

STATE OF LOCAL ECONOMIC DEVELOPMENT [LED] OF SIERRA LEONE

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This publication presents the state of art of Local Economic Development programs and projects it's a national report on current

Local Economic Development legislation and practices.

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ACRONYMS

BECE:	Basic Education Certificate Examination
CCAC:	Central Chiefdom Administration Clerk
CHC:	Community Health Centre
DPs:	Development Partners
DEC-SEC:	Decentralization Secretariat
DSDP:	Decentralized Service Delivery Programme
ECLC:	Early Childhood Learning Centre
EU:	European Union
FDI:	Foreign Direct Investment
FY:	Financial Year
GELD:	Gender Equitable Local Development
GoSL:	Government of Sierra Leone
ILO:	International Labour Organization
IMC:	Inter-Ministerial Committee
IRCBP:	Institutional Reform and Capacity Building Project
KCC:	Kenema City Council
KDC:	Kenema District Council
LCs:	Local Councils
LDCs:	Least Developed Countries
LED:	Local Economic Development
LGA:	Local Government Act
LGDG:	Local Government Development Grant
LGED-JP:	Local Government Economic Development - Joint Programme
LGFD:	Local Government Finance Department
LGSC:	Local Government Service Commission
LOAs:	Letters of Agreement
LoCASL:	Local Council Association of Sierra Leone
MDAs:	Ministries, Departments and Agencies
MDGs:	Millennium Development Goals
MDTF:	Multi-Donor Trust Fund

MFR: Management and Functional Review

MLGRD: Ministry of Local Government and Rural Development

MOFED: Ministry of Finance and Economic Development

MOUs: Memorandum of Understanding

MSWGCA: Ministry of Social Welfare, Gender and Children Affairs

MTEF: Medium Term Expenditure Framework

NGOs: Non Governmental Organizations

NPSE: National Primary School Examination

PBGS: Performance Based Grants System

PCC: Provincial Coordinating Committee

PDO: Project Development Objective

PRSP: Poverty Reduction Strategy Paper

PPP: Public Private Partnership

RCHP: Reproductive and Child Health Programme

SC: Steering Committee

SDGs: Sustainable Development Goals

SMEs: Small to Medium Enterprises

TC: Treasury Clerks

TLM: Teaching and Learning Materials

TWG: Technical Working Group

UN: United Nations

UCLGA: United Cities and Local Governments of Africa

UNCDF: United Nations Capital Development Fund

UNDAF: United Nations Development Assistant Framework

UNDP: United Nations Development Programme

WAEC: West African Examination Council

1.0 Introduction

This primer on Sierra Leone Local Economic Development (LED) Country Report, under the auspices of the United Cities and Local Governments of Africa - UCLGA is a rich information guide of LED status, process and practices in Sierra Leone. This country report will be used as the basis for LED interventions especially in strengthening capacities as well as practices of local governments in LED and to support local governments and their national associations who want to acquire knowledge for the development and implementation of successful LED programs and/or projects.

1.1 Background information of LED

The success of a community today depends upon its ability to adapt to the dynamic local, national and international market economy (Swinburn et al., 2006). Furthermore, communities and businesses increasingly recognize that a successful local economy requires social as well as economic, environmental and physical renewal or investment. In many cities, large numbers of low-income families work within the informal economy with low-growth activities as a result of a lack of access to proper infrastructure and services (electricity, water, roads etc.), regular means of financing, information and skills. In addition, businesses, both large and small, often choose to establish in large cities because of agglomeration economies¹. The economic advantage of urban areas depends significantly on the quality of urban governance and management, and on the policies affecting the availability of, or lack of, electricity, sanitation, transport, telecommunications and developed urban land. Factors affecting labour productivity in the local economy include the availability and quality of housing, health and education services, skills, security, training opportunities and public transport. These 'hard' and 'soft' infrastructures are major determinants of a community's relative advantage and the quality and provision of such infrastructure are prerequisite for a successful local economy.

LED is a process that brings together resources from within and outside the community to address these challenges and to promote economic growth in a systematic and organized manner at the local level. It is also perceived as a development initiative of local stakeholders aiming at building local economic capacity, strengthening competitive advantage of a locality, enhancing opportunities for job creation as well as improving quality of life of local population (World Bank, 2006)". LED involves building up economic capacity of a local area thereby improving its economic future and the quality of life for all. It is a process by which all stakeholders (public, NGOs and businesses etc.) work collectively to create better conditions for economic growth and employment generation (Swinburn et al., 2006).

Expanding on the definitions of LED scholars have made some significant simplification of LED to have a more local focus and understanding especially distinguishing between local, economic, development, local economy and local economic development.²

A local economy is one in which local people are working; local people own local businesses; local people make their purchases in neighboring stores; local people and businesses make investments in their communities; local people are active and connected and local currency and energy re-circulates among the local residents. In essence, a healthy Sierra Leonean local economy is one in which Leones circulate and re-circulate, and the benefits produced by those Leones are retained within the community, making local people better off, and making economic growth possible

1 The benefits derived from sharing markets, infrastructure, labour pools and information with other firms

2 Further information is available at www.worldbank.org/urban/led

In most countries including Sierra Leone, national government functions continue to be decentralized thereby increasing the responsibility of local governments to improve service delivery in their localities in the process retain and attract private industry.

Communities within and between regions often compete to attract external and local investment; however, opportunities exist for communities to collaborate with each other to help all their economies grow. They can do this for example, by supporting strategic infrastructure or environmental improvements that demonstrate a broad regional impact. Association of local governments or regional governments working together can serve to facilitate LED efforts by acting as intermediary between national and local governments.³

Local government-wide LED agencies, consortia and networks are more or less created to address these constraints. These innovative institutional frameworks, which represent the interests of different local governments and partner agencies in different local government areas, can bring benefits to the key actors of each locality (public departments, business and civil society organizations). These frameworks can serve to unite the efforts of different localities and increase LED results, and can strengthen representation in higher levels of decision-making. This is what UCLGA aims to achieve hence the need to develop LED country report for Sierra Leone.

1.2 Purpose of LED Country Report

The purpose of this LED Country Report is to provide valuable information on LED status, processes and practices in Sierra Leone and to support local economic practitioners, decision makers and stakeholders determine the level of LED interventions especially in strengthening capacities of local governments in LED. This Country Report is also meant to support local governments and their national associations who want to acquire knowledge for the development and implementation of LED programs and/or projects.

