

Investment Policy Review

SIERRA LEONE

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Context

Strengths

- Peace and political stability have been achieved
- Conditions to enable economic and social development have been re-established
- Major reforms have been implemented to facilitate business and attract investment
- Large investment opportunities exist in the country

Challenges

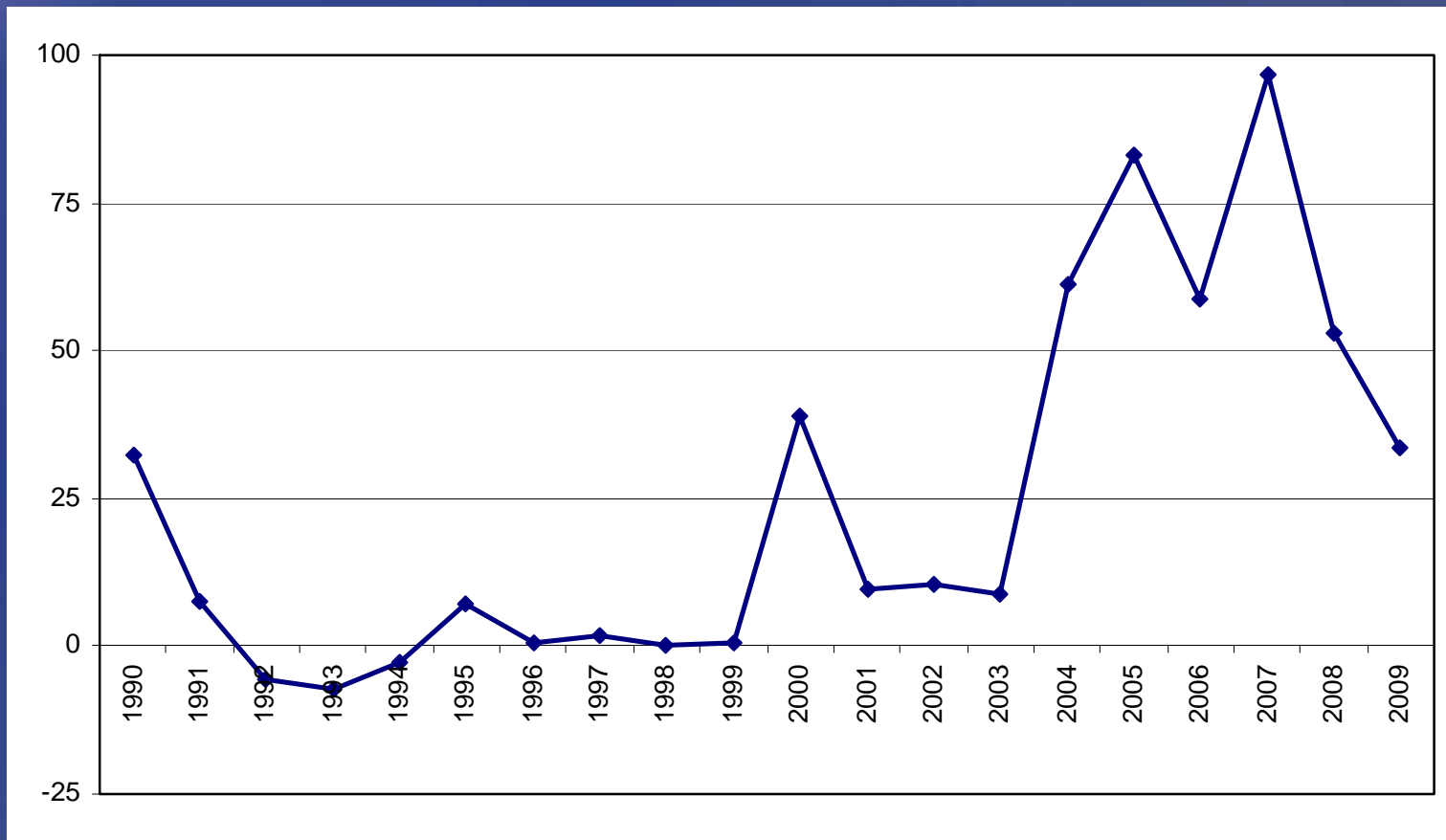
- Lack of human capital and infrastructure
- Fragility due to post-conflict situation
- Global economic downturn





FDI increased in the 2000s...

FDI inflows in Sierra Leone 1990-2009 (millions of dollars)



