

**Response by His Excellency The President, Dr. Ernest Bai Koroma to Speech by the President of the Sierra Leone Chamber of Commerce, Industry and Agriculture Annual Dinner Bank of Sierra Leone Complex, Kingtom, Wednesday 12th December, 2007**

Salutations:

It gives me great pleasure to be back among you this evening and to be offered the opportunity by this gracious Chamber to lay out what amounts to my Government's blueprint for the revitalization of the private sector.

Truly, words alone cannot convey to you how wonderful and rewarding a feeling it is for me to return to my peers in the business world since leaving them to assume the highest office in the land as Chief Executive Officer of "Sierra Leone Ltd." The Annual Dinner of the Chamber of Commerce and Agriculture offers a unique opportunity for interaction between the government and the private sector in a very congenial setting. There is a saying that nothing sharpens the wit better than a good meal and good company.

As I look around me tonight, and from the responses I am getting from my palate, I can say with all confidence that this gathering has the right mix. I am of course very pleased to have been invited as an honoured guest to this dinner tonight having served as host like many of you here tonight, to many other guests over the years. Candidly, it feels like I have never left you, my colleagues.

I feel so because the entrepreneurial spirit of the businessman in me already sees tremendous new opportunities for making our once moribund economy profitable again. You may well recall, as I mentioned in one of my earlier addresses, that I said I was going to run this country like a business enterprise.

That statement was a reflection of the vast opportunities I had identified for revamping our private sector in order to better utilize our abundant resources for the production of wealth in our nation. The only difference will be that the primary focus of Sierra Leone incorporated will not be on the maximization of profit for the stakeholders but rather on the overall improvement on the conditions of life of the stakeholders by the direct and prompt delivery of essential services, the promotion of democracy and good governance, and following sound economic and fiscal policies.

I know that I can count on your expertise and commitment to help me achieve these goals. I intend to make you the members of this Chamber, the central cog of what will be an efficient machine for regenerating the economy of our country. As a former colleague in the business world, Mr. President of the Chamber, it is no secret to me that a vibrant private sector is critical to the economic growth, income generation, youth employment, poverty reduction and ultimately, the resurgence and full integration of the economy of our country into the global economy.

When I was on the outside looking in, I saw so many missed opportunities in the forms of actions that previous governments should have taken in order to realize our collective dream of making the private sector more meaningful to our aspirations for national development. I am determined not to let similar opportunities pass us by. So, while in office as President of our dear republic, I will do everything in power to make amends for those missed opportunities by enacting the right policies that will motivate and boost the private sector to serve as the lynchpin of our national development.

In your address that preceded mine, Mr. President of the Chamber, you reassured me of the fullest support of the private sector to my government as we work to make our country a better place for all Sierra Leoneans. I heard you loud and clear and I thank you for that reaffirmation of your support. Please

allow me to tailor the rest of my address here this evening to responding to some of the specific issues that you raise. My response will be a reflection of what I intend to accomplish in the short, medium and long-term for the business sector during my tenure of office.

Regarding the rule of law, Mr. President of the Chamber, you may recall a quote from my address on the occasion of the State Opening of Parliament in October when I said, "modern democracy is underpinned by adherence to and enforcement of the rule of law." I share your concerns for the overall strengthening of the judicial system and would like to reassure you that my government is taking a close look at most of the proposed reforms you have mentioned.

Notwithstanding the fact that there have been substantial reforms in the judiciary under the framework of the Justice Sector Development Project funded by DFID, my government will continue to pursue further reforms in the judicial sector. In line with its Zero-Tolerance on corruption, my government is strongly committed to combating all forms of corruption through the reform of the Anti-Corruption Act with a view to giving the Anti-Corruption Commission prosecutorial powers in order to expedite cases of alleged corruption. Indeed, I appeal for your patience as we work on reforms in the justice sector.

Consistent with the policy of creating the enabling business environment, my Government will be embarking on legislative reforms. In this regard, the Government will accelerate the process leading to the finalization of the drafts of the new Company Ordinance and Bankruptcy laws, which were validated at a National Stakeholders' workshop under the auspices of a project developed by the Bank of Sierra Leone. With regards privatization, the Government is aware that there is an extensive privatization and divestiture programme covering more than 20 state owned enterprises.

