Supporting private sector interests through policy and advocacy in Sierra Leone

A conceptual framework to identify opportunities and challenges towards trade competitiveness and a conducive business environment for Sierra Leone's agri-business sector

February 2022 (Preliminary version)

International Trade Centre

About the paper

In Sierra Leone, as in many other countries, improving the domestic business environment and required capacity constitutes the main bottleneck to leveraging on trade opportunities abroad. However, at the moment, the trade opportunities created, including through regional and international trade agreements, are not optimally leveraged upon as a vehicle to create jobs and incomes. One of the major illustrations is the fact that Sierra Leone faces a severe negative trade balance.

As a starting point, this paper argues that trade-related advocacy and dialogue is key for improving competiteveness of the Sierra Leone's agri-business sector, targeting both supply-side and demand-side constraints and opportunities.

This means, trade policy and the domestic business environment require targeted attention through advocacy and public-private dialogue efforts, engaging all stakeholders active *along the supply chain*.

Trade policy goes hand in hand with a supportive business environment: without the domestic components in place (from business and institutional capacity and coordination, to basic infrastructure in place), trade competitiveness will be at risk.

To that end, this background papers provides:

- An overview of relevant domestic and international trade related policies that impact upon the agri-business sector supply chains
- Insights on the role of advocacy and public private dialogue in leveraging upon international trade policy commitments (through FTA's and/or WTO) as a vehicle to bringing about necessary changes in the domestic business environment.

The findings of this paper may hence serve as inputs into private sector efforts to engage with the Government through trade-related advocacy and public private dialogue.

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Acronyms

Unless otherwise specified, all references to dollars ($) are to United States dollars, and all references to tons are to metric tons.

AGOA	US African Growth and Opportunity Act
AFCFTA	African Continental Free Trade Area
AU	African Union
CET	Common External Tariff
DTIS	Diagnostic Trade Integration Study
EBA	Everything But Arms (EBA)
ECOWAS	Economic Community of West-African States
EPA	Economic Partnership Agreement
ESG	Environment, Social and Governance
ETLS	ECOWAS Trade Liberalization Scheme
FTA	Free Trade Agreement
GDP	Gross domestic product
FDI	Foreign Direct Investment
ITC	International Trade Centre
NTM	Non-tariff measure
SME	Small and Medium Sized Enterprise
TSI	Trade Support Institution
WTO	World Trade Organization

Executive summary

Whilst regional and international markets increasingly offer trade opportunities, including through trade agreements, Sierra Leone's MSME's active in the agri-business sector remain primarily focused on the domestic market. Business in Sierra Leone are often hampered by supply side constraints, and struggle with a policy and regulatory environment that is marked by a weak legal and regulatory framework and poor implementation of existing policies.

This background paper focuses on the role of policy advocacy and dialogue in bringing about a more conducive business environment and support trade competiteveness. Focusing on the particular context of Sierra Leone, it provides insights into key issues and challenges faced by agri-businesses, in the domestic and international business and trade environment, at home and abroad.

The questions dealt with in this paper include:

- What characterizes the current business environment in Sierra Leone? What are the contours of Sierra Leone's trade policy and trade agreements?
- Which key challenges can be distinguished, which hamper local business to take advantage of a conducive business environment at home and trade competeveness abroad?
- What role can TSI's play through policy advocacy to advance the business environment and better take advantage of trade policy and agreements?

As part of the EU-funded WACOMP Sierra Leone program, the role of trade integration is emphasized as a crucial factor in realizing Sierra Leone's ambitions and potential in agri-business value chains. ITC, as one of the implementing parters of the WACOMP Sierra Leone program, will work with selected Trade Support Institutions (TSI's), in representing private sector interests by developing targeted advocacy efforts and organizing public private dialogue with the Government of Sierra Leone.

In the context of the WACOMP Sierra Leone programme, this paper looks primarily at the priority sectors of the programme (cocoa, palm oil and cassava), but equally provides insightful outside these sectors.

Main insights of this paper are the following:

- Trade data show the important role of agri-business sector in Sierra Leone, with a product portfolio that shows 'world demand' as well as opportunities for import substitution. A value chain perspective is key to understanding bottlenecks in trade competiteveness.
- Insights into priority issues and challenges for business competiteveness, in the domestic and international trading environment, are an important basis for advocacy and dialogue.
- Whilst some policy issues draw broad support for policy change, other issues are crucial for a smaller number of companies. Effective TSI advocacy is about finding shared interests and building partnerships and coalitions for change.
- Trade related awareness is poor in Sierra Leone, but ultimately key for business to benefit from trade arrangements.
- Insights into benefits and challenges of new FTA's and regional trade agreements is key for effective advocacy and policy-influencing
- TSI trade-related advocacy services (and dialogue) are key for improving competiteveness of the Sierra Leone's agri-business sector, targeting both supply-side and demand-side constraints and opportunities.
- A structural dialogue mechanism on business environment and trade competitiveness is key to address issues faced by business in the domestic business environment and international trading environment, and support business success.

1. Introduction

A supportive business environment goes hand in hand with trade competitiveness: without the domestic components in place (from business and institutional capacity and coordination, to basic infrastructure in place), trade competitiveness will be at risk.
What is the role of the private sector in securing a conducive business environment and ensuring trade competitiveness for production, imports, exports and investments? Clearly, Government is responsible for devising and implementing (domestic) policies and legislative frameworks, in line with international commitments, but it cannot do it alone.
Continuous dialogue and exchange of perspectives between Government and private sector and other stakeholders, are crucial. First, to create mutual understanding, and identify and address gaps in domestic legislative frameworks and processes. Second, to ensure that upcoming reforms and policy-changes incorporate the right balance and mix of policy instruments chosen.
Through **policy advocacy and public-private dialogue**, TSI's play an important role towards the further improvement of the domestic business environment in the interest of private sector. Besides, the private sector equally provides much-needed inputs into trade negotiations abroad, which later are to be translated and implemented into local laws and procedures.

1.1 Overview of key challenges faced by Sierra Leone agri-business sector: domestic business environment vs international trade competiteveness

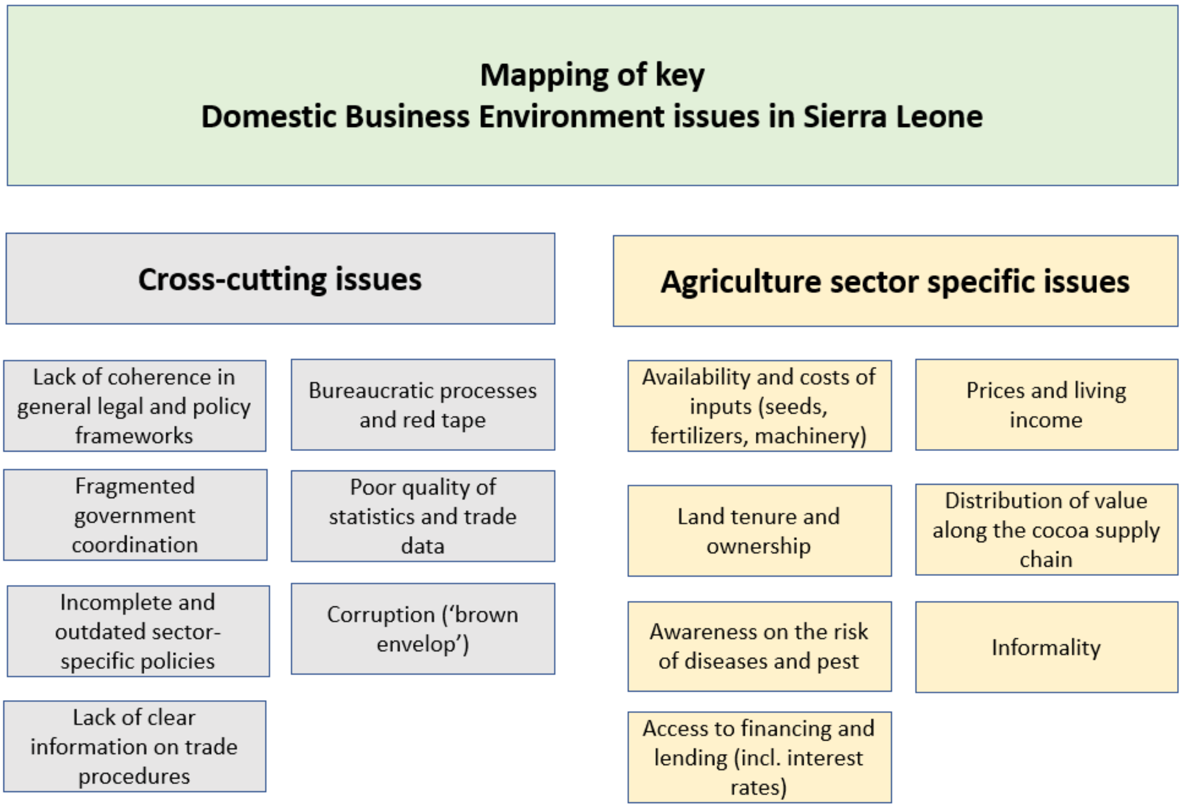
In Sierra Leone, as in other countries, the role of the private sector cannot be underestimated in supporting the Government in its tasks towards an improved business environment and trade competitiveness. Several Trade Support Institutions (TSI's), representing their wide range of members, continue to prove their added value by sharing with relevant Government institutions their insights, perspectives and suggestions towards improving the over-all competiveness of the sector.
In the context of Sierra Leone's agri-sector, several organizations are already actively pursuing advocacy and policy influencing efforts and services to represent their members' interests.
For example, as showcased in the case-study in this paper, the **Sierra Leone Chamber for Agribusiness Development (SLECAD)** maintains continuous and frequent relations with several Government institutions and entities and engages through targeted advocacy efforts.
Priority topics of dialogue and advocacy between Government and private sector in the agri-sector are wide-ranging, and relate to both **domestic and foreign issues of concern**[1].

Based on available country studies as well as dialogues and workshops held under the ITC-led components of the WACOMP Sierra Leone Program, valuable insights were gained that allow a preliminary mapping of priority issues for advocacy and dialogue.

Overall, it can be said that challenges faced in the domestic market are the primary interest of businesses, including issues related to access to finance, infrastructure for quality and environmental standards, capacity building support, access to inputs (such as seeds and fertilizers). Chapter 4 provides a mapping of the key topics identified through desk research and in-depth consultation with local instituons (see figure below).

[1] The final version of this paper took into account the inputs and discussions held during a 2-day workshop, held on 10-11 June 2020 in Freetown, Sierra Leone, titled 'Trade-related advocacy and public private dialogue: insights and perspectives for improving agri-sector competitiveness in Sierra Leone', organised for public and private sector representatives. The workshop equally marked the start of a series of advocacy and public private dialogue activities under the WACOMP Sierra Leone programme.

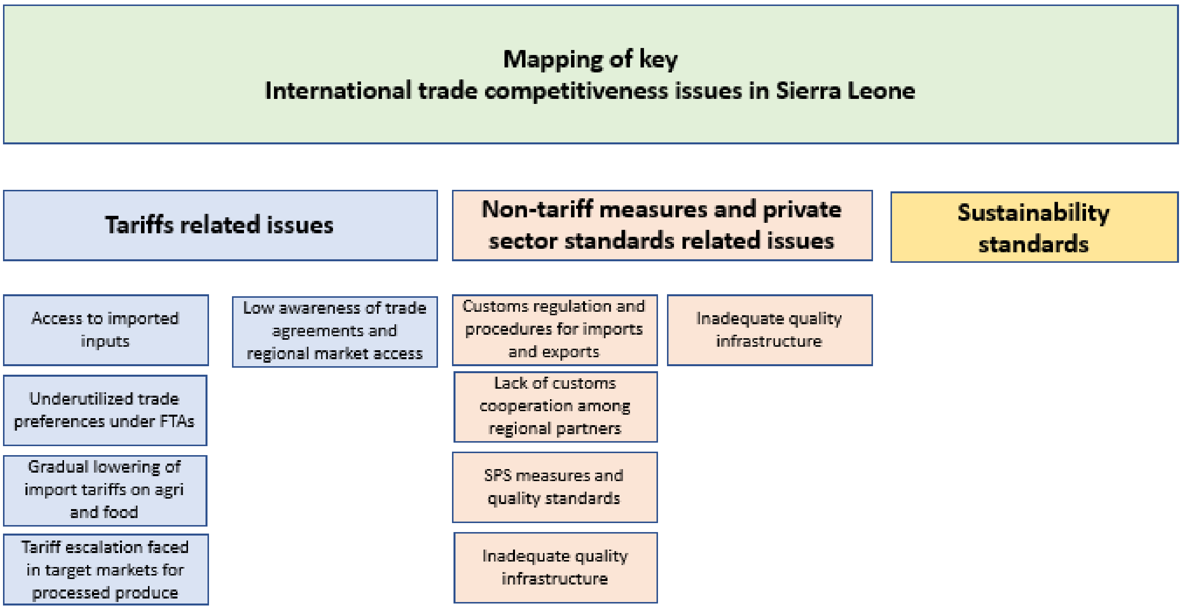
Figure 1: Main issues related to the domestic business environment in Sierra Leone



Source: Author

On the other hand, **trade related issues** linked to imports, exports and investments also frequently appear as relevant to businesses in Sierra Leone and hence form an important focus of advocacy and dialogue. Trade related advocacy efforts in Sierra Leone often deals with with customs border agencies, tariffs and origin certificates, or difficult to meet quality and packaging standards. See Figure below.

