act, 2009
Finance Act, 2016
Customs Act, 2011
Mines and Mineral Act, 2009
Petroleum (Exploration and Production) Act, 2011
Petroleum (Exploration and Production) (Amendment) Act, 2014
Petroleum Regulatory Agency Act 2014
Diamond Cutting and Polishing Act, 2007
National Minerals Agency Act, 2012
National Electricity Act, 2011
Electricity and Water Regulatory Commission Act, 2011
Road Transport Authority (Amendment) Act, 2014
Sierra Leone Maritime Administration (Amendment) Act, 2007
Weights and Measures Act, 2010
Telecommunications Act, 2006
The Telecommunications (Amendment) Act, 2015
Postal Services Regulatory Agency Act, 2012
Copyright Act, 2011
Patents and Industrial Designs Act, 2012
Trade Marks Act, 2014
Payment Systems Act, 2009
Home Mortgage Finance Act, 2009
Credit Reference Act, 2011
Anti-Money Laundering and Combatting of Financial Terrorism Act, 2012
Bank of Sierra Leone Act, 2011

¹¹⁰ Adapted from Sierra Leone Trade Policy Review, WTO, January 2017.



Main business environment-related legislation enacted since 2005

Law

Borrowers and Lenders Act, 2014

Insurance Act, 2016

Environment Protection Agency Act, 2008

Public Procurement Act, 2016

Legal Practitioners Act, 2015

Table B: Key GoSL strategies and policies for economic development

Key GoSL strategies and policies for economic development

GoSL strategy and institutional home	Overview
Private sector development strategy 2009–14, Ministry of Trade and Industry (MTI)	Developed with support from DFID, which supported implementation until August 2010. Commitments included to reduce the risk and cost of doing business through: improving sector licensing, reducing the number of municipal licenses and making it easier to obtain permits; improving the land registration process; establishing new companies and bankruptcy laws; establishing an effective Sierra Leone Investment and Export Promotion Agency (SLIEPA); and introducing measures to ensure that businesses do not abuse market power and that consumer rights are protected.
Special Economic Zone Policy in Sierra Leone Draft 2013, MTI	Roadmap for the development and management of Special Economic Zones in Sierra Leone. It defines the country's Export Processing Zone (EPZ), Free Trade Zone (FTZ) and benefits, and explains how they operate. It outlines permissible potential partnership arrangements and the sectors to which EPZ and FTZ can be applied.
National Industrial Policy March 2011, MTI	Key initiatives include micro and small enterprise development; development of the services sector; energy sector development; agricultural sector development; industrial research and development programme; managerial capacity and skills development programme; development of intellectual property rights; standardization, quality assurance, accreditation and metrology programme; environmental protection; industry restructuring and rehabilitation programme; and tourism development.
Energy Strategy, Ministry of Energy	Outlines objectives to provide reliable and affordable power supplies and to diversify sources of energy supply in order to ensure security of supply. Aims to triple electricity generation in 3 years with a Private Public Partnership (PPP).
Financial Inclusion Strategy, Bank of Sierra Leone	A 4-year plan to improve access to finance for domestic Micro, Small and Medium-sized Enterprises (MSMEs) in agriculture; extend financial services to people and businesses who do not have access to financial services sector; deepen financial services for those who have minimal financial services; and deliver greater financial literacy and consumer protection.
SME Policy, MTI	The Small and Medium Enterprises Policy (SME policy) is designed to support the development of networking opportunities for the private sector, provision of training, access to finance, and coordination and implementation of programmes for SMEs.
Cooperatives Sector: National Policy and Strategies, MTI	Key initiatives focus on harmonising the cooperatives policy with other existing policy interventions and reform initiatives; reforming the Cooperatives Act of 1977 to bring it in line with modern day cooperative practices; supporting a strong and viable apex organisation; and strengthening the MTI's Co-operative Department.

Key GoSL strategies and policies for economic development

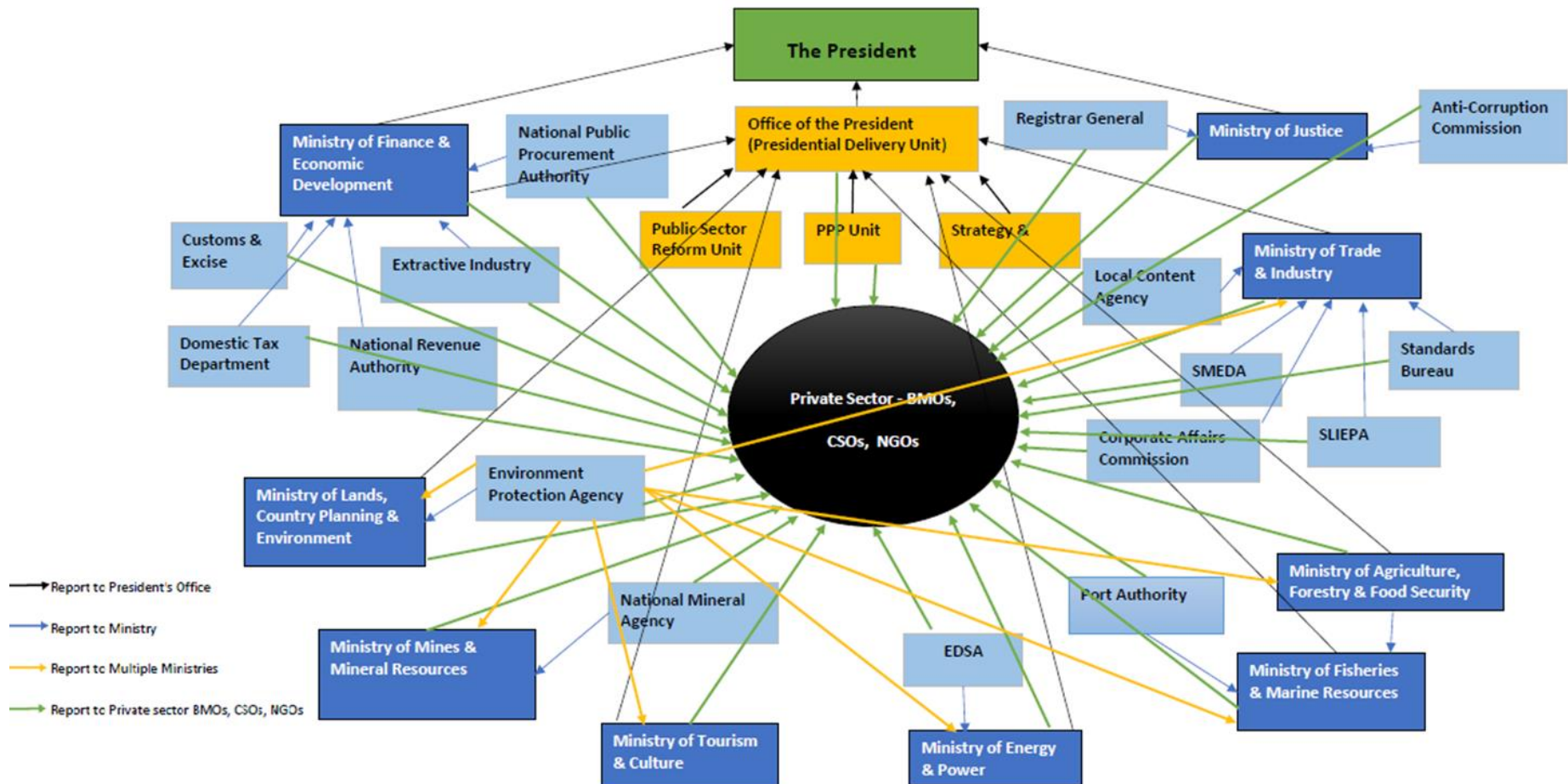
GoSL strategy and institutional home

Overview

Sierra Leone National Export Strategy (NES) 2010–2015, MTI

Developed with a vision to "transform Sierra Leone into a flourishing country through a globally competitive, export-driven economy". Identified agriculture, fisheries, mining, and tourism as being strategic for export performance, and defined government interventions accordingly. The NES also aims to address cross-cutting issues such as access to trade finance, transport and trade logistics, and trade information services.

