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Competitiveness Assessment of Tourism in Sierra Leone

A Cluster-Based Approach

Mallika Shakya

The World Bank
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Abstract

Seven years out of brutal conflict, Sierra Leone is now a peaceful and stable country. Yet, its strides toward economic recovery and competitiveness have been modest even in sectors such as tourism, which used to be a major generator of foreign exchange revenues prior to the conflict. This paper presents a cluster-based analysis of the tourism sector in Sierra Leone. The analysis shows that tourism in Sierra Leone draws entirely on basic factor conditions such as natural endowments; high-end lodging, catering, and entertainment services are virtually nonexistent. The cluster mapping exercise reveals that several non-profit organizations are present and active within the Sierra Leone tourism cluster but that the role

of commercial enterprises has been somewhat limited. A critical mass of basic service providers has emerged over time, but their functions are often hindered by the absence of a market-based incentive regime and weaknesses in backbone infrastructure services. There is a mismatch of effort by the public and private sectors. An important policy implication arising from the analysis is for Sierra Leone to initiate a joint action among tourism entrepreneurs and policymakers to develop a coherent business strategy toward overcoming the bottlenecks of skill deficiency, policy ineffectiveness, and lack of infrastructure and market access.

This paper—a product of the International Trade Department, Poverty Reduction and Economic Management Network—is part of a larger effort in the department to improve competitiveness in developing countries. Policy Research Working Papers are also posted on the Web at <http://econ.worldbank.org>. The author may be contacted at mshakya@worldbank.org.

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Competitiveness Assessment of Tourism in Sierra Leone: A Cluster-Based Approach

Mallika Shakya¹

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¹ Economist, International Trade Department, Poverty Reduction and Economic Management (PREM) Vice Presidency. This paper is based on the application of a cluster-based methodology for competitiveness assessment. It reflects solely the views of its author, and does not necessarily reflect the views of the World Bank Group. Correspondence: Mshakya@worldbank.org.

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1. Introduction

The tourism industry, defined broadly to include all travel, lodging, restaurants, supporting services and local attractions, represents about 10 percent of the world's GDP (World Bank, 2006). Prior to the start of the recent global recession, tourism has been arguably the largest industry in the world for a considerable period of time, and one which has the potential of rapid growth post-recession. International tourism receipts grew over US\$ 1 trillion in 2007, corresponding to an increase in real terms of 5.6 percent (UN/WTO, 2008). In 2006, the industry supplied over 230 million jobs and over US\$800 billion in tax revenues internationally (World Bank, 2007). For several years, it has been a major generator of foreign exchange revenues and facilitates regional and international trade and investment linkages.

Tourism is an industry that is key to long-term growth and competitiveness in Sierra Leone. It is also one of the few industries which rapidly bounced back once the civil war was over in Sierra Leone, and it is still one of the few industries where it has a strong potential. The World Bank Diagnostic Trade and Integration Study (2006) has estimated that Sierra Leone has the potential of growing up to US\$ 150-200 million¹ by 2015 provided that certain prerequisites are met. Despite have rich natural endowments such as climate, location, sea, sun, wildlife and interesting local history and hospitality, advanced factors for tourism such as skilled labor, physical infrastructure, and a national brand image are almost nonexistent in Sierra Leone. More importantly, because Sierra Leonean economy is not well integrated with the global economy, entrepreneurs find it hard to mobilize finance for private investment.

This analysis was prepared following the initial fieldwork done in January 2009 for convening a tourism cluster initiative in Sierra Leone. The approach employed for ascertaining the potential of this activity is derived from a cluster competitiveness handbook developed by the International Trade Department of the World Bank based on the work of Professor Michael Porter from Harvard Business School.

2. Tourism in Sierra Leone

Despite being eliminated during the violent civil war of the 1990s, tourism was one of the few industries which rapidly bounced back in Sierra Leone once the turmoil was over. While tourism has been one of the hardest hit sectors during the global recession, it remains an important sector for Sierra Leone as for several other less developed countries. Sierra Leone has a strong potential on tourism development. It has pristine beaches and islands, mountains and rich biodiversity, interesting wildlife, friendliness and rich cultural capital among people and its special place in the world history of anti-slavery movement as 'the land of the free.' However, the violent conflict of the late 1990s has taken its toll, and tourism-related revenues declined from US\$ 57 million in 1995 (or 7 percent of GDP) to a low of US\$ 6 million in 1999 (or 1 percent of GDP)

before rising again to US\$ 64 million in 2005 (or 5 percent of GDP). In 2005, tourism comprised 24 percent of total exports. (UN/WTO Stat.)

Whereas Sierra Leone had approximately 75,000 tourists in 1986, 25 percent of them business travelers, today there are approximately 44,000 tourists, 90 percent of them business travelers. There are approximately 3,500 resident expatriates in Sierra Leone today who account for much of business travels. (World Bank, 2009)

According to the World Bank Diagnostic Trade and Integration Study (2006), the tourism industry in Sierra Leone has the potential of growing up to US\$ 150-200 million by 2015 provided that the beach subsector – once uprooted by the conflict – is re-established. This will necessitate the opening of large-scale beach resorts and the building of hard and soft infrastructure necessary for sustaining them. It is noted that large-scale tourism runs the risk of degradation of the local environment; furthermore, such tourism is often engineered by overseas tour operators and hence does not help develop forward and backward linkages within Sierra Leone. This may result in a high ‘import leakage’ ratio out of the country because of the high import, foreign investment and foreign transaction contents of such tourism. However, research shows that local labor and capital benefits are reasonably high in Sierra Leone and it is estimated that approximately 60 percent of the revenue generated by tourism in Sierra Leone can be retained within the country even if Sierra Leone is to employ this model (WB, 2006: 71).

Growth effects aside, the tourism industry may serve as an income equalizer. Sierra Leone has long suffered from lopsided growth heavily concentrated in the mining sector, which can be attributed a substantial portion of the blame for the violent insurgency that engrossed the country between 1991 and 2001. Tourism can have a direct impact on the poor through direct employment and indirect linkages with the tourism supply chain. In fact, Sierra Leone will need to reduce its dependence on minerals and develop one or more labor-intensive sectors including agriculture, tourism and light manufacturing to be able to rebuild its social fabric and a sustainably equitable economy after recovering from the conflict.

