Experiences with Strategies and Practices for Export Promotion in Developing Countries and Some Implementation Issues with the Sierra Leone NES

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1) Introduction.

In this paper I summarize my presentation at the Dissemination and Sensitization Workshop on Sierra Leone National Export Strategy: Progress and Hurdles in Implementation that took place in Freetown (Sierra Leone) on February, 6-7, 2012. During the workshop I discussed two main topics. The first one is the international experiences with strategies and practices for export promotion in developing countries. The second are some design and implementation issues with the Sierra Leone National Export Strategy (NES). In the following, I discuss them in turn.

2) International experiences with Export Promotion Policies

There are four main stylized facts to be considered about the use and characteristics of Export Promotion Policies (EPPs) in developing countries. These are: a) All countries use EPPs; b) The importance of government capabilities and the domestic institutional environment; c) EPPs needs evaluation. In the following we briefly discuss these four facts in turn.

a) (Almost) All countries use EPPs

Increasing export is among the current priorities of any government in both developing and developed countries. The reason is that increasing export is expected to lead to higher growth. In the last three decades, the proper strategy to increase export was argued to be trade liberalization and the reduction of government intervention in the economy. The view has recently changed. It is nowadays more recognized that free trade and no government intervention are not always optimal.

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strategies given the weak economic structure of most developing countries and the presence of numerous market failures.

International evidence shows that both developed and developing countries use EPPs. The definition of EPPs can be very narrow (e.g., Bhagwati’s definition: effective exchange rate policies) or a very broad one (any policy that directly or indirectly affects export performance) or any between these two extremes. There is a significant variance in the content of EPPs between countries (also due to different WTO obligations). Other countries’ experiences can only provide some clues, starting from which each country should find its own way.

b) The importance of government capabilities and the domestic institutional environment

The strategic collaboration between different levels of the government (local, regional, national) and the private sector is the key element for the policy success. The complexity of this coordination effort implies that significant government capabilities are required. This is why the optimal policy mix should consider the specific national government and national agencies’ available capabilities. It follows a practical criterion of policy design: the first policy to implement should depend on which governmental institution is currently more efficient. It should be avoided instead to attempt to implement a certain policy mix only because it has been successful in another country.

c) The importance of EPPs evaluation

Policy evaluation is obviously a very complicated matter. There is a large heterogeneity across countries in terms of evaluation practices, and the quality is in general quite low. What has to be measured and how (input vs. output measures) are difficult issues to handle. Program evaluation is crucial for two reasons. First, a well-designed evaluation program is likely to provide useful information to enhance the export promotion strategies. Second, knowledge about the benefits of such policies may be able to increase firms’ willingness to apply. In fact, one of the main weaknesses of several export promotion strategies is the fact that they are not used either because firms do not know they exist or because they expect the policy instrument is ineffective.

3) Instruments and policies for export promotion

There are several instruments and policies to promote export. There is a large debate about the aggregate effects of EPPs and about the advantages and drawbacks of the specific policies in promoting export growth. In the following we briefly review the international evidence on the most
important policies and instruments, namely: a) **Direct export subsidies**; b) **Trade Promotion Organizations (TPOs)**; c) **Attracting FDI**; d) **Export Processing Zones (EPZs)**; e) **Other measures (credit, regulation, etc.)**

**a) Export subsidies**

Empirical evidence from both developed and developing countries suggests that the effects of export subsidies are highly country-specific. In general, direct export subsidies have not been very effective and they usually do not pass the cost-benefit analysis. Regarding the use of duty drawback and tax exemption schemes the evidence is quite mixed, but somehow more in favor of their positive effects. Duty drawback schemes turn out to be particularly useful for SMEs which are those that suffer the most from the tariffs on imports used in the production of the exported goods.