1.3 Content of Country Report

The Report is structured in the following way. Followed by the introduction, part two dilate on LED within national and local contexts embedded in the existing government decentralization programme. Part three discussed the local enabling perspective within which LED is anchored with emphasis on local government powers and financing. Part four reviewed LED practices with specific focus on key institutions involved in the LED process including their preparedness to kick start the LED process, the various LED funding windows, the number and size of interventions including locations of interventions, number and size of LED projects implemented and the tools for the respective interventions etc. Part five identified thematic studies that may be useful to understand both the policy and practice of LED in Sierra Leone whilst part six concludes the report with recommendations on how to improve on LED design, processes and practices in Sierra Leone

2.0 LED within National and Local Contexts

2.1 National Development Context

Sierra Leone is on the Atlantic Ocean along the cost of West Africa. It shares borders with the Republic of Guinea, in the north and east, and the Republic of Liberia, in the south. The country has a land, forest and water areas of 71,620 square kilometres, 27,260 square kilometres and 120 square kilometres, respectively. The population growth in 2013 is estimated at 6.0 million increasing at an annual rate of 2.2% giving a population density of about 58 persons by square kilometres (persons/km²).⁴

3 www.makingcitieswork.org

4 Statistics Sierra Leone projected population figures

Poverty is severe and widespread in Sierra Leone and as a result, its eradication remains Government key national objective and priority.⁵ Despite significant gains made in various sectors of the economy, since the end of the bloody civil war that lasted for over twelve (12) years (1991-2002), the outbreak of the deadly Ebola virus,⁶ has seriously undermined the country's growth hence reversed the economic gains made.⁷ Because of this, it is very likely that by 2018 most of the country's population will still live under \$1 per day, which is not an encouraging sign for poverty eradication.⁸

The prime objective of the Government of Sierra Leone (GoSL), since the end of the civil war in 2002, was to ensure extreme poverty eradication in Sierra Leone and its people enjoy improve and affordable standard of living. It was against this objective the Government has developed PRSP I,⁹ PRSP II¹⁰ and PRSP III¹¹. All the three (3) PRSPs identified decentralization as the vehicle and core strategy for poverty reduction and improve service delivery.

2.2 Sierra Leone Decentralization Programme

Government decentralization programme commenced in 2004 with the support of mainly the World Bank,¹² through the Institutional Reform and Capacity Building Programme (IRCBP)¹³ with the primary objective of addressing some of the root causes of the bloody civil war that lasted for 12 years (1991-2002),¹⁴ in addition to promoting good governance, democracy and to improve the delivery of basic services (Srivastava and Larizza, 2011). Specifically, the Act aims to consolidate and streamline the law on local government to give effect to decentralization and devolution of powers, functions and services. It also provides for decentralization at all levels of local government to ensure good governance, democratic participation and control of decision making by the people. Lastly, it provides for the political and administrative set-up of local governments, finance and local elections.

5 Government of Sierra Leone Poverty Reduction Strategy Paper (PRSP II) - The Agenda for Change (2008 2012)

6 Ebola outbreak started in May 2014 and lasted for 1 and half years. Ebola has caused a devastating humanitarian crisis and has impacted negatively on the economic growth of Sierra Leone. The deadly disease has disrupted health and education programs and halted implementation of WATSAN projects in rural areas

7 Sierra Leone National Ebola Recovery Strategy

8 Sierra Leone Fiscal Decentralization Policy of 2010

9 Sierra Leone Poverty Reduction Strategy Paper (PRSP I)

10 Ibid 5

11 Sierra Leone Poverty Reduction Strategy Paper (PRSP III) - The Agenda for Prosperity (2013 - 2018)

12 The initial grant by World Bank to kick start the decentralization process in 2004 was estimated at US\$26 million

13 The IRCBP comprised four (4) departments/units namely: the Project Coordinating Unit; the Decentralization Secretariat (Dec-Sec); the Local Government Finance Department (LGFD); and the Public Financial Management Reform Unit (PFMRU) representing the interests of both the ministries responsible for Local Government and Finance

14 Tommy A.T; Riel Franzsen and Samuel Jibao (2015). Property Taxation in Sierra Leone: Current practices, Performance and Options for Reform. Available at:iipf2015.com

To give full effect to the provisions of the LGA 04, three statutory instruments were enacted.

1. The Local Government (Assumption of Functions) Regulations, No. 13 of November 2004 (the Statutory Instrument)¹⁵
2. Statutory instruments No. 15 - 33: establishing 19 local councils in 19 localities
3. Statutory instruments No. 6 - 9, and No. 19 of 2006 converting the status of 6 towns to city/municipal status.

These enactments established 19 functional local councils and provided the legislative framework governing decentralization and the framework for political, fiscal, and administrative decentralization in Sierra Leone.

Unfortunately, the 1991 constitution presently in force, which is the supreme law of Sierra Leone¹⁶ does not make provision for devolution of functions to sub national governments hence the need for a policy that could articulate government's position on critical issues on decentralization.

2.3 Sierra Leone Decentralization Policy

Since its resuscitation in May 2004, the Government decentralization process has been implemented with no laid down policy to guide implementation. However implementation of the decentralization process in Sierra Leone, since its inception, is largely based on the Local Government Act 2004, policy statements contained in several official documents and sector policies that are old-fashioned or non-existence.

In 2010, Government developed a Decentralization Policy hinged on devolution and characterized by the following principles.¹⁷

1. The transfer of power from the centre to all 19 democratically elected local councils anchored within the national constitution and articulated in law, promoting autonomy without prejudice to the sovereignty of the national government;
2. Bringing political, administrative and fiscal control over services closer to the people where they are actually delivered in line with principle of subsidiarity;
3. Engendering people's feeling of "ownership" related to their own development agenda;
4. Ensuring that holders of public offices are held accountable for their actions to the public within the framework of the decentralization process;
5. Guaranteeing transparency and openness in the conduct of all public, local affairs;
6. Creating the enabling environment for participatory democracy that would engender greater involvement of the people and capacity of their representatives in the planning, implementation, monitoring and evaluation of development projects in their localities;
7. Stimulating economic growth in local communities in innovative fashion including public-private partnerships; and
8. Promoting inclusiveness and equality of all citizens within a given a give jurisdiction regardless of gender, origin or religion

15 The Statutory Instrument was an enactment that clearly mapped out the devolution of functions to the local councils for the transition period 2004 – 2008

16 Section 171 (15) of the 1991 Constitution of Sierra Leone

17 Ibid 8

2.4 LED within National and Local Contexts

The Government of Sierra Leone with support from UNDP/UNCDF introduced the Local Government Economic Development Joint Programme (LGED-JP) in 2011, an initial four(4) years programme (2011-2014) to promote pro-poor growth, support the decentralization of governance and the building of the local government system. This was in responds to the Government of Sierra Leone Agenda for Change document (the PRSP II), under the 2nd and 4th priority areas and the Agenda for Prosperity under pillars one (1)¹⁸, five (5)¹⁹ and seven (7)²⁰: addressing pro-poor growth, promoting the decentralization policy and devolution of functions to local governments. Three main objectives were pursued with the LED approach: (i) strengthening the strategic leadership of the Ministry of Local Government and Rural Development (MLGRD) to supervise and coordinate the Decentralization process, (ii) strengthening Public Expenditure and Financial Management systems and procedures of the local councils and (iii) promoting local councils capacity to plan, budget and invest in pro-poor and inclusive economic development activities in partnership with the private sector. The main ideas behind these three objectives are to:

