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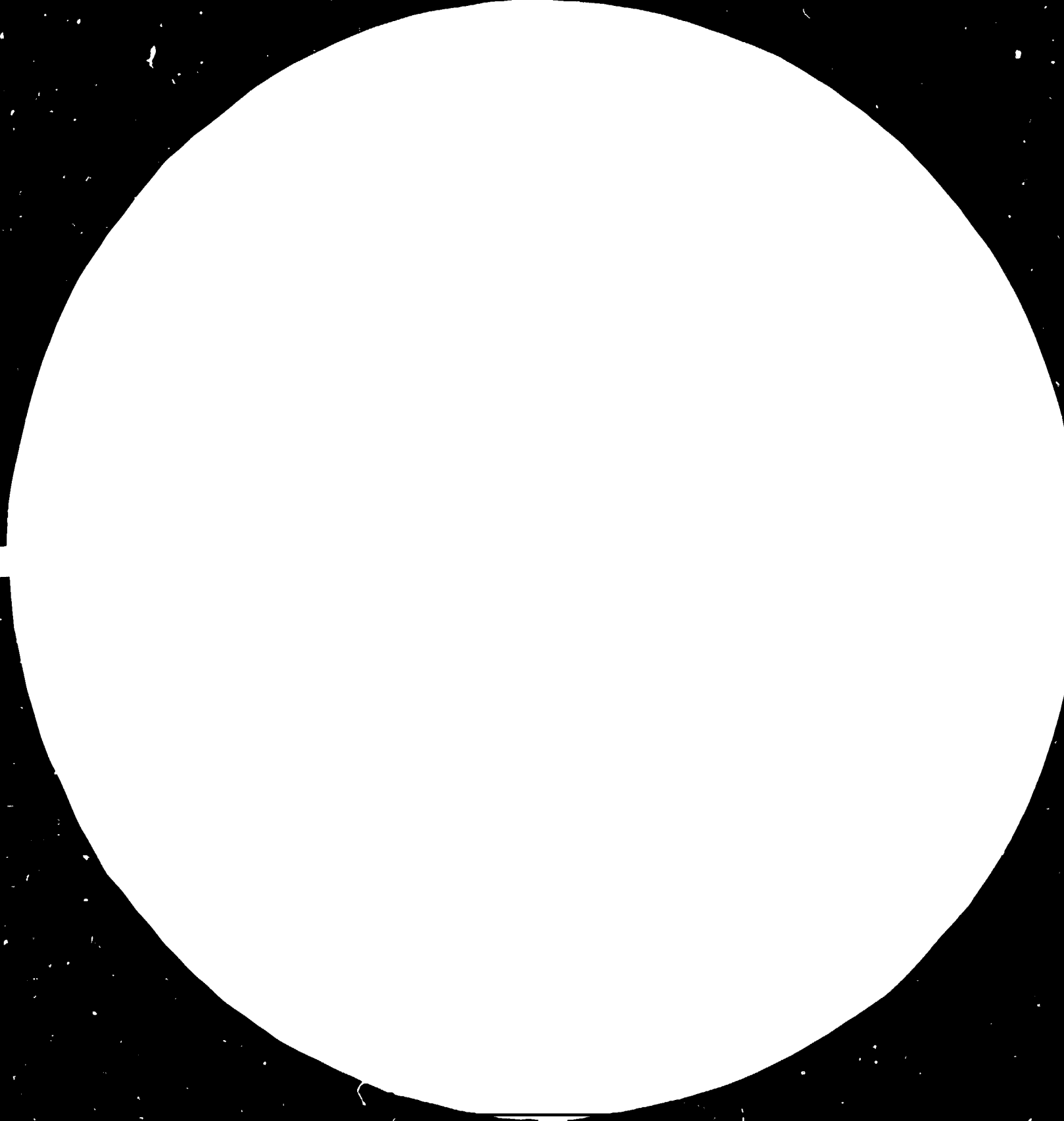
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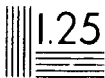


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PLANNING AND PROMOTION
OF INDUSTRIAL DEVELOPMENT

DP/SIL/80/007

SIERRA LEONE

Terminal report*

Prepared for the Government of Sierra Leone
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of A.D. Monteiro,
chief technical adviser

United Nations Industrial Development Organization
Vienna

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Explanatory notes

Value of the local currency -Leones- during the period of the project
in terms of United States Dollars:

1 US\$ = 2.13 L.

Abbreviations

CFTC - Commonwealth Fund for Technical Co-operation
MDEP - Ministry of Development and Economic Planning
NDB - National Development Bank

Abstract

The project DP/SIL/80/007 - Planning and Promotion of Industrial Development - was initiated in July 1981 and terminated in June 1983.