**b) Trade Promotion Organizations (TPOs)**

TPOs (or Export Promotion Organizations) are present in most of the countries, also LDCs. International empirical evidence shows that TPOs have a positive impact in terms of increasing both export volumes and export products’ diversification. Comparative analysis suggests some characteristics to make TPO successful: TPO should focus on solving specific needs of firms and provide multiple bundled services, i.e. support throughout the entire export process, rather than support on selected services. Unfortunately, countries’ experiences do not provide a clear indication as to which ownership structure or which organization structure is most effective.

**c) Attracting FDI**

For long time the attraction of FDI has been the most used strategy to increase exports. Today this idea is losing appeal because of the general disappointing results. In most of the developing countries, FDI has been addressed mainly to (extractive) natural-resource sectors (few linkages with other sectors, highly capital intensive, low labor demand). There are very few cost-benefit analyses: available evidence suggests that governments should not push too much with this instrument unless there is a clear development strategy behind it. One example in this sense is the Chinese strategy to promote joint ventures in high tech sectors which turned out to be very successful in terms of technology up-grading.

**d) Export Processing Zones (EPZs)**

EPZs (of Free Trade Zones, FTZs) do not appear to have been as beneficial as expected. There have been successful cases (China and Mauritius). In most of the cases export has increased but no
effects at the economy-wide level (spillovers from EPZs to the other regions in the country have in general been negligible). EPZs are quite resource consuming: re-thinking of their role and evaluating their effectiveness is necessary. One of the main concerns is that while WTO makes no clear-cut restrictions on EPZs at the moment this may change in the near future.

There is not a unique model for zone design and development. One interesting fact emerging from international evidence is that age and fiscal incentives seems to be at most weakly correlated with EPZs’ performance. It follows that the government should rather provide an improved investment climate (legal framework and efficient physical infrastructures).

International evidence allows identifying the characteristics of successful EPZs. Some preliminary conditions should be met. These are: a) both government and private sector should be involved in the design of the EPZs; b) EPZs should be part of a broader package of industrial, trade and economic development policies rather than be expected to be the engine of growth of the country; c) incentive schemes are to be maintained stable over time; d) there should be a monitoring mechanism of the activities of the EPZ and the establishment of clear standards regarding environmental, labor and social compliance are required. Two additional conditions concern the location and the types of products and activities that take place in the EPZ. The location of the EPZs is clearly a strategic matter. It should be avoided the practice of creating EPZs in remote or depressed zones. The location needs to be either close to large final markets or easily accessible to them. It should be an attractive place: both backward linkages and forward linkages needs to be present. Most importantly, the EPZs should enjoy a good investment climate, access to infrastructure and trade facilitation. Activities to be located in the EPZs should be those in which the country enjoys a comparative advantage. If natural resources-based sectors (agriculture, minerals, oil and gas, tourism) are the ones in which the country has a comparative advantage, then there is little sense in trying to replicate the traditional EPZ model of assembly of imported components as they used to be in the past. Finally, it should be carefully reconsidered the – largely used in the past – objective to attract local SMEs into EPZs. This seems not to be a successful strategy to be pursued. It seems that to create and strengthen linkages between local SMEs outside the zone and the firms producing in the zone is a better strategy.

e) Other measures

There are a number of other government interventions to support export growth. Among these the most important are the following.
• make easier access to credit for exporters. This is a particularly relevant topic for SMEs for which the credit constraints are more binding than for large firms. Since SMEs are the large majority of firms in developing countries, if export growth has to be achieved governments have to take some actions in this domain.

• simplify regulation related to export: long bureaucracy procedures affect in a negative way especially new comers.

• improve information collection and dissemination about foreign markets and requirements (standards and quality).

• promote cooperation between exporters. In particular, international experiences suggest the possibility to use consortia to make SMEs to overcome the obstacles to access the international markets.

• adopt a long-term view: a necessary (even if not sufficient) condition is to create a complementarity between export promotion policies and policies aiming at improving the productivity and technological content of domestic produced goods.

