



Assessing Citizens' Perceptions on the Sierra Leone Local Content Act of 2016

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Abstract

The Sierra Leone Local Content Compact (LCC) was signed in 2013 with the aim to develop a public-private sector owned implementation strategy to the Local Content Policy. The Sierra Leone Local Content Unit was established in October 2014 with the mandate to implement the Local Content Policy, which, in a large measure, has not been popularized and citizens know very little about it. This assessment, therefore, sets out to gauge and capture the perspectives of both the public and private sectors on their knowledge, existence and understanding of the policy and how they will popularize and promote the policy that could help develop the private sector in Sierra Leone. This paper also argues that the participation and collaboration of both the private and public sectors will guarantee not only the popularization of the policy but also promote its implementation that will ensure the growth and development of the private sector much needed for poverty reduction in the country.

Keywords: Economic growth; economic development; local; mandate; public; private; economy; agriculture; mining; industry; policy; enterprises; investments; public-private partnership.

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1. Introduction and Background to the Local Content Agency

The Government of Sierra Leone's (GoSL) development trajectory is predicated on providing support and creating the enabling environment wherein the private sector will thrive as the engine of growth. To actualise this objective, the GoSL developed a Local Content Policy in 2012 with the overarching aim of ensuring that there are sufficient synergies that link the local economy with Foreign Direct Investments (FDI). The Ministry of Trade and Industry and UK's Department for International Development (DFID) commissioned a study titled "Local Content Assessment Report" which was published in 2013. The report analysed the current level of local content utilisation across key sectors, including estimation of market size and percentage of Sierra Leonean workforce in the value chains. The report also studied the constraints and proposed recommendations for local content development. The Local Content Compact (LCC) was signed on 27th November 2013 between The GoSL, German Agency for International Cooperation (GIZ), World Bank and DFID. The aim of the LCC is to develop a public-private sector owned implementation strategy to the Local Content Policy. It is against this backdrop that the Sierra Leone Local Content Unit was established in October 2014 with the mandate to implement the Local Content Policy. On 17th March 2016, the President of the Republic of Sierra Leone officially launched the Sierra Leone Local Content Agency Act (SLLCAA) of 2016. The SLLCAA seeks to strengthen the linkages between foreign companies or enterprises and the local economy as well as requires investors to meet a set of performance targets in their operations regarding skills transfer and improved technology. The Act establishes the Sierra Leone Local Content Agency (SLLCA) as an autonomous institution to ensure the development of local content in a range of sectors of the economy, to promote ownership and control of productive sectors by citizens of Sierra Leone, and to provide support for other related matters. Though some level of consultation and engagement was done both with the public and private sector prior to the launch of the Act, there is need for a perception survey to capture the views and concerns of all relevant stakeholders as it is only through this means that the Agency can guarantee participation and collaboration of key stakeholders as well as generate adequate information to aid the implementation of the Act. It is also critical to include the private sector and foreign investors in the conducted survey with the view to ensure that the new policy enhances private sector development in Sierra Leone.

2. Sierra Leone Economic Context

The economic history of Sierra Leone is well documented [1, 2, 3, 4]. According to the World Bank report on Sierra Leone's economy, the country has proved resilient in the face of two recent major exogenous shocks: the Ebola epidemic and the collapse of iron ore prices and associated loss of production in 2014-2015. The report further maintains that since the last quarter of 2015, economic growth has resumed, and it remains on an upward trend, supported by new investments in mining, agriculture and fisheries. The recovery underway, according to International Monetary Fund projections, is expected to remain sustainable over the medium term [5]. The World Bank also projected GDP growth to recover from -21.1% in 2015 to 4.3% in 2016 [6]. However, inflation has skyrocketed and the value of the Leone has considerably depreciated. Rising from a base of 9.5% (year-on-year) in December 2015, inflation has reached 10.9% in July 2016. Exchange rate pressures remain unabated. The local currency (the Leone) depreciated by 20.4 percent (year-on-year) in June 2016 [7]. The overall fiscal balance (excluding grants) is projected to recover slightly from -9.6% of non-iron ore GDP in 2015 to -8.1% in

2016. Total domestic revenue collection amounted to Le1.32 trillion. The medium-term outlook is expected to improve given that the twin shocks have now largely dissipated. Under the baseline scenario, the IMF projects the medium-term growth to gradually pick up to around 6.5% by 2020 from 4.3% in 2016. Inflation is projected to decline to 7.5% by 2020 from the current level in 2016 [8]. According to the country's Agenda for Prosperity, Sierra Leone's strategy for economic growth will draw on its natural resource endowments as the motor of the economy, aiming to be a model in responsible natural resource exploitation, with revenues directed at transforming and developing the country in a framework of sustainable environmental protection. The aim of the agenda is to build a stable economy, founded on private sector-led growth, and to diversify activities across several competitive sectors, increasing value-added and generating gender-equitable employment. Government plays a central role in supporting economic growth and reducing poverty. It needs to provide good policy, strong institutions and efficient public goods and services to ensure the private sector can thrive and the benefits of growth reach all citizens [9, 10, 11]. Diversified economic growth will require greatly strengthened infrastructure: transport, power, water, ICT, and financial services. Transformation of agriculture will combine smallholder commercialisation with larger-scale agro-based production. Increased investments by international and regional companies and investors are crucial and will play an important role for growth and development in SL.