1. focus on the implementation of the National Decentralization Policy
2. build local government capacity of relevance to improving the local economy
3. to facilitate investment in viable public-private partnerships and local pro-poor economic development in line with the overall district development planning framework...and ensure local government plans are based on natural resources and local business opportunities'

The LGED-JP also fits within the UN Development frameworks and plans for Sierra Leone namely the UNDAF (Outcomes B)

The LED programme is implemented through the Ministry of Local Government and Rural Development (MLGRD) also supporting Ministry of Finance and Economic Development through the Local Government Finance Department (LGFD)²¹ and four (4) local councils namely: Kenema City Council, Kenema District Council, Tonkolili District Council and Moyamba District Council. Specific LED activities were extended to other councils (Port Loko and Kambia districts with support from other international like supporting Port Loko and Kambia District Councils with GIZ concentrating in one of the strategically placed sections of Port Loko District, which is Lunsar.

In order to determine whether implementation of the LGED-JP achieved its desired objectives, an evaluation was sought to make judgments about the overall performance of LGED-JP, assessed against UNDP's criteria at the outcome and provide input to the UNDP/UNCDF deliberations regarding the value of extending and expanding the programme beyond its current timeframe. The priority criteria being used for the evaluation were: relevance, effectiveness; efficiency; and sustainability of the programme in addition to cross-cutting issues, particularly gender, lessons learned and impact of programme implementation.

18 Pillar 1: Economic Diversification to promote Inclusive Growth

19 Pillar 5: Labour and Employment

20 Pillar 7: Governance and Public Sector Reform

21 LGFD is the Ministry of Finance's Local Government Financing and Financial Management Organ responsible to undertake the management of fiscal decentralization through devolution of functions and the design of the fiscal decentralization strategy including revenue assignment, budget preparation and local council borrowing. The LGFD also serves as the secretariat for the Local Government Finance Committee (LGFC) - the committee that recommends to the Minister responsible for Finance the amount of grant allocations to each local council; and indicates the formulae used in arriving at the various amounts recommended.

The outcome of the evaluation report, which was strongly contested by the LGED-JP program management team, is discussed in subsequent sections. However, the LGED-JP has been extended but annually, since 2014 with much less focus and attention in terms of funding and subsumed under the inclusive growth package.

3.0 Local Government Powers and Financing for LED

3.1 Local Government Powers

The LGA 2004 was explicit on the powers of local councils to spearhead development in their respective localities. The LGA 2004 vested the responsibility of local economic development on local councils providing them the legal powers to coordinate and spear head development in the respective localities in addition to autonomy to properly plan for their respective districts. In essence, local councils should be able to work with local partners especially local and international NGOs identify opportunities to promote growth led by the private sector with maximum benefit from its constituents.

To be specific, Section 20 sub section 1 of the LGA 2004 states that: A local council shall be the highest political authority in the locality and shall have legislative and executive powers to be exercised in accordance with the Act (the LGA 2004) or any other enactment, and shall be responsible, generally for promoting the development of the locality and the welfare of the people in the locality with the resources at its disposal and with such resources and capacity as it can mobilize from the central government and its agencies, national and international organizations, and the private sector.

Sub section 2 without prejudice to the generality of subsection (1), it shall be the function of a local council to:

- a) Mobilize the human and material resources necessary for the overall development and welfare of the people of the locality;
- b) Promote and support productive activity and social development in the locality;
- c) Initiate and maintain programmes for the development of basic infrastructure and provide works and services in the locality;
- d) Be responsible for the development, improvement and management of human settlements and the environment in the locality;
- e) Initiate, draw up and execute development plans for the locality;
- f) Coordinate and harmonize the execution of programmes and projects promoted or carried out by public corporations, other statutory bodies and non-governmental organizations, in the locality;

Similar powers were extended to local councils given them autonomy in the aspects of planning and budgeting for their localities. The relevant provisions in the LGA 2004 are stated below.

Section 67 sub section 1: every council shall prepare and approve a budget for each financial year and submit it to the Local Government Finance Committee, three months before the beginning of that year.

Furthermore sub section 2(a)(b)(c) reads

- a. The budget shall reflect the priorities and needs of the council as contained in the local council's development plan.
- b. The budget shall be a balanced budget.
- c. The budget shall be a public document

Section 85 sub section 3: A development plan shall form the basis for the preparation of the council's budget.

Section 85 sub section 4: A council shall, before approving or reviewing a development plan, consult the residents.

Section 96 sub section 1: Ward Committees shall regularly discuss local problems and needs and make proposals for project identification and the collection of council revenue.

In as much as wealth creation in localities should largely be championed by the private sector, the conditions favouring growth and wealth creation can only be spearheaded by local councils. This requires creating the enabling business environment from which the private sector within the locality can thrive, providing employment and income for the locals and accumulating growth from within the locality. However, the enabling business environment is often challenged by a number of factors including but not limited to the following:

- Lack of access to finance entrepreneurs
- Inadequate or flawed entrepreneurial management skills
- Cumbersome business registration procedures
- No sites and premises readily available for businesses and new businesses lack locations to get started
- Lack of readily information to promote businesses
- Lack of local support to promote sales and businesses
- Local people do not have the right/required skills to take advantage of available employment opportunities and
- Lack of a coherent plan to organize stakeholders, linking production to consumption

These challenges that are prerequisites for the enabling business environment are hiccups to local economic development and if wealth is to be effectively and smoothly created by the private sector, local councils should champion the course of eliminating these bottlenecks associated with laying the foundation for sustainable growth and the legal environment, to a large extent, has provided for this.

3.2 Local Financing for LED

Local Councils can facilitate the financing of LED programmes through two broad sources, direct and indirect financing. However, it is worth noting that a sustainable approach to LED would require the use of indirect financing methods by local councils. Direct financing would require the active financial input of local councils to creating the business-enabling environment for the private sector to thrive. This can be done at three levels namely: own source revenues; grants for devolved functions; and local borrowing.

3.2.1 Own Source Revenues

Section 45 sub sections 1 of the LGA2004 states local councils shall be financed from three main sources: own revenue collections, grants for devolved functions; and transfers for services delegated from Government ministries. Furthermore, sub section 2 states local councils shall make adequate efforts to collect revenues from their own sources and sub section 4 of section 45 articulates the specific own source revenues of councils to comprise precepts from local taxes; property rates; licenses; fees and charges; share of mining revenues; interests and dividends; and any other revenue due to the Government but assigned to local councils by the Minister responsible for finance by statutory instrument.