4) The main obstacles to export growth in Sierra Leone

The objective of the following sections is to provide some recommendations on how to improve the NES. This is based on two different sources. The first is the international experiences we have discussed in the previous section. Reviewing the experience by the various countries and assessing the effectiveness of the policies is indeed crucial to provide governments with guidelines to identify best practices. But, as we know, the past experiences can only provide some hints, starting from which each country should find its own way. This is the reason why we had a scoping visit to Sierra Leone in May 2011. The objective of the visit was to meet and interview public officials and the private sector as to gather as much information as possible to understand the current economic situation of Sierra Leone. In particular, our aim was to understand which – in their view - were the major current and future challenges for the country concerning export growth. The meetings were arranged in the sectors that have been identified by the NES as key sectors for their potential in export activities, namely agriculture, fisheries, mining and tourism. Specifically, the interviews focused on investigating the main obstacles to exporting in Sierra Leone.
From the public sector we interviewed: SLIEPA; SPU; Ministries of Trade and Industry, of Agriculture, Forestry and Food Security, of Fisheries, of Mineral Resources, and of Tourism and Culture; the Standard Bureau; Bank of Sierra Leone; Bureau of Tourism; Resident Minister (Northern Province); Growth Centre (Makeni); Port Authorities; and Commodity Market Monitoring Unit (CMMU). From the private sector we interviewed: Bennimix, Addax, First Step SEZ (African Felix Juice), Sierra Fisheries, Guoji SEZ, Franco’s restaurant (Freetown), Milla company, Cotton Tree Foundation, Sierra Leone Exporters Association, and Chamber of Commerce, Industry and Agriculture.

In our interviews and meetings we asked which are the main obstacles and the key issues concerning export growth. It emerged that there are six main binding supply constraints. These are:

1) capabilities (both the private sector and the government);
2) physical infrastructures;
3) quality and standards;
4) financial services;
5) land tenure system;
6) private sector awareness about opportunities.

1. Improving but still weak private and public sector capabilities

Export growth requires the cooperation between the government (national and sub-national) and the private sector. Moreover, specific government and private sector capabilities are required. These are even more demanding given the rapidly changing and increasingly complex international environment. There are two main challenges ahead. The first one is to align actual government capabilities to the new context. The second is to provide an adequate education system and specific training programs.

2. Poor physical infrastructures

Poor infrastructures significantly increase the costs of production and are an important obstacle to export. Other countries’ experience suggests that, for EPPs to be effective, it is important to improve physical infrastructures. Interestingly, these are among the less controversial policies to favour exports. Physical infrastructures in Sierra Leone that need to be improved are first of all the port and the roads. It is also necessary to guarantee the provision of reliable power supply and of clean water. The government is currently investing in several projects but more needs to be done.

3. Difficulties in quality standards compliance

A major challenge for developing countries’ exporters is that of complying with increasingly demanding international quality, health and safety standards. International experiences show that
one effective way to increasing export is to provide firms the support to obtain the certifications for accessing to the Global Value Chains, especially in the agro-industry. There are important bottlenecks in both the private and the private sector. As for the government agencies there is a lack of accredited laboratories and equipments, of trained staff and cooperation between the government agencies and the universities or other countries’ agencies. As for the private sector, there is a lack of awareness about the importance of quality, information about the requirements and training as to reach the needed quality level.

4. Problems in the financial system

A weak financial system is a major obstacle to trade because it may increase the transaction costs. In particular, credit access constraints represent an important barrier to exporting especially when the domestic economy is weak. In Sierra Leone there are three main constraints to a proper functioning of the credit market. These are the amount of available capital, the high interest rate (which in part reflects the high risks of the investments) and some issues related to the risk evaluation activity by the banking system.

5. The land tenure system

A clear regulation of the land use is fundamental in an agriculture-based economy. Agricultural production and investments also depend on the land tenure system (costs of production and incentive to long-run investments). Form our interviews has emerged a quite dichotomous view on the role of the land tenure system as an obstacle to production and export in particular. While for some the characteristics of the current land tenure system in SL may be an important obstacle to the development of the agricultural sector (and thus of export) other (also during the workshop) have forcefully argued that this is a false problem. It should be noticed that possible changes in the system are currently under consideration by the government.