Figure 2: Main issues related to trade policy and trade agreements in Sierra Leone



Source: Author

1.2 How to consult this paper

This background papers provides:

- An overview of relevant domestic and international trade related policies that impact upon the agri-business sector supply chains
- Insights on the role of advocacy and public private dialogue in leveraging upon international trade policy commitments (through FTA's and/or WTO) as a vehicle to bringing about necessary changes in the domestic business environment.

Readers of this paper can consult the mapping of the overview of key challenges identified in the Sierra Leone agri-business sector at **section 1.1 of this chapter**. and seek for more detailed insights on these challenges in **Chapter 4 (Domestic business environment)** and **Chapter 5 (International trade competitiveness)**. However, this list is by no means complete as additional policy issues may be identified throughout the supply chain, i.e. during the storage, transport, processing and exporting processes. Complementary research and techicnal discussions with competent agencies is required to delve into the root causes and possible solutions, which may be subject of advocacy and dialogue efforts.

Chapter 2 (National policy frameworks and trade agreements) and **Chapter 3 (Agriculture value chains in Sierra Leone and the role of trade)** provide to the reader information regarding the context in which the issues identified should be analysed in Sierra Leone.

Chapter 6 (Advocacy for business environment and trade competitiveness) provides guidance on how and under which conditions advocacy in Sierra Leone can be used as a tool to address the issues enumerated in the previous chapters.

The findings of this paper may hence serve as conceptual framework to facilitate the identification of key actions needed to support private sector efforts to engage with the Government through trade-related advocacy and guide competent insituions in the area of trade and agricultural development to establish tailored public private dialogues.

2. Sierra Leone: National policy frameworks and trade agreements

2.1 Domestic policy and institutional framework

Through it's wide set of policies and sector-specific strategies, the Government of Sierra Leone is striving to support agri-sector competitiveness at home and abroad.
At home, a continued focus on planned and new reforms for a better business environment, and addressing supply side constraints continue to be a focus for the Government. The Government of Sierra Leone is also pursuing its commitment to global and regional trade through trade negotiations in the context of ECOWAS and AfCFTA. Through various trade agreements, businesses in Sierra Leone benefit from improved market access to regional and global markets for exports and imports. The Trade agreements can also help to enhance the domestic business environment, through commitments made on harmonized rules in areas such as product safety, technical barriers and customs cooperation.

In Sierra Leone, as in many other countries, the governance of the agriculture sector is characterized by several layers of overarching and sector-specific policies. Some of these demand modernization, and overall coherence remains a point of attention.
The **Medium Term National Development Plan** (MTNDP, 2019-2023[2]) serves as the main policy strategy framework for the Government of Sierra Leone, to steer the country towards improved economic growth and development impact. Economic diversification is an important policy objective under the Medium-Term National Development Plan 2019-2023, including diversifying agriculture, fisheries, and tourism.

[2] Available at http://moped.gov.sl/Development-Plan/MTNDP

To govern the overarching approach to trade, the Government has developed a **National Trade Strategy (NTS)**, which equally serves as National Implementation Strategy for implementation of the AfCFTA Agreement[3].

In addition to the overarching policies, the Government has developed **sector-specific policy approaches and legal frameworks**. For the agriculture sector, the **National Agriculture Transformation Programme 2023** (NAT 2023)[4] has been developed, which includes the objective to improve the policy environment and governance of the agriculture sector.
As part of the NAT, the need for sector-specific policies, strategies and regulatory frameworks was recognized and advocated for by different actors. As a result, a National Cocoa Policy was developed by the Ministry of Agriculture and Forestry, in order to support the increase of cocoa production envisaged under the NAT Inter alia, crop diversification is viewed as a key priority.

Within the agriculture sector, the commodity-specfic governance is currently in need of further improvement and reforms. More specifically, it has been argued that the legislative framework of the cocoa sector is in need of updating, in order to guide implementation of the National Cocoa Policy. Towards that goal, a Cocoa Value Chain Policy was developed in 2019 by the Ministry of Agriculture and Forestry (MAF), with support from the EU[5].
As highlighted during the Consultative Workshop organised by ITC as part of the WACOMP Sierra Leone project (February 2020), the country currently lacks sector-specific policies, strategies and regulatory framework. For example, the current Cap 185 which regulates the agricultural products of cocoa and coffee, is generally considered as outdated (entry into force in 1946), and difficult to interpre in today's farming reality.

2.2 Sierra Leone's trade policy

Trade has been at the heart of the vision for economic and social development in Sierra Leone. With the Agenda for Prosperity (2013), an important role is recognized to the private sector with a view to strenghten its contribution to inclusive growth.
Sierra Leone's trade policy entails a comprehensive set of complementary policies with a wide range of goals, as underlined in the WTO Trade Policy Review of Sierra Leone (2017), including inter alia; 'develop a transparent trade-regime; build the required capacity and infrastructure for increased participation in global trade; promote competition; protect consumers; and encourage inflows of aid, private investment, and migrant remittances. Furthermore, the Government supports initiatives that can contribute to eliminating trade-distorting measures, such as through WTO, and promoting trade with other African and ECOWAS countries.
The following table indicates the trade agreements and arrangements currently in place in Sierra Leone.

[3] See for AfCFTA Agreement: https://www.tralac.org/documents/resources/african-union/1964-agreement-establishing-the-afcftaconsolidated-text-signed-21-march-2018-1/file.html

[4] Available at https://www.consulatesierraleonerome.com/wp-content/uploads/2021/02/SL-Agric-transformation-Programme.pdf

[5] Avaliable at https://bafs.org.sl/wp-content/uploads/2021/02/SL-Cocoa-Value-Chain-Policy-2019-.pdf

Table 1 Trade agreements in which Sierra Leone is involved[6]

Trade agreement	Information: membership, benefits, issues
World Trade Organization (WTO)	In total 160 countries are member of the WTO, which came into being in 1995, and covers essentially 'all trade'. Due to the fact that progress towards new trade opening under the Doha Development Round (launched in 2001) has stalled, the coverage of the WTO Agreements require updating to reflect the changed global trading patters (including new trade barriers, digital trade etc). See Annex 1.
African Continental Free Trade Area (AfCFTA)	In total 55 Member States of the African Union (AU), amongst which Sierra Leone. Covers trade in goods (and some services). As per January 2021, the AfCFTA is applied, as the AU Assembly decided in December 2020 to "start trading under the African Continental Free Trade Area". Limited awareness complicates currently effective use and usage. As per July 2021 information on the AfCFTA composed by TRALAC7: 36 countries have deposited their instruments of ratification of the AfCFTA; 41 countries have submitted their schedules of tariff concessions. The agreed modalities for tariff negotiations include: tariffs on 90% of tariff lines are to be eliminated (non-sensitive goods). Non-Least Developed Countries liberalise tariffs of non-sensitive goods over 5 years and Least Developed Countries (LDCs) over 10 years. 7% of tariff lines can be sensitive goods. Non-Least Developed Countries liberalise tariffs of sensitive goods over 10 years and LDCs over 13 years. 3% of tariff lines can be excluded from liberalisation. The value of these imports may not exceed 10% of total intra-Africa imports
ECOWAS (the Economic Community of West African States):	Together with 16 other member countries, Sierra Leone is part of ECOWAS. The cooperation between ECOWAS countries currently includes a Trade Liberalization Scheme (ETLS) and common external tariffs (CET), which allow non-ECOWAS imports to enter in five different ranges of tariffs (0, 5, 10, 20, and 35%). The ETLS is a trade instrument aimed at encouraging duty free trade among ECOWAS Member States that was first implemented in 1979 and later expanded to alarger number of products.The CET was launched in January 2015, after 10 years of negotiations. The 35% band is additional to the first four, which are in line with UEMOA CET, and is a result of negotiations with Nigeria (inter alia) regarding sensitive products (mainly agriculture products, except for rice which is within the 10% band).
Sierra Leone - EU Everything But Arms (EBA)	Sierra Leone currently benefits from the Everything but arms (EBA), granted unilaterally by the EU to LDC's. This means that duty-free quota-free imports into the EU is provided for all Sierra Leonean products (except arms and ammunition. The rules of origin from the general EU GSP system apply8. As part of the EBA Agreement, beneficiary countries need to be in compliance with the principles of 15 UN/ILO conventions on core human and labour rights.
Sierra Leone – US AGOA	Sierra Leone enjoys duty-free treatment to import into the US, covering 6400 products. The advantages are granted to Sub-Saharan countries, currently guaranteed until 2025 but subject to renewal thereafter.
ECOWAS – EU EPA	As part of the ECOWAS – EU EPA (Economic Partnership Agreement), the scope and ambitions are clearly framed. For example, the scope of the ECOWAS – EU EPA covers goods and development cooperation, whereas the depth of commitments by both groups of trading partners. The ambition to negotiate further and expand the scope also was expressed, in areas of sustainable development, services, investment and other trade-related issues in the future.[9] For the tariff liberalization agreed under the ECOWAS – EU EPA, the ECOWAS tariff groups were maintained.[10]

[6] Statistics Sierra Leone, 2015 Population and Housing Census

[7] TRALAC AfCFTA comparative analysis of tariff offers (March 2021). See: https://www.tralac.org/documents/resources/infographics/4276-afcfta-comparative-tariff-offer-analysis-march-2021/file.html

For Sierra Leone, with an ambitious trade (policy) agenda for economic growth and development, the elements of trade policy awareness and capacity, coordination and dialogue are of paramount importance. Without these elements, there is limited chance that business can leverage on existing trade openness, trade irritants can be solved (at home or abroad), and beneficial outcomes of those trade negotiations underway can be guaranteed.
Furthermore, for trade agreements to be used as vehicles for domestic reforms, intense and frequent exchanges of perspectives with the private sector are needed to customize and adjust the reforms and changes.

2.3 Regional and Free Trade Agreements: low usage by Sierra Leone businesses

Trade agreements are able to offer improved regional market access (i.e. ETLS and AfCFTA), but business from Sierra Leone do not sufficiently take advantage of those benefits. Whereas supply-side constraints may appear an important reason, remaining trade barriers may equally be a reason of low actual use of FTA's and regional RTA's by the agri-sector businesses in Sierra Leone.

A first example is the ECOWAS Trade Liberalisation Scheme (ETLS) and the regional trade opportunities offered to agri-businesses in Sierra Leone. However, according to research undertaken, the improved market access conditions to neighbouring countries and partners in the ECOWAS region are unfortunately not much utilised. Imports and exports through intra-african regional trade continues to be extremely low, representing 8-11% of total ECOWAS trade. Whereas Nigeria accounts for around 74% of all registered ECOWAS exports, it also accounts for over 52% of imports. Ghana and Ivory Coast are second to Nigeria in benefiting from the ETLS.
One aspect to take into account though, is that the poor quality of trade data may mean that informal trade is not captured. There are estimates that informal trade represents 75% of intra-regional trade in West-Africa, and that between 66-80% of intraregional staple food trade is not accounted for in official trade data[11].
The ambitions of Governments across Africa are high, towards realizing further regional integration, through harmonizing of standards, the further opening of goods and services markets, and allowing flow of goods, capital and people.

A second example is the low usage of the Sierra Leone benefits under the US AGOA arrangement, which allows duty and quota free access to the US market for over 6400 products. As mentioned in the recent strategy prepared to improve the benefits from the AGOA:

'The Sierra Leone National African Growth and Opportunity Act (AGOA) Response Strategy aims to guide government interventions and programmes to ensure that the country is able to make use of the opportunities from the AGOA preferential treatment. Although Sierra Leone has comparative advantage in the production of some of these goods, even with the promulgation of the Act since 2000 Sierra Leone's trade with the US continues to be very low relative to Sierra Leone's trade with China and some EU countries.'[12]

Despite the comparative advantages in the Sierra Leone agri-business sector, the low usage of FTA's and regional trade agreements by Sierra Leone's businesses remains a fact.
Several underlying causes appear at play; from lack of information and awareness amongst all actors (business, customs and government), structural weaknesses in trade documentation and processes, and supply side constraints. Assessing the implications and opportunities offered through new and/or upcoming

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[8] More information on the EU EBA scheme: https://trade.ec.europa.eu/access-to-markets/en/content/everything-arms-eba

[9] See: https://ec.europa.eu/trade/policy/countries-and-regions/regions/west-africa/

[10] NB. With regards to the goods market access agreed under the new ECOWAS – EU EPA, the differences in development result in different benefits from the ECOWAS – EU EPA. Whereas Nigeria and Ghana currently enjoy DFQF under the interim EPA, they are listed as 'middle income countries'. Nigeria currently benefits from the General Scheme of Preferences (GSP) of the European Union, which is granted unilaterally by the EU to developing countries. Sierra Leone currently benefits from the Everything but arms (EBA), granted unilaterally by the EU to LDC's.

