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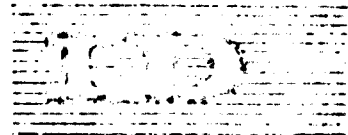
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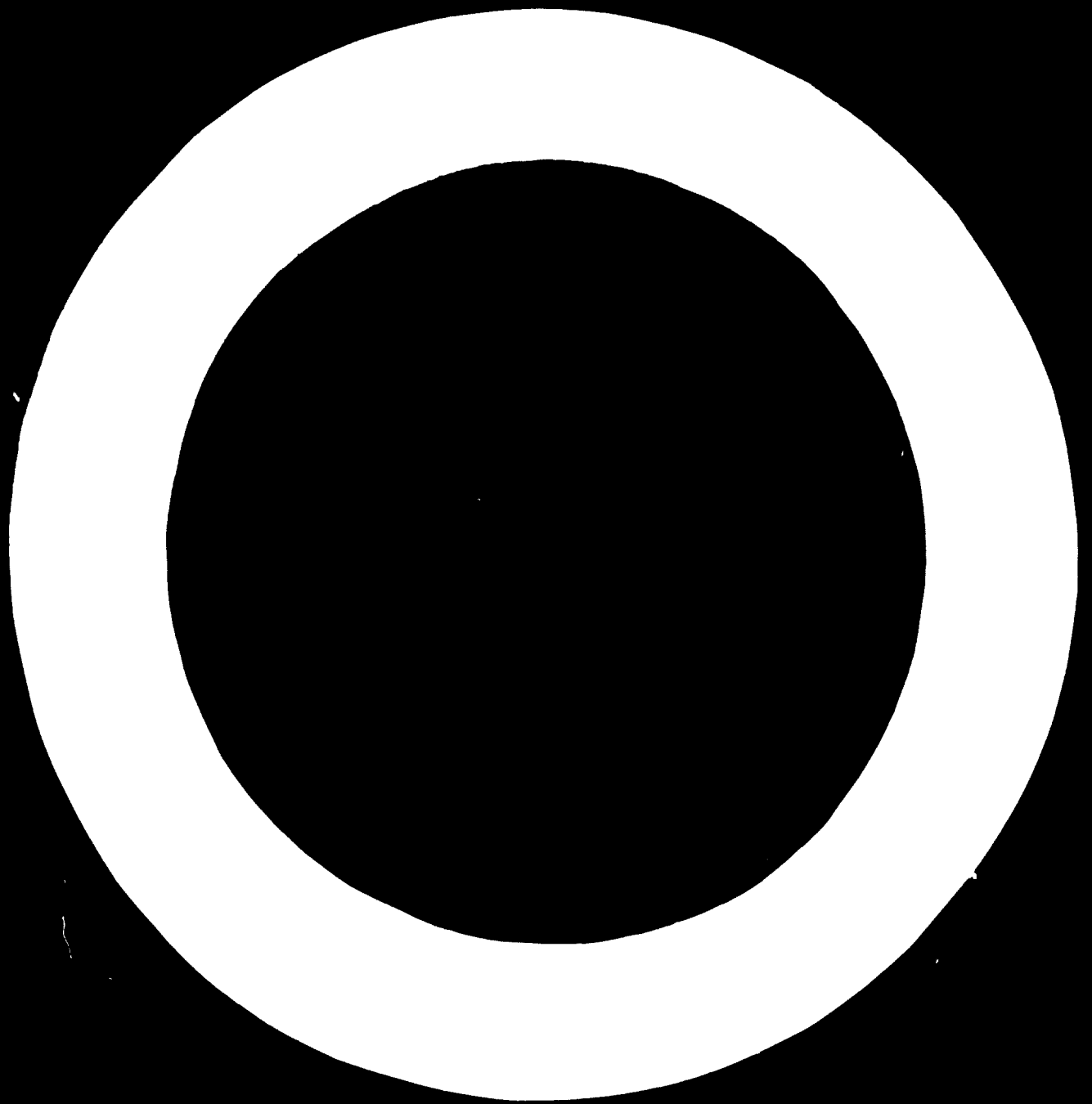
SIERRA LEONE'S EXPERIENCE, PLANS OR INTENTIONS
IN THE FIELD OF SMALL-SCALE INDUSTRY AND
INDUSTRIAL EXTENSION SERVICES ^{1/}

by

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SIERRA LEONE REPORT ON THE PROGRESS OF DEVELOPMENT
IN THE FIELD OF SMALL-SCALE INDUSTRIES
1961-1962

1. GENERAL

(a) Sierra Leone is situated between Republic of Guinea and Liberia on the West Coast of Africa. Its area is 270,978 square miles and it has a population of 2½ millions.