Appendix 6 GoSL Ministries, departments and agencies involved in private section development



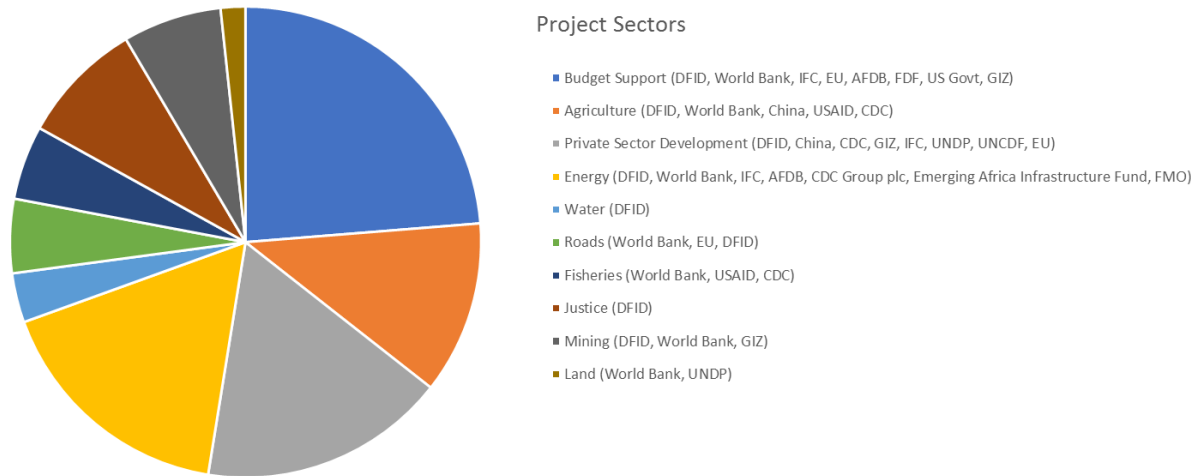
Core bodies with responsibility for economic development	
Government Body	Brief Details
Office of the President	Manages Presidential Special Initiatives. Hierarchical, top-down approach. Some deliverables not met. Office plays a central coordinating function.
Strategy and Policy Unit	Think Tank in the Presidency; established in 2008. Has a dozen projects. Responsible for identifying and analysing barriers to development, and supporting the implementation of strategies and plans to reduce poverty and promote growth. Africa Governance Initiative (AGI) has embedded advisors as part of technical assistance.
Public Sector Reform Unit	Within the Presidency. Has mandate to create a lean, performance-oriented, highly motivated, modern and efficient Public Service that delivers high quality services. Despite the unit's work, there is still no civil service code of ethics or anything that binds public sector staff to be professional and deliver service.
Public-Private Partnership Unit	Involved in arranging PPPs and conducting due diligence for public private investments. Lacking technical skills and research to conduct feasibility studies. Has arranged PPP in energy sector.
Ministry of Justice	Organizing the justice system, overseeing the public prosecutor and maintaining the legal system and public order. Reputation as one of the better-functioning ministries.
Office of Administrator & Registrar General	Administration and registration of entities such as business registration, land transactions, industrial property, marriages and administration of the estates of deceased persons as mandated by law. It is a highly strategic partner to businesses and stakeholders, and a catalyst for the creation of an enabling environment for doing business in Sierra Leone.
Anti-Corruption Commission	To fight corruption, ensure transparency and accountability using Anti-Corruption Act and legal framework. Not very effective. Pursues small cases but afraid of the real corruption cases costing the country money.
Ministry of Finance, Planning and Economic Development	Manages financial resources of Government. Promotes government's fiscal policy framework; coordinate macroeconomic policy and intergovernmental and external financial relations. Regarded as very efficient. Keen to engage with private sector.
National Public Procurement Authority	Procurement monitoring to ensure fairness, transparency and professionalism. One of the corrupt bodies in government where tender awards are concerned.
National Revenue Authority	Responsible for assessing and collecting domestic taxes, customs duties and other revenues specified by law, as well as administering and enforcing laws relating to these revenues. Considered secretive and corrupt. Refuses to divulge tax collection details and shields politicians who are evading tax in their private business affairs.
Customs and Excise Department	Revenue Administration, Trade Facilitation, Border Control, Data Collection, Regulate Customs Brokers. Accused of corruption but making progress, installing systems and practices to meet international standards.
Domestic Tax Department	Services include Taxpayer Registration and Services, Returns and Payment Processing, Compliance and Debt Enforcement, Audit and Assessment. Poor customer service.



Core bodies with responsibility for economic development	
Government Body	Brief Details
Extractive Industry Revenue Unit	Maximizing revenues from the extractive industry; developing and implementing an extractive industry strategy; improving compliance in the extractive industry and to ensure compliance based on the four pillars of compliance correct and timely registration of tax-payers; systematic filing of information; reporting of complete and accurate information; and timely payment of tax obligations. There is a duplication of roles with the Gold and Diamond Division (GDD), which is also responsible for collecting revenue. The GDD should be under this unit instead of the NRA.
Ministry of Trade and Industry	Developing policies and programmes to stimulate local and export trade, as well as to enhance private sector investment, industrial and economic growth. Not a strong ministry with only 4–5 competent people. Chief Secretary is not engaged. MTI capacity so low that they don't spend their Le500 million PSD budget each year.
Corporate Affairs Commission	Draft regulations, establish and maintain a company's registry and offices in all the provinces as may be necessary. Embarked on companies' registration exercise, which is still in progress. Weak on corporate governance and receiving technical support from IFC.
Local Content Agency	Launched in 2016 and not yet fully operational. Promotes and enforces local content in all businesses and enforces it from investors.
Small and Medium Sized Enterprise Development Agency (SMEDA)	Launched in 2016 to create a conducive environment within which Small & Medium Enterprises can thrive and operate. Works on fiscal, monetary, banking policy, trade and industry, technology, marketing, infrastructural and institutional development for other related matters.
Sierra Leone Investment and Export Promotion Agency (SLIEPA)	Established in 2007 to conduct the business of investments promotion in Sierra Leone. Has about 40 staff and a strategic plan. Regarded as lacking the technical skills and sufficient staff to push its agenda.
Standards Bureau	Promote standardization in trade, commerce and industry. Considered ineffective.
Ministry of Lands, Country Planning and Environment	Responsible for land use and management, land use policy and environmental protection. Not forward thinking.
Environment Protection Agency	Responsible for Environmental policy making and planning, and monitoring. Deemed the most corrupt public sector office.
Ministry of Mines & Mineral Resources	Formulates and presents policies and legislation. Issues all mineral rights and the administration and supervision of all activities. Issues Mining Licences to Artisanal and small-Scale miners, and administers the regulations on the mining and marketing of precious minerals through the Government Gold and Diamond Office (GGDO) produced under these licences.
National Mineral Agency	Responsible for policy implementation related to minerals sector laws and regulations. Responsible for geological surveys.