3. Methodology

The researcher embarked on a nationwide consultation exercise with the view to gauge stakeholders' perspectives on the Local Content Agency Act 2016. The study employed a three-stage mixed-methods approach (document review, survey questionnaire/stakeholder interviews, workshops and consultations) designed to ensure triangulation. These methods or approaches were employed because "readability, credibility and concern for confirmability all matter" [12: 202] in research. A series of stakeholder consultations were held in the twelve districts of Sierra Leone, which attracted representatives from all sectors including but not limited to the private and public sectors, corporations, professional and trade associations, the media, traditional leaders, small businesses and civil society. The researcher used the SPSS data analysis methodology to interpret data collected from the survey questionnaires. The survey questionnaires were coded and analysed using the SPSS software. In addition to the quantitative SPSS analysis the researcher put great emphasis on capturing qualitative data and statements from stakeholder interviews, workshops and questionnaires as a basis for the assessment.

4. Limitations to the Study

Generally, no research or study is free from challenges and constraints and this study is no exception. Primarily, the researcher found that the SLLCAA of 2016 has not been adequately rolled out and popularised and, therefore, most of the respondents revealed that they had either not read or seen the Act itself before being approached by the researcher. As such, it was difficult for respondents to effectively answer the survey and semi-structured questions. Second, most stakeholders delayed in turning in their completed and answered questionnaires, which inevitably delayed data collation, analysis and eventually drafting of the report. Finally, some of the targeted stakeholder groups could barely be accessed by the researcher and were not responsive to repeated requests via email and telephone. It was, therefore, difficult to fully sound their perception on the

SLLCAA. These groups included other development partners as well as international investors. The researcher was able to mitigate this challenge by drawing more strongly on investor representatives from associations such as SLIEPA.

5. Findings

Employment

The provisions of the SLLCAA of 2016 emphasise the employment and training of citizens as a mandate for businesses, multinational corporations, and foreign investors. The Act stipulates that preferences should be given to Sierra Leoneans across all sectors for recruitment. The quest to do so remains a critical part for the full implementation of the Act. The Act further prioritises the need to train and employ Sierra Leoneans in all sectors in accordance with the country's labour standards in order to foster economic growth. However, it is indisputable that getting candidates with the required skills and qualifications for jobs pose serious challenges for most employers in Sierra Leone, which force them to hire foreign experts to fill the gaps. Although the Act has good intentions for both employers and employees, the researcher found it to be too prescriptive and problematic based on feedback received in the consultations and analysis of the respective documents. For instance, it is not clear how the Act arrived at the prescribed percentages of Sierra Leone to capture the views and concerns of all relevant stakeholders as it is only through this means that the Agency can guarantee participation and collaboration of key stakeholders as well as generate adequate information to aid the implementation of the Act. It is also critical to include the private sector and foreign investors in the conducted survey with the view to ensure that the new policy enhances private sector development in Sierra Leone. Foreign Direct Investment (FDI) is both advantageous and disadvantageous. The advantage of FDI is that it allows the developed world to begin improving emerging market opportunities. The developing world can see improvements in wealth and opportunity, while the developed world can benefit from increased profits, developing relationships, and a greater level of market influence [15,16]. The disadvantage of a FDI is the risks that are involved. There is no guarantee that an investment will offer dividends in the future. The global political climate is inherently unstable as well, which means a company could lose its investment as soon as it is made should a seizure or takeover take place [17,18]. Since employment in companies is based on competence and the public perception of management is very important, this mandate to employ a prescribed number of Sierra Leoneans limits companies' choice to look for talents. Further, these provisions pose serious challenges for employers due to the existing skills gap in various sectors. As observed in the field research, training of Sierra Leoneans in skilled labour and technical areas should be of paramount concern for both government and employers in order to fill the employment gap at management and technical levels within all sectors. The study noted that the 50% quota for the employment and retention of foreign experts in the first 5 years of operation provides useful ingredients for the successful implementation of the Act. Some sections of the Act maintain that the Agency must ensure that the 50% quota of expatriates in management positions should not be exceeded by employers, and should provide the space for the acquisition and transfer of knowledge and technology to locals. This is considered crucial for organisational and economic development. While the consultant partly agrees with this provision, the question that the drafters of the Act should ponder on is who should be responsible for training the national staff or upgrading their level of knowledge to attain expatriates' positions. Risks of overburdening companies and

thereby potentially deterring investment as well as government responsibility should be considered before rolling out a respective policy. Without finding a solution for the existing skills gap, companies will not be able to fulfil the requirements of the Act in its current form. Addressing these issues should thus precede a full implementation of the Act.

5.1 Targets for Employment, Training and Retention of Sierra Leoneans and Foreign Experts

The SLLC Act (Ref: 54 Section 56) provides the following on the employment and retaining of foreign experts: “For each of its operations, an operator may retain a maximum of fifty percent of management positions as may be approved by the Agency as expatriate positions representing investor groups during the first five years of its establishment after which it may retain a maximum of forty percent of management positions as may be approved by the Agency as expatriate positions representing the investor groups”. Findings from field research indicate that about 61.4% of MDAs, Corporate, Professionals and Trade Associations as well as other groups who participated in the consultations and stakeholder interviews strongly agree to support the 50% quota for foreign experts for the first 5 years and 40 percent for management positions in subsequent years. Further within the various sectors, about 16.1% also agree to support the provisions of the Act whereas, 19.2% strongly disagreed with the proposition supported by another 3.3% of respondents disagreeing with same provision. However, respondents expressed mixed reasons for their disagreement with the 50% initial quota for foreign experts. Some local voices argue for a higher quota of nationals in comparison to foreign experts earlier on to provide the space for nationals to benefit from knowledge transfer that will prepare them for future replacement of foreign experts in the long term. At the same time, representatives of international companies/investors and SLIEPA point to a risk of having the suggested 50% quotas as these rather high requirements might pose severe challenges for companies and investors in the short-term, given the current skills gap in Sierra Leone. Representatives from SLIEPA further argue that the suggested 50% quota is too prescriptive and limits foreign companies’ choice to look for and employ talents that drive investments. This might result in deterring foreign investors and companies from investing in the country that could have a debilitating effect on the economy and development.

