

Sierra Leone

Integrated Framework for Trade-Related Technical Assistance Diagnostic Trade Integration Study

Full Mission, October 9-30, 2005

Aide-Memoire

1. A mission of the World Bank visited Freetown, Sierra Leone, October 9-30, 2005. It consisted of Philip English (World Bank: Trade Coordinator for West Africa), Dirck Stryker, (consultant: DTIS Team Leader), Paul Brenton (World Bank: trade policy, norms and standards, institutions), Alan Hall (consultant from World Customs Organization: customs), Peter Jaeger (consultant: agricultural marketing), Jan Ketelaar (consultant: mining), Richard Lacroix (consultant: agro-industry), David McEwen (consultant: tourism), Rene Meeuws (consultant: transport and trade facilitation), Tom Roberts (consultant: agricultural production), and Gert Van Senten (consultant: fisheries). The team was very ably assisted by a number of public officials and local consultants: Lovetta Fatmata Sesay (EPRU: macroeconomics), Edison Borbor (MTI: trade policy, norms and standards, institutions), Mussa Randy Kabia (consultant: transport), Abu Kamara (consultant: fisheries), Raymond Kamara (NRA: customs), and Danial Siaffa (consultant: tourism). Adama Coulibaly (FAO trade specialist, regional office in Ghana) and Atse Yapi (FAO forestry specialist, regional office in Ghana) joined the mission, along with Steffen Kaesser (UNIDO office in Vienna).
2. The purpose of the World Bank mission was (1) to undertake the gathering of data and other information regarding the potential for trade and growth in Sierra Leone and the constraints inhibiting realization of this potential, (2) to identify concrete actions that should be undertaken to overcome these constraints, (3) to participate with the Government and the private sector in a dialogue regarding priorities for action, (4) to assure integration of the DTIS into the PRSP process, and (5) to coordinate with other multilateral and bilateral agencies. During the mission, a National Workshop was held on Pre-DTIS Support for Incoming LDCs in the Integrated Framework Process. The workshop was sponsored by the Ministry of Trade and Industry, UNCTAD, and UNDP. A number of members of the mission team participated in the workshop and found it very useful.
3. The mission wishes to thank the Government of Sierra Leone and notably the Minister of Trade and Industry, Dr. Kadi Sesay, and her staff for their exemplary support to the mission. It is particularly indebted for the assistance provided by the IF focal point in MTI, led by Beatrice Chaytor, Director of Policy, Planning, and Research, with the able support of Edison Borbor. The mission also wishes to thank the numerous public officials and local consultants who provided very diligent and able support to the mission team.

4. The proposed study is clearly a high priority for the Government of Sierra Leone, which has taken full ownership and all necessary measures to ensure its success. MTI has established an IF Steering Committee encompassing all the key ministries as well as the private sector. This Committee is guided by the IF Focal Point team, with seven representatives from the Ministry of Trade and Industry (MTI), the Ministry of Development and Economic Planning (MODEP), the Ministry of Finance (MOF), the Bank of Sierra Leone (BOSL), the Chamber of Commerce, Agriculture, and Industry, the National Revenue Authority (NRA), and the university community. The IF Focal Point team met with members of the mission team and had a lively exchange of views regarding the Concept Note and the preliminary findings of the mission. It was generally agreed that despite the many urgent needs of Sierra Leone, the DTIS should maintain its focus on generating increased income and employment through measures designed to increase trade and growth as rapidly and as effectively as possible, while at the same time assuring poverty reduction. This means concentrating first on the opportunities that exist for modernizing the export sector in agriculture, agro-industry, fisheries, mining, and tourism. Many of the measures taken to do this (improved customs administration, trade facilitation, infrastructure, public utilities, and financial services) will also aid in developing the manufacturing and services sectors, as will the generation of more foreign exchange that can be used to import equipment and intermediate inputs.
5. It was stressed repeatedly to the mission that this study must be completed as expeditiously as possible, and that it must result in a set of practical recommendations that are duly implemented. The mission fully endorses these concerns and is committed to meeting these expectations, while recognizing that this will also depend on the efforts and commitment of the government. To assure coherence between the DTIS and PRSP, many of the recommendations of the DTIS will be designed so that they can be rapidly integrated into Pillar Two of the PRSP: Generating Pro-Poor Sustainable Growth for Food Security and Job Creation.
5. As agreed with MTI, the consultants' reports will be submitted to MTI in December 2005. These will be revised, based on comments received, by the end of January 2006 and will be incorporated as annexes into the full report, which will be ready for distribution to IF agencies/donors and for internal review within the World Bank by early February. A second draft of the full report will be distributed to the Government by the beginning of March. In addition, a summary of the DTIS report will be prepared and submitted to Government in time for the investors' forum in late March. A Technical Workshop will be held in Freetown in mid-March to discuss the report and proposed Action Matrix. This will be followed by the Validation Workshop in April or May.
6. During the mission, UNDP and DFID each agreed to be Donor Facilitator during the IF process. Whether they will rotate this position or divide responsibilities is yet to be decided.