The country may be broadly divided into three regions: the coastal region producing pineapple, rice, cassava, with fishing industry as the main activity; the central region producing palm products, ginger, coffee, maize, cocoa, timber, rubber, and so on indigenous food stuff; and the hilly region where cattle breeding, groundnut cultivation, rice-apples and tobacco are important activities. Basket and raffia work, local textile weaving are common. Wood carving and some other crafts work such as pottery could be found in the interior of Sierra Leone. Valuable minerals such as diamonds, Iron Ore, Bauxite and Gold are extracted. The export of minerals is still the main source of revenue but in general agriculture predominates everywhere.

(b) In March 1962 the Government of Sierra Leone published a Ten-year Development Plan which represented the first bold and serious attempt to envisage and discuss an overall pattern and the main direction of future development of the country. As a part of that programme, the First I.L.O. Expert on Small-Scale Industries who had been assigned to Sierra Leone Government (Ministry of Trade and Industry) since 1961, to assist the Government in the planning and organisational aspects of Small-Scale Industries and its further development, had advised on the promotion of various crafts and industries. His expert advices included hand loom weaving, metal beds and windows, aluminium pots manufacturing, coil production and salt making by the solar evaporation methods. A second phase of the Small-Scale Industries programme was to promote on a long range basis specific projects such as metal casting and others in the light industry category. In addition to these, the expert was also to advise on the co-ordination of the functions of the different agencies concerned with the development of these industries.

(c) Since 1961 (the year of Independence) Sierra Leone has been more evidently concerned with solving the question of growing industrial unemployment. Immediately after Independence unemployed industrial workers were urged to register for jobs even though there was that absence of highly localised industries in the country, and it was difficult for the Government to reduce the high rate of unemployment so soon. The First I.L.O. Expert and his counterpart contributed to that recommendation in respect of the Small-Scale Industry Programme in no small way.

2. SIERRA LEONE GOVERNMENT INDUSTRIAL EXPERIENCES - SMALL-SCALE AND MEDIUM SIZE INDUSTRIES.

AIM

The principal aim of the Government is to draw out, encourage and develop local entrepreneurs and enable them to set up small industries. But until recently very few Sierra Leoneans had displayed interest in becoming industrial entrepreneurs. The few industries which do exist in the country are basically engaged in manufacturing import-substitutes consumer goods, and most of these are expatriate owned firms.

Many of the existing manufacturing companies are granted tax holiday and other incentive benefits which often reduce government revenue but seldom lower the price to the consumer. These industries are mostly regarded in Sierra Leone as being in the medium range. In a few cases government financial participation could be found. Many of the large and medium factories such as the Oil Refinery, Cigarettes, Beer, Distillery, Knitwear, Flower Mill, and Fish Industries conduct their own training programmes covering almost every aspect of their operations, and these programmes have been so successful that there are now many Sierra Leoneans holding managerial positions.

PROBLEMS Small industries by their very nature and the smallness of their size are prone to many problems almost everywhere in West Africa. Sierra Leone's experience so far has shown the following problems:-

- (i) Scarcity of indigenous entrepreneurship
- (ii) Competition from other investment opportunities e.g. transport services
- (iii) Shortage of managerial and technical know-how. Most of the existing small entrepreneurs have acquired their technical and managerial skills more through on-the-job experience than through formal vocational training. Technical skills such as carpentry and wood working, motor vehicle repairs, machine operations and maintenance, and a host of other modern trades and techniques are generally learned by working for foreign plantations, mining and commercial companies or in government agencies or public works. Lack of prospects for advancement in their occupation have killed their business interest.
- (iv) Absence of industrial advisory services
- (v) Inadequate utilization of foreign technical assistance