6. Low awareness about opportunities related to export

To increase export, it is important to improve the private sector awareness about the opportunities of their international involvement. Current situation in Sierra Leone shows two main constraints. First, present and potential exporters need to be even more informed about export opportunities and challenges. Second, producers – and in particular subsistence and smaller ones - need to be made aware of the opportunities to become suppliers of exporting firms. Our interviews also indicated that there are two actions that may improve the situation. There are to increase accessibility of
documents and information and to reach the rural areas in a more widespread way. While SLIEPA has taken some steps in this direction much still need to be done.

Finally, it should be mentioned that there was a general acknowledgment by our respondents of an improvement of the business climate in Sierra Leone. While it is not clear whether this idea is based on some evidence or not, it is important to note that this “feeling” may nonetheless contribute to export growth as long as it is transformed in a positive impulse for economic activity. Indeed a favorable domestic enabling environment is crucial for present and potential exporters. Moreover, it is true that results concerning the “doing business” indicators are (slightly) improving with a general agreement on the fact that the government is attempting to support entrepreneurs in their activities. These are all good news as for the expectations about export growth.

5) Some suggestions and recommendations to maximize effectiveness of NES

In the second part of the presentation, I focused on the National Export Strategy (NES) of Sierra Leone. Based on the international evidence I have discussed in the previous section, I provide some suggestions as to improve the design and the implementation of the NES.

The starting point for a fruitful discussion about the NES requires the framing of the NES into a quickly changing world economy. While there is a shared view on the importance of increasing both the intensive and the extensive margins of export, there is also the acknowledgment that the optimal strategy concerning export promotion cannot just follow what the other countries did. Furthermore, a number of new and complex issues are arising making the institutional and economic environment in which country pursue export promotion much different from the past. There are new competitors and actors (China, India, Brazil, etc), new rules of the game (WTO, standards), there is proliferation of new regional economic agreements (e.g. ECOWAS), and economic transformation (demand and technology).

The NES is the crucial document to provide guidelines for export growth in Sierra Leone. The document is well written and it has a number of strengths. It provides detailed sectoral analysis and sector strategies; it is a very comprehensive document which has a sectoral view but it also considers a number of cross-cutting issues; interestingly, it also presents some first attempts of cost analysis of the different proposed strategies.
Based on my reading of the NES and of the international experience concerning export promotion policies, in our paper me and my co-author have advanced three main suggestions as to improve the design of the NES and four recommendations about the implementation of the export promotion strategy.

**Three suggestions as to improve the design of the NES**

I begin from the suggestions to improve the design of the NES. The first suggestion is to try to improve (deepening and widening) the knowledge about the supply and demand side of the Sierra Leone economy. Enlarging the knowledge base will allow to better identify the country comparative advantages and thus create the conditions for a clearer export strategy. Increasing the knowledge about supply and demand side means in particular to collect data concerning firm-level production and distribution characteristics in each industry and in each stage of the value chain (data on domestic and foreign producers and exporting firms). But it also means to acquire information about the demand drivers and the international markets without which any export promotion strategy cannot be successful. A lot of work needs to be done in this direction. Nonetheless, one preliminary step could be to pool together the different data sources that are at the moment already available as to create a more organized and easy to access dataset. The availability of detailed data on the economy is obviously important both to design effective policies and to provide information for their evaluation.