The Government is committed to continuing the said programme. However, it is also determined to revise the Privatization Act with a view to ensuring that establishments slated for privatization are privatized professionally and in the best interest of these entities and the country in general. With regards to Infrastructural development, my Government recognizes the critical importance of infrastructure including energy, roads and a reliable water system as the main drivers of private sector activity.

In response to your concerns for the Infrastructural needs of our country, my Government is firmly committed to allocating substantial resources to these sectors in the short, medium and long terms to ease bottlenecks that negatively affect private sector activity. On improving the investment climate, I am aware of the fact that in 2004, an Investment Promotion Act No. 10 was enacted with the overriding objectives of providing investment incentives to potential investors through the establishment of an institution that is tasked with the responsibility of facilitating the registration of business enterprises, business training, micro-finance and credit registry, among others.

However, it is crucial to note that there was no accompanying incentive package, which would enable it achieve its intended purposes. In this direction, the Government will strive for the finalization of the additional incentives, while targeting key production areas including agriculture, agro-processing and tourism. Mindful of the above fact, it should be emphasized that my Government will lay greater emphasis on building the appropriate conditions for promoting the growth and development of the private sector. The Government will continue to pursue reforms with the view of creating the necessary environment for the development of the private sector. Mr. President of the Chamber, Ladies and Gentle, my Government is determined to actualize the above policies through the following:

- The implementation of the numerous recommendations detailed in the ongoing removal of administrative barriers project;
- Trade policy formulation and coordination;
- Development and/or revision of existing commercial legislation;
- Development of entrepreneurship as well as
- Development programmes to support trade competitiveness.

In this connection, my Government will remain committed to activities that are ongoing in pursuit of the above such as:

(1) Removal of Administrative Barriers Project Firstly, the rigorous and robust implementation of the recommendations detailed in the "Removal of Administrative Barriers to Investment and Private Sector Development" is ongoing. In this direction, it is pertinent to note that in recent times, the Government has passed through Parliament two new legislation: The General Law Act (2007) and the Business Registration Act (2007). The General Law Act has three main provisions:

- It eliminates the need for Exchange Control Permission for company registration. In effect, to register a company in Sierra Leone, an investor or potential investor does not need an exchange control permission from the Ministry of Finance
- It eliminates the mandatory involvement of a solicitor for the preparation of Memorandum and Articles of Association (M&As) needed to register limited-liability companies. This has reduced the cost of doing business in Sierra Leone from approximately USD\$1700 to USD\$70 and
- It merges work and residence permits from four to a single permit and extends the validity of this single permit up to 5 years.

The Business Registration Act has two main provisions:

- It eliminates the redundant Business Registration License and shortens the registration process from 14 to 4 steps, thereby reducing the time from 32 days to 7 days
- It eliminates the advance tax payment system required for new business.

Additionally, Mr. President of the Chamber, Ladies and Gentlemen, my government notes and commends with satisfaction the recent establishment of the Sierra Leone Business Forum (SLBF) as an additional input towards creating an investment friendly regime, of which the Sierra Leone Chamber of Commerce is a key stakeholder with a view to facilitating public-private dialogue on policy formulation and implementation.

The Forum is now fully operational. Further, in order to attract investment and promote private sector development, in 2007, an act establishing the Sierra Leone Export and Investment Promotion Agency (SLIEPA) has also been legally enacted, replacing the old SLEDIC. The new Agency is mandated by law to assist investors in obtaining permits, licenses or clearances, serving as a one-shop mechanism thereby facilitating the registration of business enterprises. The Board of Directors has been appointed and approved while the recruitment of senior administrative personnel is ongoing.

(2) Private Sector Development Strategy Project Under the auspices of DFID, a Private Sector Development Strategy project has commenced. The Project is designed to provide expert advice and implementation support to the Government to develop and implement a comprehensive Private Sector Development Plan. The Project operates through the Ministry of Trade and Industry. It will build on the findings and recommendations of three precursor projects:

Administrative Barriers to Investment. Study, carried out by FIAS, co-funded by DFID;

The Review of the Legal Framework for Business and Commerce, funded by DFID;

Functional Review of the Ministry of Trade and Industry, funded by DFID. Following the execution of a Memorandum of Understanding between the GoSL and DFID, the under-mentioned progress has been made.