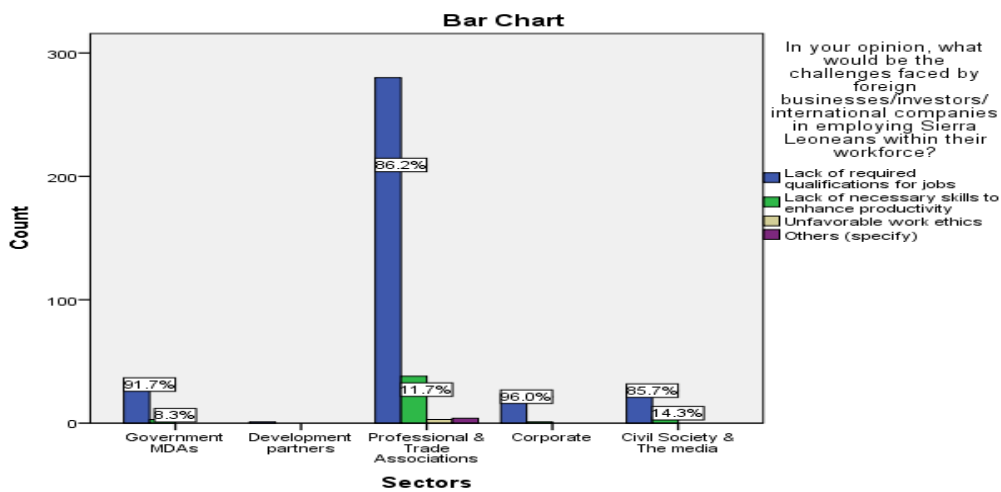


Figure 1: Challenges faced by foreign businesses in the Employment of Sierra Leoneans

Source: Regional stakeholder consultative meetings and interviews

Responses from Professionals and Trade Associations shown on the Figure indicate that lack of required skills and qualifications among Sierra Leoneans to take respective positions are seen as the key challenge for businesses and investors in employing Sierra Leoneans. The lack of necessary skills to enhance productivity is seen as a second impediment faced by foreign businesses, investors and multinational companies for employing Sierra Leonean workforce.

5.2 Employment, Training and Retention of Sierra Leoneans

Provisions of the SLLCAA 2016 (ref: Section 54 -56) make recommendations for the training and employment of Sierra Leoneans with requisite skills and qualifications by foreign companies and investors in their operations. However, foreign companies and investors see risks regarding the work and skills training requirements that are enshrined in the regulations as priority areas for the private sector. The rationale behind the employment of nationals reflects a country's social responsibility agenda and also the involvement of citizens in the country's development trajectory. In Sierra Leone, the responsibility for the training/capacity building of employees poses serious challenges largely due to funding constraints particularly within the public domain as citizens mostly rely on government as the main source for the provision of goods and services. Engagement with stakeholders on the challenges faced by foreign companies and investors for the employment of nationals shows that most Sierra Leoneans lack the requisite skills, competences and qualifications to enhance productivity and in some cases lack favourable work ethics for most jobs in the country. It is a critical question who takes responsibility for the training and knowledge development of Sierra Leoneans as this is a crucial prerequisite for the feasibility of the employment regulations in the Act. In Sierra Leone, government mostly rely on foreign assistance for citizen's capacity and skills development and training, and the development of the human capital across all sectors. The rationale used is that foreign companies and investors expect to benefit from local products as well as the countries human capital for their operations. This view and status quo needs to be questioned in order to make a sustainable implementation of the SLLCAA feasible.

6. Knowledge Transfer

Human resources development plays a crucial role in organisational development. The success of every organisation heavily relies on its human resources capacity. The SLLCA stipulates that where citizens lack training in specific areas of operation, companies and contractors must ensure that such human development needs are fully met in accordance with the employment and training plan of the operator. With respect to building the capacity of locals for meeting the work requirements of contractors and operators, results from the consultative meetings and interviews conducted show that nationals consider on-the-job training for local workers and provision of support to national institutions (TVET, colleges, and universities) as the most desirable tools for this. It remains a crucial question however whose responsibility this is. The expected on-the-job training falls in the remit of the private sector and creates an additional burden for businesses operating in Sierra Leone. At the same time, there is an expectation from international investors and companies that government does its part as well and matches private sector efforts with additional investments in the education

and skills development sector. For major investors and for Sierra Leone, this is both an immediate frustration and a longer-term constraint on economic growth and development. The researcher was informed at a SLIEPA consultation meeting that corporations operating in Sierra Leone have difficulties finding employees with certain key skills and often have to look to the regional and international labour markets, or diaspora and expatriate communities to recruit competent and qualified workforce.