From the list of specific own source revenues for local councils, property tax is the most potent that can finance a business venture. Business venture financed by local councils can be operated with the PPP approach especially the aspect of leasing out to the private sector or other models that generates new employment for the locals. This can be done by tying down business venture expenditures to specific revenue streams. However, the above arrangement may not be feasible for all local councils in Sierra Leone especially the district local councils, which may not have the fiscal space to accommodate financing business ventures in their plans because of the existence of chiefdom councils that collect and share two-third of the revenue sources with the local councils. Unlike the city councils with few chiefdom presence, they have a well established property cadastre administration system in place hence will be able to undertake tangible business ventures.

3.2.2 Grants for Devolved Functions

The law (the LGA 2004) stipulates that all transfer of funds from the central government to local councils will be in the form of grants tied to specific expenditure assignments and such funds transferred would be towards the administrative expenses of local councils and for discharge of the devolved functions as well as for undertaking development projects in the localities. The LGA 2004 in section 51 sub section 2 specifically indicated that the grants will be transferred directly into the bank accounts of local councils. This arrangement is to give local councils access to resources without administrative hindrances.

Section 47 sub section 1 of the LGA 2004 states that until and including the financial year ending in 2008, Parliament shall appropriate to local councils as a tied grant for each devolved service, at least that amount necessary to continue the operation and maintenance of that service at the standard to which it was provided in the year prior to its devolution. This provision guarantees that allocations for devolved functions are, at the minimum, not less than the pre-devolution amount. In addition, subsection 3 of section 47 guarantees that annual increments in the global allocation to local councils should increase at least at the rate of increase in the operational budget of the central government. This clause refers to the operational budget of the devolving MDAs. These provisions would guarantee local financing of LED.

Types of grants

The different categories of grants to local councils include Government of Sierra Leone (GoSL) grants, Grants from the Decentralized Service Delivery Programme Phase II (DSDP II), and the Reproductive and Child Health Project Phase II Grants (RCHP II). Three broad types of GoSL grants are transferred to local councils i.e., Administrative Grants, Grants for Devolved Functions and the Local Government Development Grant (LGDG). Both administrative and devolved function grants are basically recurrent transfers separated into direct transfers and indirect transfers (transfers in-kind).

Direct transfers are paid into the local councils bank accounts whilst indirect transfers refer to goods and services procured by central ministries, departments and agencies sent to local councils in-kind, since the functions for which the goods and services were procured are devolved functions. Examples of such transfers include, grants for teaching and learning materials (TLM) and textbooks. Indirect transfers also include payments made on behalf of the local councils to certain institutions that either provides the devolved services and or beneficiaries of such services; they for example include payment of examination fees to WAEC for NPSE and BECE.²²

a) *Administrative grants*

The administrative grant is meant to augment the administrative capacities of councils and to help defray some of their administrative expenses such as supervision of activities relating to performing local council functions. The grant component currently comprised of councillors' sitting fees and allowances, salary grants for core staff of local councils and support to Ward Committees. The grant to Ward Committees is meant to serve as basic incentive and operational cost of Ward Committees, so that they will be able to effectively hold monthly meetings to improve on their performance given their critical role in the decentralisation process. This component of grant is financed solely by central government.

b) *Devolved functions grants*

By the provisions of Section 46 sub section 2 of the LGA 2004 GoSL will pay monies into local councils accounts in the form of tied grants for each devolved function, in an amount that is at least necessary to continue the operation and maintenance of the devolved function at its pre-devolution level. The tied grants for the devolved functions form the bulk of total resources available to local councils for implementation of devolved services that are contained in the Statutory Instrument and the approved development plans and MTEF budgets of local councils.

c) *Unconditional block grant*

The unconditional block grant comprised of four devolved sectors namely: solid waste management; youth and sports; fire prevention services; and marine services expenses of council. The basis for providing the unconditional block grant to local councils is to increase their fiscal autonomy by allocating resources to sectors and or functions considered as exclusive competencies for the local councils, instead of central government determining how much is allocated to each of these sectors, a bulk grant is provided for these sectors for the council to determine how much should be allocated to each sector since they are better place to do so given their local knowledge. However, it should be noted that given the conditions of the grant, the allocation for Solid Waste Management stands alone like the other sectors. Apart from the councilor's sitting fees and allowances and core staff salaries, the other component of administrative grant is captured under the unconditional grant window.

d) *Local Government Development Grant (LGDG)*

The LGDG was created by government and its development partners in 2004 when decentralization was reintroduced as a window to fund council development projects. This was appropriate given that the development budget was and is still not devolved to councils. Thus, the LGDG window provided funds for councils to undertake development projects. One objective of the LGDG program is to support government's desire to fast track the implementation of the Agenda for Change, for which a good number of projects identified by local councils were financed by Government.

22 Local Government Equitable Grants Distribution Formula and Annual Allocations, 2013, 2014 and 2015

The smooth and timely implementation of these projects was a challenge arising from delays by local councils to timely award contracts or late submission of progress report on projects implementation; and the huge demand for financing of other major infrastructural projects (roads, electricity and water supply systems etc.).

e) *Decentralized Service Delivery Programme (DSDP II)*

The program development objectives of DSDP II is to strengthen the recipient's capacity to manage decentralized services, improve the availability and predictability of funding for local councils and strengthen the recipient's intergovernmental fiscal transfer system amongst others. The DSDP II a continuation of the DSDP I, is initially an adaptable loan and now a World Bank grant to the Government of Sierra Leone (GoSL) to support local councils in the delivery of decentralized services in health and sanitation, education, rural water, solid waste management and social assistance services for the disabled and other vulnerable groups. The DSDP II is financed by the World Bank and the European Union (EU). Whilst the World Bank funds were used to finance activities in the sectors mentioned above, the EU funds only financed the original four sectors funded under DSDP I - Health and Sanitation, Education, Rural Water and Solid Waste Management. They do not fund Social Assistance Services.

f) *Reproductive and Child Health Project (RCHP II)*

The project development objective (PDO) of RCHP-II, which was also an extension of RCHP I, is to increase utilization of a package of essential health services by pregnant and lactating women, and children under the age of five. This objective is be achieved by providing additional funds to local councils for frontline service provision and by improving the quality of services through better-trained staff, greater availability of equipment and drugs and better infrastructure.

3.2.3 Borrowing

Borrowing is another option to finance private sector led business ventures that can be operated with a PPP approach. This would require detailed analysis of the business idea, including forecast of cash flow or returns from the venture against expected future interest payments from the debt. Local councils can use their fixed assets as suitable collateral to acquire the loan to support the business ventures.