Core bodies with responsibility for economic development	
Government Body	Brief Details
Ministry of Fisheries and Marine Resources	Manages and conserves all living aquatic resources and promotes responsible and sustainable fishing practices through good governance. Ineffective and rent-seeking
Port Authority	Management of Ports and sea rescue services. Ports are the private sector's biggest complaint and the authority is held accountable for bottlenecks in customs and excise and clearance.
Ministry of Tourism and Culture	Promotes, develops and preserves tourism and cultural activities. Considered not fit for these purposes, but it has also not benefitted from big government budget to make progress.
Ministry of Energy and power	Formulate and implement policies, projects and programmes on energy and provide oversight functions across the entire energy supply chain for all sub-sector agencies (which include electricity production, electricity transmission, electricity distribution and supply) and other forms of energy supply and utilisation. Open to working with the private sector and has brought in private sector players in PPP arrangements. The Electricity Distribution and Supply Authority (EDSA) is considered corrupt and has not set tariffs.
Ministry of Agriculture, Forestry and Food Security	Formulate agricultural development policies. Focus on Crops, livestock, Forestry Division, Agri-Engineering and Services Division. Provision of agricultural extension services. Interested in engaging private sector.

Appendix 7 Sample of Donor-funded Programmes in Sierra Leone



BE issues	Donor	Programme	Brief details
Public Finance Management & Capacity Building			
Support to delivering the Presidential Recovery Priorities	DFID	£20 million 16/12/2015 – 30/07/2018	This programme has supported the Government of Sierra Leone’s efforts to recover from the Ebola crisis and accelerated development by encouraging the Government to adopt a new, results-focused approach to delivering the most important priorities. This includes support to the sectors of Water, Education, Health, Energy, Governance and the Private Sector
Budget Support to PFI	EU	US\$90m 2014 – 2020	10 th EDF funding, €90 million is disbursed in the form of budget support to help the government of Sierra Leone reform public finance management and implement its poverty reduction programmes, e.g. getting children to school.
Public Financial Management	EU	US\$376m 2014 – 2020	The indicative allocation to Sierra Leone will be €376 million in programmable funds, subdivided as follows: Focal Sector 1: Governance and Civil Society € 179 million 47% Focal Sector 2: Education € 80 million 21 % Focal sector 3: Agriculture and food security € 60 million 16% Specific Transport

BE issues	Donor	Programme	Brief details
			Intervention 6 43 million 12% Cross-cutting: Support measures € 14 million 4% Total € 376 million 100%
Public Financial Management	AFDB/FDF	UA Millions 4.0 Ongoing	Public Financial Management and Business Enabling support Project.
Public Financial Management Improvement and Consolidation Project	DFID	£8,518,382 2014 – 2019	To improve public financial management by providing the Government of Sierra Leone with technical assistance and equipment. This will benefit the Government and wider population of Sierra Leone by improving budget planning and credibility, financial control, accountability, and oversight in government finances. This will support the Government to deliver a multi-year budget in-line with the country's poverty reduction strategy and be more accountable for doing so.
Financial Aid: Building Core Systems in the Government of Sierra Leone	DFID	£24,000,000 2016 – 2017	To improve core systems in public financial management, revenue and procurement to underpin sustained poverty reduction and economic development.
Technical Assistance and Capacity Building Support to Ministry of Energy	AFDB/ FSF	UA millions 0.45	Technical Assistance and Capacity Building Support to Ministry of Energy and MCC (TCB-ERPU & MCC)
PPP Fund for cooperation with companies in Mano River Union countries	GIZ	Amount unknown 2011 - 2020	To provide a fund to implement specific development partnerships with the private sector in Sierra Leone, Côte d'Ivoire, Liberia and Guinea. This fund aims to give the population fast and sustainable access to income-generating activities and social services.
Trade Facilitation (Technical Assistance)	World Bank	Amount to be confirmed Under design	Trade Facilitation: Support the GoSL in the implementation of the WTO Trade Facilitation Agreement
PPP	EU	Amount unknown	EU has provided capacity building of the PPP Unit. It assisted unit to develop MoUs in ministries in the same government to get them to talk to each other.
Capacity building of the Corporate Affairs Commission	IFC	Amount unknown 2015 – ongoing	Funding the implementation of CAC (Corporate affairs commission) and providing training on Corporate Governance to Private Sector
MCC Threshold Programme	US Government	US\$44m 2015 – ongoing	MCC Threshold Programme to support policy reforms, build institutional capacity, and improve governance in the water and electricity sectors, with a focus on Freetown.



BE issues	Donor	Programme	Brief details
Supreme Audit Institution Capacity Building	IFC	US\$0.27m Concept stage	Objective of the Project for Sierra Leone is to improve the quality and efficiency of public sector audit, thereby strengthening external oversight over the management of public resources in Sierra Leone. The project will consist of the following three components. (i) strengthening professional capacity to support strengthening of the financial oversight roles of the Audit Service Sierra Leone (ASSL), and submission of timely quality
Public Finances, Transparency, Accountability and Anti-corruption (pre-pipeline)	DFID	TBC	This project intends to increase the tax intake, strengthen public financial management systems, limit corruption and improve performance of relevant oversight institutions. This will help to ensure that public resources are raised, allocated and spent more accountably. This will build Sierra Leone's self-reliance.
Private Sector Development			
Private Sector Development	DFID	\$2,200,000 approx. 2011- 2016	To support Sierra Leone's efforts to improve the country's investment climate, generate more foreign and local investment and build Government capacity to enter into sustainable and beneficial Public-Private Partnerships.
Skills	China	Amount unknown	Funding skills training, including data processing. Selected students are sent to China for a period.
Skills and Technical Assistance	GIZ	Amount unknown 2005 - 2016	Promoting youth employment through agricultural development. The project team provided advisory services to the Ministry of Labour and implemented further training for employees. Young people have received support with producing, processing and marketing agricultural produce.
The Youth Employment and Empowerment Programme (YEPP)	UNDP	US\$6,954,250 2011 to Dec 2016	Institutional and Policy Development: Focused on building sufficient technical capacity of the Ministry of Youth Affairs (MoYA) and the National Youth Commission (NAYCOM) to facilitate policy development, youth Empowerment and employment Promotion: Focused on assisting youth in their transition from school to work
Digital Financial Inclusion	UNCDF	US\$5m 2016 - 2020	Under the Digital Financial Inclusion for Fragile and Conflict Affected States, Sierra Leone is receiving support for digital inclusion. 70% to be spent as catalytic investments to incentivise new private sector partnerships and players in digital delivery of financial services.
Tax	IFC		Designing a tax system for micro and small businesses IFC.
Private and Financial Sector Development Project	UNDP	US\$2,419,620 2011 - Dec 2016	The Private and Financial Sector Development Project supports Sierra Leone's efforts to improve the country's investment climate, generate more foreign and local investment and build Government capacity to enter into sustainable and beneficial Public-Private Partnerships, with support to the PPP Unit.
Access to finance (Working Capital)	CDC	Amount unknown 2015 - present	CDC Group partnered with Standard Chartered Bank on a risk participation agreement that provides new working capital lending of up to \$50 million to businesses in Sierra Leone . This facility has