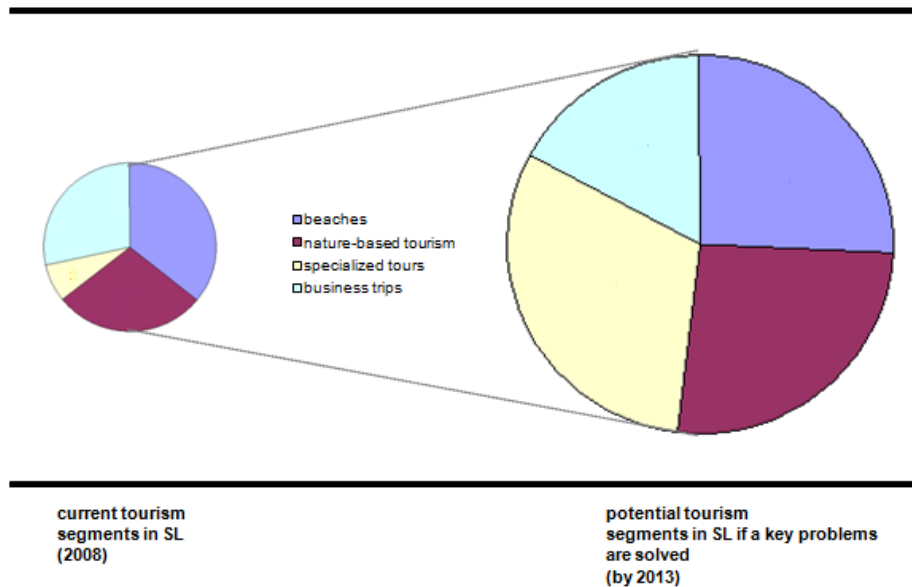
The impact of the civil war on tourism sector is not to be underestimated. A cluster of beach resorts which accounted for over 80 percent of the tourist arrivals from outside West Africa region was literally torn down in the late 1990s. The decade of ruthless war was responsible for the destruction of the basic infrastructure, disintegration of institutions, and human and capital flight away from the country. During reconstruction, the country has had to start with the most basic needs – re-establishing food supply, ensuring peace and security, rebuilding essential infrastructure and government services, etc.

After the finalization of the two major peace accords – the first in Lome in July 1999 and the second in Abuja in May 2001, progress has been rapid and steady in Sierra Leone, assisted by the donor community and by a significant inflow of cash from the artisanal diamond sector. Owing to the massive destruction of infrastructure as well as the human and social capital during the civil war, however, it is important to remember that nothing can be taken for granted in analyzing the current state of tourism and developing any strategy for tourism development in Sierra Leone.

3. Key Subsectors within Sierra Leonean Tourism

While tourism can be defined in a broad way, the following are a few subsectors that were identified by most businessmen in Sierra Leone as especially relevant for realizing the potentials on tourism (see Figure 1).

FIG 1: CURRENT AND POTENTIAL TOURISM SEGMENTS



Note: There were only 14 positive responses when asked about the engagement of respondents in the four subsectors listed above. Of these, 36 percent were active in beach tourism and 7 percent active in operations of specialized tours while 29 percent were active in nature-based tourism and facilitation of clients' business trips.

When asked which of the sectors they may be active in the future if the public policy, business environment and infrastructure improved, there were 58 positive responses recorded. Of these, there were 26 percent responses for beach tourism, 31 percent for operations of specialized tours, 26 percent for nature-based tourism and 17 percent for facilitation of client's business trips.

- **Sun and beach resorts without crowds:** Potential tourists for Sierra Leone are mainly those seeking tranquility, a sense of discovery and cultural stimulation in addition to the usual requirements of beach tourism, i.e., sun, sea and sand. The Western Peninsula and nearby islands in Sierra Leone are the most important tourism asset for Sierra Leone in this regard. Within 5-6 hours by air from the capitals of Europe, with a comfortable, tropical dry season precisely during the European winter – this beach destination is arguably the best in West Africa. In addition to usual qualities such as climate, surface, ocean temperature and beauty, Sierra Leone has the advantage of being relatively pristine and less crowded compared to its regional rival The Gambia which has been a popular European destination for mass tourism.
- **Nature-based tourism:** There is potentially a strong attraction to a wide range of interests for nature-based tourism within beach tourism as well as rainforest hiking, fishing, wildlife and bird-watching. If the appropriate institutional capacity and know-how can be mobilized, it may also be feasible to develop ecotourism initiatives that

capitalize on the natural endowment and social capital. Ecotourism needs to follow a different business model than those aiming for luxury or mass beach tourism since the two modalities differ significantly not only in terms of scale and size but also in terms of environmental conservation and ownership of the local people in operating tourism.

The Government of Sierra Leone (GoSL) is lately aiming to develop nature-based tourism sites in areas such as Tiwai Island (biodiversity conservation area), Outamba Kilimi (rivers, wildlife and savannah), Tacugama (Chimpanzee sanctuary), among others. Adventure tourism is another component of nature-based tourism but in the case of Sierra Leone there is at present little potential for adventure tourism because of the limited wildlife and only recent addition of forest reserves. Some adventure activities may however be developed involving the sea and rivers which are rich natural endowments for Sierra Leone.

- **Business travels:** Of the 40,000 tourists visiting Sierra Leone in 2008, only 10 percent were for leisure purposes (SL/NTB, 2008) while the remaining 90 percent were primarily business travelers. Consultations revealed that, with the exception of three beach resorts, all other accommodation providers were catering primarily to business visitors although most business travelers will also be customers of leisure activities and services.

Although ‘business travel’ may not specifically fit into the standard definition of tourism, it has to be acknowledged that Sierra Leone is one of a few countries in the world with a dense population of INGOs and development organizations. Its mining and agribusiness sectors also attract a fair share of regional and inter-regional business travelers. They may be an important captive clientele for a first tier of leisure tourism products and services. Lately, some hotels have begun to market Sierra Leone as a business conference destination for organizations based in neighboring countries such as Nigeria, Ghana and Liberia.

- **Niche tourism:** Sierra Leone’s positive historic image of ‘the land of the free,’ was somewhat tarnished during the civil war. However, it still has several sites and architectural endowments with historic importance which need protection and restoration. The Government of Sierra Leone (GoSL) is lately aiming to develop Bunce Island, Banana Island and Plantain Island (sites that has remnants of former slave forts and barracoons), African-American heritage trails (including freedom-related sites such as Connaught hospital – site for freed slaves’ first free steps, Cotton Tree, etc) and Graham Greene walking trails (focusing on the colonial history). All or some of these may be developed as sites for niche tourism for travelers interested in history of slavery, history of colonization and history of liberty.

Other specialized interests among the Sierra Leonean tourists have included archeological trails, guided tours to plantations and mines, rock climbing, fishing, etc. Recently, 4 of the 16 world records in tarpon fishing (three in conventional tackle and one in fly rod technique) were set by Sierra Leone and it is beginning to gain considerable recognition as a world class destination for specialized fishing. Sierra Leone has somewhat benefited from the fact that the decade of conflict which saw the decline of the generic fishing

industry along the Sierra Leonean coasts may have contributed to replenishment of fish stocks.

4. Cluster Analysis Methodology

An industrial cluster is an agglomeration of companies, suppliers, service providers, and associated public and private institutions in a particular field linked by externalities and complementarities of different types. Natural clusters evolve gradually over decades to exploit economic benefits of location-specific externalities and synergies. However, well-designed cluster initiatives can expedite the process and provide a much needed initial platform on which firms can grow and sophisticate. A cluster analysis offers a comprehensive assessment of a natural cluster's markets, products, linkages, externalities, and synergies to help identify regulatory and business constraints, tap new and wider market opportunities, and develop sound business strategies to tackle the multiple frontiers of competition. Such an analysis allows development of a platform on which viable competitiveness initiatives can be based.

The determinants of competitiveness are many and complex and this readily applies to tourism competitiveness as it does to any other sector. The arguments for investment in physical capital and infrastructure associated with natural endowments have been long present. At the economy-wide level, neoclassical economists have emphasized getting the macroeconomic fundamentals right so resources flow into the right sectors, and within those sectors, the right firms. At the sectoral level, economists looked at other issues: human and social capital, business enabling environments, industry sophistication and demand conditions, diversification of local tourism sites and global tourist origins, etc. Academics and practitioners have now generally come to agree that many of these issues are not mutually exclusive but jointly supportive. The cluster-based approach presented in this report complements such a joint platform by offering a new way of dividing and understand an economy and formulating policies and practices.