Direct financing has its downside as councils are currently challenged to meet administrative cost from the meager own revenue sources and local councils have the challenge of managing solid waste which is now perennial for city councils. Also, the culture of paying tax is still at a nascent stage and councils are not near achieving full potentials of their revenue potentials. Borrowing by local councils require concurrence from the ministries responsible for Finance and Local Government and therefore not a readily available option. Borrowing by local councils further requires policy guidelines from the Ministry of Finance but could still be looked at as a viable option

The indirect financing methods can also be used to provide an enabling environment that is pro growth by the locals. The basic prerequisite for the successful use of the approach is for the local councils to create a good image amongst stakeholders as leaders and change agents within their localities. Local councils must be interested in the activities of stakeholders and be seen as a pillar that could be looked up to when the need arise to support their activities. Local Councils could indirectly facilitate pro poor private sector led growth through the following intervention.

a) ***Creating business information centers***

Local economic development activities require strong publicity to inform the constituents and to give private sector led businesses a genuine opportunity to participate. Strong communication with the public will boost business confidence and help create the image that local councils are interested in the very existence of private businesses in their localities. Local councils should maintain desk officers to stock take business ideas and create a platform for discussion for the transformation of the business ideas to realism.

b) ***Providing information to businesses on how to access finance and connect the businesses with the financial institutions***

Local Councils can lure financial institution to their localities by providing support to the establishment of the institutions, provide grace periods for taxation of such institution and act as moral guarantors to secure loans for the private sector business ideas that require finances. Their role should be extended to interest negotiations and repayment methods that will serve the interest of all. Support to a financial institution in finding premises and dealing with planning and registration application can also encourage them to open a branch in the localities as they are often responsive to direct approaches. Local councils can support private sector to complete business plans and information required to secure loans through trainings to local business associations.

c) ***Facilitate business registration processes***

Local Business is more often intimidated by the cumbersome legislative environment, relating to business Registration Procedures and regulation. Reducing the time and complexity in registering business through business association spearheaded by local councils will improve business environment and confidence.

d) ***Promoting innovation & diversification***

Creativity is a key attribute of successful businesses. They continually improve their products and their production methodology and try to seek new markets. Supporting innovation by local councils is therefore key to boost private sector business. Thus services to promote diversification and innovation deserve special attention. This could be done by local councils through the provision of awards to innovative and diversifying business, providing grants and tax concession to businesses that innovate and diversify, give businesses regular publicity and marketing local products and services.

4.0 LED Practices in Sierra Leone

This part reviewed LED practices with specific focus on key institutions involved in the LED process including their preparedness to kick start the LED process, the various LED funding windows, the number and size of interventions including locations of interventions, number and size of LED projects implemented and the tools for respective interventions etc.

4.1 LED Stakeholders' involvement and Funding

Actual implementation of the UNDP/UNCDF supported LED programme commenced in 2011. The programme was co-funded by UNDP (capacity development) and UNCDF (capital development) and endorsed by the Government of Sierra Leone through the Ministry of Local Government and Rural Development (MLGRD), which also spearheaded implementation of certain programmes in collaboration with the Ministry of Finance and Economic Development (MOFED) Local Government Financial Management Organ (LGFDM).

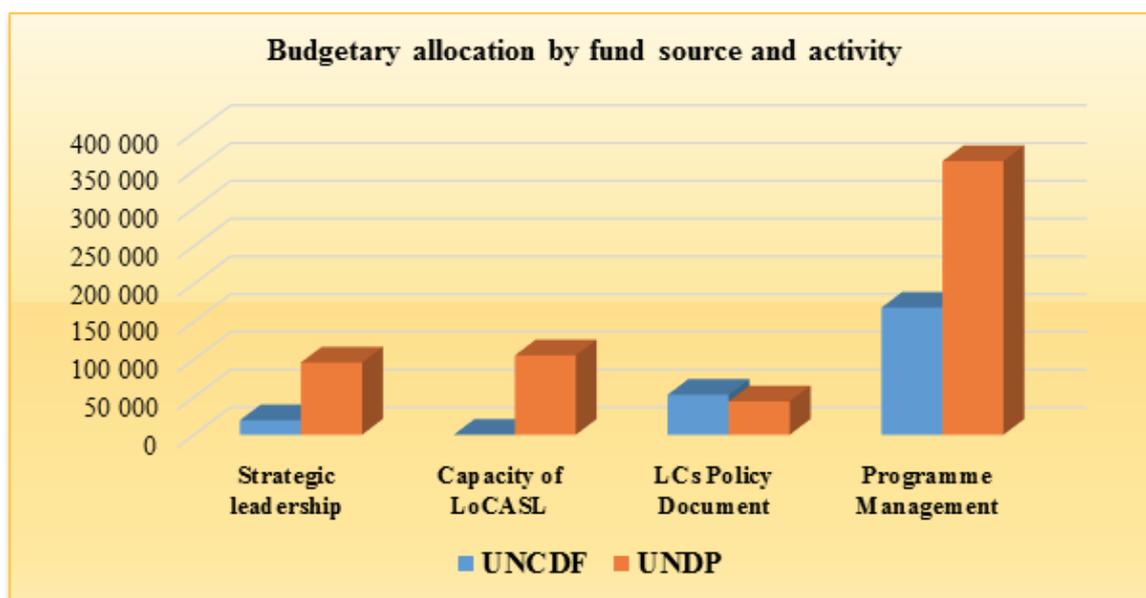
In addition LoCASL was also directly involved in programme implementation. At the localities, implementation of LED programmes were directly spearheaded by the local councils with supervision of the LED committees.

Average annual budgetary allocation for the LED programme for the period 2011-2014 was estimated at Nine Hundred Thousand United States Dollars (US\$900,000). Of this, UNCDF and UNDP contributed an average Three Hundred Thousand United States Dollars (US\$300,000) and Six Hundred Thousand United States Dollars (US\$600,000), respectively.²³ The total annual budget was distributed across four broad outputs as follows:

- Strategic leadership of the decentralization process strengthened including support to the LGFD for local councils resource mobilization;
- Enhanced capacity of Local Council Association of Sierra Leone (LoCASL)²⁴ to interface between local councils, the Government of Sierra Leone and donor partners for resource mobilization;
- Local Councils policy documents and institutional frameworks for resource mobilization strengthened; and
- Programme management and technical backstopping

Specific budgetary allocation per programme and across the two main funding sources is depicted in figure 1 below. This pattern has been the same for all sub components since actual commencement of programme implementation in 2011

Figure 1: Average budgetary allocation by fund source and output, 2011-2014



Source: UNDP/UNCDF/LGED-JP

23 Minute of National Steering Committee meeting of 10th December 2013 at Sussex Village, Freetown

24 The Local Council Association of Sierra Leone (LoCASL) was established in 2006 with the core mandate of providing lobbying and advocacy role on behalf of the 19 local councils. The membership of LoCASL comprises the Chairpersons/Mayors and Chief Administrators of all 19 local councils, who in principle, should be the main funding source of LoCASL.

4.2 Institutional preparedness for LED intervention

At the start of programme implementation in mid 2011, the following activities were implemented under the LGED-JP.