Specifically:

- Contracts for the execution of the PSD project have been awarded and executed.
- A secretariat established within the auspices of MTI.
- A Project Steering Committee, of which the Sierra Leone Chamber of Commerce is a member, has been constituted and it has held its first meeting.
- An Inception Report has been prepared and forwarded to the relevant stakeholders for their perusal and comments.

(3) Integrated Framework for Trade Related Technical Assistance to Least Developed Countries (IF) As part of its mandate to provide an enabling environment in which the private sector can thrive, the Government through its Ministry of Trade and Industry (MTI) develops programmes and projects which will increase and strengthen the competitiveness of Sierra Leone and enterprise. Under the auspices of this project, six priority projects on Trade Information Network, Trade Capacity Building for MTI, Aquaculture and Tourism, respectively, prepared by the Government in collaboration with international consultants were reviewed by the Sub-Committee of the Pillar II Working group of the PRSP. They are:

- Two condensed projects on Trade Information Network, Trade Capacity Building Projects and Tourism respectively. This has been submitted to the IF Trust Fund Manager (UNDP) for funding. Implementation is due to commence in March 2008.

(4) Rural and Private Sector Development Project The Rural and Private Sector Development Project is a five year project (2007-2012) which commenced operation in October 2007 with an indicative outlay of US\$34.54 Million (IDA Financing US\$300 Million). The World Bank, Government of Sierra Leone and other donors will fund the project.

The objective of the project is to improve domestic supplies and exports of specified agricultural commodities and income of project beneficiaries which include the producers, private sector members engaged in trade for domestic and export markets, transporters, agro-processors and others connected with the forward and backward linkages of the value chain. It is expected that the project in a period of about five years will help increase exports by about 40% and beneficiary incomes particularly of the producers by up to 50%.

The commodities selected for this purpose are:

- a. Food crop: Rice and Cassava;
- b. Commercial Crops: Cocoa, Oil Palm and Cashew;
- c. Fresh Produce: Vegetables, fruits and Ginger;
- d. Livestock, livestock products and fishing.

Additionally, Mr. President of the Chamber, Ladies and Gentlemen, the Government will embark on several other projects and programmes, which have been developed to support the development and growth of the private sector.

These include:

1. UNIDO-AGFUND Enterprise Development Project The objective of the project is to hasten the pace of economic growth and poverty alleviation in Sierra Leone through the promotion of employment and income generating activities in the Small and Medium Enterprises sector. The project is expected to commence in the New Year. The project in Sierra Leone is expected to result in:

- A fully functional Investment Promotion and Enterprise Development Unit in Sierra Leone capable of replicating the Arab model.

- At least 120 micro enterprises and at least 45-50 small enterprises established as a result of the Enterprise Creation programme, leading to the employment of around 800 people in each beneficiary country and
- At least 15-20 micro enterprises graduating to small scale and 10-15 small enterprises graduating to medium scale, employing foreign technology, accessing export markets or other forms of foreign partnerships.

2. Establishment of Advisory Clinic The ultimate aim of the above project is to assist private sector operatives in the development of bankable project proposals and linkages with international institutions. It will be located within the auspices of SLIEPA. Mr. Chairman, Ladies and Gentlemen, the issues of access to finance for investment are crucial. In addition to maintaining a stable microeconomic environment, there is an urgent need to provide immediate financing.

In this direction, in line with the recommendations detailed in the "High Level PSD Brainstorming" organized by the Ministry of Trade and Industry in May 2007, the Government will be fully engaging the commercial banks in this area in the near future. However, I must hasten to state that if the private sector must achieve its goal as the engine of economic growth, it must be aggressive in taking up the opportunities being made available under the various initiatives detailed above.

For example, Sierra Leone enjoys duty-free and quota-free under the "Everything But Arms Treaty" with the EU as well as a beneficiary of the AGOA Regime of the United States. In conclusion, I must emphasize that the Government is committed to creating the enabling environment to put the private sector at the core of its economic and development process. It will be now left to the Chamber of Commerce, Industry and Agriculture to take advantage of the opportunities on offer. I thank you for your attention and wish everyone a Merry Christmas and a prosperous New Year.