- (vi) Rivalry between indigenous and alien entrepreneurs. This is particularly prominent in the bakery and manufacturing establishments
- (vii) Smallness of the market - The market for most products of the small industries is limited to the area of Sierra Leone.
The extent of the market has limited the efficiency of the small industries.
- (viii) Reluctance of banks to provide capital
 - (a) Past experience of bank managers in dealing with entrepreneurs. These entrepreneurs do not honour their obligations and the banks view it difficult to recover loans dishd out to small entrepreneurs.
 - (b) Lack of collateral security demand by the Bank.

Apart from these, one other major problem of small industries in Sierra Leone is that most of the entrepreneurs begin operations with insufficient initial capital i.e. the enterprises are under-capitalized at inauguration. Except for some own establishments, most entrepreneurs have their initial capital, derived from wages earned while working for the government or foreign companies and a few from the proceeds of commercial agriculture especially the raising of cash crops. Foreign owned establishments generally have enough initial capital for the take off stage of operation.

Another problem often noticed is the unfair competition i.e. unnecessary interference into the small industry sector by influential politicians and this results in disproportionate and unfair allocation of government loans and contracts, e.g. in the printing establishments. Linked with this problem is one of a lack of the spirit of competition.

In the industrial scene generally, it is clear that private enterprise is a most effective way whereby the resources of energy, skills and capital, could be mobilised for economic development. This being so, government is now convinced that if indigenous entrepreneurs are encouraged and helped, they could make a noble contribution to the economic and social growth of the country and so help to raise living standards. Government has recognized this view and made definite strides firstly by participation in the equities of some of the existing industries; secondly, by legislation; thirdly, by moves to increase credit creation to facilitate industrialisation.

(a) Government's Participation: The manner of government's participation could be classified into five groups. Firstly, cash participation in the equities, secondly, cash participation through the now defunct Sierra Leone Investment Company Ltd., thirdly, participation in the equity of the company in exchange for real estates; fourthly participation in the equities where the shares are to be paid for by profits of the company; and finally, government departments into Corporations. Examples of these are

- (1) Forest Industries Corporation
- (2) Sierra Leone Electricity Corporation
- (3) Sierra Leone External Telecommunication
- (4) Sierra Leone Rice Corporation
- (5) Road Transport Corporation

(b) Legislation: The Government in 1966 passed "The Non-Citizens (Trade and Business) Act 1966. By this Act, certain grades of retail businesses were reserved for indigenous Sierra Leoneans e.g.

The Supply of granite
Transport by Road
Cement blocks manufacturing
Bakery etc. etc.

This Bill was however, repealed by the Military Regime - The National Reformation Council. This Act has come into being again with some amendments this year.

(c) Credit Creation The Government also initiated credit institutions to afford credit to developing industries. The Development of Industries Board was formed by the Development of Industries (Assistance) Ordinance on June 27, 1946 and was intended to assist "those who can show that they established an industry by their own efforts and capital, but who require further financial assistance." These industries were expected to contribute to the economic development of the country as a whole.

The method of processing of the applications and allotments reflected elements of favouritism, and the whole scheme lacking proper organisation and administration, involved the Government in grave financial embarrassment. By September 1965, of the 144 loans approved and paid out, 105 were outstanding and out of this all but 5 were in arrears. Inadequate pre-investment investigation, inadequate post investment supervision, and excessive political influence contributed in the main to the failure of the

The "Agricultural Loan Scheme 1961" for the provision of long term credit to farmers, and the Fisheries Loan and Credit Scheme based on "Finance (control and management) Ordinance 1961" for the assistance of Sierra Leone fishermen, both suffered afflictions of the same disease as did the D.I.B. (Development of Industries Board). In the case of Fisheries Scheme, the lack of a basic saving habit coupled with the absence of any form of saving institution, aggravated the repayment problem. The difficulties that confronted these saving institutions and ultimately resulting in poor display of entrepreneurial ability in the Sierra Leone businessmen, gave rise to the proposals of a loan advisory service scheme, in September, 1965. The main aim was to co-ordinate all existing sources of credit and examine and advise on ways of increasing the sources and volumes of credit in the Government and Banking Sectors. This service was expected to cater for the interest of both "seekers" and "providers" of credit. It was expected to serve as the technical expert on local loans and credit, to give assistance to entrepreneurs and would be entrepreneurs in search of credit. The service was to advise on the basis of information obtained from existing sources of credit, on the integrity and credit worthiness of the "seekers" of credit. The "Credit Market" so created would provide an arena for mutual interchange of business transactions between the "lenders" and "takers" of credit and alter the one sided trafficking of credit by commercial banks to foreign entrepreneurs, thereby reducing to normal competition basis the fight for credit among all.