- The LED Planning Committee was set up at the MLGRD that comprised of development partners supporting LED (JICA, GIZ, UNDP/UNCDF, Commonwealth Secretariat, representatives of line ministries etc. In one of the committee meetings, participating agencies agreed that LED interventions at the local level should be geographical distributed to enhance regional balance. Other criteria taken into consideration for selection of councils to benefit from LED include: poverty level, basic capacity to implement devolved functions; express willingness to accommodate and follow the LED approach; make adequate efforts to tap revenue potential and invest a reasonable portion on service delivery including LED activities through public-private partnership and/or micro-finance initiatives. It was in that vein, the UNDP/UNCDF with blessing of the committee initially selected the four beneficiary LED local councils.
- The Committee supported the MLGRD in preparing and facilitating the National LED Conference in Freetown in June 2011 to develop the National LED Agenda and a methodology package to support the four selected Local Councils in factoring LED in their development plans and budgets
- Set up a Technical Working Group (TWG) responsible to implement the LGED-JP. The TWG consisted of UNDP and UNCDF technical staff, consultants to the ministries, and ministry staff tasked with implementation of the LGED-JP. The TWG operated as a team and implemented activities jointly. Specific tasks of the TWG include: to develop annual work plans and budgets in line with the programme document; guide and manage implementation of activities in line with approved work plans and budgets; coordinate with other development partners and MDAs; report on a quarterly and annual basis to the SC and to donors and UN agencies.
- The LGED-JP Steering Committee (SC) was set up with responsibility for policy guidance and high level monitoring of the LGED-JP. The permanent members of the SC are the Permanent Secretary of the MLGRD; the professional head in the MLGRD for the LGED-JP activities; a senior government representative from the Ministry of Agriculture and other relevant ministries addressing LED; a senior representative from MITAF; a senior representative from an Export and Investment Promoting Agency; Mayors from the target districts; UNDP Country Director; UNCDF Regional Representative; and LGED-JP donors. The SC meets annually and approved the annual work plans of the programme
- Signed Letters of Agreements (LOA) and Memorandum of understanding (MOU) with Kenema District, Kenema City, Moyamba District and Tonkolili District Councils on the implementation of LED investment projects. The purpose of the agreements are to provide clear roles and responsibilities of all stakeholders in the management and operations of the jointly supported by the UNDP/UNCDF and GoSL Local Government and Economic Development (LGED-JP) to support the local councils in question.
- The MLGRD and the Local Councils Association of Sierra Leone (LoCASL), with support from UNDP, UNCDF and substantive contribution from JICA, GIZ, ILO and the Commonwealth Secretariat Organized the first Peer Review and Methodology Workshop on Local Economic Development (LED) at Wusum hotel, Makeni City. The workshop was a follow up on the recommendation of the LED National Conference to develop a methodology package to support Local Councils in factoring LED in their development plans and budgets.

- LED officers were recruited stationed in the localities to oversee the overall implementation of the LGED-JP by the selected local councils in their respective jurisdictions
- LED Committees were established in the four (4) beneficiary local councils that are implementing the LGED-JP. The committees comprise:
- The Chairman Development Committee
- The Development Planning Officer
- Three (3) other members that include - representative from the business community, civil society, MDA representative
- The LED Officer

4.3 LED policy related interventions

Key LED policy related interventions both at national and local levels outputs are outlined below

- The Decentralization Policy was rolled out to all 19 local councils in 2012 and the Decentralization implementation strategy and Action Plan finalized in 2014
- Decentralization Donor Coordination was initiated and the Donor Coordination Framework finalized by MLGRD
- LED was launched as a national strategy in 2012 to attain socio-economic opportunities at local level
- Chiefdom and Tribal administration Policy was rolled out at the chiefdom level IN 2012 and Chiefdom functionaries especially the Central Chiefdom Administration Clerks (CCACs) and Treasury Clerks (TCs) trained to improve on revenue mobilization
- The Inter-ministerial Committee (IMC) and the Provincial Coordinating Committee (PCC) were re-activated in 2013 -2014 especially in terms providing technical and financial support to facilitate their meetings and re-defining roles and responsibilities
- The Local Government Service Commission (LGSC) adopted its Strategic plan and conducted its Management and Functions Review (MFR) exercise in 2013
- Technical and financial support provided to LoCASL in 2012to become more operational and increased its autonomy to interface between the Government of Sierra Leone, Development Partners (DPs) and LCs for policy dialogue, resource mobilization and capacity building for LCs
- Revenue and Expenditure Assignment developed for local councils to clarify roles and responsibilities in revenues and expenditures in local councils (Functional Assignment) completed
- Provided technical and financial support to establish a transparent and accountable tax administration system through property cadastre and business licenses systems in five (5) local councils that increased their own source revenues. Training was also providedto the valuation officers of the 19 local councils on how to use and manage the cadastre system
- Developed LED Mapping and LED Strategies for the four beneficiary local councils

In 2012, prior to the recruitment of the programme manager, grant funds were obtained from the Multi-Donor Trust Fund (MDTF) to construct a series of buildings in selected districts to house business activities selected by local councils. The decision to rush into infrastructure construction contracting prior to properly setting the stage for a deliberate approach to building a collaborative relationship between local councils, private sector and disadvantaged producers (as initially conceived) undermined the potential for LGED-JP to have any meaningful impact on local economic development or poverty reduction.²⁵ This decision also created institutional disincentives, typical of rent seeking associated with targeted provision of private goods, which reduced the interest of several of the involved local councils and staff to engage seriously with LGED-JP thereafter.

A third important area of operations was associated with improving the ability of local councils to increase the collection of own-source revenue. Here the LGED-JP successfully engaged with MOFED, specifically its LGFD, to institutionalize the application of a property cadastral registration software system that had been in use in various councils since 2008. LGED-JP provided technical and financial assistance to the four associated councils in addition to few others to ensure the property cadastre system is fully operational. As such, revenue collection was observed to have improved in the four beneficiary local councils.

4.4 LED project related interventions

LED projects related interventions in terms of activities and results, by council are shown in the diagrams below. Some of the LED projects implemented identified competency centres and available skills.

²⁵ Mid-term evaluation for the LGED-JP prepared by Paul Lundberg (International Consultant) and Ahmed LahorJalloh (Local Consultant)

Kenema City Council

20ft cool room



City butchery and refrigerated room



Water processing (Water purification centre) Environmental degradation before butchery



Moyamba District Council

Community market and Sembehun



Lockable stores for security at the community market Sembahun market before construction



Carpentry shed and community resource centre Apprentices during carpentry exercise



Sample of furniture manufactured at the resource centre



Hon. Minister of Local Govt. testing sewing machine at centre Tailoring practice exercise



Tailoring shop



A session on servicing sewing machine



A view of the ICT Lab at the resource centre Router for internet connection at the centre



4.5 Gender Equitable Local Development

The GELD, which was also an addendum to the LGED-JP aims to achieve Gender Equality and Justice goals within the local development priority goals through 3 interventions:

1. Gender responsive Plans, Budgeting
2. Budget performance (by tracking to ensure that there is actual public expenditure as intended from the gender responsive plans and budgets)
3. Policy engagement and dialogue that informs the top of emerging issues from participatory community engagement at the local level

In March 2013, GELD funded a water purification project at the water processing centre to the tune of Eighty Thousand United States Dollars (US\$80,000). The facility started operations with the first production of water sachets supplied to the market. The water facility has been named, Kamboi Spring after the surrounding hill around the Kenema city. As articulated in the business plan, the project was estimated to provide an estimated income of about One Hundred Million (Le100,000,000) per annum to Kenema City Council.