The second suggestion is to increase the selectivity of the export promotion strategy. This is related to the idea that given the resource and capability scarcity an even stronger effort to identify the priority sectors should be done. This should be coupled with a care for a correct sequentiality in the strategy. It is clear that some (export) objectives can be achieved in the short and others in the medium-long run. In this sense the need for sequentiality is related to the identification of the static and the dynamic comparative advantages and the strategy to exploit them in turn. Priorities must be set because of resources constraints (capabilities, capital, etc) but short run policies (aiming at exploiting comparative advantages) should not hinder the achievement of longer run growth (which is based on the exploitation of dynamic comparative advantages). The difficulty here is to find coherence between short run and medium-long run policies. This could be done only with a close and continuous cooperation and dialogue between all the actors involved in the strategy, starting from the government and the private sector.
The third suggestion is to enhance the coherence of the NES with other sectoral policies and in particular to coordinate and improve the interaction with the industrialization policy. There are a number of policy currently in place and other are about to be designed and implements in Sierra Leone (different sectoral policies, the incentive bill, the trade policy, the competition policy, etc). It is absolutely crucial to verify the compatibility between these policies and the NES and to explore way to make the NES the most effective in this evolving institutional environment. In this context to improve the linkages between the NES and the industrialization policy (which is obviously a key instrument for export diversification) should be an absolute priority.

Four recommendations about the implementation of the NES

The success of the export promotion policies included in the NES rests on a number of critical elements concerning implementation. In what follows we discuss four main recommendations that we deem important to increase the effectiveness of the NES and that follow the evaluation of the findings that emerged during the scoping visit.

1) (Both) Government and private sector capabilities need to be improved

The first element concerns the need to improve the capabilities of both the government and the private sector in terms of ability to implement and follow the different policies included in the NES. This is a particularly important challenge. There are some structural weaknesses concerning human capital formation that should be taken into account and readily addressed. Moreover, the need to focus on improving capabilities is also reinforced by the fact that the international trade context in which the country is now competing is rapidly changing. In addition, the international institutional context is becoming increasingly complex and thus the ability of the government to manage such a situation requires continuous effort and improvements to be effective. Another domain in which the importance of the improvement of government capabilities clearly emerges is regulation. The government of Sierra Leone has recently designed a new regulation policy. Regulatory activity is quite complicated in any country: in a country like Sierra Leone, rich in natural resources and characterized by the presence of large foreign companies, it is even more demanding.

As for the private sector, things are no less complicated. The competitors in the international arena are increasing in number and strength and the rules of the game are rapidly changing. There is a need to increase the private sector awareness about business and production best practices.
Respondents to the interviews – and participants at the workshop - reveal that local entrepreneurs are not well prepared to be competitive at the world level. Government agencies are fully aware of this weakness on the side of the private sector and programs aimed at improving the situation are underway. These efforts are promising but the general impression is that there is still much that needs to be done.

The importance of increasing private sector capabilities rests on the fact that the export promotion policies contained in the NES are designed assuming that the local entrepreneurs would react in a market-oriented and competitive way to the policy incentives. Yet, there are several reasons for which this will not necessarily happen. For instance, to successfully implement the policies included in the NES it is first required that the domestic private sector progressively abandon subsistence production and adopt a market-oriented approach. This implies that agents need to be trained to become able to reap the benefits of the policies and to compete at the international level.

2) The responsibilities of each actor and the objectives of each policy need to be clearly defined

The NES is one of the numerous policy documents that the Government of Sierra Leone has designed in recent years and is now about to be implemented. Several institutions and actors have taken part in the design of the NES and some of them will also conduct the implementation of the policies. In order for the implementation process to be successful and errors and delays to be minimized, it is crucial to clearly identify the responsibilities that each actor and institution should take.

The fact that the complexity of the government strategies is increasing reinforces the necessity of clearly assigning responsibilities to particular ministries and government agencies in the implementation of the various policies. While this may require that the central government give greater autonomy to governmental agencies/bodies in the implementation of the policies, reducing the direct control of the centre, it would have the advantage that the results of the activities of the autonomous agencies and bodies could be more easily and transparently evaluated.

The clear assignment of responsibility is crucial in order to be able to assess the effectiveness of policies, to coordinate the various policies with each other and to determine how to intervene when it becomes necessary to modify a policy. In other words, coordination and responsibility
assignment are not only important per se but also in the light of gearing a feedback mechanism to progressively tailor the policy design to fit the context on the one side and the targets on the other.