[11] TRALAC, 'Trade and trade barriers in West Africa' (2016), https://www.tralac.org/images/docs/10274/overview-of-trade-and-barriers-to-trade-in-west-africa-insights-in-political-economy-dynamics-agricultural-trade-ecdpm-july-2016.pdf

[12] Sierra Leone AGOA Response Strategy Paper, 2019-2025. Available at https://agoa.info/images/documents/15571/sierra-leone-agoa-response-strategy-paper-final.pdf

trade negotiations (incl AfCFTA), both positive and negative, is crucial for Sierra Leone agri-sector competitiveness, at home, and on regional and global markets.

For Sierra Leone's business sector, it is important to take up an active role throughout the implementation phase of trade agreements, through reporting of trade irritants and NTB's. At the same time, it remains crucial to strategize, research and engage in the on-going and upcoming trade policy negotiations (such as ECOWAS and AfCFTA), and position to communicate offensive and defensive interests as part of the Government's negotiating stance.

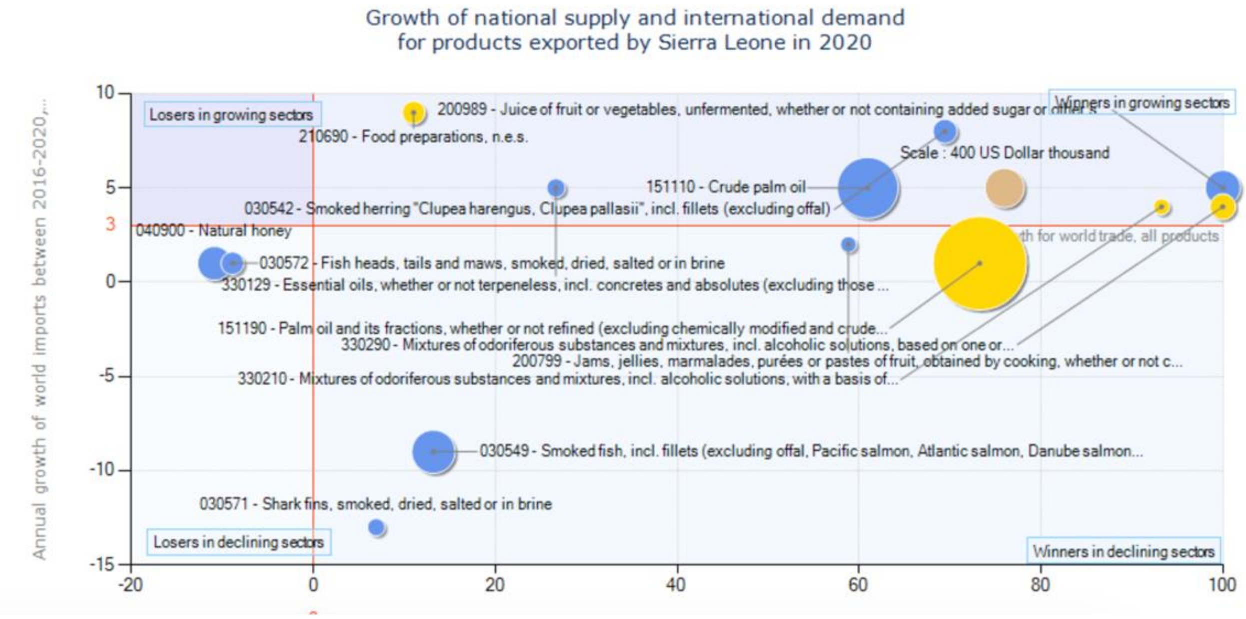
3. Agriculture value chains in Sierra Leone and the role of trade: key processes and actors

3.1 Trade performance and opportunities vs supply-side constraints

The agri-business sector holds a crucial role in Sierra Leone's economic development. Employing over 60 percent of the labor force, agriculture (including forestry and fisheries) is the mainstay of the Sierra Leonean economy and remains a source of rural employment.
Trade data show the important role of agri-business sector in Sierra Leone, with a product portfolio that shows'world demand' as well as opportunities for import substitution and exports. For example, the case of Sierra Leone as palmoil producing country shows the opportunities for increased domestic, regional and international sales, whilst at the same time high imported palmoil point towards a domesic shortage and need for import substitution (see **Figure 3**).

In 2015, the agriculture sector represented over 61% of GDP in Sierra Leone. However, with a strong proportion of food imported (34.5% in 2015), a negative trade balance is reality[13]. Sierra Leone's long-time trade deficit on goods and services, and strong fluctuations in inward FDI[14] shows that participation in global trade is no automatic gain. As mentioned in the WTO Trade policy review of Sierra Leone, building the required capacity to reap the related trade benefits, and better utilize existing trade preferences is an aspect requiring further attention.

Figure 3: Growth of national supply and international demand for products exported by Sierra Leone in 2020



Source: ITC Trade Map (accessed 08 June 2021)

On the supply-side, the weaknesses and constraints faced by the agri-business sector are well-documented. An important weakness remains low productivity, which constitutes a key challenge to the development of rice, cassava, cocoa and palm oil value chains, as confirmed in the World Bank's Diagnostic Trade Integration Study (WB DTIS, 2013[15]). Other weaknesses relate to factors as lack of improved inputs, labor

[13] AfDB, African Economic Outlook: Sierra Leone, p.9 (2017)

[14] Sierra Leone is a net importer of goods (especially due to imports of machinery and transport equipment related to mining and investments, as well as food products), and a net importer of services.

[15] World Bank, DTIS: Sierra Leone (2013). See: https://www.oecd.org/aidfortrade/countryprofiles/dtis/Sierra%20Leone-DTIS-2013.pdf

shortages, and post-harvest losses, as well as declining soil fertility (often as result of land degradation and deforestation)[16].
More specifically, the challenges encountered in the cocoa value chain are mentioned in the National Cocoa Value Chain Policy (2019): '*Current challenges identified include lack of access to improved planting materials, employment of traditional tools and technology, ageing plantations, insecure land tenure systems, lack of access to institutional credit, fragmented markets, unavailability of planning data and information. In addition, major challenges mentioned are the effects of climate change, which will call for more resilient farming practices*.'[17]

These supply-side constraints make it challenging for business in Sierra Leone to produce, and competitively sell their produce on national, regional and international markets.

On the other hand, opportunities to respond to growing domestic and regional demand also exist, as well as to gain competitive advantages through horizontal collaboration and improved efficiency. For example, cassava processed into gari is deemed as competitive, and (as mentioned in the WB DTIS study) Sierra Leone could potentially respond to strong regional demand if it prioritizes strategic sectoral investments. Improved horizontal collaboration and consolidation is increasingly worked towards, and supports access to credit, seed purchasing, equipment sharing etc.

Box: Sierra Leone palm oil imports and exports

Whereas palmoil is an important Sierra Leone's agriculture output, large amounts of palm oil are equally imported from abroad (Indonesia and Malaysia). The rationale for high imports of palm oil are yet to be clarified, but one reason *may* be that domestic and/or foreign companies in Sierra Leone are lacking production inputs due to domestic shortages.
Import substitution of palmoil should be a key priority for Sierra Leone, at the same time studies prepared under prepared under the EU-funded WACOMP Sierra Leone programme that export opportunities for crude and refined palm oil are existing in regional and international markets, also in relation to the Sierra Leone diaspora in countries such as the UK and the US [18].

3.2 Key actors and stages of the value chain from a trade perspective

Whereas some challenges faced by agri-businesses relate to governance or general policy-frameworks, often the challengs are uniquely related to their position in the supply chain and/or specific product category. In order to prioritize which matters are relevant for advocacy, policy influencing and dialogue, a better understanding of the different stages and actors in global agriculture supply chains is useful.
From the perspective of businesses active in Sierra Leone's agri-sector, a key part of business activities along the supply chain takes place within the country. Most notably, the actual production of the cassava, cocoa or cashew in farming communities, but equally the bulking, quality control, storage, assembly, and (sometimes) the processing stage.
At the same time, international trade through imports, exports and (foreign) investments is equally crucial to the competitiveness of the sector. This is where customs procedures at the border become relevant, as well as applicable tariffs for imports into Sierra Leone (charged by the Government of Sierra Leone), or for exports outside the country (applied by parter countries' governments). The below example of a (simplified) cocoa supply chain shows the relevance of international trade at various points in the supply chain:

[16] AfDB, African Economic Outlook: Sierra Leone, p.9 (2017)

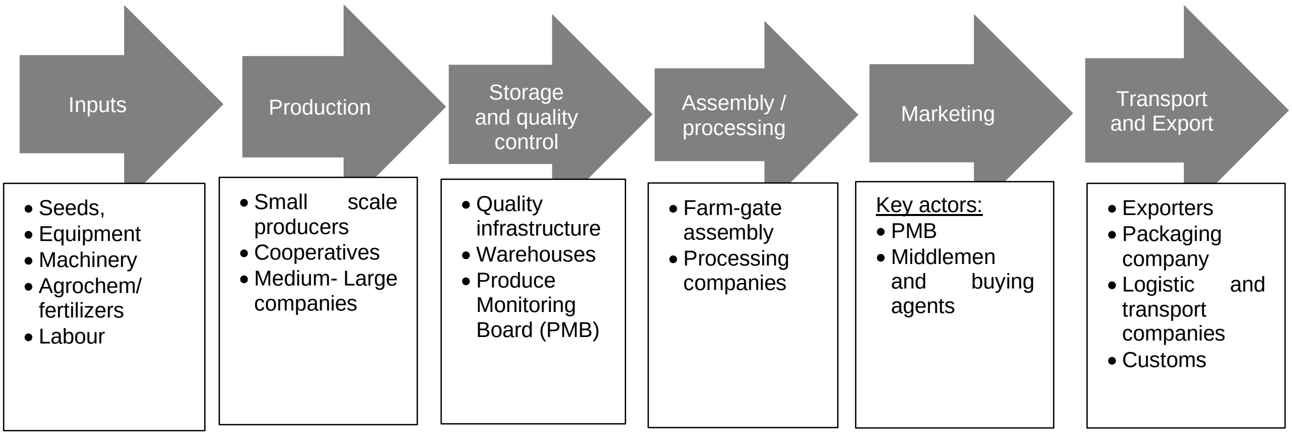
[17] Available at https://bafs.org.sl/wp-content/uploads/2021/02/SL-Cocoa-Value-Chain-Policy-2019-.pdf

[18] ITC, 'Market opportunities and entry strategies for palm oil products in the UK', (August 2020) see: https://www.intracen.org/uploadedFiles/intracenorg/Content/Redesign/Projects/WACOMP/Market%20opportunities%20for%20Sierra%20Leone%20palm%20oil%20exports%20to%20UK%20(08.2020).pdf. A report on the US and seneagelies market for palm oil are being finalized by ITC under the WACOMP Sierra Leone programme https://www.intracen.org/WACOMP-Documents/

- Prior to production stage, **imports** of fertilizers and seeds, as well as equipment and machinery is needed to secure the crucial inputs as a pre-condition to good quality and sufficient quantities of produced commodities.
- After assembly and/or processing, **exports** of raw or semi-processed commodities in bulk or in packaged situation is facilitated by traders, as well as transport and logistic service providers.
- During the in-country processes of production, assembly and processing, **foreign direct investment (FDI)** may be attracted to scale up quantity or quality of the production, improve storage facilities etc.

Looking at the supply chain of some of Sierra Leone's frequently traded agriculture products, it becomes clear that a complex range of trade-related policy-issues are at play, and these are connected and interlinked.

Figure 4: Cocoa supply chain mapping in Sierra Leone



Source: Adapted by author based on WorldBank

A second mooth point of value chains like the cocoa one in Sierra Leane is related to wide variety of businesses and organisations that are active in the cocoa supply chain in Sierra Leone ranging from the actual farmers and cooperatives, to the Produce marketing Board (PMB) quality laboratories, haulers, sector associations, transporters, processors, exporters, traders, storage providers and many more. For each activity in the agriculture supply chain, different policies and legal frameworks are relevant, governed by a broad range of institutional and Government actors. This further complicates the challenging taks of increasing competitiveness in the value chain.

3.3 Product processing and trade implications

Finally, the outputs of the different processing stages result in different product categories.
For example, throughout the cocoa value chain, the opportunity of value addition is offered through processing of cocoa beans into semi-finished or finished chocolate products. The following four types of product categories for cocoa exist:

1. Cocoa beans (raw, or minimally processed)
2. Semi-finished cocoa products (cocoa paste/liquor, cocoa butter, cocoa powder)
3. Couverture, or industrial chocolate
4. Finished chocolate confectionary products

Each product category that could be processed in a single sector provides different market opportunity and is subject to different tariff and non-tariff treatment in the partner countries. Products that present a higher value added are also largest revenue earners.
Unfortunately, in Sierra Leone relatively limited value addition is undertaken through processing, as there are no modern commercial cocoa processing facilities in the country. According to the WB DTIS study (2013),

the key value addition is undertaken at the farm-gate and includes: harvesting, shelling, fermentation and drying. At the assembly and exporters levels, the main functions include packaging and logistics, cleaning and sorting as well as repackaging before the final shipment.