The GELD programme also funded to the tune of US\$120,000 the rehabilitation of Hanga Community Health Centre under the proprietorship of Kenema District Council. The CHC is poised to serve more than 7,000 patients from more than 15 surrounding communities per annum.²⁶

Furthermore, in mid 2013, a Committee (comprising KCC, KDC, GoSL and UN) was set-up to put modalities in place for the outsourcing of the Early Childhood Learning Centre (ECLC) popularly known as the Day Care or the baptized name of the Model Day Care and Preparatory school, which has been operational since January 2012. As at early 2014, a total number of 139 children were currently enrolled at the facility (out of which there are 79 girls and 60 boys) at the preparatory level and five children (under 5s) in the Day Care. The facility has employment for 10 workers; 8 women and 2 men

4.6 Performance Based Grant System (PBGS)

The Performance Based Grant System (PBGS) was introduced in mid 2014 to support implementation of objectives 2 (strengthening the Public Expenditure and Financial Management systems and procedures in local councils) and 3 (promoting local councils capacity to plan, budget and invest in pro-poor and inclusive economic development activities in partnership with the private sector) of the LGED-JP.²⁷

It was initially designed by the LGFD and the UNDP/UNCDF/LGED to comprise of a set of phases. Phase 1 involved providing seed money to councils that exhibit performance in terms of pro-activeness in putting together appropriate financial management documentation; undertaking sustainable projects, based on the quality of proposals submitted and the councils contribution (cash and/or kind) to the project implementation before release of funds. Phase 2, which was to commence in FY 2015, but never materialized was meant to also provide seed money to councils that will meet key performance indicators to implement LED and gender related projects. The key performance indicators include:

1. Local Councils to submit to the LGFD list of all businesses (small, medium and large) that has their physical addresses located in their local council jurisdictions in a specified format provided by LGFD
2. Local Councils to provide evidence (at least 1 month) of undertaking radio sensitization programmes encouraging women to own businesses, as one key step to help the Government implement its gender policies articulated in the FY 2015 budget especially the aspect that states that 30% of all Government funded procurements transactions should go to women²⁸
3. Local Councils to provide evidence that at least 30% of all funds received in 2014 and the first half (January to June) of 2015 that are procurement related (especially for Goods and Works) are accessed and utilized by businesses with their physical address located in the local council jurisdictions.

To strengthen operation of the PBGS, A Performance-Based Grant Steering Committee (PBGSC) was established with secretariat housed at the MOFED/LGFD. The committee is comprised of members as follows:

- MOFED/LGFD (Chair)
- MLGRD/DEC-SEC (Co-Chair)
- LoCASL (member)
- MSWGCA/Gender Desk (Member)
- UNDP/UNCDF (Member)
- UN WOMEN (Member)

27 Terms of Reference (TOR) for the first phase of the PBGS dated 10th July 2013

28 Page 20 paragraph 123 of the Government Budget and Statement of Financial and Economic Policies for the Financial Year 2016

4.7 Tools for LED interventions

Various tools were used for the different categories of LED interventions in Sierra Leone. For LED programmes implemented at the central government level (policy related interventions), funds were disbursed directly to the supervisory ministry (ministry of local government and rural development) and or directly managed/controlled by the UNDP/UNCDF/LGED-JP Secretariat depending on the nature of the activity to be implemented. In addition, local and international consultants were sourced for some of the activities implemented especially developing policy related documents either for the central ministries and or for local councils. For instance, development of LED mappings and strategies for the four local councils).

For LED interventions in the piloted councils, funds were disbursed directly into dedicated bank accounts for LED activities. The councils determined the LED activities they want to implement through participatory processes sourced from their revised development plans and before implementation undertook their own procurement processes and awarded contracts to private sector entities but under close supervision and monitoring by the LGED-JP secretariat. The management of LED related facilities was done through some form of PPP arrangement as operations of most of facilities were outsourced to the private sector for efficient management. For policy related interventions at the local level (development of

For the implementation of the PBGS, a memorandum of understanding was signed between MOFED and UNDP/LGED-JP clearly articulating how funds should be spent by MOFED. Funds were transferred into an account solely operated by LGFD/MOFED. LED projects were selected by local councils based on needs and funds were transferred directly into the development bank accounts of local councils for project implementation whilst joint monitoring and supervision was done by LGFD/MOFED and UNDP/LGED-JP team.

5.0 Thematic Studies for LED Policy and Practices in Sierra Leone

Local Economic Development (LED) understood as a strategically planned, locally driven partnership approach to enable employment growth, poverty reduction and quality of life gains through improved local economic governance has a huge potential to support the growing consciousness and further the strive for inclusive economic growth and equal development to be able to contribute towards a more just and livable future for all. A prerequisite to achieving this approach to LED is a rich base experience of LED design, processes and implementation and evidence readily available to capitalize upon to sustain huge gains in LED. This is really lacking in Sierra Leone given the fact that LED concept and design, despite been donor driven, is short live (4 years) and applicable to four (4) out of the 19 local councils.

Going forward, the following are key thematic areas that may be useful for understanding LED policy and practices in Sierra Leone

1. To rethink of the approach and methods of LED intervention especially as a first step try to imbibe, through massive sensitization, the concept, processes and benefits of LED to sink well into the minds of Sierra Leoneans
2. Undertake study tours to countries that have successfully implemented LED for a reasonable period of time especially focusing on the various stages passed through in the LED paradigm and see how the knowledge and skills gained could be adopted within the Sierra Leone context.
3. Facilitate the development of LED mappings and strategies including action plans for all 19 local councils all within the context of the National LED Policy and Strategy
4. Looking forward to promoting localization of the SDGs

Remember, lessons from the MDGs implementation underscored the importance of Local Governments and local actors in delivering the development agenda. In this regard, “localization”²⁹ should be key among the issues that will be critical to the successful implementation and attainment of the SDGs Agenda. This is because local institutions, local economic actors and communities provide legitimacy to global/national efforts towards the realization of local and national development outcomes by grounding development choices in the will of the people through popular participation and ownership. ‘Localizing’ development should not be seen as a translation of global policies within local contexts, but rather as a process based on the empowerment of local stakeholders, aimed at making sustainable development more responsive and therefore relevant to local needs, aspirations and lives through sustained exchanges between global, national and local facets.