SMALL-SCALE INDUSTRIES - The development of Small-Scale Industries in Sierra Leone first received assistance from I.L.O. under the Regular Programme when an Expert (K. Hafeez/R.I.P) was assigned in June 1961 remaining through October, 1965. The Expert was expected to pay particular attention to handicrafts, taking into account available raw materials, skills, market and capital. He prepared schemes to promote activities in crafts such as textiles, leather, village carpentry and pottery. He moved on to coir production from the coconut husk for use at the furniture making, seat making by solar method, dyeing, and aluminium pots castings. He made recommendations for the training of Government personnel. Marketing problems were examined and suggestions made for solving problems related to credit for small-scale industries and handicrafts.

A second I.L.O. Small-Scale Industries Adviser (H.J. Willens) arrived in January, 1966 and remained until June, 1968 on an assignment concerned with development of small-scale indigenous industries. The main object of the project was to prepare a plan of small-scale industries and assist local entrepreneurs in establishing these industries. The expert was also concerned with an evaluation of the needs for development of managerial and vocational skills related to the development of small-scale industries.

CONSUMER CO-OPERATIVES.

The Co-operative movements first received Governments attention in 1948, but it became prominent after Independence in 1961.

An I.L.O. Co-operative Education and Training Expert (Henon) worked for one year from 1966 to assist the Government in the development of the Co-operative movement throughout the country. He was followed in May, 1967 by the Consumer Co-operatives Expert (Mahlfer) who remained for one year during which he conducted a feasibility study on the possibilities and problems of extending and organizing co-operative societies throughout Sierra Leone. A replacement Expert is being recruited and the Government has requested continuation of this project through 1970.

To further augment work in this field it was expected that I.L.O. would provide under its regular Programme the service of a Co-operative Management Organisation and Training Expert who arrived early in 1969.

These combined efforts would assist the Government in enabling local people to participate in trade, commerce, and also establish small-scale industries to assist in the formation of capital for the further economic development of the country.

National Development Bank. As a result of a request from the Sierra Leone Government a mission mounted by the World Bank and I.F.C. visited Freetown early in 1965. The scheme in respect of a National Development Bank then came into being. An industrial Team mounted by African Development Bank also carried out a survey to ascertain the investment programme for a five year period. These programmes covered the expansion of existing industries and proposed new venture (Small-scale and Medium-Size Industries) The selection of new venture i.e. Small-Scale Industries to be based on:-

- (a) Units already owned and operated by Sierra Leoneans
- (b) Scope for improvement and expansion of business.