Conditions for industrial development, considering a very small existing industrial basis in Sierra Leone, are elaborated. The initiation of a process of industrial growth through the UNDP/UNIDO programme of assistance was essential for the economic progress of the country. The crucial point of the project consisted in the creation of an Industrial Development Department within the Ministry of Trade and Industry and the preparation of Guidelines and organizational structures for the promotion of industrial development.

Due to the economic structure of the country special attention was given to the structural and regional extension of small-scale industries.

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Development Objective

The Project's development objective was "to initiate and sustain a process of industrial growth, mobilize (generate) resources, generate employment opportunities, contributing to a reduction of urban unemployment, contribute to foreign exchange earnings through export promotion or import substitution, and, develop indigenous entrepreneurship and managerial labour skills with special emphasis on the promotion of modern small-scale enterprises.

The above Project was initiated in July 1981 and terminated in June 1983. The development objectives of the Project are logical requirements of industrial development considering a very small industrial base of Sierra Leone. The manufacturing sector accounts for 4.5% of the G.D.P. in the country. Sierra Leone has limited industrial traditions and negligible industrial enterprises in the organised sector owned and managed by the nationals. Therefore, initiation of a process of industrial growth through the UNDP/UNIDC assisted programme of assistance was logical. However, to attain the other stated developmental objectives such as sustaining a process of industrial growth, mobilise resources, generate employment opportunities, contribute to a reduction of urban unemployment, promote exports, facilitate import substitution, develop indigenous entrepreneurship and managerial skills and promote small scale industries, though desirable appear to be too ambitious for a

Project of two years' duration with the expected international and national inputs.

Major Outputs

The Project Document SIL/80/007 outlined 11 outputs to be achieved during the two years. The following paragraphs will outline the extent of achievement against each output:-

Output I

Institutional and Administrative Structure in the Ministry of Trade and Industry

The Development of Industries Act 1983 was passed into Law in September 1983. Part II of the Act has established an Industrial Development Department consisting of (a) Industrial Operations, (b) Industrial Planning, and (c) Small Industries Divisions. Two professional officers are transferred from other Ministries and are in charge of Industrial Planning and Industrial Operations respectively. The Ministry has taken action to absorb these officers permanently. The Small Industries Officer is substantively in charge of the Small Industries Division. The Ministry of Trade and Industry has requested the Establishment Secretary to transfer two Engineers from another Ministry to the Department and has also made request to the Financial Secretary for the creation of a Senior position. In view of the recommended freeze by the IMF on the creation of new positions, it has been difficult for the Ministry of Trade and Industry to recruit new people.

Output II

Regulations to Facilitate the Enforcement of the
Development of Industries Law

As stated in (I) above, the Law has been passed by the Parliament only in September 1983. However, the Project in anticipation, has prepared (i) a detailed Format For Submission of New Projects for Approval (based on UNIDO's Feasibility Manual) (ii) Guidelines for Project Evaluation (included in the Plan Chapter For the Manufacturing Sector).

Output III

Instruments For Monitoring The Progress of
Industrial Development Activity

A Questionnaire was prepared to obtain periodic performance reports of industrial establishments. It was mailed to different establishments but, the response has been poor. However, the Industrial Development Department has visited several important industrial establishments in different sub-sectors and has diagnosed their problems. Sector studies in Palm Oil, Fruit Processing, Solar Salt, Fibre Processing and Fish Smoking are completed and reports are under preparation.

Output IV

Draft Text of the Industries Section of the
Second National Development Plan

A Draft Chapter for the Plan was prepared and submitted to the Central Planning Unit. But the National Plan is not yet finalized. Meanwhile, the Ministry of Trade and Industry has adopted the text of the Chapter and the Department is assisting in implementing it.

Output V

System For The Formulation and Evaluation of
Industrial Projects

A Guideline for Project Formulation is prepared.

An Outline for Evaluation of Industrial Projects is prepared and incorporated in the Draft Chapter on the Manufacturing Sector for the Second Plan.