BE issues	Donor	Programme	Brief details
			now been extended to provide loans with interest rates of 8-10% and with repayment periods of up to three years.
Timber project	CDC	US\$15m 2015 - present	CDC Group invested \$15million in Miro Forestry Company which is a sustainable timber business with a main operation in Ghana. The Yoni Plantation consists of 21,000 hectares of flat and fertile land located in the Tonkolili District of Sierra Leone. The company is using CDC's investment to expand its operations beyond 1,700 hectares (equivalent to 2,300,000 trees) of eucalyptus and teak trees to a total of 8,700 hectares (approx. 11,300,000 trees) by 2017. Miro will sell the majority of the wood from its plantation forests into local and regional markets.
Regional Competitiveness in West Africa	EU	US\$8m Under design	Support SLIEPA who want a specific value-added value chain and support on cocoa and cassava.
Creating Jobs and Raising Incomes in Sierra Leone (pre-pipeline)	DFID	TBC	In Sierra Leone 52% of the population were below the \$1.90/day poverty line in 2011, yet unemployment levels are modest. This project will focus on providing the poorest with opportunities to earn higher incomes.
Infrastructure			
Roads	World Bank	US\$55m 2017 - 2021	Programme to develop feeder roads as part the Smallholder Commercialization and Agribusiness Development Project.
Bandajuma-Gendema Highway construction project	EU	US\$117.3m	Bandajuma-Gendema Highway construction project passes through Bandajuma Sowa, in Pujehun District. The highway project will link Liberia and Sierra Leone.
Improving access to agricultural markets in Sierra Leone	DFID	£10,650,000	Improved access to markets for agricultural producers through the rehabilitation, construction and maintenance of feeder roads in Sierra Leone
Rural Renewable Energy Project	DFID		90% of households do not have electivity. Aim is for half a million pole to benefit from at least 90 mini grids powered with renewable entry.
Energy	IFC	US\$27m 2016	In senior debt to support the Western Area Power Generation Project in Sierra Leone

BE issues	Donor	Programme	Brief details
Energy	AFDB, CDC Group plc, Emerging Africa Infrastructure Fund, FMO	US\$82m in long-term	Debt financing package will support an independent power generation facility in an industrial zone about four kilometres outside of Freetown. The project covers the development, construction, and operation of a 57 megawatt heavy oil fuel-fired power plant.
Increasing Rural Access to solar power in Sierra Leone	DFID	£34,500,000 2016 – 2020	To increase access to clean energy through the creation of environmentally and economically sustainable electric mini-grid systems for small remote rural communities in Sierra Leone by 2020. This is expected to directly benefit around 360,000 people in rural Sierra Leone, and indirectly help up to 1.8 million people access low carbon electricity. This will add more than 10 Mega Watts (MW) to the country's power generation capacity of an estimated average peak demand requirement of 300-500 MW.
Increasing Access to Electricity in Sierra Leone	DFID	£32,413,795	To increase access to improved, affordable and sustainable electricity supply for human development and wealth creation in Sierra Leone by 2018. Through a combination of interventions supporting hard infrastructure, institutional reform and operational improvement.
Power for All – Sierra Leone		Amount unknown 2012 - present	<p>Power for All is a global, industry-led campaign to promote distributed renewable energy as the key to achieving universal energy access. The Campaign was born in 2012 when a number of organisations - including the Global Off-Grid Lighting Association, SolarAid, Sierra Club, IFC, d.light and others - saw the need for a coordinated effort to (a) proactively push a cohesive “narrative” about distributed renewable energy as a viable, vibrant business sector, (b) drive catalytic amounts of capital into the sector, and (c) educate and advocate for supportive policies to help distributed renewable energy markets flourish.</p> <p>Key stakeholders: The Energy Revolution taskforce. Renewable Energy Association of Sierra Leone, Sierra Leone Opportunities for Business Action (SOBA), IBIS/Oxfam, GIZ – EnDev, The Sierra Leone Association of Micro Finance Institutions (SLAMFI), UNOPS, The Rocky Mountain Institute</p>
Heavy Fuel Oil power plant	CDC/ World Bank	Amount unknown 2016 to present	CDC Group invested in a 57MW Heavy Fuel Oil power plant that will be constructed at Kissy Dock in Freetown. CDC group own a 51% share of a \$133million joint venture with TCQ Power Ltd , a company established in 2012 in the UAE to acquire, build, develop and operate power projects in Africa. There is an off take agreement between the company and the Government's Electricity Distribution and Supply Agency (EDSA), and the World Bank is providing a Partial Risk Guarantee. The UK supported Private Infrastructure Development Group (PIDG) provided transaction advisers for the development of the project. The 57MW Heavy Fuel Oil power plant will increase the power generation capability of Sierra Leone by around 50% (from 96MW to 153MW).



BE issues	Donor	Programme	Brief details
Rural Electrification	AFDB	AU millions 4.88 Ongoing	Power CLSD Rural Electrification Sierra Leone.
ADF Agriculture Addax Bio-energy	AFDB	UA millions 22.10 Ongoing	Bio-energy Project.
Sierra Leone Energy Africa Compact	DFID	Amount unknown	The Energy Africa Partnership document represents an agreement to implement joint action and acceleration the expansion of the householder solar market in Africa and help achieve energy access by 2020 instead of 2080 on current trends. Compact policy actions have been agreed to address appropriate policy frameworks, fiscal barriers, consumer protection and quality assurance, consumer awareness amongst others.
Rehabilitating Freetown's Water Network	DFID	£38 million 2016 –2019	This project is improving the reliability of access to safe water for up to 600,000 consumers in Freetown. It is rehabilitating the Guma Valley water treatment works and replacing bulk transmission and distribution pipelines.
Water, Environmental Sanitation and Hygiene : Improved water and sanitation for 450,000 people	DFID	£32,300,000 2016 - 2021	This project is providing water and sanitation services (WASH) services to up to one million people in Freetown's peri-urban communities on the outskirts of the city, six rural districts (including in primary schools), Bo, Kenema and Makeni and two smaller towns.
Agriculture			
Smallholder Commercialization and Agribusiness Development Project (SCADP)	World Bank, DFID	US\$45m - World Bank US\$15m - UK AID 2016 - 2021	Component 1: support for agribusiness-farmer linkages and SMEs along selected agribusiness value chains; Component 2: Market Access Improvement; Component 3: Capacity Building support for state and non-state institutions and producer organizations. Includes Sierra Leone Agribusiness Development Fund (SLADF).
Competitive Agro-Processing development Project	World Bank	US\$10m Under design	Agribusiness: Increase productivity and market shares of agro-processing firms in the Freetown - Tonkolili growth pole.
Sierra Leone Opportunities for Business Action (SOBA)	DFID	£10,173,224 2013 – 2017	Aims to reduce poverty by increasing the incomes of farmers and small-scale entrepreneurs across Sierra Leone. Collaborates with the private sector to introduce pro-poor market innovations. Over the last year, SOBA has targeted investments in pilot innovations within key market sectors including rice, vegetables, maize, waste/energy, market information, and access to finance. From these, several opportunities to scale successful innovations have emerged, including out grower farmer aggregation



BE issues	Donor	Programme	Brief details
			schemes and buyer-led forward contracts, as well as supporting opportunities, such as supply-chain management and agri-input and equipment distribution models.
Transferring of agricultural techniques	China	Amount unknown 2015	Through the China South-South Cooperation (SSC) project, the transferring of agricultural techniques at grassroots level has enhanced agricultural production in Sierra Leone. The project facilitated by Chinese experts worked to increase the performance of the agriculture sector, improve irrigation systems and increase rice, field crop, vegetable and agroforestry productivity.
Feed the Future	USAID	Amount unknown 2016 - 2021	<p>'Feed the Future' is a multi-component programme over a 5-year period to improve the productivity of agricultural farming systems and value chains in ways that enhance nutrition and food security. It also includes the following components:</p> <p>Farmer to Farmer: Value - US\$16.9m (2016 – 2021) Project run by Catholic Relief Services to promote entrepreneurial agriculture for improved nutrition by developing value chains.</p> <p>Strengthening national agricultural planning: Value - US\$0.5m (2016 – 2018) Africa Lead is delivering services to strengthen national agricultural planning and coordination processes and structures</p>
Commercial agricultural investment through AgDevCo	DFID	£7 million	Through this project DFID is supporting AgDevCo to make commercial agriculture investments in Sierra Leone. Initial investments have the potential to create 5,000 jobs and increase productivity and incomes of up to 20,000 farmers.
Improving access to agricultural markets in Sierra Leone	DFID	£10,650,000	Improved access to markets for agricultural producers through the rehabilitation, construction and maintenance of feeder roads in Sierra Leone
Fisheries			
West Africa Regional Fisheries Programme-Sierra Leone (WARFP-SL)	World Bank	\$46.3m 2009 – 2016	Project to strengthen the capacity of Sierra Leone, Cape Verde, Liberia, and Senegal to govern and manage targeted fisheries, reduce illegal fishing, and increase local value added to fish products.
Sierra Investment Fund,	CDC	Amount unknown 2009 - present	The Sierra Investment Fund, which is run by Manocap currently has investments in Sierra Fishing Company , which is now the largest suppliers of fish in Sierra Leone, and also Ice Ice Baby – an ice producing business that targets the fish traders.