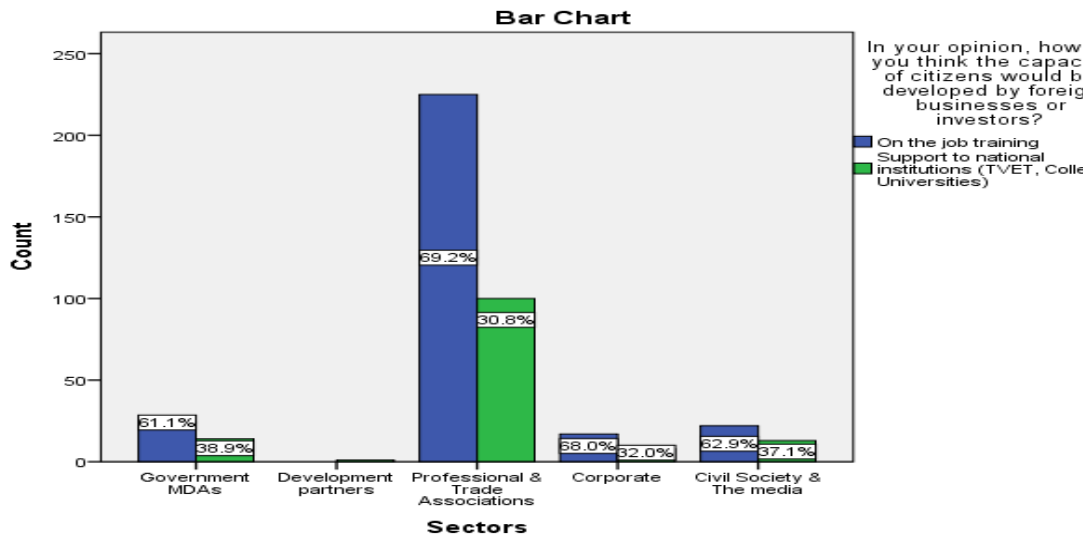


Figure 2: How do you think the capacity of citizens should be developed

Source: Regional stakeholder consultative meetings and interviews

7. Procurement of Goods and Services

The perception survey also covers the procurement of goods and services in the manufacturing, agriculture, mining, construction & public works, petroleum, tourism and other related sectors. The SLLCA also makes provisions for procurement regulations and bidding for contracts to underscore the value placed on locally produced inputs. E.g. in their effort to procure goods and services from local businesses and Sierra Leonean companies are, foreign companies are required to maintain a 10% preferential margin for local suppliers according to the provisions of the Act. The country-wide consultation therefore gauges the perception of stakeholders per service sector in terms of procurement rules for locally produced inputs and services from local companies. There is a strong perception that most of the challenges faced by foreign companies/investors that prevent them from procuring goods and services from local Sierra Leonean businesses find its answers in one or more of the following: bribery and corruption, inadequate finance, inability of local businesses to compete with foreign companies, market inefficiency and lack of technical competence. A key issue for the implementation of the Local Content Policy is that investing companies / investors should operate fair and transparent procurement and employment policies which allow Sierra Leone-owned firms and Sierra Leoneans to gain procurement contracts and employment. However, Sierra Leonean firms and individuals must have the capacity to perform to a satisfactory level to be able to meet the procurement and employment expectations of procuring firms, and for the most part this does not accurately describe the current market situation in Sierra Leone. In the agriculture

sector, the use of locally produced inputs for institutional feeding is an important part of the Sierra Leone Local Content Agency Act. A total of 50% local supply should be maintained in the first five years and 70% in succeeding five years, however local suppliers currently struggle to provide these amounts. Local businesses are expected to engage in procurement activities within the mining sector but struggle with economic circumstances ranging from required capital investment, lack of finance and equity from banks, mining requirements, tax situation and the use of technologically advanced equipment. Local contractors are also expected to participate in public works and construction procurement activities. This can only be possible if the issues relating to capital, skilled labour, finance, taxation, equity from banks and improved technology are fully addressed. Local companies in the petroleum sector face similar issues as mining companies. When looking at challenges faced by Sierra Leonean local businesses that prevent them from being given preferences in the procurement of goods and services in the country, then the consultations made evident that bribery and corruption as well as inadequate financing are perceived as the key challenges across all sectors. They undermine the successes of most businesses in Sierra Leone and remain a bane to the development of the private sector. It is not uncommon that the practice does not exempt foreign companies who allege extortions for setting up their businesses or undertaking business ventures in the country. The practice had clouded the business environment and poses a threat to foreign investment in the country if not tackled before rolling out the Act. The Act makes provisions for a 10% preferential margin for local suppliers and requires that first consideration should be given to goods made in Sierra Leone once the suppliers demonstrate the ability to pass through technical tendering processes. Almost all stakeholders from all groups agree to that requirement if this is combined with effective minimum technical standards for products. However, in the case of Sierra Leone, it can be extremely difficult for some goods made in Sierra Leone to pass through the set standards and technical benchmarks for tendering and bidding processes. This shows that before a meaningful implementation of the Act is possible more emphasis should be put on local capacity building. Respondents also argue that government should concentrate on key sectors with higher local capacity (e.g. agriculture, public works and mining) rather than treating every sector in the country holistically. According to some respondents, this makes the Act cumbersome and difficult to implement due to economic factors and the inability of the government, local businesses and companies in addressing their numerous challenges and the deterring effect this might have on international investors. Many stakeholders recommend a review of several portions and provisions of the Act to make amendments where necessary based on the feasibility of the intended objectives of the Act.