A cluster is a system of interconnection between private and public sector entities. A cluster approach should be used in addition to the usual economy-wide or sector-specific analyses with an aim of encouraging engagement with a diverse group of stakeholders through which they may develop a shared understanding of the underlying public policy issues and act on them jointly. Developing such a joint platform with strong ownership by the public and private sector stakeholders is often crucial in jump starting more comprehensive economic reform processes in developing countries. In this, cluster initiatives may act as policy catalysts for competitiveness in pursuing any dialogues on competition policies as well as any efforts on institution-building for specialized inputs, skills and knowledge.

A cluster-based approach enables the policy debate and actions to be more strategic and incremental. Understanding the state of clusters within an economy makes it easier to diagnose economic inefficiencies and to specify and prioritize various shortages and impediments to competitiveness and growth. It can focus attention on the unique challenges that may be sector-specific and can address institutional and coordination-related issues to leverage additional benefits of positive spillovers. Above all, clusters may serve as the 'search engines,' or a filtration process, through which better performing entities, processes, practices and markets could be singled out from the lesser performing ones. Given the existence of several market and

government failures, especially in a post-conflict country like Sierra Leone, it is advisable that cluster performances are used for developing scrutiny and/or reward mechanisms for better and lesser developments to qualify for any public support.

There are several approaches one can take while adopting a cluster competitiveness analysis. The one applied in this paper is based on the handbook 'Cluster Initiatives for Export Competitiveness: A Practical Guide and Toolkit' prepared by the PREM International Trade Department of the World Bank (see Reference section). The guide has outlined ten core tools, five of which were applied in preparation of this analysis, and they include: (i) initial cluster mapping, (ii) product and market segmentation, (iii) SWOT, (iv) GAP analysis and (v) Porter's five forces analysis. The remaining five will be undertaken in the second stage of the analysis, and they will include: (i) value chain analysis, (ii) market trend analysis, (iii) competitive position analysis, (iv) old and new institutional mapping for collaboration, and (v) evaluation of the process of cluster analysis and engagement.

A cluster initiative can be divided into three broad stages. On Stage I, the cluster analysis is undertaken often with a mapping of the key stakeholders involved in tourism development. This is followed by interactive consultations and focus group discussions with the multiple stakeholders which help develop a common language on competitiveness. The process then helps identify the binding constraints and key areas of intervention on which strategic initiatives can be developed and multiple stakeholders could be brought on board to jointly implement these.

In Stage II, competitiveness strategies are formulated based on the diagnostics undertaken in Stage I. Strategies may include development of an analytical agenda in the form of technical assistance and policy reform. Strategies may be refined through knowledge exchange and study tours of cluster members to target markets or countries where centers of excellence are located and which represent leading clusters in their industries. Stage III is largely about implementation and they may include operational programs aiming for market access or diversification, branding of the goods and services offered, development of standards and certification, innovation and workforce development, improvement of the supply chain, necessary policy and institutional reforms, etc. Such operational programs require varying levels of investment. These are often identified in the later stages of cluster engagement when the project team works with cluster stakeholders to develop business plans and financing proposals. Depending on whether the proposed programs are for building public or private goods for competitiveness, financing sources may include setting up of commercial or development bank financing schemes, industry access, voluntary industry contributions, venture capital investment, etc. Once such programs gain momentum, a cluster may be consolidated in the form of non-profit organization, industry association or an independent corporation. (See PRMTR Cluster Guidebook, 2009 for details.)

5. Application of Cluster Analysis Methodology for Sierra Leone Tourism

The cluster competitiveness analysis undertaken as part of writing this paper falls exclusively under Stage I. During this exercise, the cluster stakeholders are fully engaged in undertaking a market and product segmentation analysis so as to establish a unanimous point of view on the identification of the precise market and product segments in which a concerned cluster is located.

This is followed by a more interactive SWOT analysis where strengths, weaknesses, opportunities and threats for the cluster are discussed among the stakeholders in a participatory way so as to outline a direction for future that is shared by the key stakeholders. These are supplemented by more technical (and objective) analyses – the two undertaken in this report are Competitive Positioning analysis and Porter Diamond analysis. Once the key areas of intervention are identified, and a short/medium-term direction is agreed upon, more advanced analytical tools should be performed including value chain analysis, market trend analysis, and an institutional accounting for skills and infrastructure.

Most of the data in this initial exercise was combined with attempts of the cluster convening process itself. Information was obtained either through individual consultations or informal focus group discussions in Freetown, Western Peninsula and an upcountry destination Kenema known as the gateway to the mining towns. This was supplemented by a survey carried out among the tourism entrepreneurs before and during the mission. The findings of the survey were validated through semi-structured interviews and focus group discussions. During the course of analysis, a thorough review was carried out of both published and unpublished writings on tourism, hospitality, transport and communication, human resources development, infrastructure building, as well as on natural endowments such as geography, history and culture.

The purpose of the analysis is to fill the existing knowledge gap as well as develop a common platform among tourism entrepreneurs to engage more effectively on policy and operational issues by responding to the questions like: What are the binding constraints that are barring an inflow of FDI and local investment in the tourism sector despite its locational and cultural charms? Are there issues in the functioning of the factor markets? Are sound incentive framework, business enabling environment and infrastructure in place? Is there an effective public-private dialogue in place to address bottlenecks on supply of quality public goods such as market promotion, R&D, information dissemination, effective certification of standards on health, labor, safety and environment? Are there coordination issues within the private sector that is holding back investment and a take-off of the tourism sector?