BE issues	Donor	Programme	Brief details
Rice Fish Systems Strengthening Project	USAID	US\$3m 2015 – 2016	The Rice Fish Systems Strengthening Project (through World Fish Centre) is designed to improving productivity of aquatic-agricultural farming systems, and has created a market-oriented aquaculture value chain in Tonkolili district, with 2000 tons/year capacity of tilapia.
Governance			
Governance	USAID	Amount unknown 2017	USAID's governance program focuses on broadening political participation, advancing citizens' knowledge on key issues, increasing women's political, social and economic rights and strengthening the capacity of local government officials to deliver social services. We are assisting local governments in nine out of 19 Local Councils to become more effective, transparent, accountable, and responsive to the needs of citizens – especially in reducing the barriers to decision making by women at house hold, community, district and national level. USAID has trained local officials and traditional leaders in gender sensitive, planning budgeting and monitoring.
Local Governance and Economic Development Joint Programme (LGED-JP)	UNDP	US\$5m approx.	Seeks to improve the socio-economic well-being of Sierra Leoneans at the local level. Building on the Government of Sierra Leone's Decentralisation Policy, Local Economic Development (LED) programming supports local wealth creation, increased employment opportunities and improved economic productivity and service delivery.
Governance in mining sector	GIZ	Amount unknown 2009 - ongoing	Increasing revenue and driving transparency; Legal framework: The project helps partners to design and put in place modern legal frameworks for the extractive industries; Socio-economic development at local level: Neighbouring communities are particularly badly affected by the negative impact of mining, but generally benefit less from the increase in state revenue and job opportunities; Regional cooperation: GIZ is helping the Mano River Union to initiate regional dialogue and share experiences in the governance of raw materials.
Anti-corruption/ Pay-No-Bribe	DFID	£4,700,000	To improve citizens' ability to challenge petty corruption in health, education, water and sanitation and national power services delivery in Sierra Leone by 2018
Building Core Systems: improving economic governance	DFID	£25 million December 2016 – December /2017	This project has worked to improve core systems in public financial management, revenue and procurement to underpin sustained poverty reduction and economic development.
Mining			
Geological Survey	DFID	Under design	British Geological Survey to conduct a geological survey to identify mineral deposits in Sierra Leone
Technical assistance	GIZ	US\$400,000	For technical institute to train +1000 mine workers trained

BE issues	Donor	Programme	Brief details
Mining Technical Assistance Project (MTAP)	World Bank	US\$4m 2009 – December 2016	Objective of the Mining Technical Assistance Project (MTAP) for Sierra Leone is to build government's capacity to improve management and regulation of the mining sector.
Extractives Industries Technical Assistance Project (EITAP)	World Bank/ DFID	\$11,350,000 2011 – December 2016	Capacity building of the Government to manage and regulate the extractives industries focused on: a) To ensure that regulatory and governance frameworks for extractive industries sector in place, b) Institutional strengthening which provides capacity building, equipment and geological surveying to ensure good sector governance.
Justice			
Justice Recovery Programme	DFID	£950,000	To support more effective justice service delivery to citizens and the private sector in Sierra Leone, which will in turn improve the investment climate in the country and citizens' access to justice.
Land			
National Land Policy	UNDP, World Bank	US\$19m 2015 - 2017	Support to the Ministry of Lands to draft a Land policy that strengthens land administration and laws

Appendix 8 Overview: Review of Existing Diagnostics

The “shopping list” of business environment constraints in Sierra Leone is well known and has been extensively analysed. Recent reviews include:

- Government of Sierra Leone, *The Agenda for Prosperity – Road to Middle Income Status (2013–18)*
- Government of Sierra Leone, *Presidential Recovery Priorities 2016*
- Government of Sierra Leone, *National Ebola Recovery Strategy for Sierra Leone (2015–17)*
- DFID, *Sierra Leone Inclusive Growth Diagnostic 2015*¹¹¹
- Hebert Smith Freehills, *Sierra Leone: An Investor’s Guide 2015*
- World Economic Forum (WEF), *The Global Competitiveness Report 2015–16*
- World Bank Group (WBG), *Doing Business 2017*
- WBG, *Trading towards Prosperity: Sierra Leone Diagnostic Trade Integration Study Update 2013*
- WTO, *Sierra Leone Trade Policy Review 2017*
- US Department of State, *Sierra Leone Investment Climate Statement 2015*
- African Development Bank, *Sierra Leone Country Strategy Paper 2013–17*
- *Agribusiness Commercial Legal and Institutional Reform*, USAID, July 2016

The list below draws on all these sources, and on additional diagnostic work undertaken during the course of this assignment. Constraints are broadly listed in order of magnitude. There is striking agreement about key issues for private sector development across all these diagnostics. However, specific constraints will play out differently on different businesses operating in different sectors. In summary the list below describes:

Identified as “binding” constraints to growth:

- inadequate infrastructure and access to utilities, particularly limited availability and reliability of electricity
- weak government policy making, planning and implementation, including corruption
- weak human capital
- limited access to finance.

Other key constraints:

- limited access to land
- weak government procurement and contracting
- poor trade logistics (including port and border crossing)
- inadequate intellectual property protection.

¹¹¹ This draws on growth diagnostics by Garrido for the Ministry of Finance and Economic Development (2012) and by the Millennium Challenge Corporation (MCC) (2013).



Overview of business environment constraints on private sector development in Sierra Leone