Output VI

Pre-Investment Studies and a Technical Assessment
of Variables Affecting the Establishment of An
Industrial Free Zone, A Second Industrial Estate at
Freetown and A Small Industrial Estate in a
Provincial Town

A Pre-Investment study on the Establishment of An Industrial Free Zone was made and it was concluded that such a zone is not advisable at this stage in Sierra Leone. There is an industrial area or zone at Wellington in Freetown which is mis-understood for an Industrial Estate. The establishment of an industrial estate in Freetown was considered inappropriate at this time because of (a) absence of a well-defined small industry development programme with reasonable incentives and facilities, (b) financial constraints to provide buildings and infrastructure, (c) lack of identified and well prepared projects. The Department has prepared a portfolio of small projects as an initial step towards an eventual Industrial Estate at an appropriate time. A Draft Small and Handicraft Industries Development Act is prepared and is being discussed in the Ministry.

A Growth Centre Programme to promote small-scale and handicraft industries in the Provinces is prepared and is being implemented with the help of other aid agencies. This is considered more appropriate for rural industrialization than Provincial Industrial Estates.

Output VII

Investment Guidelines

The basic inputs for the Investment Guide were to come from the Development of Industries Act 1983. As the Act was passed only in September 1983, the Guide could be initiated only after that date.

Output VIII

Preparation of Profiles of Those Industrial Projects The Feasibility of Which has been Established

Profiles for 24 projects with apparent viability have been prepared and issued.

Output IX

Evaluation of Projects and Investment Proposals Received by the Ministry for Approval

The level of investment activity in the country is very low. But the principle of referring new projects to the Department has been established by the Ministry.

Output X

System for Financing Small Industry Projects

Industrial financing system is a non-starter in Sierra Leone without a strong institutional support backed with finance. The National Development Bank (NDB)

which is expected to finance small industries has neither the finances nor the manpower and institutional framework to undertake such a programme. The World Bank has recommended that the NDB should be converted into an industrial financing institution. When this recommendation is accepted and implemented, a system for financing small industries could be developed.

Output XI

Formulation of Four Pilot Projects and Three Schemes for the Establishment of Minicraft Training Centres

The following are the achievements in this field:-

- (i) Preparation of a Pilot Project proposed for Stone Cutting and Processing. A local party has been identified to implement this project with the assistance from UNIDO and the requested UNIDO assistance is awaited.
- (ii) A proposal to establish a garri making (Cassava Processing) project was made and submitted for SIS assistance to UNIDO and the outcome is awaited.
- (iii) A proposal for establishing a small semi-automatic handloom unit as a pilot project was prepared and sent to the Commonwealth Fund for Technical Co-operation (CFTC) for assistance. The CFTC has agreed to assist in implementing it by July 1984.

- (iv) A proposal to put up a small powerloom unit as a pilot project was prepared and put up for CFTC assistance which is likely to be implemented by July 1984.
- (v) A proposal to set up a small-scale fish smoking project (a pilot project) is prepared and a local party identified for implementation.
- (vi) A small family operated soap making unit using local palm oil is fabricated and the first batch production is already initiated in the first week of December 1983. This is a complete locally (by the Project staff) designed project.

For the minicraft training scheme, the Growth Centre programme is designed. The villages selected in the Growth Centre will be utilized for training local craftsmen. Training is initiated in handlooms and carpentry in the Kpandebu village, Senema Growth Centre and ceramics training will be initiated in Mamolo. The Small Industry Extension Officers are utilized for this purpose.

apart from the outputs specified in the Project Document, the Department has prepared a comprehensive scheme for Small-Scale and Handicraft Industries Development through a network of Growth Centres. The Government has requested assistance (US\$600,000) from the AIC to implement this programme.

Immediate Objectives

The immediate objectives of the Project as outlined in the Project Document are as follows:-

A. General

- 1) Enable the Ministry to accomplish its re-organisation into three Divisions - Planning and Statistics, Operations and Small Industries Development.
- 2) Provide training opportunities for the professional staff of the Ministry and on-the-job training in the techniques of industrial development.

A complete structure to create an Industrial Development Department within the Ministry has been prepared. The Department is proposed to consist of four instead of three Divisions as specified in the Project Document. The four Divisions proposed are -

- (a) Planning and Statistical Analysis;
- (b) Industrial Operations;
- (c) Small-Scale and Handicraft Industries Development; and
- (d) Materials and Energy Conservation.

The Ministry of Trade and Industry had accepted these proposals but the Government could not implement these proposals within the Project's life because of an existing "freeze" on creating new vacancies in the Government on the advice of the International Monetary Fund.

However, the Department was informally established during the life of the Project. The manning of the Department was done by two officers transferred from the Ministry of Development and Economic Planning (MDEP) each looking after the Planning Division and the Operations Division respectively, while the Small Industries Officer of the Ministry of Trade and Industry is looking after the Small-Scale and Handicraft Industries Development Division. The Officers transferred from the Ministry of Development and Economic Planning were not absorbed in the establishment of the Ministry of Trade and Industry and therefore not fully integrated in the Industrial Development Department. The existing head of the Industrial Development Department who is a substantive Officer of the Ministry is reportedly engaged in activities not directly related to project-related activities.