Looking at the supply chain from a policy perspective, the production, processing, trading and exporting of cocoa beans or semi-finished cocoa encounters different types of policy challenges, as highlighted in the next chapter.

4. Domestic business environment in Sierra Leone: identifying priority issues for advocacy and policy dialogue

This chapter highlights key challenges faced by Sierra Leone agri-businesses in the domestic business environment; general cross-cutting issues, and specific issues relevant in the agri-business sector.

The need for a policy coherence is a recurring theme in Sierra Leone. As highlighted during the Consultative Workshop (February 2020): 'the importance of a holistic policy consideration was emphasized by participants, in addition to sector specific policies. For example, putting in place an agricultural policy for cultivation, an integrated pest management policy to manage pests, policies to manage agro-chemicals such as the fertilizes and pesticides as well as policies related to logistics such as packaging and transport'[19].

Findings are based on desk research, as well as inputs from ITC's conducted in the framework of the WACOMP Sierra Leone activities held from July 2019 to July 2021.[20]

Please note: This is a preliminary mapping of issues and challenges, which may serve as a basis for further discussion and deepening of understanding on underlying root causes and possible solutions.

4.1 Cross-cutting issues

Whereas the Government has identified trade promotion as one of the key priorities within its policy framework, there remain substantial weaknesses that stand in the way of fully taking advantage of those opportunities offerd by trade agreements and improved market access.

Whilst domestic and international opportunities existing, supply-side constraints continue to challenge agri-sector businesses to produce and trade at regional and global markets. These supply side constraints are to a large extent general business environment related, and in some cases specific to the agri-business sector and/or products. For agri-businesses in Sierra Leone, improving the (general) domestic business environment is key to leveraging on trade opportunities abroad.

The World Economic Forum Global Competitiveness index 2017-2018 lists Sierra Leone in the bottom ten on place 130 out of 137 countries. The most problematic factors for doing business listed include: access to finance, corruption, foreign currency regulations, inadequate supply of infrastructure and inflation[21].

The following key cross-cutting issues in relation to trade competitiveness have beend identified:

4.1.1 Lack of coherence in general legal and policy frameworks

Unclear, unstable and sometimes even contradictory laws and processes that end up raising the transactions costs of doing business,

4.1.2 Fragmented government coordination

Multitude of agencies involved in the export process including quality and standard certification leading to complex and lengthy processes,

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[19] ITC, WACOMP Programme, 'Report on the consultative workshop on policy and regulatory framework for cocoa, cassava and oil palm' (held 20 February 2020), p. 8

[20] During this period, ITC conducted: 1) a Public Private Dialogue workshop on the 20.02.2020 involving more than 30 participants and focusing on the policy and regulatory framework for cocoa, cassava and oil palm in Sierra Leone; 2) an introductory workshop on advocacy and public private dialogue skills on the 10-11.06.2021; 3) Bilateral consultations with the MTI, PMB, SLeCAD, SMEDA and SLIEPA key policy topics to be addressed.

[21] Source: WEF Global Competiteveness Index, 2020, see: http://www3.weforum.org/docs/GCR2017-2018/03CountryProfiles/Standalone2-pagerprofiles/WEF_GCI_2017_2018_Profile_Sierra_Leone.pdf

4.1.3 *Incomplete and outdated sector-specific policies*

Outdated and modernized sector-specific policies, strategies and regulatory frameworks, which do no longer correspond to contemporary reality of global market prices, trading and market dynamics.

4.1.4 *Missing and unclear information on business and trade-related processes and procedures*

Lack of clear information on export processes and procedures provided by Government of Sierra Leone to businesses (including compliance with rules, levies and concessions).

4.1.5 *Bureaucratic processes and red tape*

Inefficiencies in the export processes resulting from avoidable bureaucratic processes - such as requirements for annual export licenses and a letter of authorisation for every export package,

4.1.6 *Poor quality of statistics and trade data on production, exports and imports*

This makes planning for both the public and private sectors difficult. For the latter, it decreases attraction of potential investments.

4.1.7 *Corruption ('brown envelop')*

Whilst the reality of corruption continues as regular practice, businesses feel there is little chance of improvement through advocacy efforts unless the Government prioritizes the matter with penalties and fines.

4.2 *Agriculture sector specific issues*

At production level, smallholder farmers are the key actors and responsible for the activities that support the entire supply chain through year-round production of cocoa. Smallholdings dominate, often with a few hectares (one to three at average), and increasingly organised within cooperatives.
On the supply side, **capacity- and infrastructure-related challenges** often dominate, such as lack of skills in relation to quality management, or limited facilities for processing. Such capacity- and infrastructure challenges demand for additional budgets and investments towards improvement.
At the same time, there are **policy-related challenges and barriers**, both at domestic and international levels. In some cases, advocacy and dialogue may help to solve these matters, through better implementation and/or reforms, whilst in other cases improved understanding is needed to deal with the policy reality.

Below is a list of relevant domestic and/or international policy challenges relevant for agri-sector businesses in Sierra Leone.

4.2.1 *Availability and costs of inputs (fertilizers, pest and disease control)*

Productivity-level inputs and service costs for fertilizers, pest and disease control and quality management, as well as transport also determine prices and farmers incomes.

4.2.2 *Access to finance and lending (incl. interest rates)*

Farmers cannot access the credit they need, due to the fact that local banks hold stringent requirements for loans needed to grow production. In addition, the lending interest rates are (too) high for farmers.

4.2.3 *Land tenure and ownership*

In many countries in Africa, legal land ownership of farmers is complex and unclear, leading to low investments. In Sierra Leone, tenure insecurity equally is a major barrier to obtaining credits to invest in farms, especially for women and youth. The Sierra Leone National Cocoa Value Chain Policy[22] equally mentions 'insecure land tenure systems' and 'limited access of land for women and youth' as key challenges to the cocoa value chain in Sierra Leone.

4.2.4 Awareness on the risk of diseases and pest

In order to prevent the risk of diseases and pest (such as cocoa mirids and block pod diseases in cocoa), certain capacity at farmer-level is needed on the cultural and chemical methods of pests and disesases control.

4.2.5 Prices and living income

Farmers often do not receive a fair price for the cocoa they produce. There is a need to redistribute value along the supply chain so that farmers are guaranteed a living income. Nowadays, the average cocoa farmer's income is significantly below the World Bank's extreme poverty line of USD 1. 90/day. Such low income makes it impossible for farmers to invest in their farms, or to hire staff to work the fields. Low yields and high risks at production-level equally brings down the over-all profits from farming.

4.2.6 Distribution of value along the cocoa supply chain (incl Government-role in the procurement of seeds and fertilizers, machinery)

The distribution of value along the cocoa supply chain is complex, and entails many stakeholders that 'take a slice of the pie'. Here, a combination of roles of Governments and private sector players influence prices in the cocoa sector.
At the same time, a dominant role by the Government in procurement of machinery and selection of suppliers, means often a suboptimal outcome with business ending up with little choice (and often uncompetitive prices to pay for inputs).

4.2.7 Informality

Smuggling of cocoa beans remains a reality, and impacts upon the recorded volume of cocoa produced and exported, and hence national revenues. The reasons for smuggling also relate to the Governance of the sector, resulting in price differentials, as well as uncoordinated selling of cocoa produce to often unregistered and (informal traders. Smuggling of cocoa beans takes place especially to neighbouring Liberia and Guinea.

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[22] Sierra Leone National Cocoa Value Chain Policy (2019), https://bafs.org.sl/wp-content/uploads/2021/02/SL-Cocoa-Value-Chain-Policy-2019-.pdf

5. International trade competitiveness: identifying priority issues for advocacy and policy dialogue

Businesses in the agri-sector hold strong interests in a conducive business environment at home, and equally need the certainty that they can benefit from open, predictable and non-discriminatory access to regional and global markets for imports, exports and investments.

This chapter provides a view on some policy challenges relevant, especially at production-level.

Findings are based on desk research, as well as inputs from ITC's conducted in the framework of the WACOMP Sierra Leone activities held from July 2019 to July 2021.[23]

Please note: This is a preliminary mapping of issues and challenges, which may serve as a basis for further discussion and deepening of understanding on underlying root causes and possible solutions.

5.1 Understanding the importance of trade policy and trade agreements for agri-sector businesses

For long, the business interests in trade policy were to be narrowly understood as bringing down costs through negotiating lower customs duties. That was no coincidence: the first trade agreements, such as negotiated under the World Trade Organization, were exclusively focused on bringing down customs duties. But these times are well behind us. Nowadays, there is a broad understanding that business interests in trade policy go far beyond the narrow focus on liberalization of goods tariffs to facilitate exports, but equally include access to inputs for production, and facilitate a regulatory environment for business at home.
This means that, beyond the direct interests in liberalization of goods tariffs, resulting in lower costs for imports and exports (and sometimes increased competition on domestic markets), the business interests equally encompass improved access to financial services, logistics, investment attraction.
Business interests in trade policy that accur along the agri-sector value chain could be tentatively divided into the following categories:

- First, interests in goods market access in the form of customs duties (**tariffs)** related to the imports and exports of goods from and into target markets
- Second, interests in trade-related restrictions different form tariffs that may occur **'at the border and/or also behind the border'**, often called **non-tariff measures**. For example, customs procedures, (domestic capacities to meet) technical and quality standards, intellectual property legislation, data-related location requirements. or reducing red tap through aligning formalities for customs and border procedures.
- Third, interests into **sustainability standards** set by trade agreements or private sector requirements (i.e. buyers' requirements). Increasingly the sustainability-related aspects of trade agreements will provide impact, through labor and environment conditions imposed. In recent years, trade agreements increasingly prove to serve as a way to step up the commitment of the Government in committing to and living up to international standards in the field of environmental, social and governance (ESG-related sustainability issues)
- Fourth, interests concerning (infrastructure) services and investment related **measures restricting and/or allowing foreign direct investments and the movement of professionals across the borders,** particularly relevant for what concers trade in services but which can have also an impact on the agri-sector.

[23] During this period, ITC conducted: 1) a Public Private Dialogue workshop on the 20.02.2020 involving more than 30 participants and focusing on the policy and regulatory framework for cocoa, cassava and oil palm in Sierra Leone; 2) an introductory workshop on advocacy and public private dialogue skills on the 10-11.06.2021; 3) Bilateral consultations with the MTI, PMB, SLeCAD, SMEDA and SLIEPA key policy topics to be addressed.

When issues occur along the supply chain, it is important to recognize which particular set of policies and/or legal matters is relevant, and how it impacts upon the different actors across the supply chain. Challenges may relate to domestic policy-levels, or occur in international markets which are the source of inputs (fertilizers, seeds), or the destination of exports (for processing or consumption).

5.2 Tariff related issues

The following trade related issues continue to challenge Sierra Leone's businesses in trading abroad, through import, export and investment in the agriculture sector.

5.2.1 Access to imported inputs (customs duties)

The dependency of seeds and fertiliziers, as well as machinery and equipment for the production process, means that businesses are charged with the time and budget to obtain access to those materials. In terms of budget, the import tariffs charged by the Government of Sierra Leone (under the ECOWAS CET) may be between 0-20 %.

5.2.2 Underutilised trade preferences under FTAs (ECOWAS, AfCFTA, EU EBA, US AGOA)

Currently, the utilization of FTA's lowered and duty-free market access in regional and international markets is poorly used by Sierra Leone businesses. Examples are proved on limited use of ECOWAS duty-free intra-regional trade, as well as US AGOA (see chapter 2.3 on Regional and Free Trade Agreements).

5.2.3 Gradual lowering of import tariffs on agri and food

Whereas food imports remain crucial to consumers (preferring low import tariffs on agri and food), the local agriculture sector remains in favour of higher tariffs across agriculture to protect from competition.

Under the EU-ECOWAS EPA, products coming from the EU into the ECOWAS region (including Sierra Leone) will be liberalised over a period of 20 years, with a significant portion of tariff lines (25%) which will not be liberalised at all and remain subject to normal duty. Agriculture products are captured as 'sensitive products' (group D). Those products are currently at 0, 10, 20 or 35 % under CET - mostly at 20 or 35%, and those products will not be liberalised under the EPA, and will therefore still be subject to tariffs under the ECOWAS CET (no standstill clause so CET tariff may also increase).