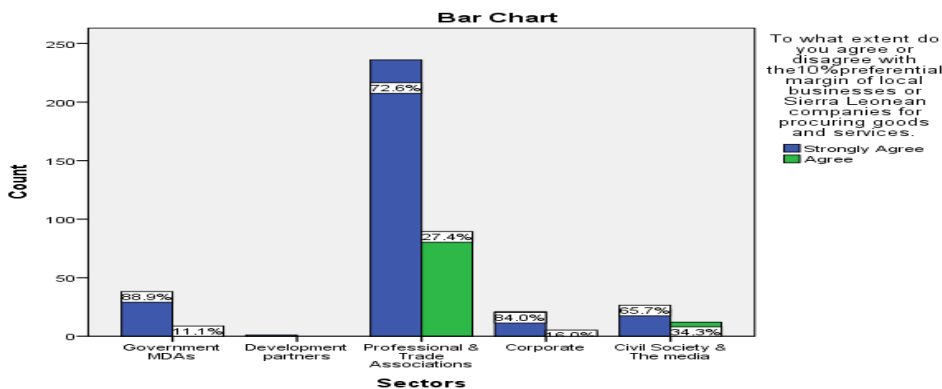


Figure 3: Perception on the 10% preferential margin for the Procurement of Goods and Services

Source: Regional Stakeholder consultative meeting and interviews

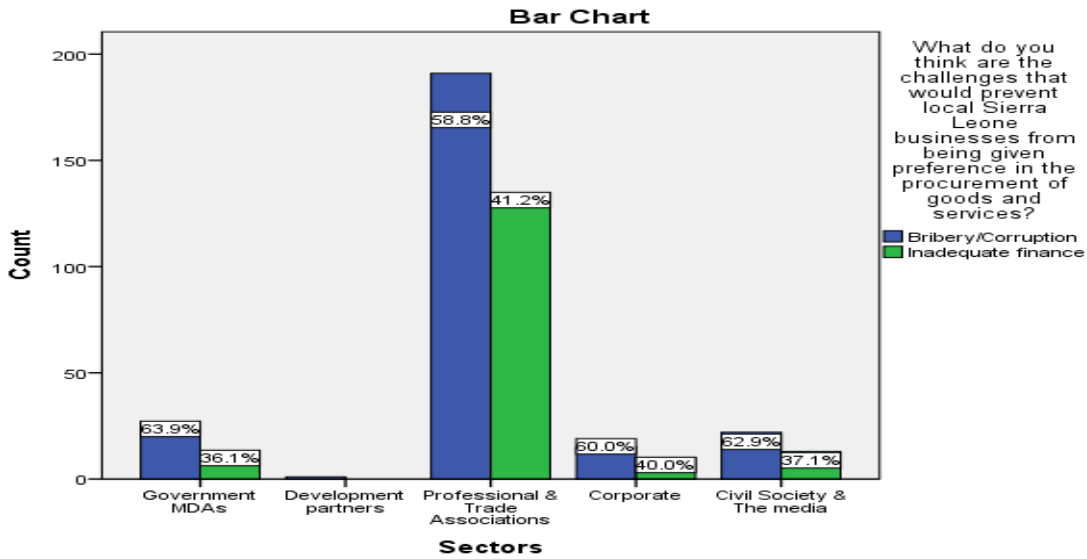


Figure 4: Challenges to Sierra Leone local businesses from being given preference in the procurement of goods and services

Source: Regional Stakeholder consultative meeting and interviews

In the consultations, it became obvious that some portions and provisions of the Act with regards to procurement are problematic for both local and foreign businesses. This poses a critical challenge to investment much needed to stimulate economic growth and engineer development. Based on interviews with SLIEPA and investor representatives, the researcher notes that the successful implementation of the Act greatly depends on its level of appeal to FDI. Therefore, certain provisions of the Act that discourage foreign investors and drive away investment need to be thoroughly reviewed. Therefore, government must act swiftly to address the already identified burning issues to attract FDI in the country.

8. Manufacturing

To increase the use of locally produced inputs by manufacturing companies, the SLLCA puts forward non-restrictive measures on procurement opportunities for locally-owned companies once they are able to compete on the basis of quality delivery. The Act maintains that first consideration should be given to local companies, owned by Sierra Leoneans and located in Sierra Leone. In essence, operators as well as contractors should be able to discern which locally owned companies in Sierra Leone can qualify for the procurement of goods. It is very likely that currently only a few goods made in Sierra Leone would be able to meet the technical criteria for bidding with foreign businesses. Effective technical minimum criteria in the manufacturing sector can be considered as an important tool against deterring foreign investors. The 10% preferential price margin that applies to local suppliers that are bidding and competing with foreign companies may create a small risk of cost escalation in procurement of goods and services. Studies from the field on the 10% preferential margin

treatment for the use of domestically produced inputs by manufacturing companies show that the issue of maintaining technical standards poses serious challenges for companies due to the non-availability of most needed domestically produced inputs and lack of the required machinery for meeting the respective standards. Respondents from the Chamber of Commerce and SLIEPA agree that Sierra Leone is heavily dependent on imported goods for consumption. Local industries lack the infrastructure, working capital and skills to produce technically standard goods and services for the use by foreign companies. As such, 10% preferential price margin will pose a threat to foreign investment.