Overview of business environment constraints on private sector development in Sierra Leone		
Constraint	Detail	
1	Inadequate infrastructure and access to utilities, particularly limited availability and reliability of electricity	<p>Despite significant investment in infrastructure since 2009, infrastructure constraints impose a significant constraint to private sector development. Sierra Leone ranks 137th out of 140 for quality of overall infrastructure in the 2015-16 Global Competitiveness Report, and is 46th of 54 countries in the Africa Infrastructure Development Index 2016. Sierra Leone's Economist Intelligence Unit's risk rating for infrastructure in Sierra Leone is <i>severe</i> (84/100).</p> <p><u>Electricity</u></p> <p>Sierra Leone ranks 176th out of 190 in getting electricity in the World Bank's <i>Doing Business</i> indicators for 2017. Sierra Leone's energy needs are hugely under-served, with 87 percent of the population off grid. The lack of reliable energy supply has been identified as the principal impediment to the country's development.¹¹² Sierra Leone's electricity tariff (average US\$0.28/kWh) is twice the African average,¹¹³ with an 82 percent price rise between 2000 and 2005, reflecting increases in global oil price, combined with the weakening of the local currency.¹¹⁴ Businesses, especially outside Freetown, rely on generators. The sector has now been split into two separate state-owned companies — the Electricity Generation and Transmission Company (EGTC) and the Electricity Distribution and Supply Authority (EDSA). The aim is to increase installed capacity to 1,000 MW by 2018¹¹⁵ through thermal, biofuels, hydroelectric, and solar power.¹¹⁶ There is a strong focus on public-private partnerships to achieve this.</p>
2	Weak government policy making, planning and implementation, including corruption	<p>Governance issues relating to the business environment are discussed in Section 2 above.</p> <p>Corruption is indicated as the second most problematic factor for doing business in the 2015–16 <i>Global Competitiveness Report</i> and Sierra Leone ranks 123rd out of 176 in Transparency International's <i>2016 Corruption Perceptions Index</i>. Tackling corruption is an integral part of the eight key pillars of Sierra Leone's Agenda for Prosperity 2013–18. The Anti-Corruption Act 2000 (amended in 2008) applies to both domestic and foreign companies. One small formal business with an annual revenue of US\$80,000 typically pays US\$10,000 a year in bribes.¹¹⁷ The DFID-funded Pay No Bribe telephone line received more than 8,000 calls (relating to petty corruption) in its first three months of operation.</p>
3	Weak human capital	<p>Sierra Leone has a largely unskilled human capital: it ranks 181st out of 188 in the United Nations Development Programme's (UNDP's) <i>2015 Human Development Index</i>. Illiteracy is estimated at over 56 percent.¹¹⁸ Although an inadequately educated workforce is indicated as the fifth most problematic factor for doing business in the 2015-16 Global Competitiveness Report, DFID's Inclusive Growth Diagnostic suggested that low-skilled human capital is not perceived as an immediate constraint to growth but believed to become a binding constraint the more Sierra Leone pursues diversification of activities and higher value-added production.¹¹⁹ However, it was</p>

¹¹² Sierra Leone: An Investor's Guide, Hebert Smith Freehills, July 2015.

¹¹³ Sierra Leone Trade Policy Review, WTO, January 2017.

¹¹⁴ Sierra Leone Trade Policy Review, WTO, January 2017.

¹¹⁵ Sierra Leone Trade Policy Review, WTO, January 2017.

¹¹⁶ Sierra Leone: An Investor's Guide, Hebert Smith Freehills, July 2015.

¹¹⁷ Stakeholder interview, February 2017.

¹¹⁸ UNICEF's Country statistics page for Sierra Leone on Nov 25, 2015 at www.unicef.org/infobycountry/sierraleone_statistics.html

¹¹⁹ Sierra Leone Inclusive Growth Diagnostic, DFID.



Overview of business environment constraints on private sector development in Sierra Leone

Constraint	Detail
	<p>noticeable that every business in every sector interviewed during this assignment identified the poor calibre workforce as is a key issue — even small businesses and those requiring relatively unskilled staff. Complaints were around limited basic skills such as financial literacy and ability to operate in a workplace. Even small businesses have developed strategies such as mentoring and on-the-job training to cope. Coding (IT) and hospitality skills were particularly identified as key issues. Underlying issues include outdated school and university courses, which fail to encourage initiative and a culture of entrepreneurship; high level of school dropout; inequalities in access to education; and an achievement gap between girls and boys.</p> <p>Donor initiatives in these areas include DFID’s Sierra Leone Secondary Education Improvement Programme (SSEIP) (2016-21),¹²⁰ benefitting 1.4 million boys and girls. The Chinese have been active in training (see Appendix 5).</p>
4 Limited access to finance	<p>Sierra Leone ranks 157th out of 190 in relation to getting credit in the 2017 World Bank’s <i>Doing Business</i> indicators. Access to finance is identified as the most problematic factor for doing business in the 2015–16 <i>Global Competitiveness Report</i>. And the Economist Intelligence Unit risk rating in relation to financial markets is <i>severe</i> for Sierra Leone (71/100). The vast majority of the population is unbanked, with only 600,000 account holders. Nearly all small and medium-sized local firms interviewed identified access to finance as a key constraint. Interest rates are typically 20–30 percent, and loans tend to be short-term only (maximum two years). For informal enterprises, the options are micro finance and savings and loan schemes.</p> <p>Underlying reasons for high interest rates and limited access to finance include high rates of default (12–20 percent) associated with high percentages of non-performing loans (see Table 1); problems with enforcing contracts through the courts (see Section 3.3 below); a small-scale banking sector with high operating costs; limited credit worthiness information; low levels of financial literacy; lack of collateral; and limited availability of loan products enabling use of non-land collateral (such as equipment or stock).</p> <p>Recent reforms include improved banking supervision (by the Bank of Sierra Leone), through higher capital and reserves requirements,¹²¹ and the setting up by the Bank of Sierra Leone of Credit Reference Bureau and Collateral Registry (the latter to be launched imminently).</p>
5 Limited access to land	<p>Sierra Leone ranks 163rd out of 190 in registering property in the 2017 World Bank’s <i>Doing Business</i> indicators, and scores 37.4/100 in the property rights subcomponent of the Heritage Foundation’s <i>Index of Economic Freedom 2017</i>.¹²² Non-citizens and foreign companies are not allowed to own land in Sierra Leone, but may enter into leases for a renewable term of 21 years. A 50-year term (renewable for 21 years) is available for foreign companies involved in agricultural activities. There is no system for registration of title: the system of registering documents of transfer (under Cap 122 Protectorate Land Ordinance and Cap 256 Registration of Instruments Act) results in many competing claims to the same piece of land, with land disputes comprising 80 percent of cases in Sierra Leone’s civil courts. A key reason for this is the registration of multiple documents relating to the same piece of land, resulting in multiple claimants. To address this, a few years ago the Office of the Administrator and Registrar General (OARG) began to check with the Ministry of Land that they had approved site plans before transfer documents were registered. This has helped to cut down on fake</p>

¹²⁰ <https://devtracker.dfid.gov.uk/projects/GB-1-205234>.

¹²¹ Sierra Leone Trade Policy Review, WTO, January 2017.

¹²² <http://www.heritage.org/index/>.



Overview of business environment constraints on private sector development in Sierra Leone

Constraint	Detail
	<p>documents. The Department is receiving support from International Finance Corporation (IFC) for modernisation of the office and setting up of regional offices.</p> <p>Land outside Freetown and the Western Area (12 out of Sierra Leone's 14 districts) is governed by the customary land tenure system, with land being community or family-owned. The Paramount Chief or an older male member of the family holds the land in trust. Women's claims to land within the customary system are generally obtained through their husbands or male relations. Women are at risk of dispossession if divorced or widowed. The chiefs, in consultation with other community elders, grant access to land. The issue of consultation with communities before transactions are entered into is controversial, with Paramount Chiefs entering into negotiations for land transactions with investors, and contracts signed before the tenure right holders are aware of them.</p> <p>The 1991 Constitution, by recognising customary law (article 27(4)), permits discrimination against women in relation to land holding and acquisition. A wide ranging and ambitious National Land Policy has been widely consulted on, and is currently in phase one of implementation. The on-going constitutional review process will also consider land tenure.</p>
<p>6 Weak Government procurement and contracting</p>	<p>With a small domestic market, the Government is the biggest purchaser in the country. In 2010, procurement expenditure amounted to over 46 percent of the budget, representing about 16 percent of GDP.¹²³ Firms seeking to bid for government contracts face significant challenges with a non-transparent procurement system and allegations of corruption.¹²⁴ It is reported that bribes are commonly paid for privileged treatment of tenders, for inside information, to adjust contractual terms and to overlook the non-execution of contracts. It is also reported that contractors must pay bribes simply to ensure normal treatment, for example to receive due payments on time.¹²⁵ The 2013 Performance Assessment Framework (PAF) reported that 72 percent by value of public contracts were sole sourced, and the Audit General has regularly identified irregularities in public procurement and concerns over the value for money being achieved.¹²⁶ Public procurement has been seen as one of the weakest aspect of the system of budgetary control and execution.¹²⁷ Sierra Leone is neither a member, nor observer, of the WTO Plurilateral Agreement on Government Procurement.¹²⁸</p> <p>The Public Procurement Act of 2016 provided for the continued existence of the National Public Procurement Authority (NPPA), further regulated and harmonised public procurement processes and decentralised public procurement to procuring entities. Open bids are required for all public purchases, but there is a price preference for domestic contractors, suppliers and domestically produced goods. National competitive bidding procedures are allowed for procurements below a given threshold. Sole-source procurement is permitted under very limited circumstances, e.g. where the supplier has the exclusive right or there is a situation of extreme urgency. The NPPA is the regulatory body charged with regulating and monitoring public procurement in Sierra Leone and advising the government on public procurement. The Act provides for a decentralised system with procurements undertaken by relevant ministries, departments and</p>