3. CONCLUSION - GOVERNMENT INTERVENTIONS

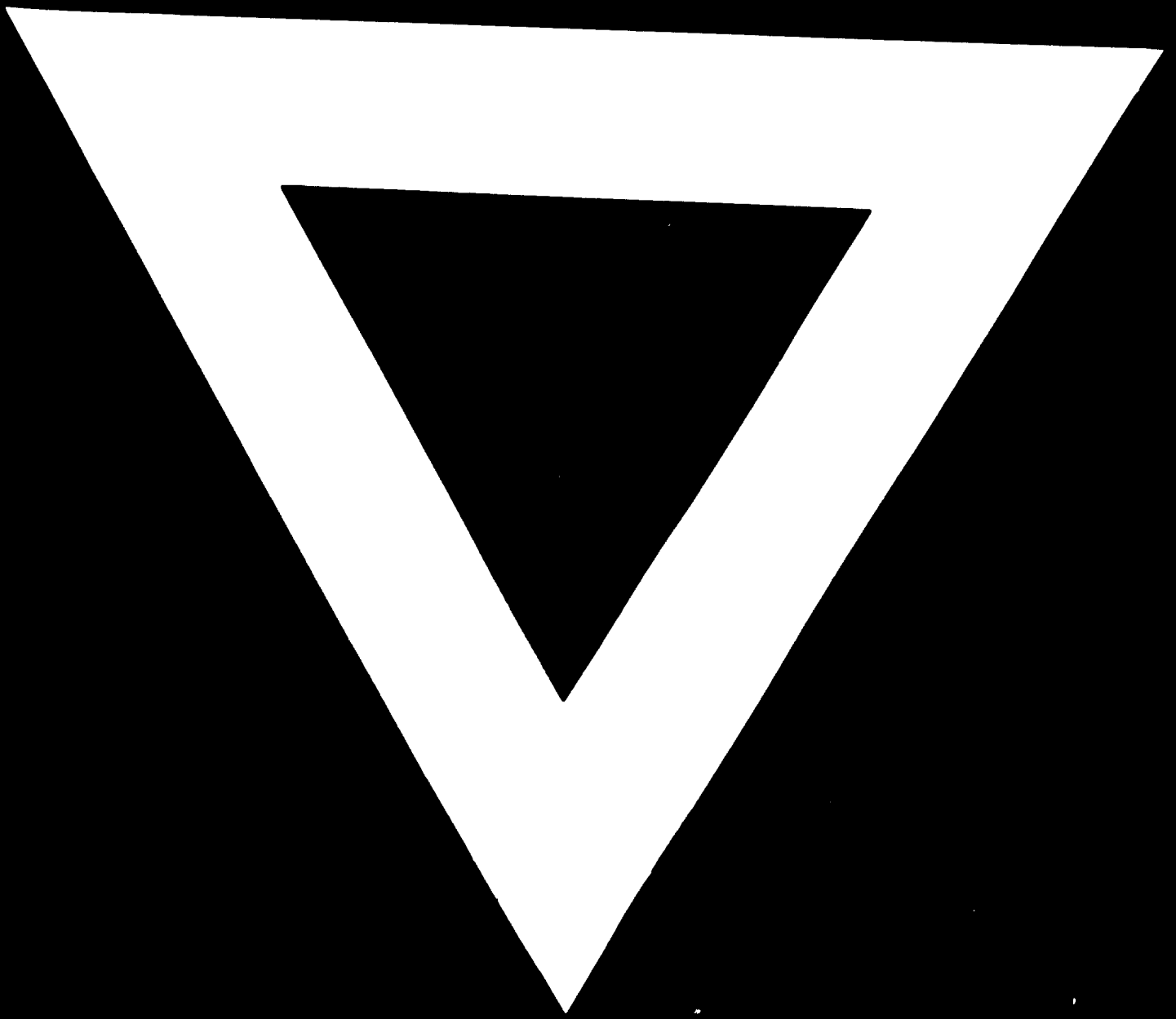
The Sierra Leone Government fully realise that small-scale industry has not been fully developed even though there is a possible wide scope for establishing them. Apart from the major problems of scarcity of entrepreneurship and finance, the lack of information as to the kind of enterprise which could be profitably involved and the capital required is a big handicap. Government intends to launch a programme which cover technical advisory services, publicity of viable industries, intensive campaign and extension work. In the same programme, Government hopes to upgrade the artisan skills by introducing improved tools to them; establish pilot and modern small industries to manufacture products presently being imported, encourage foreign collaboration with indigenous small-scale entrepreneurs to set up industries out of 51% and 49% basis; identification of small-scale entrepreneur, and establishing growth centres.

Infant small industries to be protected from competition by taking some fiscal measures; more industrial areas to be introduced in large towns, ancillary industries etc. Enterprising entrepreneurs to be selected and given concrete expert advices on technical, financial, and management aspects either for

expansion of the existing industries or creation of new ones.

Last but not the least, Government is currently studying the Draft "Small-Scale Industry Policy Act" left behind by the last I.L.C. Advisor (Mr. Hillens) at the expiration of the period of his assignment in Sierra Leone 1968.





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