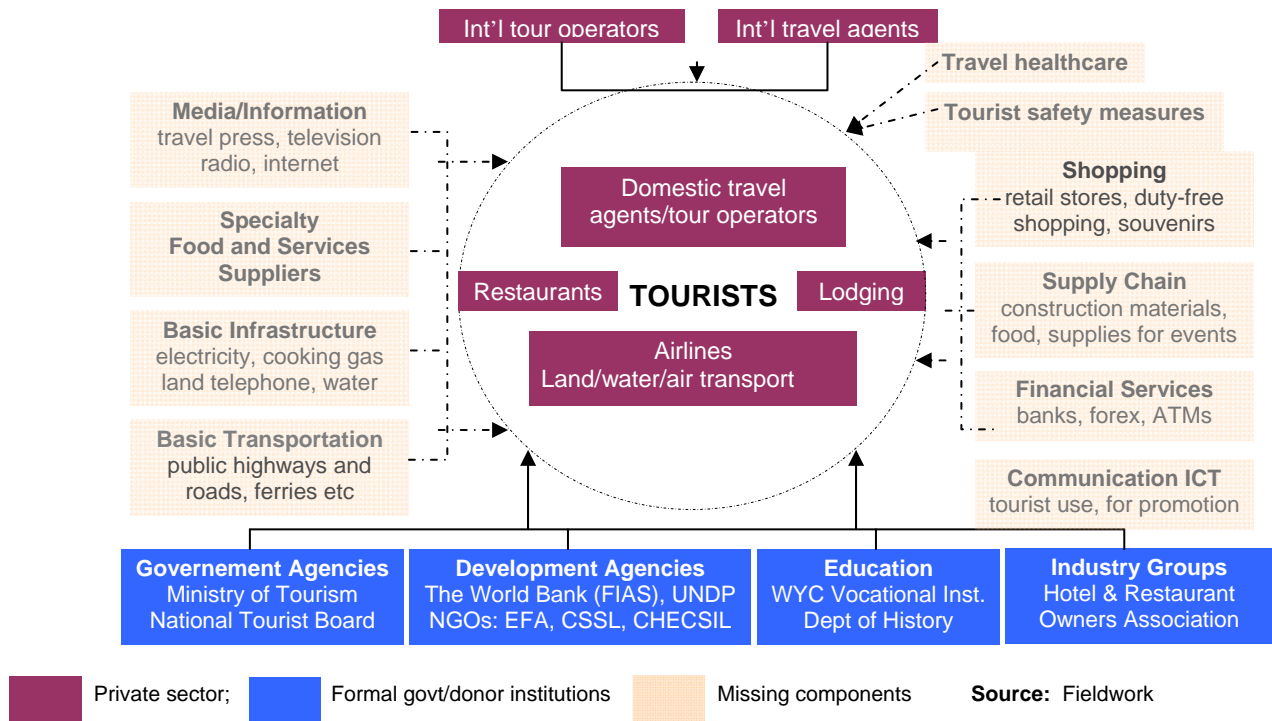
6. A Tourism Cluster Mapping

The cluster mapping exercise revealed a surprisingly small and non-diverse set of industry participants who form the tourism cluster. At the nucleus of the tourism cluster in Sierra Leone was: (i) the hotel and restaurant owners, (ii) airlines representatives and agents, and (iii) transport operators who connect tourists from airport to town and on to a few upcountry destinations (see green boxes in Figure 2). What was missing was the participation of those who operate and maintain tourist attraction sites such as the curators and owners of museums, operators of sports, cultural and entertainment activities, etc. The choice of food, accommodation and logistics itself was rather limited and there was very little competition among the service providers.

It was also notable that there was a full set of national and international formal institutions to regulate and advise the tourism sector (see blue boxes in Figure 2). A separate Ministry of Tourism and the National Tourist Board carried out a series of regulatory and supervisory tasks. The Ministry of Tourism was a relatively small ministry with only 22 staff and resources only sufficient for administrative tasks. Currently, National Tourism Board (NTB) has been offering

most of the regulatory and facilitation services to the tourism industry, including standards certification, grading of tourism-related services, technical assistance on selected policy matters, etc. NTB also undertook few promotional activities with relatively little impact.

FIG 2: Tourism in Sierra Leone: An Initial Cluster



The government was being assisted by international donors and NGOs on tasks ranging from strategy formulation to conservation and linkages-building. A vocational training institute had been in place for several years to develop tourism-related manpower while a Hotel Restaurant Owners' Association had been formed only few months ago. What was striking while comparing the Sierra Leonean tourism cluster with other countries was that despite strong presence of these formal institutions, essential public goods and private services needed for the tourism industry were still short in supply (see brown boxes in Figure 2). For example, a communication strategy did not exist and the use of media and an internet-based platform for tourism and investment promotion was very rare. Sierra Leonean tourist websites were among the least visited websites both locally and globally and e-booking was still not an option for overseas visitors. When important promotional events were organized, they were done with little engagement of the tourism cluster members in Sierra Leone. A good example is the recent 'Hull Freedom Trail'ⁱⁱⁱ organized independently by a group of English academics and students. This tourist trail raised awareness against modern slavery and recognized Freetown's historic role in slavery abolition.

It was not only the add-on services such as supply of specialized food, event organization, development of extended tourist itineraries and destinations, souvenir and other shopping

opportunities that were missing, but the cluster lacked even basic health and security amenities such as travel medicines, emergency rescue services or tourist police. Sierra Leone is a country that is one of the least integrated to the global economy which means that its tourism sector is rather isolated at the moment. Entrepreneurs find it hard to mobilize finance for investment in Sierra Leone and the lack of basic public goods such as infrastructure, health and education services means that investments are bound to be trapped in a vicious cycle of low returns.

7. SWOT Exercise

This exercise indicates a collective listing of strengths, weaknesses, opportunities and threats of the tourism sector in Sierra Leone as perceived by the key stakeholders of the tourism cluster in Sierra Leone as listed in the cluster map (see Fig 2). It has to be remembered that this is only an initial assessment done to test potentials of a full-fledged cluster initiative in Sierra Leone. SWOT is an extremely subjective tool and the perceptions listed in a SWOT exercise should be validated by more rigorous (and objective) analyses if policy implications are to be deduced from this report.

Under this exercise, we asked tourism entrepreneurs, policymakers and other stakeholders to discuss their perceptions about the strengths and weaknesses of Sierra Leone’s natural and human endowments such as location, climate, skills, history and general hospitality culture. We then proceeded to cover issues related to marketing, financing, integration with the global value chain, policy bottlenecks and the public institutions. We encouraged the entrepreneurs and policymakers to reflect on their knowledge of missed or captured opportunities that were presented to them in the past as well as any anticipated threats in the near future. The outcomes are summarized in the table below (Figure 3).