¹²³ Sierra Leone - Assessment of National Public Procurement System based on OECD and DAC Benchmarking Tool, World Bank, Washington DC, 2012. Viewed at: <http://documents.worldbank.org/curated/en/2012/05/16597175/sierra-leone-assessment-national-public-procurement-system-based-oecd-dac-benchmarking-tool>.

¹²⁴ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.

¹²⁵ Impact of Corruption on Private Sector Growth - Sierra Leone Case Study, Williams, G. of The Policy Practice Ltd for DFID Sierra Leone (funded by PEAKS), March 2014.

¹²⁶ Evaluation of Budget Support, April 2016.

¹²⁷ Evaluation of Budget Support, April 2016.

¹²⁸ Sierra Leone Trade Policy Review, WTO, January 2017.



Overview of business environment constraints on private sector development in Sierra Leone	
Constraint	Detail
	<p>agencies (procuring entities). The Independent Procurement Review Panel, composed of three members appointed by the Ministry of Finance, reviews bidders' complaints and challenges on contract award decisions.</p> <p>The negotiation and management of commercial contracts is also handled by line ministries, who have low capacity, and there are allegations of corrupt practices. The Law Officers Department (LOD) in the Ministry of Justice provides legal support but has low capacity. Support in this regard recently provided by DFID's Legal Assistance for Economic Reform (LASER) programme was well received, but unfortunately, despite the LOD's desire for follow-on assistance from the Africa Legal Support Facility, complicated external politics and turf battles meant that the opportunity to take it up was missed.</p>
7	<p>Poor trade logistics (including port and border crossing)</p> <p>Sierra Leone ranks 169th out of 190 in relation to trading across borders in 2017 World Bank's <i>Doing Business</i> indicators. Major reforms have been undertaken, with the operations of the bulk and container terminals in Freetown having been contracted out to international private sector operators. Clearance through the terminal systems itself seems speedy (it is reported that 70 percent of containers now clear within seven days), but frustrations with end-to-end processes remain, with the need for better coordination between the various bodies involved, including the National Revenue Authority (NRA) and the National Environment Authority.</p> <p>Key issues appear to include the use of the computer scanner, the administration of the duty waiver scheme (involving paperwork from the relevant line ministries as well as from the Ministry of Finance), and the need to computerise payment of customs duties.</p>
8	<p>Inadequate intellectual property protection</p> <p>Sierra Leone ranks 121st out of 140 in protection of intellectual property in the <i>2015-16 Global Competitiveness Report</i>. Sierra Leone is a member of the African Regional Intellectual Property Organization and has ratified the Harare Protocol on Patents and Industrial Designs. Sierra Leone enacted a new Copyright Act in 2011, repealing the Copyright Act of 1965, and a Patents and Industrial Design Act in 2012, ending the preferential treatment given to marks registered in England under the previous legislation and incorporating provisions related to marks registered in other jurisdictions. The Trade Marks Act 2014 replaces the outdated Trade Marks Act of 1923 and the Merchandise Marks Act. Registrations are undertaken at OARG, which reports that the office deals with about five registrations a day, mainly trademarks. There are very few infringement actions.</p> <p>The legislation establishes the Sierra Leone Intellectual Property Organisation with responsibility for administration of the register of patents, trademarks, and industrial designs. However, the agency was never established, and the Act has not been fleshed out with regulations.</p>

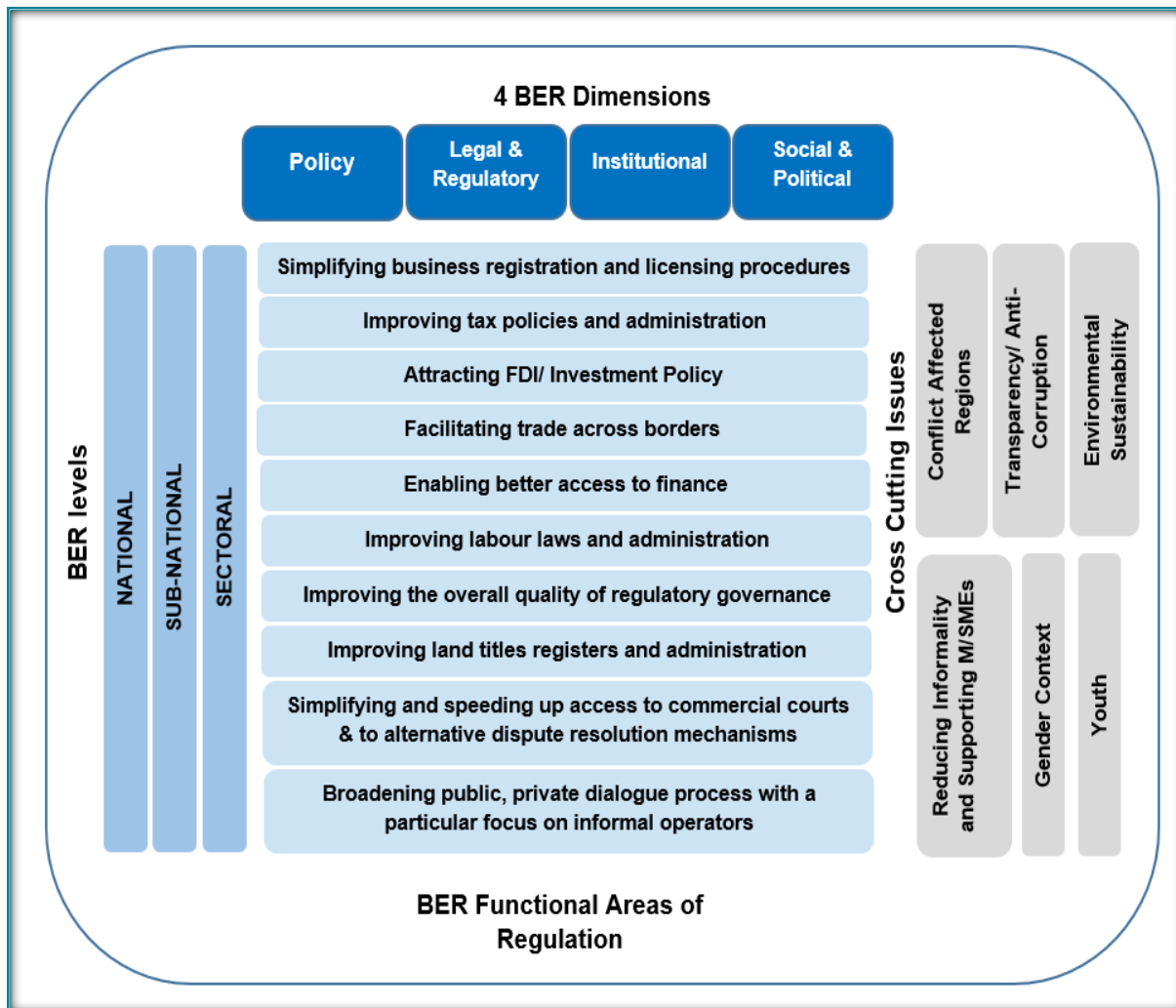
Appendix 9 Some formal and informal private sector groups in Sierra Leone