3) The impact of the different policies needs to be carefully evaluated

Any policy intervention needs to be properly evaluated. There are several reasons why this is important. First, policy evaluation allows us to verify whether or not the policy is achieving the desired results. This is important because, in case of success, it favours the increase in the support to the policy and the awareness of the private sector about the policy itself. Indeed an important step in the implementation of any policy is the necessity to make agents aware of the policy content and to be outspoken and explicitly responsive in supporting it. Obtaining a positive response to a policy from the private sector is not obvious because it often involves costs (in terms of learning costs, legal and bureaucratic procedures, time, and so on) to be borne by the recipients of the policy. The latter will not be willing to pay these costs (implicit or explicit) if they do not fully understand the policy or if they believe the policy is unlikely to be effective. One of the main weaknesses of several export promotion strategies is that firms do not fully take advantage of the available policies. Awareness about export promotion programs can be enhanced by interventions on three distinct but complementary aspects: (a) educational (seminars, workshops, training programs), (b) operational (information about technical standards, customer lists, commercial legislation), and (c) promotional (consultation, advocacy, and marketing). Second, it is necessary to understand how to modify the policy when it becomes clear this needs to be done, in order to fix weaknesses and bottlenecks that impede its proper functioning. Evaluating the effects of the policy will help identify the necessary changes in both the policy itself and in the environment. The effectiveness of policy intervention is very much related to the ability to modify it if needed. Third, making evaluation part of any policy intervention increases transparency and accountability of the agencies or ministries in charge. Once responsibilities are determined one wants also to know whether or not and to what extent a responsible agency has been executing its intervention.

The basic requirements for a correct evaluation of a policy intervention include the scheduling of the time of the evaluation should take place and the designation of the internal and external evaluators. As for the first issue, the timing of the evaluation activity needs to be known in advance by all agents involved in the policy implementation. It would be advisable to have, in addition to the final evaluation, also, one or more intermediate evaluation moments. These would allow a closer monitoring of the impact of the considered policy. The second important element to be considered is
that the evaluation should be carried out both by an internal and an external authority. It is indeed crucial that the evaluation process involve different perspectives and thus allow several frames of reference.

The result of the evaluation exercise should inform the discussion and the proposal of changes to be applied to the current policies, and all the stakeholders should to be involved in such a process.

4) **Private sector involvement needs to be encouraged and enhanced**

There is an increasing acknowledgement of the fact that any policy intervention requires the active participation of the private sector in order to be successful. The participation of the private sector is expected to be beneficial because it contributes first of all to better informing the policy design. Moreover, an active participation of the private sector is a necessary condition in order to facilitate policy implementation. The private sector can take part in this process in different forms: a firm can take part as a single actor or via associations and different types of organizations. Furthermore, entrepreneurs may participate in the design and implementation of the policy, not only by attending meetings and workshops but also by proposing interventions and suggesting possible crucial issues to be considered. As for the implementation, the involvement of the private sector is crucial in order to empower it to be a major judge of policy effectiveness.

SLIEPA and the government of Sierra Leone (through the regional and national ministries and agencies) have done significant work in this direction. However, during our interviews and the workshop the need for further effort to increase private sector involvement in the implementation of the NES has been emphasised. There are important challenges in this area. The difficulties of reaching a physically dispersed entrepreneurial community and the problems related to costly communication should all be taken into proper consideration. It is our understanding that SLIEPA is taking actions to solve these problems.