7. The following are some of the preliminary findings of the mission:

Agriculture and Agro-Industry. The mission has identified the following as interventions that will have a high payoff in terms of increased trade, income, employment, and poverty reduction:

- rehabilitation and replanting of cocoa with high yielding hybrid varieties and reform of cocoa export marketing;
- rehabilitation and replanting of oil palm plantations and outgrower farms, introduction of small mills for processing oil palm for export and the local market, and possible refining palm kernel oil for export;
- introduction of improved equipment for processing cassava for export within the region and for sale in the domestic market;
- reintroduction of small rice mills for export within the region and for sale in the domestic market;
- cultivation and processing of cashew nuts for export and the local market;
- cultivation and processing of ginger for export;
- processing of fruits and vegetables for local and export markets.

Fisheries. While in the long run, development of the small-scale fishing sector, with a complementary role for industrial fisheries, should become the main strategy, such development will take time. In the short term, a number of actions are suggested that will not only lead to an increase of license fees and deliveries of fish for local processing, but also attract substantial additional financial and other support to facilitate better management of the sector in the short term and implement components of the long-term strategy. These include (a) negotiating a fisheries agreement with the EU; and (b) involving the World Bank/FAO supported Strategic Partnership for a Sustainable Fisheries Investment Fund in Sub-Saharan Africa to develop port infrastructure, to rationally organize the local processing industry, and to improve quality control, fisheries management, and institutional support.

Mining. A consultant has been contracted to prepare the chapter on mining. This will draw on existing work that has been and is being undertaken in conjunction with the recent mining sector review. The consultant will start work shortly, and the delay in starting the work on mining is not expected to delay the overall report.

Tourism. There is a substantial potential for tourism in Sierra Leone. The mission will recommend the development of a Strategic Plan for Tourism as a first step, followed by the preparation of a detailed Master Plan for the Lungi, Aberdeen, and Peninsula areas. Tour guides in Europe will be consulted as to their interest in offering vacation packages in Sierra Leone. Should this yield a positive result, the mission will recommend that efforts be undertaken to promote investment in medium-size hotels along the beach on the Peninsula and possible rehabilitation of existing hotels in Aberdeen.

Manufacturing. The mission has identified some potential export opportunities in the area of manufactures. One relates to exports of apparel under AGOA. Recommendations will be made regarding further steps to be taken

Customs and Trade Facilitation. The mission will recommend substantial modernization of the customs service, including computerization and linking customs with other trade facilitation agencies such as clearing and forwarding agents, SPS inspectors, shipping agents, cargo handlers, and port authorities, as well as exporters and importers. The goal will be to reduce the very high cost and long delays that exist at the Freetown port as well as to increase customs revenues. Emphasis will be placed on building relationships of trust between Customs and the private sector that will reward those that respect the rules. Recommendations will be made regarding supporting customs border posts with mobile teams.

Norms and Standards. Norms and standards are the responsibility of the Sierra Leone Standards Bureau (SLSB), the Ministry of Agriculture, Forestry, and Food Security, the Environmental Health Department of the Ministry of Health, and the Ad Hoc Committee on the Marketing of Produce.. There is a major need to upgrade the laboratory facilities of the SLSB, and the mission will make appropriate recommendations in this respect. In addition, it will make recommendations on ways to streamline the inspection process for both exports and imports.

Transport. The mission is reviewing the situation regarding transport infrastructure in Sierra Leone in light of the Government's Strategic Plan and commitments of donors, as well as transportation needs resulting from recommended interventions in agriculture, agro-industry, mining, and other areas. It will make recommendations for priority actions in the transport sector to fill the gaps in what is already being done.

Financial Services. The mission will recommend implementation of a full Financial Sector Assessment Program, as recommended in the recent Financial Sector Review. It will also make some specific recommendations regarding extension of financial services to rural areas.

8. Members of the mission have emphasized the very limited capacity that exists within Sierra Leone to undertake interventions to promote trade and economic growth. Therefore, the mission has gone to great pains to focus its recommendations on a limited number of interventions that are likely to have a high payoff in terms of increased exports, income, employment, and poverty reduction. At the same time, the mission will give high priority in its recommendations to institutional reinforcement and building the capacity in the early stages that will be needed to carry these interventions forward.