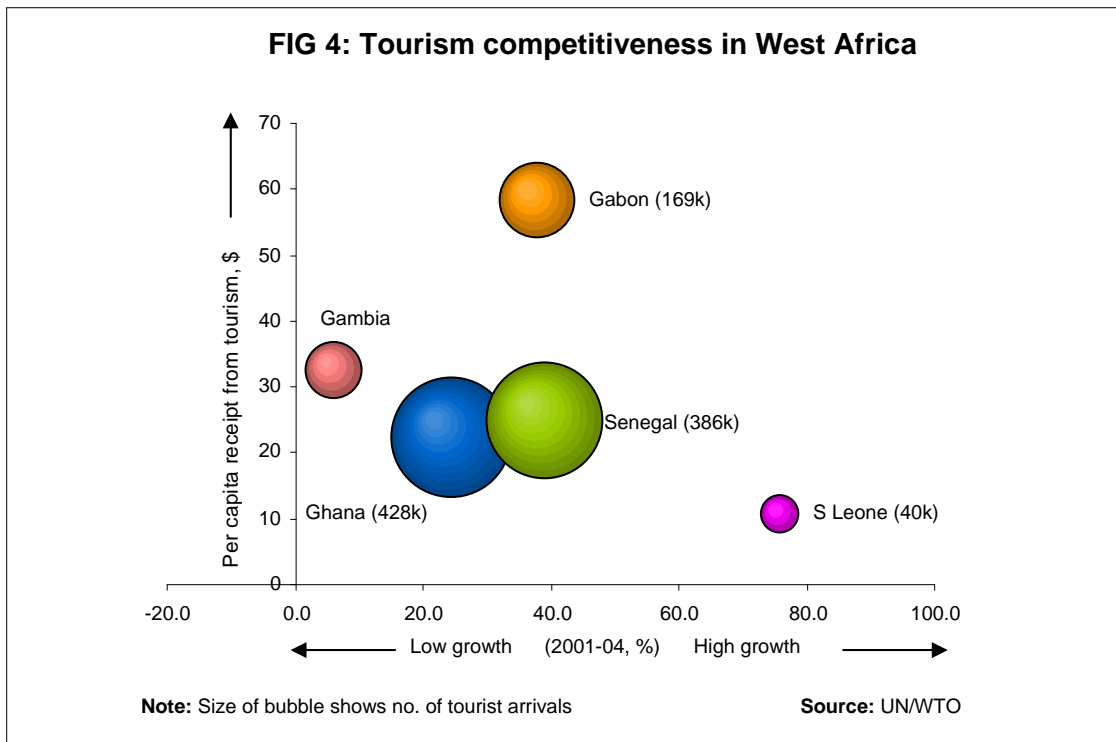
FIG 3: SWOT Exercise

	STRENGTHS	WEAKNESSES
Internal Environment	<ul style="list-style-type: none"> • Pristine and high quality beaches, hills and biodiversity • Geographic proximity to market • Pleasant weather during peak season • Historical importance related to slavery • Historical emblem for freedom of slaves • Navigable rivers for water-based exploration • Low costs • Unique ethnic cultures • Higher security and social capital • Hospitality and service culture as an asset • Very low HIV/AIDS ratio compared to other African countries 	<ul style="list-style-type: none"> • Extremely unfavorable (and unfair) country image • Self-imposed isolation due to limited air, water and land transport • Lack of connectivity within country among various tourist sites • Lack of basic physical infrastructure (water, electricity, emergency health services) • Historical legacies unpreserved due to encroachment or indifference • Absence of even a basic supply chain • Somewhat disconnected from the feedback from clients and markets • Low capacity to market regionally or internationally • Lack of coordination among entrepreneurs and government • Lack of technical manpower • Lack of an overall critical mass

		•
	OPPORTUNITIES	THREATS
external environment	<ul style="list-style-type: none"> • Successful peace-building process and sustained political stability that is slowly being recognized internationally • Global interest in the history of anti-slavery movement originating from the United States, or Obama-mania • Recent recognition among the sportsmen about the excellence of specialized fishing potentials in Sierra Leone • Opportunity to shape image as a newcomer especially with pristine and unspoiled tourist sites • Saturation of neighboring tourist destinations, e.g., The Gambia • Strong developmental interest locally and internationally, contributing towards the public goods and infrastructure • Formation of a new hotel owners' association and other business forums 	<ul style="list-style-type: none"> • Regional image due to drug-trafficking and petty crimes • Government and market failures related to specific goods and services • Price levels too high compared to comparable tourist destinations • Adverse environmental and social impacts if tourism is mismanaged, as has been the experience with mining industry • Mis-marketing without being backed by authentic quality control which may destroy its opportunities <p>High degree of poverty and limited law enforcement could lead to social unrest</p>

8. Competitive Position

Overall, the Sierra Leonean tourism industry is currently positioned as a relatively difficult destination in terms of access which is yet to be 'discovered' by potential tourists. The chart below (see Figure 4) demonstrates the competitive position of Sierra Leone vis-à-vis other countries within West Africa.

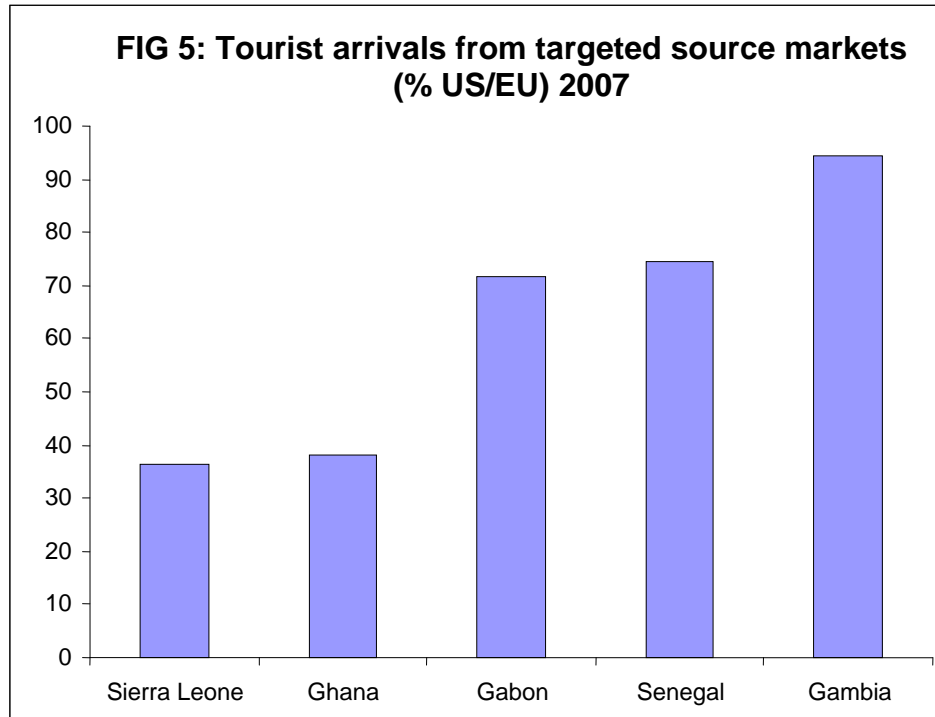


After the internal conflict ended, the number of visitors arriving Sierra Leone increased dramatically. Between 2001 and 2004, the growth in tourist arrival was the highest in Sierra Leone. But one must remember that it had faced a sharp downturn in the late 1990s due to the violent conflict during which a negative growth of 17 percent was marked in the tourism sector. It sent a wave of pessimism among the international tour operators as the pioneer enterprises and infrastructures – most prominently the Tokey Beach Resort housing over 200 tourists largely from France, UK and the Scandinavia – was physically torn down to pieces. Since 2004, however, Sierra Leone has been a reasonably stable economy and the number of tourist arrivals has been increasing gradually through 2008 though at a much lower rate.

Despite its impressive growth in this sector between 2001 and 2004, Sierra Leone continues to have the lowest receipts from its tourism industry. In 2004, it earned only US\$ 50 million from tourism, which is much lower than the tourism earnings of a much smaller country Gabon. When normalized by population, per capita tourism receipt in Sierra Leone is only 11 dollars, compared to 58 dollars in Gabon and 32 dollars in The Gambia. Larger countries such as Ghana and Senegal have per capita tourism receipts of 22 and 25 dollars respectively.

In the case of West Africa where almost all countries attract only lower-end tourism, tourism receipts are direct functions of the number of tourist arrivals. Some have argued that such a trend may add more burdens on the host country's culture and environment without adding much value to its economy. While this is a valid argument, this does not seem to be much relevant for Sierra Leone at this time. The chart in the following section (see Figure 5) shows that tourism arrival is lowest for Sierra Leone. In 2004, only about 44 thousand tourists visited Sierra Leone as compared to 90 thousand in much smaller beach destination The Gambia, 222 thousand in Gabon, 363 thousand in Senegal and 584 thousand in Ghana (UN/WTO). There is great potential in Sierra Leone to scale up tourism arrivals and revenues without having to worry about reaching saturation point.