9. Agriculture

The SLLCA makes provision for the use of local food products for institutional feeding and supply of 50% locally produced food to public institutions in the first 5 years and 70% in the succeeding 5 years. According to the Act, this should be done in order to assist government with the purchase and feeding of government institutions such as the Sierra Leone military, prisons and police forces. The field results indicate that most stakeholders support the idea of using local food products for institutional feeding. However, the issue of farmer’s farming capacity and the lacking use of mechanised farming techniques pose critical challenges for fulfilling the provisions of the Act. What needs to be addressed in the first place is the production capacity of the country, which requires huge capital investment; and the processing aspect that need to meet international standards. This is not available in Sierra Leone at the moment. It, therefore, requires synergy with the private sector to achieve this. Before farmers will be able to reach the required productivity, more capacity building is needed. The most needed resources such as required machinery and capital are critical for the full implementation of the Act. Figure 7 presents data on the challenges local farmers face if they are to assist government in addressing the problem of institutional feeding in the country.

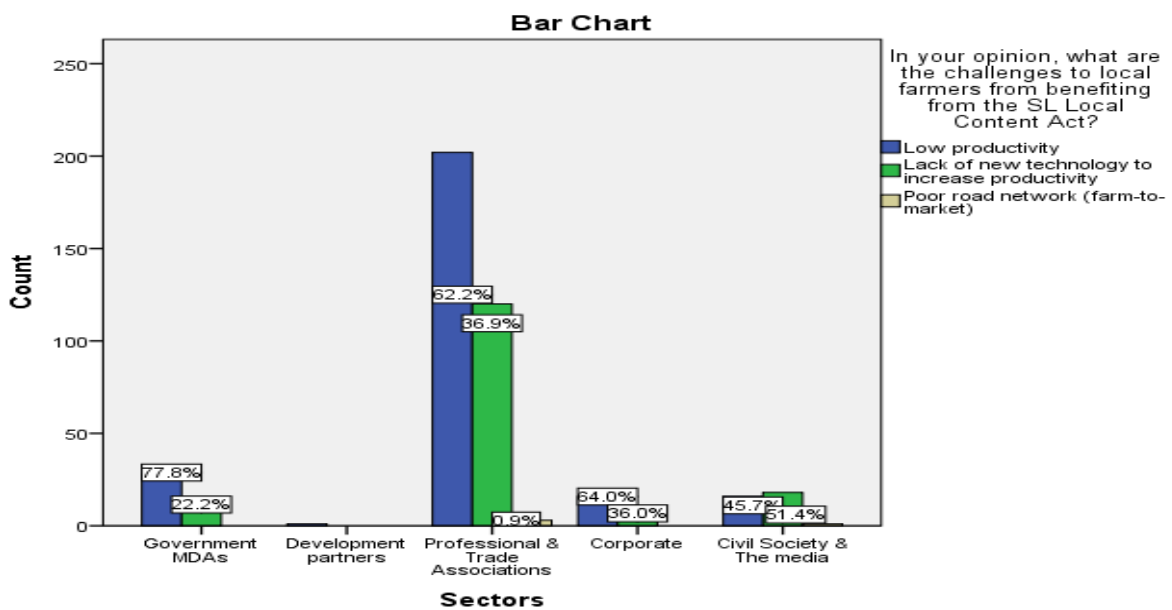


Figure 5: Challenges for local farmers that can prevent them Benefiting from the SLLCAA

Source: Regional stakeholder consultative meeting and interview

10. Mining

The provisions of the LCAA on mining activities prescribe the need for local participation in mining sector procurement. SLLCAA (Ref: Section 34) makes reference to concessions to be given to Sierra Leonean companies in the mining sector approved by the minister responsible for mines and mineral resources in Sierra Leone. The award of contracts should be based on the local company’s ability to demonstrate capability and resource ownership such as equipment and ability to execute the contract. During the field exercise, it became glaring that local companies do face enormous challenges that prevent them from participating in mining related procurement activities. Figure 6 below shows the challenges faced by local businesses in participating in mining sector procurement.