This has created an organisational deficiency in the informal Department resulting in avoidable administrative as well as co-ordinative problems. To that extent, the work of the U.N. Experts has become difficult and often frustrating.

With respect to the second objective of providing training opportunities it should be noted that considerable emphasis was laid on a system of working in which the nationals had the opportunity of fully participating in all the industrial development activities undertaken in the Department. Apart from the UNDP financed programme, the Ministry had the benefit of assistance from the Commonwealth Secretariat in which also the nationals were fully involved.

It was considered that external training courses would be undesirable without first having an in-depth exposure to the national development problems and programmes and strategies to achieve industrial growth. In view of this consideration, and the shortage of counterpart staff overseas training was not encouraged.

Overall Assessment of Immediate Objectives

Sierra Leone is a trade dominated economy. There is a visible competition for scarce resources between trade related activities and industrial production. As trading generates high profits and quick turn-over industry is traditionally accorded lower priority. As the foreign exchange resources are now becoming scarce, competition between the two sectors both for foreign exchange and for administrative and professional time has become equally more acute. One notable achievement of the project is to make the Government aware that industrial production is an important requisite for economic development. The statement of His Excellency the President on the Republic Day Message bears witness to this. He said "An important pre-requisite for the future development of our beloved Republic is to substantially increase our production in the industrial goods compounded by our inability either to produce or import them because of the scarcity of foreign exchange. Increased production in the industrial and agricultural sectors with minimum use of foreign exchange is therefore a priority of my Government". Though, the formal Industrial Development Department could not be started for

reasons already mentioned, the informal set-up established will be forerunner to the institutional framework for industrial development in the follow-up programme of assistance to the Ministry of Trade and Industry.

Achievements of Immediate Objectives

In pursuance of immediate objective I i.e., "Enable the Ministry to accomplish its reorganisation into three Divisions, Planning and Statistics, Operations and Small Industries Development" the Project assisted the Ministry of Trade and Industry to submit detailed Proposals to the Regrading Committee chaired by the Head of the Civil Service.

The immediate professional posts recommended for the consideration of the Committee were:-

Director

Industrial Operations Division

Deputy Director (1)
Senior Industrial Engineer (1)
Industrial Engineer (1)
Industrial Development Officer (1)

Industrial Planning and Statistical Analysis Division

Deputy Director (1)
Senior Industrial Development Officer (1)
Industrial Development Officer (1)

Small-scale and Handicraft Industries Development
Division

Deputy Director (1)
Senior Industrial Development Officer (1)
Senior Industrial Engineer (1)

Fuel And Materials Conservation Division

Deputy Director (1)
Senior Industrial Development Officers (2)

The above proposals are accepted by the Govern-
ment and budgetary provision to establish these posts
is being made for the Financial Year 1984/85 begin-
ning July, 1984.

Utilization of Project results

The Project has identified a large number of potential industrial investment opportunities. Investors, both local and foreign are now approaching the Ministry of Trade and Industry for investment outlets in the country and the proposals prepared with the Project's assistance are being used by the prospective investors. For example, a Pre-Feasibility on the manufacture of cane sugar with an estimated US Dollars 60 million has evoked the interest of local investors, so also is the case with small-scale smoked fish. A cottage scale soap making unit has aroused the interest of large number of small local investors and it is possible to promote at least a hundred such cottage units in the rural areas.

Findings and Recommendations

The Project has succeeded in creating an awareness in the Government and the public that industrial production particularly utilizing local raw materials is an important requisite for economic development. Such awareness is beginning for initiating a process of development. The succeeding projects of assistance, therefore should take this into consideration and organise assistance programmes at the sectoral and enterprise level to make a visible impact on developmental activities.

With respect to institution building the type of assistance needed is to establish practices procedures and mechanisms for identifying new projects, preparing project proposals or feasibility and

feasibility studies, identifying operational problems in "sick" industrial units and suggest remedial measures. In the field of small industry development, training of extension workers, development and/or adaptation of small-scale manufacturing technology, processes and procedures for indigenous entrepreneur development are important aspects to be included. Industrial planning is an important activity, but at the same time it is difficult because of the lack of public sector plan implementation agencies. Therefore the planning techniques should reflect the national requirements and priorities to be translated into programmes and projects and implemented through private sector participation.