Among the current tourists in Sierra Leone, the overwhelming majority come on business including for international development (including the humanitarian operations led by the United Nations) and few who come for leisure and adventure. Some combine these activities and carry out short-term development engagements organized by charities and church groups in Europe and the US. Given the geographic challenges and market isolation as well as its history of political instabilities, Sierra Leone may benefit more by focusing on a select few niches within the market which would bring high-value tourists in smaller numbers, thus putting little pressure on its inadequate infrastructure and posing less threat to its fragile environment. Developing an initial tourism platform for the captive clientele such as the business travelers may as well turn out to be a good option for Sierra Leone.



Source: Calculated from UNWTO stat

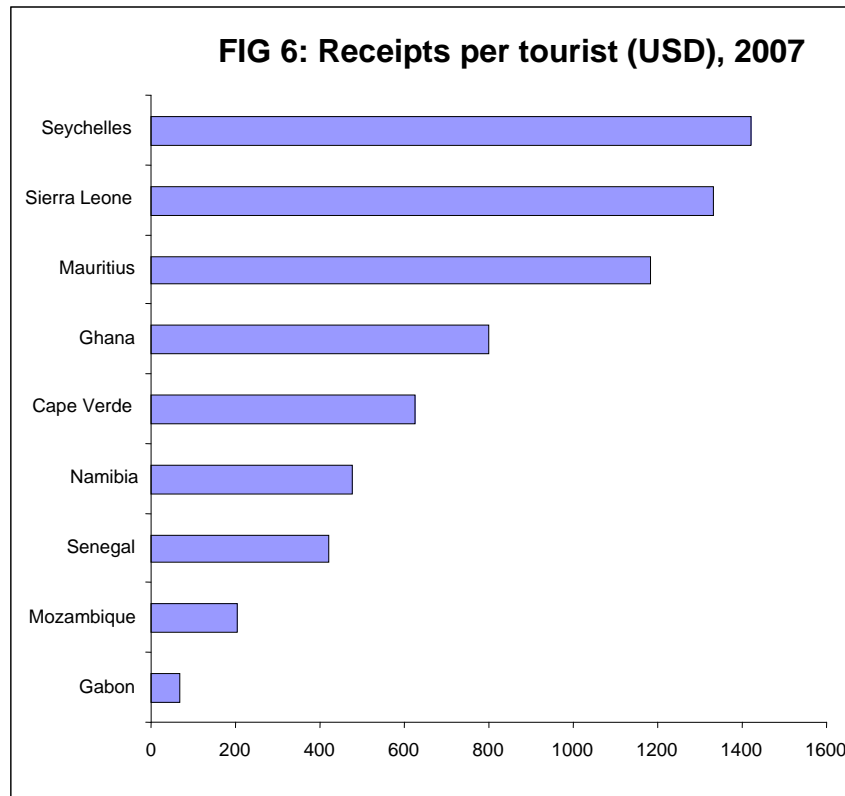
Analyses show that European and American tourists have the highest per capita outbound expenditures (i.e. how much they spend when they travel abroad), and this is the market Sierra Leone has appropriately tried to target. But it has not been very successful. Only about 36 percent of the tourists come to Sierra Leone from its targeted source market, compared to The Gambia which receives 95 percent of its tourists from this market. Gabon and Senegal with similar attractions as Sierra Leone have been more effective in attracting tourists from the higher-spending markets. These may attribute to several causes that are related to each other in a complex way, namely, the absence of an overall incentive regime that stimulates the market forces, lack of hard and soft infrastructure, and compromises on industry sophistication due to firm inefficiency but also a series of government and market failures. Some of these will be discussed further in the following section.

9. A Porter Diamond Analysis

A comparative assessment of the cluster's factor and demand conditions against its industry strategies revealed a very weak current competitiveness for the Sierra Leonean tourism industry. Few Sierra Leonean tourism firms are linked directly with the targeted source markets of the EU and the US, not to mention the higher end clientele within those markets. Majority of customers in the hotels and resorts surveyed were either the residential expatriates from within West Africa or business travelers who visited Sierra Leone because of their businesses necessities. Quite a few hotels have been established after the 1997 conflict, but they were established largely to cater to the demand coming from humanitarian workers who came to Sierra Leone on the peace-building and reconstruction projects led by the United Nations. Most of the development agencies are clustered where hotels were present but there are very few tourist enterprises in

prime leisure tourist sites such as the Western Peninsula or the islands and regions of biodiversity conservation.

Figure 6 below shows that revenue per tourist is one of the highest in Sierra Leone, and compares favorably with a high-end tourist destination of the region, the Seychelles. But that assumption will be a misleading one. First, the length of tourist stay is much longer in Sierra Leone than Seychelles, not because of its tourist attractions but merely the fact that majority of tourists who come to Sierra Leone are business travelers and that requires them to stay longer. Second, it has to be remembered that a bulk of the tourist expenditure in Sierra Leone is spent in airfare which is approximately 30 percent more expensive than neighboring countries (World Bank, 2009). This is because an English airline company Astraeus has recently combined flight operations with another English company BMIⁱⁱⁱ (owned by Lufthansa) for the London-Freetown route. The other scheduled flight from Europe, SN Brussels, is also 45% owned by Lufthansa. This has made the flight operations between Europe and Sierra Leone a virtual monopoly and this has resulted in artificial inflating of pricing. The same is true for airport-to-town transfer, which is currently done either on a helicopter, a hovercraft or a speed boat because of the absence of reliable public transport.^{iv} And visa fees are at least 20 percent more expensive than neighboring countries. Finally, added to this is the problem that Sierra Leone lacks the capacity to develop goods and services that may contribute to a tourism value chain within the country. Most of the essential goods and services for tourism, ranging from construction materials to build lodging facilities to supply of food in restaurants are imported. Unless these issues are addressed properly, the economic gains from tourism are going to remain very low within Sierra Leone.



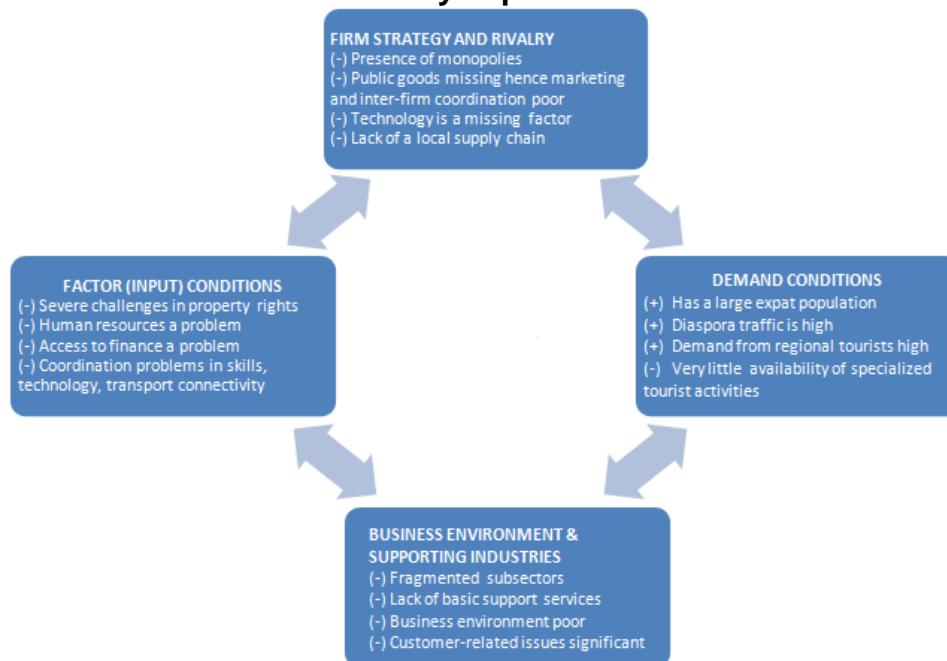
Source: UNWTO stat

Strategies for firms within the tourism industry are very basic. Since there is lack of the basic infrastructure such as reliable electricity, telephone and internet services, business strategies for marketing are based on personal networking and individual customer loyalties. In fact, the industry is so underdeveloped at this stage that it is hard to find even price-based competition among firms and most of the businesses are currently running at the minimum of their capacities.