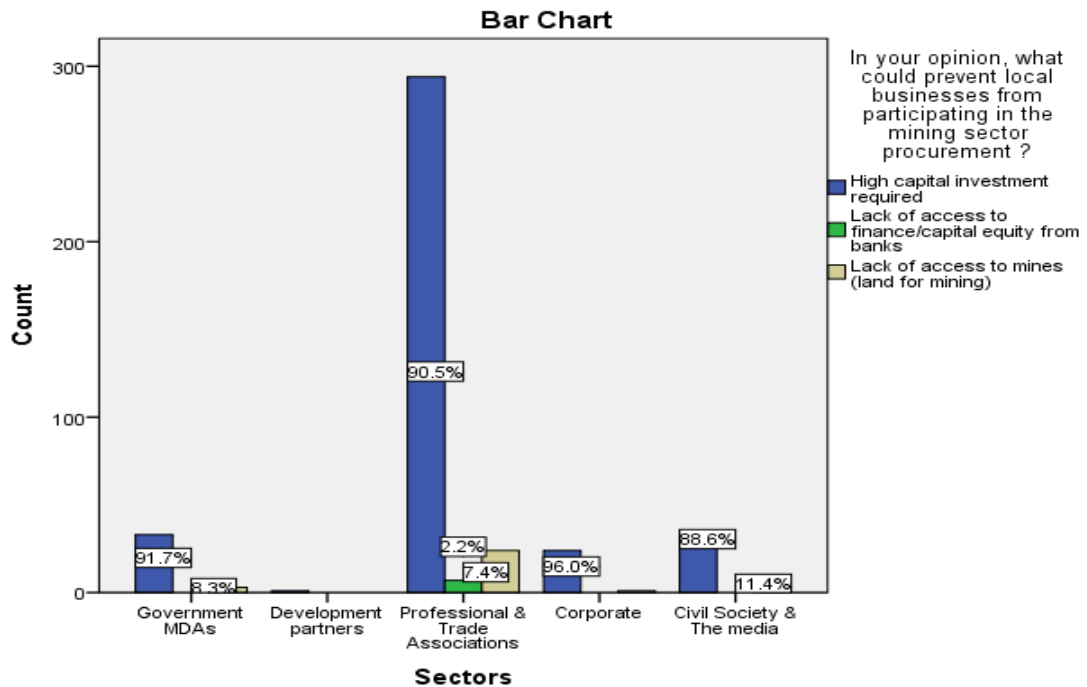


Figure 6: Challenges for mining sector procurement

Source: Regional stakeholder consultative meetings and interviews

Interviews with stakeholders show that the vast majority of respondents refer to the need for high capital investment and the lack of finance/capital and equity from banks as major challenges. The results further indicate that lack of access to mines (land for mining) is another constraint to activities of local mining companies in Sierra Leone. Addressing these issues are key prerequisites before an effective implementation of the Act can take place.

11. Construction and Public Works

Construction and public works in stone quarries and metal works occupy a significant portion in the SLLCAA 2016. The policy maintains that first consideration for contract awards should be given to Sierra Leonean companies who demonstrate ownership of equipment and having the capacity to effectively carry out work in the respective tasks and areas. However, evidence from field research indicates that the sector faces similar challenges as in the sectors mentioned above. Among the individuals interviewed within the various sectors, about 63.3% quoted high capital investment requirements as well as lack of finance/capital and equity from banks at 29.1% as the major impediments for local company's engagement in public works and construction related activities. The field result also shows that lack of skilled labour stand at 7.6% as another major challenge for local businesses in the sector that need to be solved before the Act can be effectively rolled out. Representatives from SLIEPA maintain that employing skilled Sierra Leoneans is more profitable to DFIs more than hiring expatriates. It is very clear that DFIs pay expatriates more than their counterparts in Sierra Leone. Labour cost in Sierra Leone is lower and will, therefore, be cost effective if skilled Sierra Leoneans are available for recruitment. In order words, it will be advantageous to both provided the required skills and structure are available.

12. Petroleum

The SLLCAA mentions in section (36) and sub-section (1&2) that first consideration should be given to Sierra Leonean companies in the award of oil blocks, oil field, oil lifting, and licences in all projects that are subject to the awarding of contracts in the Sierra Leonean petroleum sector by the Petroleum Directorate. To be eligible, Sierra Leonean companies are required to demonstrate the ability to undertake such tasks as specified by the Petroleum Directorate. Evidence from field research shows that local companies are currently unable to carry out these tasks and fulfil requirements. Respondents in the interviews consider the non-availability and inadequate supply of required inputs and the poor quality of inputs as key challenges that currently hinder the implementation of the Act. Figure 10 below shows the challenges faced by local businesses in the petroleum (Oil & Gas) sector in procurement related activities. For the issues that prevent local businesses from participating in the petroleum (Oil & Gas) sector procurement, about 58.3% of respondents point to high capital investment as an impediment whereas, about 34.1% mentioned lack of access to finance/capital equity as a major problem. High rate of tax levied also stand at 7.6% as a contributing factor. Generally speaking, it could be observed that there is significant disparity between market demands and available supplies in-country in the supply chain of investments. Interviews and focus group discussions reveal that there are several factors related to market constraints some of which are:

- Inadequate skills and quality assurance to deliver services required up to international standards
- Availability of goods and services required by the investors
- Lack of familiarity with required scope of work, tendering process, contract liabilities
- Small, poorly structured national companies competing against major international contractors
- Sierra Leonean entrepreneurs have limited access to longer-term finance and difficulty to secure bank guarantees to execute those contracts.

13. Noted Challenges

It is unarguable that Sierra Leone's capability in terms of sectoral development can hardly be expected to quickly produce and supply services in a short term. Some of the many reasons for success of local content policies for many developing nations are policy synergy, interactions across sectors and coherence with sound economic variables. Such policies should be tailored to fit in with the country's broader development agenda and need to facilitate the fulfilment of implementation requirements.

It is possible that the success of one sector heavily depends on interactions with other sectors. For example, problems faced by foreign companies in terms of skills gaps require an improvement in the quality of the country's education system. Consultations with stakeholders across the country suggest that lack of required qualifications for jobs stands out as one of the key reasons for foreign companies and investors not being able to employ more Sierra Leoneans. This has to be taken into account when provisions are made in the Act that mandate first consideration and privileges for Sierra Leoneans.

The mandate of the Act is critical and has the potential to hurt foreign investment in the country if the underlying problems are not addressed before. Stable macroeconomic policies could provide the basis for leveraging economic diversification among sectors that can trigger improvement in the financial market and attract foreign investment. Realising the vision of a newly created regulatory framework also depends on the fulfilment of certain conditions and on meeting other requirements such as trade agreements, tapping into useful resource areas, opening of development corridors and promoting regional integration.

The stakeholder consultation revealed that the most important challenges faced by multinational and foreign companies in working with local service providers are limited access to finance, lack of technical knowledge, and market inefficiencies.