5.2.4 Tariff escalation faced in target markets for processed produce

In target markets, the import of cocoa faces customs duties at different tariff rates, depending on the processing level of the cocoa beans. This principle is called 'tariff escalation', where the tariff increases with the degree of processing.
For exports to the EU, Sierra Leone continues to enjoy Duty-Free Quota-Free market access as part of the Everything But Arms (EBA) initiative. However, in the event the EU would reform the EBA, or Sierra Leone would no longer quality, products from Sierra Leone to the EU would enter under the EU – ECOWAS EPA.
For exports to the EU, the EU applies significant tariffs on the imports of coffee, tea, cocoa and other commodities, even though the EU does not produce commodities. For example; the import duty on raw cocoa beans is 0%, on cocoa paste 9.6%, on cocoa butter 7.7%, on cocoa powder not containing sugar or other sweeteners 8.0%.

5.2.5 Low awareness of trade agreements and regional market access

On the other hand, customs sometimes do not seem informed about duty-free imports, such as between Sierra Leone and its neighbouring countries, in the context of ECOWAS. Issues are frequently reported in relation to the ECOWAS Trade Liberalisation Scheme (ETLS), which allows for free circulation of a wide range of products within the region, and the Common External Tariff (CET), which allows for reduced import tariffs from outside the region. For example, traders frequently report that the agreed CET is not being applied when goods are already present at the border for imports into an ECOWAS member country, which results in delays and possibly higher import rates to be paid. Limited awareness on the pan-African AfCFTA agreement is currently standing in the way of constructive engagement of the private sector. Amongst Government officials, low recognition about the implemented trading schemes will equally lead to sub-optimal trading conditions and frustrations.

5.3 Non-tariff measures and private sector standards related issues

5.3.1 Customs regulation and procedures for imports and exports

Supply-side shortages may occur for those imported products (ie seeds and machinery), when goods are held up at the border by customs as result of delays or inconsistencies.
Trade facilitation is key to imports and exports across the agriculture supply chain. Customs procedures are normally handled by traders and logistic providers, but may cause delays and/or fines at domestic or international markets if the procedures are not as smooth as expected.

5.3.2 Lack of customs cooperation among regional partners

In the regional context, it is often reported that customs border cooperation are sub-optimal. Lengthy customs inspections may lead to severe delays and/or fines. Political tensions may still be at play at certain border crossing points. For example, customs border cooperation at the borders with Guinee and Nigeria is up for improvement.

5.3.3 Sanitary and Phytosanitary measures and quality standards

With a view to exporting to foreign markets, such as the EU and/or the US, the spraying and pesticide usage needs to be in line with those market standards, set as result of Government standards (WTO SPS, EU, US), as well as buyer-specific requirements. For example, in the EU the import of cocoa beans has to comply with the EU regulation on contaminants in foodstuffs, as well as rules in the area of food safety, such as controlling food safety hazards involves defining critical control points (HACCP), or maximum residue levels (MRLs) regarding the amount of pesticides allowed in food products, including cocoa.

5.3.4 Inadequate quality infrastructure

During the trade related training held in July 2021[24], participants indicated that the Sierra Leone Standards Bureau was lacking capacity to carrying out relevant tests necessary for quality control. This is largely due to inadequate testing kits (including reagents), skilled staff and equipment. Hence, to overcome international quality-related requirements, the national infrastructure and capacity (including testing laboratories and certification mechanisms) needs to be in place to ensure that domestic production meets international buyers' expectations.

5.3.5 Technical barriers to trade (incl. technical standards, packaging and labelling)

Inadequate capacity and difficulty to meet (EU or US or other market) requirements on standards other than quality (including sustainability standards, packaging standards, labelling, etc.).

5.4 Sustainability; issues at home and abroad

[24] ITC WACOMP Programme, trade related training (July 2021)

For Sierra Leone, environment, social and governance related sustainability matters increasingly gains importance from business and Government in the context of agriculture sector.

For example, Sierra Leone is one of the most vulnerable countries to the impact of **climate change** in West Africa. As farmers report changing rain patterns and floodings, climate proofed agriculture production requires investments to finance the adaptations[25]. As biodiversity is under pressure, crop and seeds varieties require additional attention and protection.

In target markets, on the other hand, increasing ESG focus of buyers from Sierra Leone means that raw materials and/or processed goods need to adhere to new types of standards (for instance in the EU and US). The challengs to meet buyer requirements are equally growing, and demanding supply chain insights and data that farmers are not used to monitor and/or collect.

For example, new legislation and buyer standards regarding child labour in cocoa (and other sectors) means that Sierra Leone agriculture businesses need to step up their own codes of conduct and monitor farm practices to ensure compliance.

There is limited knowledge and awareness in-country to prepare business in the agri-sector on matters related to environmental, social and governance matters leading to non-compliance risks.

[25] See: https://www.adaptation-fund.org/project/promoting-climate-resilience-coco-rice-sector-sierra-leone/

6. Advocacy for business environment and trade competiteveness: insights and awareness

What are key topics for advocacy to be pursued by businesses associations and trade support organizations, especially to contribute to an improved business environment and trade competiteveness on international markets?
In which thematic areas, from access to finance to laboratory and quality standards, are domestic reforms most needed to improve the competitiveness of agri-sector businesses on regional and international markets?
Mapping out the key private sector interests in domestic business environment and (international) trade policy seems a logical first step in order to *advocate* for offensive or defensive negotiating positions to be pursued by the Government in developing and implementing policies, and/or pursuing country-level interests in on-going (FTA) negotiations.

6.1 Getting the basics right: gathering data and insights as a basis for advocacy strategy

An important exercise is to identify and prioritize which issues pose risks or opportunities, in light of the changing and dynamic policy context, at home and abroad and of the national or foreign fuding available to address those issues. Within a given policy context, cooperatives, business associations and trade support institutions (TSI) are faced with a wide variety of changing issues. Some are pressing and require immediate attention. Others can be longer-term issues. A third category are those issues that are politically unfeasible or impossible to influence.
As a result, cooperatives, business associations and TSIs need to formulate an **advocacy strategy** that incorporates both the short and longer-term focus, following a mapping exercise and discussions with the member-base.
The selection of priority topics equally needs to follow logically from the objectives of the organisation, for example by developing a '**Theory of Change'** that highlights the direct impacts sought as result of the advocacy efforts addressing key problems faced by the membership. Through a strategic exercise such as Theory of Change formulation, it is possible to narrow down the focus on those issues where policy change can be achieved (feasibility) within a reasonable time frame. It also contributes to monitoring progress and effectiveness of the advocacy actions.

Furthermore, one precondition to effective advocacy and dialogue is often overlooked: insights, awareness and understanding on the side of the business sector with regards to the areas that require policy change or reforms.
The **role of research** is crucial to secure the data and evidence that form the basis for any advocacy effort that aims to improve the business environment and/or targets better agri-sector trade competiteveness. It also very important to ensure the involvement of **qualified staff and human resources** that bring experience in relevant policy areas, and offer the right skills and competiencies to develop and implement advocacy efforts and engage in dialogue with internal and external stakeholdres.
For each specific product-category, the specific interests in priority topics (from tariff liberalization to quality standards) are to be assessed with a view to their implications for the sector and the broader community at large.
In the context of Sierra Leone's agri-sector, several organizations are already actively pursuing advocacy and policy influencing efforts and services to represent their members' interests.
For example, as showcased in the case-study in this chapter, the Sierra Leone based organisation **Sierra Leone Chamber for Agribusiness Development (SLECAD)** maintains continuous and frequent relations with several Government institutions and entities and engages through targeted advocacy efforts.

6.2 Precondition: awareness on the role of policy and trade related matters

At the outset, a solid **understanding of possible implications of a planned trade agreement or reform**, both positive and negative, is needed as a basis to identify one's interests.
At Government level, basic to enhanced trade-related technical expertise, awareness and skills is required across different organisations. Again, the depth and breadth of the required expertise depends on the role and functions of the organisation.

One of the key challenges often faced by Government coordinating agency on trade, is a lack of basic and sometimes more technical expertise required for internal and external coordination of trade policy. But this is often challenging, due to frequent changes in staff, limited tools and training facilities and a lack of on-boarding training facilities.

Whereas the Ministries of Trade require in-depth technical know-how on the different aspects of trade policy, WTO and FTA's, the *line ministries and agencies* need those skills and expertise relevant for their sector- or issue-specific focus. For example, the Ministry of Agriculture will be generally more interested in quality and safety standards (SPS), whereas Ministry of Telecommunications will focus more on (domestic and foreign) FDI policy and restrictions, privatization and services-related aspects of trade negotiations.

As the scope of trade agreements has expanded from tariffs into those traditional 'domestic' policy domains ranging as far as privatization of state owned enterprises, quality standards and health services, the level of expertise required to meaningfully engage on international trade negotiations has also expanded.

6.3 Participation in trade related coordination and public-private dialogue

Coordination and **public-private dialogue** can be recognized as essential elements in improving the business environment and hence contributing to competiteveness of business, in domestic and target markets. Yet in the many countries, such coordination and dialogues are not very organised, often ill informed and sometimes coordination is barely existing.

A **stakeholder mapping** of relevant actors in trade policy and reforms usually provides a diverse picture on the active (and less active), influential (and less influential) players when it comes to trade policy. A wide range of diverse actors hold (often differing) interests in business environment and trade related matters; different agencies across Government, representative organisations with varying types and degrees of business membership, as well as consumer and civil society organisations with an interest in business and trade. Together, these organisations form a diverse group of stakeholders that exchange insights and perspectives, develop, negotiate and (dis)agree on shared positions and outcomes of Government-led policies and implementation.

Here, it is relevant to acknowledge the fact that **each player has a role to fulfill in trade policy and ensuring a friendly business environment at home**:

- The role of Government is to take a leading role in setting policy ambitions and legislative frameworks, as well as ensuring effective implementation of strategies and policies;
- The role of businesses (and civil society) is to communicate concerns and/or interests with regards to planned reforms or implementation on-going. Ultimately, business and society (consumers) are 'takers' of legislative frameworks, processes and procedures developed by Government.

For those purposes, channels of coordination on trade policy related matters is crucial, both in relation to internal and external stakeholders.

- At *internal* Government level, coordination is key with different line ministries and Government agencies. For example, to agree on offensive or defensive positions in a trade negotiations, reflecting also external interests from business and societal players at home. Or, to agree on elimination of a trade irritant at home, as reported by domestic or foreign business or trading partners.
- Amongst members of business organisations (*external* stakeholders), development of positions needs to be preceded by thorough research, fact-finding and checking, and internal coordination to agree on 'red lines' and agreed formulated positions. In addition, for stakeholders to engage in a constructive manner with the Government on trade related issues at home and abroad, a broad understanding on the workings of trade-related policies and reforms is needed.

The road to achieving such improvement of domestic business environment and (international) competitiveness requires a long-term engagement of all stakeholders, and builds upon collaboration and trust between Government, private sector and (civil) societal players. Together, they can play a 'two-level game'; using international trade agreements as a catalyzing force to improve the domestic business environment at home; to motivate the need for new legislation and procedures at home, or better implementation of existing ones.

6.4 Practical tips: private sector interests into trade negotiations

Negotiations for new trade agreements usually stretch over a long period of time, between 5 and 10 years. This provides business and societal players the chance to express any concerns or interests they may have on parts of the agreement. Sometimes with success, sometimes not.

Two particular actions are important as broad preparatory actions in relation to trade negotiations.

- **Understand the scope and process of a given trade negotiation.** The degree of impact – both positive and negative- from trade negotiations depends much on the scope and ambitions. In terms of *scope*, the trend over the past decade has been for governments to negotiate 'comprehensive agreements' that go beyond trade in goods, and also cover services and other trade-related aspects, such as intellectual property, investment, e-commerce, public procurement, and sustainable development provisions. The *depth of ambitions* and commitments is often unique to each trading partner participating in the trade negotiations.
- **Identify short- and longer-term expected gains, and/or challenges arising from a trade agreement.** What goals should trade agreements ambition? Whilst growth in import and export volumes may appear valid short- to medium-term success rates, the real impact on long-term objectives through a trade agreement, is more often to deliver on both social and economic development through trade. However, social and economic development through trade is difficult to achieve and to prove, and debates are ongoing on what the right policy-mix should be. Trade negotiations encompass a wide range of complex issues in political, economic and legal terms, with serious implications for a region's or country's development and integration chances into the global economy.

Example: the EU-SADC EPA

After ten years of preparations and negotiations, the Economic Partnership Agreement (EPA) between the Southern African Development Community (SADC) EPA Group and the European Union (EU) was finally 'initialed' by our Chief Negotiators on 15th July 2014 in Pretoria. For South Africa, the results achieved turned out positive to re-balance the TDCA in their favour; improved market access for 32 agricultural products, with a significant improvement in access to the EU market for wine, sugar and ethanol, improved access for exports of flowers, some dairy, fruit and fruit products. EPA rules of origin improve on the TDCA as they will facilitate intra-regional trade and industrialisation across southern and eastern Africa in particular. The new rules also contain provisions that will encourage South African clothing exports. Some flexibilities on the use of export taxes for 8 industrial products were obtained, and in addition they got the EU committed to eliminating export subsidies on agricultural goods destined to SACU.