While there are dedicated government and private sector organizations working on tourism, not many have come together to forge a common vision, agree upon a joint strategy and implement strategic initiatives on competitiveness. For example, there is no coordinated strategy to bring tourists directly from the upper end of the target markets. Nor has it lately undertaken joint actions to organize conventions or conferences in Freetown to develop its brand as a conference destination. Yet these would be one of the most direct avenues to tourism development in Sierra Leone given that most of the current travelers to Sierra Leone come on development missions and they have expressed need for larger conference facilities within the region.

The financial sector has a weak participation in the cluster as most of the businesses have very limited access to formal credit; hence, most of the business owners end up mobilizing their personal finances. Further, the collateral based system for credit is inefficient and landowners have complained that they find it hard to develop tourism-related properties on their own land even when they are occupying prime tourist sites simply because banks do not give sufficient credit on their land-based collateral. Banks justify this choice by citing a large number of disputes on land titles which go unresolved for years, sometimes decades. Financiers hesitate to form business partnerships with landowners because laws are unclear and there are no reliable arbitrators if disputes were to arise between them in future.

FIG 7: Porter Diamond: Policy Implications for the Tourism Cluster



Source: Fieldwork

Worse is the case for businessmen's interactions with the customs authorities. Since very little of the necessary goods and services for tourism can be produced locally at the moment, the government has announced generous trade policy provisions where all construction materials imported to build premises for tourism-related services are declared duty-free. However, administrative procedures for duty drawback certifications are extremely cumbersome. Three of every five businessmen interviewed said that they have not received duty drawback on several of their eligible imports. There is a necessity for Sierra Leone to undertake comprehensive regulatory reforms to solve this problem.

Tourism in Sierra Leone is entirely based on basic factor conditions and advanced factors are almost nonexistent. Sierra Leone has excellent natural endowments as exemplified by its pristine beaches and islands, mountains and rich biodiversity, interesting wildlife, local histories, culture, market proximity and climate. But when it comes to resources that are necessary for exploiting these resources to move up the ladder, it has several binding constraints. Local labor is cheap and abundant but not proficient in delivering tourism-related services. Tourism-related personnel lack essential knowledge and skills for their professions although this is improving with time. There are few public vocational schools and private training institutes which offer training on housekeeping, catering and hygiene, landscaping and interior designing, marketing, contracting, safety and security, etc, but both graduate students and local businesses agree that there is a serious mismatch between the training provided and the skills required for tourism development. The problem is worse when it comes to managerial and technical skills required for tourism -- the Fourah Bay College, the oldest university in West Africa offers masters programs in generic management but they have made no efforts to adapt these courses for specific needs of tourism enterprises. Further, none of their courses are internationally accredited and top hotels in Sierra Leone send their employees abroad for training.

Land ownership is a uniquely problematic issue in Sierra Leone, and it alludes to a series of policy and institutional problems. First, Sierra Leone has never truly addressed the colonial legacy of having to maintain contradictory land ownership systems which generate policy ambiguities. Essentially, Sierra Leone practices a land leasing system within the protectorate where land can be leased but not sold. The freeholding system -- where land can be bought and sold -- is practiced only in selected areas. Land management is generally placed under the jurisdiction of provincial bureaus but the Western Peninsula -- one of the most promising sites for tourism development -- is an exception and its land is placed under the jurisdiction of the central government. This arbitrary division of jurisdiction is a contentious issue among various groups of land owners, policymakers and politicians. This makes it difficult to develop ambitious spatial development programs in the Western Peninsula. Second, the system for keeping the land titling records has been long inadequate and there are rampant cases where land titles are disputed without being resolved for years. Third, there is an acute problem of land hoarding. For example, the entire land mass of the Western Peninsula is owned by less than ten individual owners and there are no ceilings on individual land ownership.

The business environment suffers from major constraints that bar spontaneous development of key supporting industries such as transport: In essence, there is very little competition among the key firms because of the prevalence of strong monopolies both in international and in-country transport businesses. As far as inter-country air transport is

considered, the flights between Europe and Freetown cater a relatively small and captive clientele which is neither large enough to generate demands that may sustain multiple carriers nor is their demand elastic enough to drive competition between carriers. The intercontinental airfare to Sierra Leone is one of the highest in the world when measured in terms of unit miles travelled.

The case of in-country transport is not very different. The price of airport-town transfer in Sierra Leone is probably the highest in the world and it has been segmented into four modes of transport. The first is to take a bus and then transfer to a ferry which takes between 4-8 hours and is not used by tourists. The second and third options are the hovercraft or the helicopter, both of which are monopolies and charge US\$ 70 per transfer. A new option has been added recently in the form of water taxis, which is currently monopolized by another private company because of the lack of public docks. While the geographic conditions compel Sierra Leone to continue multiple forms of transport for airport-town transfer, the airport traffic volume is not big enough to sustain all these businesses in a long run. There is room for some coordination among these entrepreneurs so that each of them utilizes its maximum capacity without engaging into a zero sum game. The tourism cluster should develop a practical strategy that can develop coordination among various modes of transport and develop policy guidelines for concession and competition that for entrepreneurs.

10. Conclusions

In summary, we have benchmarked Sierra Leone's tourism competitiveness on all three major fronts: overall incentive regime, necessary hard and soft infrastructures including business enabling environment and supporting industries, and firm-level competitiveness. The broad results suggest the following: Sierra Leone is a small and distant market which is not sufficiently integrated with the global market as demonstrated by the fragmentations seen in the tourism supply chain ranging from international air carriers to suppliers of basic goods and services, e.g., food and tourist health services. There are serious challenges in business environment and factor mobility as manifested in poor land management, property rights, skills, access to finance, and lack of high-end business ventures. Tourism in Sierra Leone is entirely based on basic factor conditions such as natural endowments while advanced factors such as high-end lodging, catering and entertainment services are virtually nonexistent. The main policy implication is that there remain significant needs to effective collaborations between the public sector actors and private sector entrepreneurs to integrate with the global market and strengthen its tourism competitiveness.

The cluster mapping (Figure 2) showed that several non-profit organizations are present and active within the Sierra Leone tourism cluster while profit-oriented enterprises are few and docile. Over the past few years, a critical mass of basic service providers such as the restaurant, hotel and resort owners has emerged, but their functions are still hindered by absence of a market-based incentive regime and hard and soft infrastructure that are necessary for them to function efficiently. Firms that provide essential services such as transport, finance, communication and promotion, safety and healthcare are few and far between. Where such services are available, quality of their service is very low. It is important that Sierra Leone develops active measures to address such discords.