Annex

The following are the main reports, studies and memorandums prepared:-

Planning Division

- 1) "Bo District" Survey completed.
- 2) Makeni Area Survey completed.
- 3) "Recent Development and Immediate Future Programmes in Industrial Development".
- 4) Note on Manufacturing Sector for "Information Needs on UNDP Achievements for Urgent Use in Resource Mobilization".
- 5) A "Brief" on Sierra Leone's Attempts to Implement the Industrial Development Decade for Africa (for Discussion of Hon. Minister and Executive Secretary of ECA).
- 6) "Private Sector Participation in Industries" - Draft Speech for the Hon. Minister to Prospective Entrepreneurs.
- 7) Draft Speech for Hon. Minister of Trade & Industry on "Prospects for Co-operation by West African Chambers of Commerce in Industrialization for Federation of West African Chambers of Commerce.
- 8) Draft Speech for the Hon Minister of Trade and Industry on the "State of Sierra Leone Economy" for then Sierra Leone Chamber of Commerce.
- 9) Updating Industrial Information on Potential Industries in Sierra Leone such as sugar, textiles fruit juices, PVC pipes, dry battery cells etc.
- 10) Assisted Industrial Delegation from the Republic of Pakistan for TCDC Co-operation with Sierra Leone (A Memorandum of Understanding).
- 11) Sector Study on Oil Seeds and Palm Oil Industry.
- 12) Draft Proposals from the MTI to the Farah Mission on Special Programmes of Economic Assistance as Per General Assembly Resolution 37/158 of 17/12/1982.
- 13) Aid Proposals from MTI to CFTC.
- 14) Guidelines for Project Profile Preparation.
- 15) Draft Plan for the Manufacturing Sector 1981-82 to 1985-86.

Operations Division

- 1) Investment Proposals for the Industrial Forum for West Africa organised by ECOWAS/UNIDO/ECC/CID.
- 2) Draft SIS Project Document on Industrial Diagnostic Services to Mabile Fruit Company.
- 3) Draft SIS Project Proposal on Factory Layout and Production Planning to Sayenu Tailoring Enterprise.
- 4) Comments on the Modernisation of the National Workshop to Achieve Production and Diversification.
- 5) Draft Proposal for an Institutional Structure for National Workshop.
- 6) Draft SIS Project Proposal for Cassava Processing.
- 7) Plant-Level Assistance to Mobai Soap Factory.
- 8) Proposal for a Common Facility Centre for the Palm Oil Industry.
- 9) Evaluation and Recommendations on Incentives to the Tyre Retreading Factory.

Small-Scale and Handicraft Industries Division

- 1) Training Programme for Extension Officers.
- 2) Meeting with Bilateral aid agencies to establish co-operation in Extension Programme.
- 3) Report on Government Trade Centre - Magburaka for Upgrading it as a Production and Extension Training Centre.
- 4) Report on Commercial Operation and Capacity Utilization of Wood-working Centre - Magburaka.
- 5) Proposal for Obtaining Assistance from Japan under Japanese Equipment Supply Programme for Developing Countries.
- 6) Draft Project Proposal for Bunumbu Growth Centre.
- 7) Draft Project Proposal for Kenema Growth Centre.
- 8) Draft Project Proposal for Makeni Growth Centre.
- 9) Draft Project Proposal for Bo Growth Centre.
- 10) Draft Project Proposal for Sewafee Growth Centre.

- 11) Draft Project Proposal for Mambolo Growth Centre.
- 12) Entrepreneur Development Seminar in National Workshop.
- 13) Proposal to set up a Peanut Project at Y.O.C.A.
- 14) Proposal to establish a Small Industry Association.
- 15) Report on Small Industry Extension Programme.
- 16) The following Project Proposals are drafted:-
 - (a) Corrugated Roofing and Cladding Sheets
 - (b) Builders Hardware
 - (c) Rigid PVC Pipes
 - (d) PVC Cables
 - (e) Wood Screws
 - (f) Barbed Wires
 - (g) Wooden Barrels
 - (h) Jam/Jelly Marmalades
 - (i) Thermo Welded Plastic Goods
 - (j) Hand Made Paper
 - (k) Exercise Books, Registers and Bookbinding
 - (l) File Covers and File Boards
 - (m) Paper Board Carton
 - (n) Paper Envelopes
 - (o) Gem Clips, Paper Pins, Staple Pins
 - (p) Writing Ink
 - (q) Orange Juice
 - (r) Nylon Buttons
 - (s) Oil Extracting Plant
 - (t) Furniture Polish
 - (u) Silk Screen Printing
- 17) Redrafted the Small and Handicraft Industries Bill.