6.5 Case study: advocacy services provided by Sierra Leone Chamber for Agribusiness Development (SLECAD)

Over the past ten years, SLECAD engaged in targeted advocacy efforts on topics relevant to their memberbase. SLeCAD holds a divers membership, including farmer business organizations, NGOs and small and large-scale agribusinesses and cooperatives in Sierra Leone[26].
The two-fold goal of SLECAD's advocacy services is (1) to improve on the business environment for S/Leone to operate and run profitable to contribute to the economy by creating jobs, reduce poverty and enhance economic growth, and (2) to improve on both local and foreign investment.

Some of SLECAD's successes and challenges were presented by Senior Executive Mr. Ahmed Nano during ITC's 2-day training on advocacy and PPD skills on the 10.06.2021. During the presentation and discussions, it became clear that the advocacy services provided by SLECAD encompass a strong focus on domestic policy challenges, whilst at the same time pursuing some trade-related challenges.

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[26] Website of SLECAD: https://www.slecad.biz/

To date, SLECAD does not work with comprehensive **advocacy strategy** and underlying theory of change, but builds strongly upon the long-standing experience of Mr Nanoh and team members.
Over the past years, targeted advocacy campaigns were inter alia pursued around the following thematics;

- Access to finance and Financial Act
- Access to fertilizers and seeds
- Agricultural equipment deals dominated by government
- Import & export challenges
- MoUs and duty free concession for agribusinesses

The following two examples on ‘access to finance’ and ‘fertilizers and seeds’ illustrate SLECAD’s role in policy-influencing and advocacy.

In the thematics around ‘**access to finance’**, farmers in Sierra Leone continue to face challenges including high interest rates on loan demanded by banks, short term lending, and heavy collateral, which constitute severe impediments to agriculture development in the country. Through advocacy efforts, SLECAD and partners inter alia negotiated better interest rates to single digit for agriculture lending, and equally realized a more lenient approach to long term lending.However, challenges continue to be encountered, such as continued high interest rates, difficulties in collaborating and obtaining transparent information from the Central Bank, which hampers agricultural lending as a result.

In the thematics around ‘**access to fertilizers and seeds’**, the dominant role of the Government continues to be a focus of the advocacy efforts, including in selection of fertilizer and seed suppliers and machine purchasing. SLECAD inter alia played a constructive role towards new Seed and fertilizer laws enactment, and earmarking of private sector financial support for a 5 year period under the new Government policy.
At institutional level, SLECAD gained solid experience in advocacy services, through policy-influencing pursued on most urgent thematics raised by the membership. Some challenges include; lack of dedicated human resources for advocacy, dependency on project/donor funding, SLECAD’s Senior Executive Mr Nanoh holds tremendous experience in agriculture value chains in Sierra Leone and maintains a strong network across Government, business and civil society.

7. Concluding remarks

Whilst the Sierra Leone agri-business sector holds clear opportunities for growth, business equally face a variety of challenges in the domestic and international policy environment. As such, this paper aimed to provide inputs for continued and strengthened business' voice in Sierra Leone in support of a constructive dialogue with the Government and other stakeholders on improving the domestic business environment and international trade policy.

As part of the WACOMP Programme, this paper provided:

- A **preliminary mapping of relevant (policy-related) issues and challenges** faced by business in running their agri-business at home and abroad;
- insights regarding **the role of trade policy and trade agreements** for Sierra Leone's agribusiness sector
- perspectives on the **role of TSI's in providing policy advocacy and dialogue role**, and representing their members' interests vis-à-vis the Government, through formulating shared positions and effective advocacy messages for policy influencing and dialogue.

Some of the main insights provided throughout this paper include the following:

❖ **Trade policy goes hand in hand with a supportive business environment**

As a country recovering from the effects of civil war and related economic dislocation, the trade integration processes and on-going talks at WTO, regional and bilateral levels, also provide an opportunity for Sierra Leone's business to critically reflect upon and engage with existing and pending domestic policies and international trade negotiations or agreements.
Without the domestic components in place (from business and institutional capacity and coordination, to basic infrastructure in place), trade competitiveness will be at risk. This research paper also provided insights into the relevance of trade policy for maintaining a competitive business environment at home. To this end, participation in **regional trade agreements such as ECOWAS and AfCFTA, as well as WTO, continues to offer trade opportunities, as well as chances to agree on domestic reforms.**

At a more 'strategic policy-level', participation in trade negotiations can be used by the Government to push for reforms needed to improve the business environment at home, and step-up over-all competitiveness of businesses. This will support improved participation in global trade at local, regional and international markets.

❖ **Trade data show the important role of agri-business sector in Sierra Leone, with a product portfolio that shows 'world demand' as well as opportunities for import substitution. A value chain perspective is key to understanding bottlenecks in trade competiteveness.**

For the Sierra Leone agri-sector, opportunities to respond to growing domestic and regional demand exist, as well as to gain competitive advantages through horizontal collaboration and improved efficiency. For example, palm oil imports point towards (potential) possibilities to expand domestic opportunities for palm oil sales and import substitution.
However, supply-side constraints make it challenging for business in Sierra Leone to produce, and competitively sell their produce on national, regional and international markets.

Whereas some challenges faced by agri-businesses relate to governance or general policy-frameworks, often the challenges are uniquely related to their position in the supply chain and/or specific product category. For example, export diversification into more value-added cocoa processing is hampered through tariff escalation in target markets.
In order to prioritize which matters are relevant for advocacy, policy influencing and dialogue, a better understanding of the different stages and actors in global agriculture supply chains is important.

- **Insights into priority issues and challenges for business competiteveness, in the domestic and international trading environment, are an important basis for advocacy and dialogue.**

During the (preliminary) 'mapping exercise' conducted for this paper, and building on activities held as part of the WACOMOP Programme, **a wide range relevant policy issues were identified in the domestic business environment, and international (trade) policy.** Issues ranged from cross-cutting to agriculture-specific issues at home, to tariffs and non-tariff measures in global trade. Sustainability-related topics equally become more relevant at home (climate change) and abroad (sustainability standards).

These insights may provide inputs into a strengthened role of selected TSI's on advocacy and dialogue to represent interests of the private sector. This preliminary list of issues may serve as a basis to develop a 'theory or change' and to formulate advocacy and policy-influencing strategy and messages.

- **Whilst some policy issues draw broad support for policy change, other issues are crucial for a smaller number of companies. Effective TSI advocacy is about finding shared interests, and building partnerships and coalitions for change.**

The reality of agriculture supply chains shows a wide variety of actors active in the different processes and steps, from securing inputs such as seeds and fertilizers, to actual production by farmers and cooperatives, storage, assembly, processing, marketing, trading and exporting. Through a scanning of the relevant policy issues and players along the supply chain, businesses can gain a better understanding on the key (policy) issues that demand to be raised through dialogue and advocacy with Government actors.
For agribusiness actors in Sierra Leone, the position in the supply chain determines which trade barriers offer challenges and/or opportunities. Example; tariffs and standards differ for raw cocoa beans vs processed beans.
There is not 'one' shared business interest, but the important role of TSI's is to forge partnerships and coalitions through advocacy, dialogue and policy influencing.

- **Trade related awareness is poor in Sierra Leone, but ultimately key for business to benefit from trade arrangements.**

Business in Sierra Leone hold little awareness regarding the possibilities offered through improved market openness as result of FTA's and the customs union created through ECOWAS and AfCFTA. **The relatively low level of intra-ECOWAS and intra-African regional trade, points to underutilized FTA's, as well as to growing opportunities for trade, as well as continued barriers (incl lack of understanding and NTM's) to be addressed**
Regional integration offers particular advantages for Sierra Leone's businesses, but supply-side constraints and continuing trade barriers continue to limit the possibilities to take advantage from these benefits.

- **Insights into benefits and challenges of new FTA's and regional trade agreements is key for effective advocacy and policy-influencing**

Assessing the implications of new and/or upcoming trade negotiations (incl ECOWAS, AfCFTA, as well as EU and US trade relations), both positive and negative, is crucial for Sierra Leone agri-sector competitiveness; at home, and on regional and global markets.

- **TSI trade-related advocacy services (and dialogue) are key for improving competiteveness of the Sierra Leone's agri-business sector, targeting both supply-side and demand-side constraints and opportunities.**

TSI's fulfil a crucial role in identifying and representing business interests through policy influencing, dialogue and advocacy, with regards to business environment at home, and (trade) competiteveness abroad.

Through constructive engagement with the Government, Sierra Leone's agri-business sector can focus on priority issues through policy-influencing, targeting both domestic policies and legislative frameworks, as well as (international) trade agreements and benefit from improved trade opening and (harmonized) rule-making in global and regional markets.
TSI insights into policy-processes, the institutional history of policy-reforms and stakeholders to influence are crucial for effective policy influencing and dialogue. For example; Whereas some matters demand continuous dialogue and strong positioning of the private sector to advocate for improvement under existing or new policies, other matters are less open to policy change and/or reform (such as corruption).
Continuous capacity at TSI's is key to pursue long-term advocacy services, including through conducting in-depth research by qualified staff (or academic / other partners). This is important to develop fact-based advocacy messages on defensive and offensive interests for Sierra Leone businesses.

Besides commitment, capacity and budgets, a comprehensive TSI advocacy strategy is helpful to achieve impact, building on shared understanding of priority topics, their causes and effects, using a Theory of Change.

- **A structural dialogue mechanism on business environment and trade competitiveness is key to address issues faced by business in the domestic business environment and international trading environment, and support business success.**

An institutionalized public-private dialogue in Sierra Leone is currently lacking, meaning that key issues impeding on competiteveness of business (in domestic and target markets) are not discussed in a transparent and open manner.
In Sierra Leone, MSME's experience limited access to Government services when issues and challenges occur, whilst bigger business may more easily make themselves heard. With a structural dialogue mechanism missing in Sierra Leon, since the SLBF was dismantled, there is a need for a continuous dialogue platform to discuss, monitor and follow-up on key issues of importance for (agri-sector) business competitieveness.

- **In conclusion**

This paper provided insights into a broad range of issues and challenges, in domestic business environment and in foreign trade relations, that require dialogue and problem-solving between business, government and other stakeholders active in the agri-sector in Sierra Leone.

In order to improve agri-sector competiteveness in Sierra Leone, Government and business benefit from continuous and constructive dialogue. It is thereby important that MSME's are represented in policy discussions, as their interests may coincide or differ from larger business interests.

The strengthened role of TSI advocacy services provides an avenue towards the voice of MSME's and cooperatives being heard and taken into account when new and/or existing policies and legislative frameworks are under consideration.

On the other hand, establishment and/or reviving of a structural dialogue mechanism on themes related to business environment and international trade, is crucial to work towards shared outcomes and improvements.

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Annex I: Mapping of priority issues for advocacy and PPD in the framework of the WACOMP Sierra Leone

Based on the preliminary list of issues and challenges identified for trade-related advocacy and dialogue, further discussions with publicand private stakeholders can serve to clarify causes and effects. The table below could serve as a framework to lead colustative meetings and PPD aiming at addressing key policy priority topics and developing a thery of change for business support organization in the agr-business value chains (see **chapter 6**).