In addition, one should consider that there is still very limited awareness about what role the private sector should play. The attitude to only respond to government’s stimulus rather than to propose possible actions (and considering the government as the leading actor) seems still to characterize the behavior of the private sector in Sierra Leone. The reasons for such a situation may be several. An important one may be that the entrepreneurs are not aware of the possibility of interacting with the government and of the importance of their role at the various stages of the
implementation process for policy success. On the side of the government this may suggest the necessity to find proper instruments to increase private sector willingness to participate as an active player. The instruments to achieve this result are potentially numerous but there are no clear indications on which ones better fit the context of Sierra Leone. It follows that only experimentation and the collaboration on the part of the private sector may be useful in this respect.

Other points

Cooperation between producers One of the main impediments to export growth is the supply constraint at the local level. To the extent that this is an obstacle to making the NES effective, the government should consider the removal of such constraints as part of the implementation strategy. Among the various strategies that may be adopted to reach this objective one should consider (as suggested by several entrepreneurs during the interviews and at the workshop) favoring cooperation among local producers to organize production and supply. There are several expected positive effects from this strategy. First, increasing cooperation among producers would allow the exploitation of potential economies of scale. The small size of economic activity which characterizes Sierra Leone and, in particular, the domestic agricultural sector is associated with relevant firm/farm level fixed costs. The coordination of activities among different economic entities would allow reduction of fixed costs for each single producer. At the same time, coordination between suppliers of agricultural products would increase their bargaining power in markets and probably augment market price stability as well. Making the stream of income generated by agricultural activity more stable would enable the producers also to better plan their investments. Finally, such an environment would increase the certainty of the supply of raw materials to the producers that use them as inputs into production.

Diaspora One potentially important contribution to the implementation of the NES and, in general, of government policies for development may come from the Diaspora. The Sierra Leone Diaspora is characterized by an abundant supply of highly skilled workers. Diaspora people have been acquiring (during the years they have been working abroad) a full set of capabilities and contact networks that are now precious to the local economy. They may become a relatively inexpensive way to access the technology and knowledge frontier for both the government and the private sector. World business practices that Diaspora people may import into Sierra Leone can be rapidly diffused to the local entrepreneurial community making it able to better react to the new challenges coming from the international arena. Similarly, there are numerous Sierra Leoneans that have
worked in international organisations, who may provide useful knowledge to the government to help improve the design of policies and the management of the implementation process.

6) Concluding remarks

The NES is a well drafted document that clearly shows a genuine effort by the government of Sierra Leone to increase export. A careful analysis of the NES indicates that some of the export promotion policies and strategies that the government is about to implement are in line with the international best practices. Moreover, one of our findings is that the government is actively working to improve the business environment, which is a pre-condition for the NES to be successful, and this effort is generally acknowledged by the private sector. Our interviews detected a consensus that there were numerous opportunities in different sectors but that they were likely to fully materialize only in the medium to long run. In short, there were still major obstacles to be overcome to enable Sierra Leone to fully exploit its vast economic development potential. The main obstacles are on the supply side (production capacity and quality). This implies that most of the effort should be concentrated on removing the constraints to the expansion of production and to the improvement of product quality. These are the pre-conditions necessary to allow not only an increase in the export of traditional products but also the diversification of export which is the key to prosperous growth. Finally, our inquiry suggests that it is crucial to correctly understand how to exploit the current conditions (endowments, capabilities, opportunities) to bring results in the short but also in the long run. Coherence between exploitation of static comparative advantages and creation of dynamic comparative advantages is the challenge Sierra Leone has to face to make export become an engine of growth.

There is one last important point that should be mentioned. During some of the interviews and especially during the workshop, it emerged that there are doubts about the possibility to implement the NES. Most worryingly, this scepticism and concerns comes from people who had an active role in the drafting of the NES. The government and the private sector should put all the possible effort to ensure the implementation of the NES. The main reason is that NES is becoming a test-bed: its implementation is becoming a test to verify the ability of the government and of the private sector to manage a complex strategy. Most importantly its results will influence the confidence of the private sector about the possible success of other policies that the government plans to design and implement in the future. To this end, the dialogue and cooperation between the government and the private sector should be strengthened to create the necessary pre-condition for the successful implementation of the NES in Sierra Leone.