In addition, the thematic areas useful to fully establish LED presence and sustain LED implementation to achieve its desired goal of job creation and poverty reduction are as follows:

1. Strengthening local tax base
2. Mobilizing civic and business leaders
3. Expanding business opportunities
4. Increasing private investment
5. Improving the business climate
6. Creating vocational educational institutions
7. Preserving cultural heritage
8. Sustaining the environment

6.0 Conclusion and Recommendations

6.1 Conclusion

Knowing and understanding the major characteristics of the local economy is crucial for local government actors to strategize their future role, and to make the best possible choices. Apart from this, it is also important to figure out the key obstacles for business in the working system, procedures and attitudes of the local government.

Given the fact that Government is continuing its efforts to strengthen its decentralization programme and, through the UNDP/UNCDF, has prioritized the LED programme coupled with the already rapidly growing interest and commitment to sub-national economic development, a key next step is to consolidate gains in LED interventions and further the LED agenda in Sierra Leone. In addition to this stock take, ensure that LED (concept, processes and benefits etc.) becomes a “house hold name” to the estimated six million population. These could be achieved through various means as specifically articulated in the recommendations below.

6.2 Recommendations

Specific recommendations on how to improve on LED design, processes and practices in Sierra Leone are stated below.

29 See Report Delivering The Post-2015 Development Agenda: Opportunities at the National and Local Levels

1. Raise awareness of the importance of LED to local governments for them to understand the fact that LED should move from the backburner to assume a central position in the development agenda of localities. In so doing, awareness needs to be heightened of understanding LED as a cross-cutting issue.
2. Review, based on current trends and development patterns to fit Sierra Leone situation, and adopt the key ingredients of the LED paradigm (see annex 1) that clearly shows LED focus and tools used irrespective of the time lapses. Most of LED success stories adopted this paradigm.
3. Cooperation and coordination should take place amongst key LED stakeholders - the ministries responsible for Local Government and Finance, UNDP/UNCDF, the local councils, NGOs, the private sector and business communities operating within the local council jurisdictions, in order to define a set of complementary roles and responsibilities in LED and to avoid duplication of tasks. In addition, there is a need to strengthen with knowledgeable and experienced people and re-energize the National LED Steering Committee in order to support sectoral integration for maximizing LED initiatives, efforts and impacts.
4. The ministry responsible for Local Government and the National LED Steering Committee jointly undertake a review of the most appropriate scale for “doing” LED and improve the existing levels of communication between local, district and chiefdom authorities.
5. Key LED stakeholders (LED officers, NGOs etc.) be encouraged to assume an advocacy role for the dissemination of “good practice” for enhanced competitiveness in LED. Among key elements of good practice that can be highlighted from local (and international) experience is a shift in the role of local government from intervention to enablement; an increased focus on “soft” infrastructure and role of enabling technologies rather than traditional hard infrastructure; the importance of clusters to support competitiveness; a focus upon improving locational advantage; and, a shift towards market-based support structures.
6. In order to build the “soft factors” of cooperation - trust and social capital - which are essential for successful LED partnerships between private and public sectors, that “quick wins” be sought through promoting vigorously the need to improve local business environments and the reduction of red tape. A process of addressing the widespread mistrust between public sector and private sector can be enhanced through the National LED Steering Committee and the LED Committees in Councils energetically driving the enhancement of local business environments through local regulatory reforms.
7. The importance of building LED networks and of sustainable knowledge platforms be recognized as contributing further to enhance a systemic approach towards high level capacity in LED.
8. International donors can be encouraged to continue to play a crucial supportive role in the support and partial funding of these networks and knowledge platforms.
9. The existing high levels of support and priority which is attached to training for LED officials and the development of capacity in LED be retained and strengthened in order that local government officials be capacitated enough to negotiate and strategize with the private sector around common interests.
10. A national review be undertaken of required data for local economic planning and of roles and responsibilities of local, provincial and national government in achieving a radical improvement in the existing state of weak or non-existent local level economic data.
11. Emphasis should be on building institutional mechanisms to support businesses, formal and informal sectors.
12. Invest in the whole local business environment, targeted business support on firms with growth potential

13. Design legislative frameworks enabling sub-national economic development strategic planning and projects implementation
14. LED focus should be on key institutions such as agriculture, manufacturing and service sectors in order to enable cluster development

Specific institutional recommendations

Central government level

1. Central government should take lead in making clear the balance between a competitive and welfare focus for LED. A clear message must be transmitted on the meaning of LED in order to guide the activities and planning in especially small villages/sections/chiefdoms and less well-resourced municipalities/councils like Bonthe Municipal.
2. Develop and implement policies and strategies (National LED policy, National LED strategy and National LED Action Plan, entrepreneurial policy; new firm creation policy etc.,) to guide LED implementation and enhance entrepreneurial activities in local council jurisdictions.

Local council level

Cheaper options

1. Provide tax requirements for entrepreneurs and concessions to youth groups
2. Offer cheap sites in localities to facilitate entrepreneurs' activity
3. Provide direct and indirect entrepreneurial training to improve on performance
4. Conduct studies including import-dependency studies to identify new and viable markets for entrepreneurial activities
5. Facilitate the labeling of goods to place of origin. That is, design strategies to shift consumer demand towards locally produced goods
6. Co-operate with NGOs to facilitate financial support that will enhance the performance of entrepreneurs.

Expensive options

7. Provide credit directly or indirectly to entrepreneurs and SMEs including loan guarantees, loan savings, investment cycles etc.
8. Participate in the creation of business incubators
9. Adopt local industrial policies and encourage local FDI

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Annex 1: LED paradigm

Wave	Focus	Tools
1960s to early 1980s	Mobile manufacturing investment, attracting outside investment, especially the attraction of foreign direct investment	Massive grants
	Hard infrastructure investment	Subsidized loans usually aimed at inward investing manufacturers
		Tax breaks
		Subsidized hard infrastructure investment
		Expensive “low road” industrial recruitment techniques
1980s to mid 1990s	Retention and growing of existing local businesses	Direct payments to individual businesses
	Emphasis on inward investment attraction targeted to specific sectors or from certain geographical areas	Business incubators/workspace
		Advise and training for small-and medium sized firms
		Technical support
		Business start-up support
		Some hard and soft infrastructure investment
Late 1990s onwards	Make the entire business environment more conducive to business though	
	Soft infrastructure investments	Developing a holistic strategy aimed at growing local firms
	Public/private partnership	Providing a competitive local investment climate
	Networking and the leveraging of private sector investments for the public good	Supporting and encouraging networking and collaboration
	Highly targeted inward investment attraction to add to the competitive advantages of local areas	Encouraging the development of business clusters
		Encouraging workforce development and education
		Closely targeting inward investment to support cluster growth
		Supporting quality of life improvements

Source: www.makingcitieswork.org

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