This shows that a lot of work needs to be done by government before the Sierra Leonean business environment is ready for a full implementation of the SLLCAA. Sierra Leone has rolled out the Local Content Agency Act at regional, district and local levels in order to make investments in all its various sectors more transformative for the economy and to bring about diversified growth and stimulate employment. Research findings suggest that the design and implementation of the local content policy can only have a significant impact if there is an understanding of the country's employment situation, existing capacity gaps, and key challenges local businesses and international investors face when operating in Sierra Leone. Further stakeholder consultations about the provisions made in the Act are thus needed. It became clear during the stakeholder consultations and interviews that stakeholders and personnel working in public and private institutions as well as development partners demonstrate minimal knowledge of the Act in its entirety.

The expectations of stakeholders are that a policy should first be discussed all across the country through consultative meetings and workshops before it can be validated and passed by parliament. The coming into effect of the SLLCAA of 2016 did not follow the usual pattern and, as a result, limited understanding of its content remains a serious challenge for its full implementation.

14. Lessons Learned

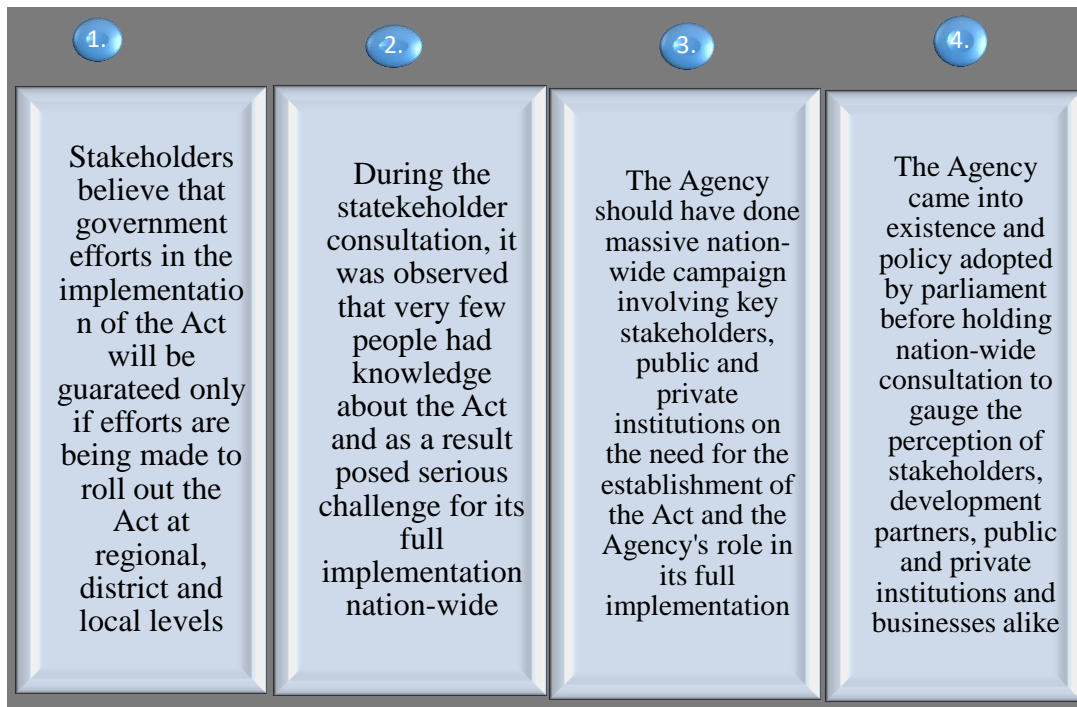


Figure 7

15. Conclusion and Recommendations

The researcher concludes that while the Act might have good intentions to encourage both local and international investment into the country's economy, there is still a lot to be done to attract investment in Sierra Leone. Some of it relates to the prescriptive nature of the SLLCAA that poses a problem for FDI in Sierra Leone. Second, some of the provisions (especially on the quota for employment) are inflexible and can pose a threat to foreign investment in the country. Third, the country's educational system does not cater for skilled professionals required to work in companies, which leaves little room for foreign investors to recruit local professionals. There is a need to trial and adjust the policy for some years to know what works and what does not before implementing the Act. It was found that most stakeholders in both the private and public sectors encountered during the survey period have either not heard of the SLLCA or have not read or paid attention to it. The researcher discovered that for a local initiative of this kind a complete overhaul of the Agency's institutional framework and sustainable programming is required to maximise the existing local opportunities in the country and to have buy-in from stakeholders. The researcher therefore makes the following recommendations:

- GoSL should undertake a comprehensive review/amendment or expunge some portions and provisions of the SLLCAA with the view to attract more investment in the country rather than act as an impediment to investment;
- GoSL should focus more on some key sectors that are easily implementable rather than holistically implementing the whole Act;

- The quota for employing nationals by investors needs to be reconsidered against the backdrop that the country has not effectively responded to the demands of the job market;
- GoSL should provide loan schemes to local companies and farmers with the objective to financially capacitate them to produce the required goods for different industries;
- The institutional framework of the SLLCA should be strengthened, particularly its public relations department. It should popularize the Act in order to create awareness and understanding of the Act among the public and private sector and investors;
- Improve the visibility of the SLLCA as a way of showcasing its important role in job creation, particularly for the youth with the view to stimulate economic growth and development;
- Initiate measures to promote the implementation of the Local Content Policy, including institutional arrangements, funding approaches, risk analysis, reporting systems and the annual production of an assessment report;
- Improve information gathering and creation of a database of all stakeholders, including investors' procurement data, details of local supply, and a local content web database provided by GoSL to ensure that they are always kept informed about SLLCA activities;
- Enhance the capacity of local businesses through different measures, including trade associations, and facilitation of a culture of corporate group development; and
- Enhance the education system and establish a vocational and apprenticeship systems

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