Organisation	Purpose
Bar Association	Association of Sierra Leonean lawyers that aims to preserve the independence of the judiciary and the right of lawyers to practise their profession without interference. Also acts as a voice of the voiceless.
Lebanese Business Association	Business association of Sierra Leoneans of Lebanese origin. Exclusive to Lebanese people.
Hotel and Tourism Association	Association of hotel owners and other tourism activities that represents their interests to relevant ministries and other stakeholders. It is not regarded as nationally representative.
Manufacturers Association	Representatives of manufacturers and also members of the Sierra Leone Chamber of Commerce.
Industrial Fisheries Association	Represents industrial fishing interests and is separate from artisanal fishing.
Institute of Chartered Accountants	Professional regulating body for accounting and auditing. Works to establish and maintain standards for accounting and auditing.
Institute of Engineers	Represents engineers and promotes sound engineering practice, engineering education in schools and gender participation in engineering. Also advises Government on all engineering matters.
National Federation of Farmers	Represents farmers' interests and teaches farming techniques. It includes other farmers' groups such as National Farmers' Co-operative, National Farmers of Association of Sierra Leone, District Women Farmers Co-operative and the Farmer Free School and Agricultural Business Unit.
Women Power	Professional women's association focused on women's leadership development and empowerment.
Business Brain	Teaches entrepreneurial skills to young girls.
Girls Empowerment Summit	A year-round program, which seeks to inspire, empower and enlighten girls through development of leadership skills.
Aspire Code 4 Africa	Association linked to UK Aspire, a school system that provides an alternative education with individualised programmes for young people. The Aspire programme collaborates with schools in Freetown to mentor and empower girls.
Financial Services Association	Network of 54 financial services associations and 17 community banks, which provides invaluable financial services to people all over the country, including the rural poor.
Renewable Energy Associations	Campaigns for access to energy for all and provides capacity building.
Code 4 Sierra Leone	A citizen-led, grassroots movement that is using open source technologies to bring innovations in the public sector through the creation of open source technologies to address civic needs and civic engagement.
Breakfast Club (set up by CTI Consulting)	Sponsors the Entrepreneur Coffee Hour, a networking event aimed at entrepreneurs to connect them with professionals at varying stages of their businesses.
Budget Advocacy Network	A network of local and international organisations — such as the Transparency International Sierra Leone (TISL), Campaign for Good Governance (CGG), Network Movement for Justice and Development (NMJD), Western Area Budget Education Network (WABEAN), ActionAid International Sierra Leone (AASISL), Search for Common Ground (SFCG), and Christian Aid (CA) — centred on participation, transparency and accountability.

Organisation	Purpose
Cooperative Credit Unions	A cooperative movement of credit unions that provide savings and credit facilities and, as a result, encourage empowerment and education, promoting opportunities for poor people and helping people to help themselves.
OWNERS	The Organisation of Women's Networks for Entrepreneurs (OWNERS) provides support for women in business, including training in key business skills; peer support; and access to markets, networks and capital. Networks to almost 700 members.
WLSME	The Women's Leadership in Small and Medium Enterprises is a trust fund partnership with USAID that aims to promote the entry and growth of women owned and managed small and medium enterprises.

Appendix 10 Diagnostic tool

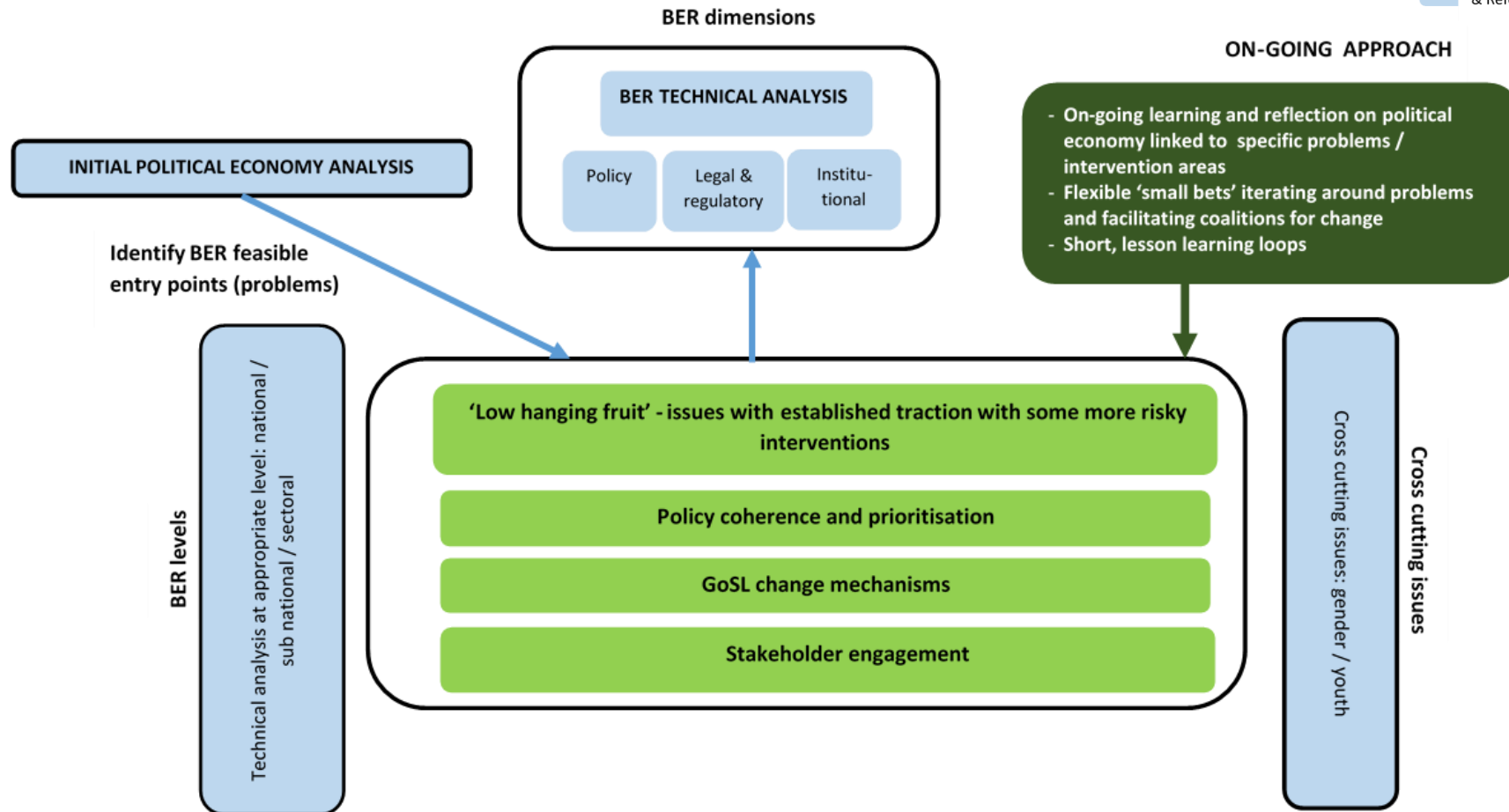
Standard BERF business environment reform tool



Amended BERF tool for use in Sierra Leone

LEGEND

= Undertaken in BE Diagnostic & Reform Readiness Report



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