Source: UNCTAD World Investment Report 2010



...but performance and impact remain limited

Limited performance

- Per capita inflows lower than for ECOWAS and LDCs

Mixed impacts

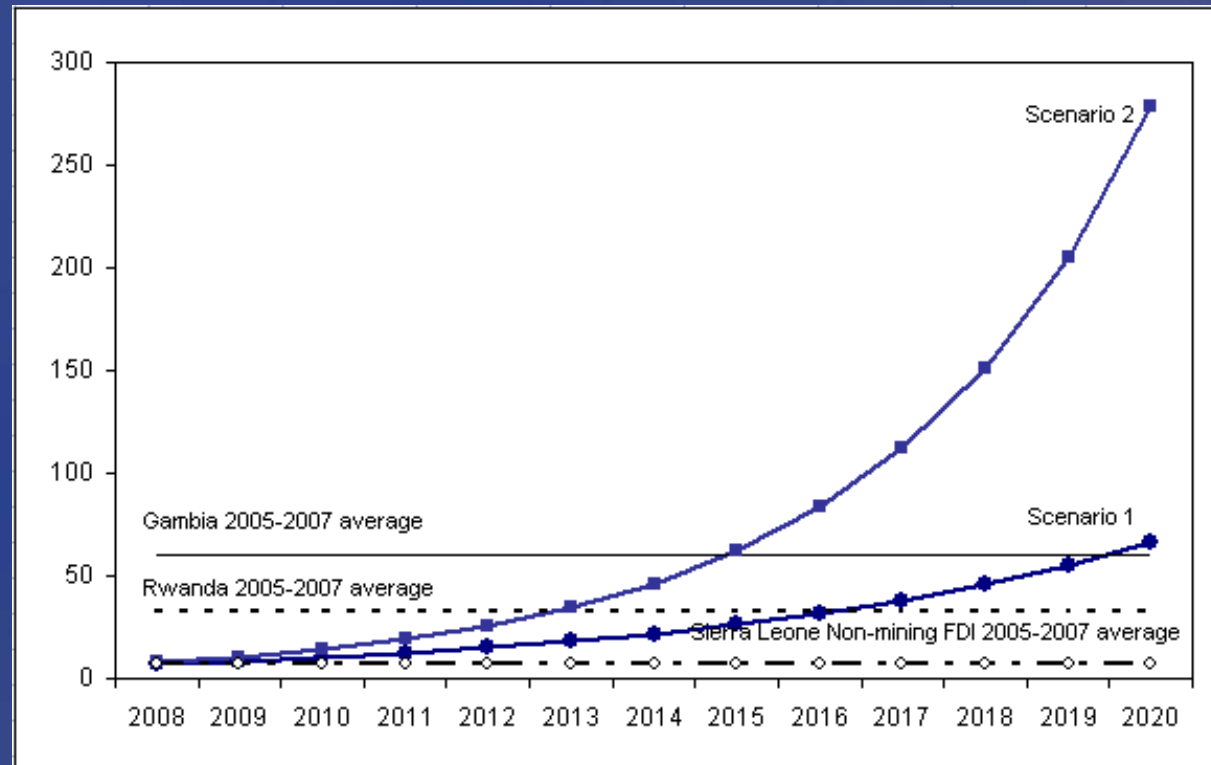
- Positive impact on infrastructure
- High potential of investments in mining
- Environmental costs of mining activities
- Lack of linkages with domestic economy
- Limited export diversification
- Small impact on technology and skills





...Sierra Leone has huge potential

Potential net non-mining FDI inflows (million dollars)



Based on UNCTAD estimates

Scenario 1: moderate pace of reforms

Scenario 2: over-achiever reform programme



Key elements for stimulating FDI in Sierra Leone

1. Tackle infrastructure deficiencies

- Adopt laws to govern private investment in transport and energy
- Put in place a technical task force for energy-related issues
- Launch the development of an industrial zone
- Use regional programmes for infrastructure development

2. Build human capital

- Establish a human capital development strategy
- Facilitate the entry of skilled workers
- Provide incentives to business to engage in vocational training
- Revise labour laws to foster a flexible labour market



Key elements for stimulating FDI in Sierra Leone (2)

3. Establish a competitive and effective fiscal regime

- Review the corporate income tax and adopt tax simplifications
- Provide equipment and training to the NRA
- Negotiate DTTs with key partners
- Adopt specific incentives to stimulate activities in strategic sectors

4. Facilitate business and trade

- Facilitate business registration and licensing
- Facilitate trade through improved customs procedures
- Improve land tenure
- Modernize laws in priority sectors





Key elements for stimulating FDI in Sierra Leone (3)

5. Promote and facilitate investment

- Facilitation: improve access to information and investors' tracking
- Aftercare: foster linkages between foreign firms and local suppliers
- Image building: initiate a regional promotion campaign

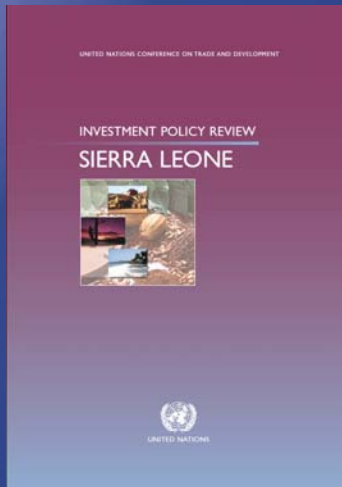
6. Target investment in selected sectors

- Mining: improve fiscal competitiveness (while avoiding individual deals), carry out institutional reform and intensify promotion
- Commercial agriculture: conduct targeting campaigns
- Fisheries: target niche markets, re-establish exports to the EU
- Tourism: improve the country's image, include it in a regional tour



Key ingredients for an over-achiever scenario

- Government commitment to moving the development agenda forward
- Long-lasting and sustained efforts
- Strong coordination of efforts and adjustment of strategies
- Institutional reforms and human capacity building
- Support of the international community
→ Technical assistance from UNCTAD



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THANK YOU!

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