Policy area	Opportunities for implementation	Challenges	Possible actions
Issues in the domestic business environment			
Lack of coherence in general legal and policy frameworks			
Fragmented government coordination			
Incomplete and outdated sector-specific policies			
Missing and unclear information on business and trade-related processes and procedures			
Bureaucratic processes standing in the way of efficient trade operations			
Poor quality of statistics and trade data on production, exports and imports			
Corruption (‘brown envelop’)			
Agriculture sector specific issues			
Availability and costs of inputs (fertilizer, pest and disease control)			
Access to finance			
Land tenure and ownership			
Awareness on the risk of diseases and pest			
Prices and living income			
Distribution of value along the cocoa supply chain			
Informality			
International trade – tariffs			
Access to inputs (customs duties)			
Underutilised trade preferences under FTAs			
Gradual lowering of import tariffs on agri and food			

Tariff escalation faced in target markets for processed produce			
Low awareness on trade opportunities			
International trade – non-tariff measures and private standards			
Customs regulation and procedures for imports and exports			
Lack of customs cooperation among regional partners			
Sanitary and Phytosanitary measures and quality standards			
Inadequate quality infrastructure			
Technical barriers to trade (incl. technical standards, packaging and labelling)			
Sustainability standards			

Annex II: Overview of Sierra Leone membership in WTO

WTO membership of Sierra Leone, scope of commitments, benefits and challenges
WTO membership since: 1 January 1995
<u>About:</u> **The World Trade Organization (WTO) is the guardian of trade relations at multilateral level, bringing together a total of 164 members. As an original member of the World Trade Organization (WTO), Sierra Leone automatically joined the multinational trade forum in 1995 as WTO replaced the General Agreement on Tariffs and Trade (GATT). But WTO membership of Sierra Leone has not been very active, and has even been described as 'dormant' by one of its policy-makers. Whereas the automatic 'accession to WTO' proved time- and cost-efficient, the beneficial effect of an enhanced domestic business environment as result of domestic reforms could have proved useful (see for example Liberia).**
<u>Scope of trade commitments:</u> **The <u>Protocol of Accession of Sierra Leone</u> stipulates all commitments made in the area of Goods, Services and Rules, as well as other WTO Agreements like TRIPS, TRIMS, SPS, TBT, and some additional commitments made through amendments. With the entry into force expected for july 2015, the multilateral Trade Facilitation Agreement will also result in bound commitments. All WTO rules have been developed and agreed upon by all WTO members.** • **In terms of *advantages*, membership to WTO brings the benefits of secured market access and non-discrimination through the Most Favored Nation (MFN) and National Treatment (NT) principles of all rules and market access agreed upon between the 160 members in total.** **With the Permanent Mission to WTO in Geneva, the Sierra Leone Government has direct access to a network of trade diplomats through regional groups (ACP, ECOWAS) and discussions around trade-related topics, such as sector-specific (e-commerce, agriculture), as well as trade policy related insights and intelligence. This demands continuous coordination between 'capital' (Freetown) and Geneva delegation, discussing a wide range of topics that pertain to WTO as well as regional and domestic reforms.As an LDC, Sierra Leone has substantial flexibility with regards to application of the rules and implementation of deadlines, preferential access offered by trading partners, and policy space to take measures for promoting economic development.** **In terms of *obligations*, members to WTO equally requires the Government to live up to the expectations; for example to communicate about changes in standards and**

rule-making (notifications). Also, Sierra Leone will be subject to the Trade Policy Review every 4-8 years, which provides an opportunity to learn from trading partners' perspectives, and revisit the current trading regime, and re-strategize for possible future adjustments.
<u>Obligations</u>: **WTO Trade Policy Reviews of Sierra Leone: 2005, 2014 (forthcoming)**
<u>On-going negotiations:</u> **Whereas the Doha Development Round (DDA) has not materialized in new liberalization and rule-making, Sierra Leone has signed and ratified the Trade Facilitation Agreement (TFA) in 2015. This ensured attention for bringing down red tape around customs procedures and documentation, and facilitates cooperation between border-crossing points with neighbouring countries.** **Currently, on-going negotiations continue in plurilateral format around the following topics : Fisheries subsidies, investment facilitation, e-commerce negotiations.** **For trade negotiations in the WTO setting, Sierra Leone is a Member of the following WTO groups:** - **Least-Developed Countries (LDC-group)** - **ACP-group** - **Africa-Group** - **G-99**

Annex III: Trade policy and trade agreement basics and understanding

The impact for the partner-countries as result of (potential new) trade agreements is now often assessed upfront (ex ante) from the perspective of over-all 'sustainable development'. Sustainable development covers three key pillars:

- impact on local economic growth; jobs, FDI, government revenues
- impact on environment; biodiversity and climate change
- impact on social matters; living wage, labour conditions

For Sierra Leone's businesses active in the agri-sector, the interests in trade agreements can be divided into third broad types of interests.

First, interests in **market access** issues such as **tariffs** for imports (and exports into target markets), as well as FDI restrictions or incentives.

Second, interests in **'at the border and behind the border'** related aspects, often called **non-tariff barriers**. For example, customs procedures, (domestic capacities to meet) technical and quality standards, intellectual property legislation, data-related location requirements. or reducing red tap through aligning formalities for customs and border procedures. In recent years, trade agreements increasingly prove to serve as a way to step up the commitment of the Government in committing to and living up to international standards in the field of environmental, social and governance (ESG-related sustainability issues).

Third, increasingly the **sustainability**-related aspects of trade agreements will provide impact, through labor and environment conditions imposed.

7.1 Tariffs

Tariffs have become less a focus of trade negotiations, but still remain relevant for Governments to protect 'sensitive products' for reasons varying from domestic competitiveness to food security.

Under the WTO, tariff reduction remains an important first objective, but the use of tariffs is allowed under WTO rules. Indeed, WTO recognizes that countries may wish to protect their industries from foreign competition, but such protection is to be kept at reasonably low levels and preferably must be provided through tariffs.

As part of WTO, the concept of '**binding' tariffs**, essentially means that a country is not free to increase the rates of a tariff above the bound rate indicated for a product in its schedule of concessions. As part of customs unions and Free Trade Agreements, Governments may 'discriminate' and offer zero or lower tariff rates to a group of countries (including through a Customs Union) or bilateral relation with another country.

Types of tariffs used in tariff schedules :

Table 2 Types of tariffs

WTO Schedule of specific commitments	Definition
Bound tariff	Agreed tariff level beyond which the WTO-Member will not increase the applied rate on a specific product.
Applied tariff – Most Favoured Nations (MFN) tariff	Normal non-discriminatory tariff charged on imports from all WTO-Members at large.
Applied tariff - Preferential tariff	A tariff that is levied on imports of merchandise goods under FTAs and other preferential schemes. Preferential tariffs, when applicable, are lower than MFN tariffs.

Source: Author's elaboration consulting the WTO glossary http://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm

The WTO rule to use tariffs, as a means to protect domestic industries, implies that the use of **quantitative restrictions** on imports (previously used commonly as a tool to restrict imports) is in principle not allowed[27]. In order to translate quantitative restrictions into tariffs, WTO Members have used a calculation method ('tariffication').

Looking at trade policy from a 'traditional' perspective, interests in the tariff-negotiations of FTA negotiations are often categorized as either 'offensive' or 'defensive'. Those products where defensive business interests dominate, are usually categorized by the negotiating parties (Governments) as 'sensitive products' in trade negotiations.

- Offensive; where the domestic business hold an interest in market opening (at home or abroad).
- Defensive; where the domestic business rather demand greater protection from tariffs and/or other trade instruments.

However, it is important to realize that trade negotiations are often a 'give or take' character, where developing countries are at the receiving end in terms of accepting certain standards set by (more developed) trading partners.

Tariffs and '**tariff escalation'** continues to be relevant in the agri-business sector, for example when it comes to the ambition to achieve 'diversification' by moving away from a focus on raw materials exports to processing of raw materials and exporting processed. It appears that importing countries use trade policy as an instrument to keep producer countries within the lower ranges of the supply chain, and make it expensive through tariffs (inter alia) to 'climbe up the ladder' into more value-added parts of the supply chain (through processing).

Below table shows the 'bound tariffs' for Ghanian cocoa to importing countries EU and US. This example shows that exporting raw cocoa beans is 'cheaper' than exporting processed cocoa beans through sweetened cocoa powder, which is charged at 8.32 % of value in US and 16.75 % value in the EU.

Table 3 Tariff escalation in cocoa related products

Product code	US	EU
180100 (cocoa bean)	0	0
180310	0	9.6
180320	0.08	9.6
180610 (sweetened cocoa powder)	8.32	16.75

Source: ITC Market Access Map

Looking at market access to the US, it is clear that only the outputs in the lowest stages of processing in cocoa qualify for duty free quota free exports under the Sierra Leone – AGOA arrangement offered by the US. For cocoa, those are: coca paste to cocoa powder, but not beyond (and certainly do not include chocolate bars). The EU EBA arrangement on the other hand offers all product lines under the duty free arrangement with Sierra Leone.

7.2 Non-tariff measures

More and more, interests in trade agreements are assessed not only with a view to the market-access related chapters, through tariffs in goods, or restrictions on services and FDI. The rise of 'non-tariff barriers, means that companies are more hampered by stringent quality and other standards, which often differ per market. For example, African exporters aiming to trade with the EU often face different types of non-tariff measures (NTM's).

Non-Tariff Measures (NTMs) can be defined as policy measures, other than ordinary customs duties, which constitute all other measures than tariffs that can economically affect the international trade in goods, changing quantities traded, prices or both (UNCTAD). NTMs can include a very diverse array of policies that countries apply to imports and exports. NTMs can take the form of laws, regulations, policies, conditions,

27 However, in the case of balance-of payment (BOP) difficulties, as stipulated under GATT Article XII, countries can set restrictions.

restrictions or specific requirements, and private sector business practices, or prohibitions that protect the domestic industries from foreign competition.

The main reference classification to categorize NTMs is the one elaborated by the Multi-Agency Support Team (MAST)[28]. Here below it is shown the classification prepared by the MAST in 2021 (and later amnded by new versions).

Figure 5: Classification of Non-tariff measures, 2012

Imports	Technical measures	A	SANITARY AND PHYTOSANITARY MEASURES
		B	TECHNICAL BARRIERS TO TRADE
		C	PRE-SHIPMENT INSPECTION AND OTHER FORMALITIES
	Non technical measures	D	CONTINGENT TRADE-PROTECTIVE MEASURES
		E	NON-AUTOMATIC LICENSING, QUOTAS, PROHIBITIONS AND QUANTITY-CONTROL MEASURES OTHER THAN FOR SPS OR TBT REASONS
		F	PRICE-CONTROL MEASURES, INCLUDING ADDITIONAL TAXES AND CHARGES
		G	FINANCE MEASURES
		H	MEASURES AFFECTING COMPETITION
		I	TRADE-RELATED INVESTMENT MEASURES
		J	DISTRIBUTION RESTRICTIONS
		K	RESTRICTIONS ON POST-SALES SERVICES
		L	SUBSIDIES (EXCLUDING EXPORT SUBSIDIES UNDER P7)
		M	GOVERNMENT PROCUREMENT RESTRICTIONS
		N	INTELLECTUAL PROPERTY
		O	RULES OF ORIGIN
	Exports	P	EXPORT-RELATED MEASURES

Source: UNCTAD, International classification of Non-Tariff Measures[29]

Another term that is often used in the trade jargon is Non-Tariff Barriers (NTBs). While the term NTMs provide a neutral perspective toward measures affecting trade (beyond tariffs), NTBs focuses on the unjustified and/or improper application of Non-Tariff Measures (NTMs) such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade (TBT).[30]

At the same time, several initiatives are being launched to be able to monitor and address non-tariff measures that are impacting negatively business in Africa. Some examples include:

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[28] More information available at https://unctad.org/topic/trade-analysis/non-tariff-measures/MAST-Group

[29] Available at http://unctad.org/en/PublicationsLibrary/ditctab20122_en.pdf

[30] More information available at https://www.tradebarriers.org/ntb/non_tariff_barriers

- the AfCFTA's Non-Tariff Barriers online reporting, monitoring and eliminating mechanism [31] developed by UNCTAD and the African Union. This tool which is meant to capture obstacles affecting the implementation of the AfcFTA agreement makes use also of a tailored classification of NTBs[32]
- The Trade Obstacles Alert Mechanism developed by the ITC in cooperation with national governments and regional institutions (i.e. WAEMU and ECOWAS)[33]. Aside from cross border issues, this platform focuses on addressing issues that are related to domestic regulations and procesdures affecting trade. A dedicated platform for Sierra Leone is starting to be implemented.[34]

In order to understand how NTM's work in practice, the example of ECOWAS is relevant. Whereas tariffs have been liberalized in the ECOWAS for internal trade (ETLS) and with reduced bands for imports (CET), intra-ECOWAS trade is undermined by the persistence of NTM's.
Key NTM's present on the ECOWAS market include: quantitative restrictions, as well as varying technical measures (SPS and TBT) as well as some trade facilitation measures, government procurement and rules of origin across ECOWAS.
The impact of NTM's on the ECOWAS market is important: It is estimated that through regulatory convergence, ECOWAS countries can reduced trade restrictions by over 25 percent only by aligning existing measures, increasing intra-ECOWAS trade by 15 per cent and increase income in ECOWAS countries by USD 300 million annually, as shown in the recent AfDB report (2018).

7.3 Sustainable development in FTA's

The past years, the rationale of 'free trade' has lost much of its societal support, and FTA's are assessed more on the foreseen longer-term contribution to sustainable development. This is no easy task, and sustainability impact assessments can differ in outcomes. Pressure from national and international NGO's and civil society organisations, and a more critical positioning from Governments, have resulted in growing importance of the trade and sustainability link on the agenda of trade negotiations.
The context and rationale of 'free trade' and the presumed benefits of trade liberalization has equally changed over the past decade. For example, the continuing difficulties around the ratification of the Economic Partnership Agreements (EPA's) between the EU and regions in Africa provide an illustration of those criticisms.
As a result, the EU-ECOWAS EPA has still not fully entered into force, due to the fact that Nigeria is not convinced.
Some of the criticisms on the EPA's include:

- they will mainly benefit the EU side, particularly multinational companies from the EU;
- the EPAs are a major threat to local agricultural production and food security in the ACP countries.9
- It is feared that the 'heavily subsidised' EU agricultural production' will distort competition and ruin small ACP farmers, even though EPAs ban agricultural export subsidies;
- EPAs could undermine African countries' efforts to industrialise;
- EPAs have the potential to undermine regional integration, for example in west Africa or the EAC;
- labour rights commitments are weak and there is no guarantee that new jobs in ACP countries will enjoy stronger labour rights.
- Monitoring is also weaker than in other EU trade agreements; Brexit will reduce the benefits for ACP countries, as the UK is an important market for ACP exports.

Some of these criticisms have been underpinned by research. For example, the International Food Policy Research Institute[35] which conclude that 'the implementation of the EPA between the EU and WA countries would have marginal but positive impacts on Burkina Faso and Côte d'Ivoire and negative impacts on Benin,

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[31] See website: https://tradebarriers.africa/register_complaint

[32] More information available at https://tradebarriers.africa/ntb/categories

[33] More information available at https://www.tradeobstacles.org/CountrySelection.aspx

[34] See https://www.tradeobstacles.org/sierraleone/Home.aspx

[35] See: https://www.ifpri.org/publication/european-unionwest-africa-economic-partnership-agreement

Ghana, Nigeria, Senegal, and Togo. The impact on poverty indicators in Ghana and Nigeria would be marginal. From the perspective of WA countries, this study supports the view that recent EU concessions are not sufficient and that domestic fiscal reforms are needed in WA countries themselves.
As a strong example are the fact that preferential market access through FTA's is increasingly used as vehicle for improving environmental and social conditions in trading partners domestic context. There are concrete examples of suspension of GSP benefits of European trading partners, as result of harmful practices in labour and human rights. For example, in 2020, the Commission decided to partially withdraw trade preferences for products imported from Cambodia due to serious and systematic violations of human rights[36]. Currently, Belarus remains temporarily suspended over human rights violations. In 2023, renewal of the GSP legal framework provides for an opportunity for ACP countries (and EU governments) to renegotiate the terms and conditions.
The EU and US nowadays include Sustainable Development Chapters in the text, which are sometimes binding with possibility for sanctions (in the case of the US), and sometimes more dialogue-based (in the case of the EU).
More concretely, the current benefits enjoyed by Sierra Leone of duty-free exports to the EU (under Everything but Arms) and to the US (under AGOA) are subject to compliance with a set of conventions on labour conditions and human rights.
As part of a focus on sustainable development, Governments member of OECD are stepping up their efforts to bring about sustainability in global supply chains. European Commission has initiated multi-stakeholder dialogue programmes to bring about sustainability in 'high-risk' sectors.

For example, with Cote d'Ivoire and Ghana a multi-stakeholder dialogue was initiated in the cocoa sector, as both countries represent together 60% of global exports of cocoa. It also aims to promote responsible business conduct amongst key businesses in the EU, in line with commitments by the EU on responsible supply chains under the OECD and UN Guiding Principles on Human Rights. Risks in terms of child labour, low reveneues for local farmers ('living wage'), deforestation and forest degradation are at play in cocoa supply chains and negatively impacting upon farmer communities and the environment. Concrete recommendations are offered to advance sustainability across the cocoa supply chain, supported by technical assistance for cocoa producing countries[37].

7.4 In practice: how to read a trade agreement

Whereas trade agreements cover a wide range of sometimes complex regulatory and trade-related matters, the actual text of the agreement follows a logical structure. Then again, every trade agreement is unique in its level of ambition to liberalize trade and harmonize legislation and standards, depending on the situation of signatory parties and their (strategic) interests in the bilateral, regional or multilateral partnership.
The following aspects are to be taken into consideration when 'reading' trade agreements and the commitments taken by Governments, such as WTO, ECOWAS or AfCFTA:

- **Voluntary or mandatory commitments? Language matters**; commitments can generally be mandatory ('shall', 'is obliged to') or best-endeavour ('will attempt', 'will try', 'may'). The incentive to implement best-endeavour commitments remains much weaker than the incentives.
- The **scope, depth and breath of commitments** can vary per country and per sector, or even product line. For example: as part of the WTO Trade Facilitation Agreement (TFA), the implementation timelines for developing countries and least-developed countries (LDC's) are more flexible, and technical assistance is foreseen.
- **Implementation of commitments** made under trade agreements mostly depends on, until an official dispute is filed under available dispute settlement mechanism. This also means that mandatory commitments undertaken by a Government do not guarantee compliance and/or strict implementation

[36] See: https://trade.ec.europa.eu/doclib/press/index.cfm?id=2177

[37] See: https://ec.europa.eu/international-partnerships/news/commission-launches-initiative-more-sustainable-cocoa-production_en

Annex IV: Main recommendations by sector from the PPD workshop conducted by ITC on the 20.02.2020 (Freetown)

<table>
<tr><th>Sector</th><th>Challenges</th><th>Recommendations</th></tr>
<tr><td>Cocoa</td><td>Comments to previous cocoa policy:
No indication about a regulatory body for implementation of cocoa related materials.
The research bodies related to cocoa production and how the regulation should be coordinated are not defined
No budget allocated for the implementation of the cocoa policy
The cocoa public-private stakeholders' engagement platform does not involve all the relevant stakeholders involved along the value and supply chains, from farm to consumption.</td><td>Conduct a comparative assessment of the cocoa policy of Sierra Leone in relation to relevant policy frameworks of the Economic Community of West African States (ECOWAS) and the Africa Continental Free Trade Area (AfCFTA).
Set up a presidential and inter-ministerial committee for policies to look at the broader picture of the cocoa sector and ensure political support.
Have one central body to coordinate cocoa regulations.
Set up or revise the cocoa regulatory framework taking lessons from the experiences of Ghana and Côte d'Ivoire
Strengthening of research institutions
Address properly child labour issues through policy</td></tr>
<tr><td>Cassava</td><td>The varieties cultivated cannot be exported (absence of varieties that can pull into the starch industry). Producers do not have access to improved planting materials (improved varieties) released by SLARI.
Producers/traders do not know which markets to target
Producers and processors lack the knowledge of good agricultural practices
Packaging is not standardised.
No adequate market campaign (e.g. no documentary on cassava industrialisation in the mainstream international media)
financial service providers (banks) are not offering the right package</td><td>Mapping out quality traits that meet international markets is important
Need for capacity building in research in order to train scientists and researchers
Need policy matrix analysis to look at the production systems of each and every cassava produce
Put in place the right mechanisms for traceability, certification, packaging, auditing and fair trade, storage and good transportation facilities.
To target international market, a cargo or a ship has to be deployed to transport cassava flours
Commitment to ensure compliance with international standards and market requirements</td></tr>
<tr><td>Oil palm</td><td>No policy on oil palm and palm oil
No proper coordination and consolidation of non-palm oil specific policies that affect the oil palm sector</td><td>Need for development of policy for oil palm and a review of multi-sectoral policies affecting the sector or participation in the sector, (e.g. land policy).</td></tr>
</table>

	▪ Duplicity of functions and absence of proper institutional coordination. ▪ **Women inclusiveness issues**: in some areas, a woman cannot own a land even if she has money and able to acquire land ▪ **Environmental issues**: land is being given to industries that do not follow corporate social responsibilities. ▪ Absence of database of relevant actors and experts in the oil palm sector	▪ Policies should include clear-cut distinctions highlighting the different roles and responsibilities of relevant authorities ▪ Land policy should be made gender sensitive ▪ Environmental impact assessment should be undertaken ▪ Capacity building for actors along the oil palm value chain ▪ Establish a database of oil palm sector actors and institutions ▪ Public-private partnership is critical for the development of the oil palm sector

Annex V: Feedback on key policy issues affecting trade and agriculture development provided during consutlations with national agencies in the framework of the WACOMP Sierra Leone

This part of the document might be finalized once the feedabc k from all the key agencies will be provided through the mplementaion of the WACOMP Sierra Leone programme.

Organization	Key policy issues raised	Recommendations
InvestSalone[38]	▪ **Build capacity of the private sector on advocacy** ▪ Issues with gender equality and/or social inclusion (GESI) implications: Inclusive growth is a government priority and there are specific impediments to inclusion to be addressed ▪ **Poor coordination across government**; across the private sector; and international development partners also often compound the problem by taking inconsistent approaches that enable savvy public actors to play different donors off against one another ▪ **Leadership development**; advocacy training; and dialogue facilitation skills training are all essential as skills in these areas are lacking among the key actors ▪ For dialogue to be grounded in fact rather than opinion or conjecture, **good quality research and analysis** will be essential in order to engage policymakers and influence decisions	▪ Tackling issues of common concern across different business segments can be an efficient, effective, and legitimate way to strengthen the business environment overall ▪ A principle of subsidiarity should apply where issues that can be dealt at local/city level do not clog the desks of national level officials.
Ministry of Trade and Industry (MTI)	▪ **Fiscal regime**: Importance to involve the ministry of finance into the picture in order to let them understand the needs of SMEs ▪ Need to **increase coordination within sectors of government entities** in order to engage with the private sector ▪ Problem of **coordination between legislator and private sector** ▪ Need to **create a new PPD platform that is sustainable**	▪ Improve sector coordination and collaboration of government entities and engagement with the private sector

[38] More information available at https://www.statistics.sl/images/2020/Documents/GoSL_COVID_19_Quick-Action-Economic-Response-Programme.pdf

Produce Monitoring Board (PMB)	▪ The current cocoa sector organization enshrined in the CAP185 needs to be revised. Aspects that are problematic for CAP185. There is no legal framework on **the structure of the sector** to take action on Need to develop an agricultural cooperatives framework (starting with cocoa) to attract investment and financing. ▪ The **AcfTA should be understood by farmers** and in order for them to benefit from it. ▪ There are no available platforms to conduct PPD dialogues in relation to the Cassava sector	▪ **Gap assessment of the CAP185:** It has not been done. But it could be a useful. ▪ Through the SLCCCP PMB engages directly with the private sector. It is a very open discussion forum. We can bring in there different themes (also including the AfCFCTA, land acquisitions, …). But is only limited to cocoa
Sierra Leone Chamber of Commerce, Industry and Agriculture (SLCCIA)	▪ **Poor knowledge of policies and regulations:** MSMEs are often unaware of regulations and laws that apply to their businesses and may inadvertently fail to comply. ▪ **Private sector participation to PPD**: The process of engagement is not clear. No structured procedure. It is just on ad hoc basis. The private sector needs more involvement in the policy writing cycle (from the very beginning) ▪ **Lack of Access to Finance:** Lenders often perceive MSMEs in the agricultural value chains as high-risk investments. This leads to short term payment periods, high interest rates, and high collateral requirements, which are challenging for these enterprises to meet. Other financial options such as borrowing from friends and relatives are inadequate to cater for all the needs of MSMEs. This force them to access facilities that are inappropriate. ▪ **Fiscal policy:** SMEs bear the brunt of the challenges faced by the fiscal regime ▪ **Lack of corporate governance structure:** Weak or the lack of good corporate governance practices affects resource allocation, partnership and potential investment opportunities, development and performance of MSMEs which consequently leads to failure. ▪ **Inadequate technology:** MSMEs require facilities to test products for bacteria and nutritional contents, as well as technology to package them adequately. The scarce availability of this technology limits product and process innovation, impedes government certification, and limits export opportunities to other markets. ▪ **Limited Networks:** Many MSMEs have limited access to key actors in the agricultural value chains, including producers, government regulators, and buyers.	▪ Develop programs such as Public-Private dialogue that will bring together representatives from Government, private sector, business membership organizations (BMOs), bilateral and multilateral organizations to discuss, debate and proffer tailored and evidenced based solutions that will re-position the Micro, Small and Medium Enterprises (MSMEs) in Sierra Leone on the path of economic growth and competitiveness, and value chain development.
Sierra Leone Chamber for Agribusiness Development (SLeCAD)	▪ Enabling domestic business environment o Investment incentives and attraction	▪

	○ Revision and update of CAP185 and role of Govt (incl 2.5% export value going to PMB and standards bill) (MONITORING BEFORE ADVOCACY ACTION) ○ Fiscal regime for agro-based products ○ One stop shop for key procedures; declaring goods, customs procedures, cumbersome procedures ▪ Access to finance and inputs ○ Access to finance ○ Access to seeds and fertilizers (inputs) ○ [Access to market information, capacity, Government services] ○ [Reliable internet infrastructure supporting e-farming’] ▪ Trade competitiveness for trade success ○ Leveraging trade agreements (FTA’s) to promote exports to regional (AfCFTA, ECOWAS) and international markets ○ [Awareness about and compliance with international standards (SPS, TBT, Sustainability)] ▪ Sustainable and inclusive management of agribusiness ○ Revision of EPA environmental matrix with high and flat rate for all, to distinguish between large and MSME’s (Environmental Protection Agency) ○ Government support towards sustainable investments and management of production facilities, with focus on Environment, Social and Governance (ESG) matters. ○ [Attention to inclusiveness, gender-related matters and role of women and youth in agribusiness sector]	
Sierra Leone Investment and Export Promotion Agency (SLIEPA)	▪	▪
Sierra Leone Small and Medium Enterprises Agency (SMEDA)	▪ Need to develop a structured framework to advocate for SMEs ▪ Review the SME national policy, as well as the SMEDA act	▪ Organize a national SME roundtable to take place every month (for MSMEs, TSI and NGO). They will use it to advocate on SMEs oriented policies that can facilitate trade exports