To address the precise issue of lack of synergy between public and private efforts, the cluster approach recommends a series of short- and medium-term actions. Initial actions should build platform on which subsequent measures can be undertaken and collaborative efforts can be deepened. These recommendations come with a caveat: This is only a preliminary analysis and it will need to be supplemented by more rigorous analyses and policy dialogues while formulating detailed policy recommendations.

- *Low hanging fruit to develop a platform for collaboration:* Start out with easy activities such as facilitation of workshops, training and study tours to initiate dialogues among the industry leaders and policymakers. Once achieved, undertake selected collaborative initiatives among cluster members on a cost-sharing basis which may include development of communication materials, organization of promotional events for brand development, and market outreach.
- *Joint analyses for precise competitiveness strategies:* Once the cluster is formalized as a joint entity between the key private and public sectors where members are willing and able to carry out collaborative efforts, undertake *rigorous competitiveness analyses*. This could be sector-specific where clusters specialize on very precise product/market segments where the cluster is active or oriented. Or it could be cross-sector analyses that address key binding constraints such as transportation facilitation and logistics, property rights regime, administration of taxes, duties and customs, issues related to factor mobility, competition policies, etc.
- *Joint actions for sustainable competitiveness:* The initial cluster analysis showed a growing gap between the infrastructure required for a tourism cluster to efficiently function and what is currently available in Sierra Leone. The airport is in a poor condition, the transfer from the airport to Freetown is problematic, the road network has been badly deteriorated during the conflict, power and water utilities are unreliable and expensive, and even basic physical safety measures and health facilities are lacking for tourists. It will take a long time to tackle all infrastructure problems, but in the meantime, priorities have to be set. Government should clearly endorse promotion of the tourism sector and treat it as a priority sector when developing its infrastructure strategies. The private sector could match government endorsement with quick a flow of investment and entrepreneurial undertakings. For this to happen, the two groups should develop work plans that secure commitment for joint actions.

What is true of physical infrastructure is also true for the human resources necessary for tourism development. While there is considerable natural endowment in the form of good location, weather and hospitable culture, there is a severe lack of policies and institutional mechanisms that facilitate capitalization on those endowments. Considerable support will be needed to develop institutional modalities that produce skilled human resources at all levels that can ensure that firms break the vicious cycle of basic factor conditions to advanced and hence more competitive conditions. As has been discussed earlier, such institutional modalities work best where there is a genuine collaboration and ownership between the private and public sectors.

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ANNEXES

Annex 1: Product and Customer Segmentation

Product and Customer Segmentation						
	Beach tourism					
	Town beach (Lumley)	Isolated beaches (Western Peninsula)	Beach entertainment (cultural shows, bars)	Multiple beach destinations	Fishing tours	Water sports
Current product segment	✓ LE ✓ BT ✓ AOT	✓ LE	X	✓ LE	X	X
Potential product segment	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	X
	Nature-based tourism					
	Biodiversity (Tiwai)	Wildlife (Outamba Kilimi)	Animal sanctuary (Tacugama)	Cultural tours	Hiking, Rowing, camping	Artifacts/ handicrafts
Current product segment	X	X	✓ LE ✓ BT ✓ AOT	X	✓ LE	X
Potential product segment	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	X
	Niche tourism					
	African- American heritage	Graham Greene trails	Colonial heritage/ Architecture	Archaeology trails	Tarpon fishing	Mining and plantation tourism
Current product segment	✓ ATD					
Potential product segment	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ LE ✓ BT ✓ AOT
	Business travels					
	INGOs/donor s events	Events for govts	Business events (mining/agribiz)	Activism, sports, creativity	Long-term (courses, internships)	
Current product segment	✓ LE ✓ BT ✓ AOT	✓ BT	X	X	X	
Potential product segment	✓ LE ✓ BT ✓ AOT	✓ BT	✓ LE ✓ AOT	✓ LE ✓ BT ✓ AOT	✓ AOT	
Note: LE: local expatriates (approx 35%); BT: business travelers (approx 30%); AOT: all other tourists including domestic and diaspora tourists (approx 35%).						

Annex 2: Joint World Bank and FIAS Questionnaire for cluster competitiveness analysis for tourism in Sierra Leone

1. Name of your firm:

(optional – but if you give us your name, we can engage you better in follow up activities):

2. Is your organization partly or fully government-owned?

Yes

No

3. Do you have any foreign investment in your organization?

Yes

No

4. How many people do you employ in total?

Less than 25

26-50

More than 50

5. Which subsector are you operating in? (Please tick all that apply)

Accommodation

Ground transportation – local

Water/air transportation – local

Transportation – to provinces

Transportation – international

Tour operations

Restaurants and catering

Entertainment (beach/casino/performances)

Supplier of inputs to any of the above

Marketing/advertising

Tourist information

(guidebooks, maps, consulting services)

Regulation and grading evaluation

Other:

(please describe)

6. What is the average level of spending by your customers per day in tourism-related goods and services in Sierra Leone during their trip?

Less than US dollars 50

US dollars 51-150

Over USD 151

7. Who are your clients? (Please indicate all that apply)

Resident expatriates (approximate %)	
Business travelers (approximate %)	
Regional and diaspora tourists (approximate %)	
Group tourists through tour operators (approximate %)	
Independent tourists from abroad (approximate %)	
Others: (please describe)	

8. Which are the tourism themes you are currently operating in? (please tick all that apply)

Beach within Freetown	
Western Peninsula beach	
Other beaches outside Freetown	
Nature-based tourism (wildlife and birdwatch, homestays and local culture tours)	
African-American heritage; colonial history tours; arts and crafts, and other specialized trips (for researchers, scientists, sportsmen, artists, etc)	
Business travel (for locals, expats and foreigners)	
Others: (please list)	

9. How many of your customers visit Sierra Leone as part of their broader Africa trip?

Tourists visiting only Sierra Leone (in %)	
Visiting SL as part of West Africa trip (%)	
Visiting SL as part of other Africa trip (%)	
We do not know (%)	

10. What are the average vacancy rates in the goods and services that you sell?
(eg occupancy in hotel rooms, usage of restaurant, usage of transportation and catering services, etc.)

During your peak season (in %)	
During your slack season (%)	

11. Do you have contracts (6 months or more) to supply services to an international firm

or corporation, e.g., tour operators, airlines and other organizations, etc?

No international contracts	
Yes – with West African firms/corporations	
Yes – with other African firms/corporations	
Yes – with other international firms/corporations	

12. What are the three key things tourists are especially happy about during their trip?

(a)
(b)
(c)

13. What are the three key things tourists complain about?

(a)
(b)
(c)

14. Which countries are your key rivals and/or potential allies for business expansion?

Key competitors (please list 3 countries)	Key allies with whom you may partner (please list 3 countries)

15. What are your key problems? (Please tick only one for each. If possible, please write remarks.)

	Major	Moderate	Minor	Any remarks (How urgent or relevant is it?)
Land law for buying, selling, leasing, utilizing land				
Import tariff/restrictions on your inputs				
Time it takes to import your inputs (paperwork and customs clearance, transportation of goods, etc)				
Availability of basic infrastructure (roads				

15. What are your key problems? (Please tick only one for each. If possible, please write remarks.)	Major	Moderate	Minor	Any remarks (How urgent or relevant is it?)
and ferries, water, electricity, telephone, health services)				
Other unpaid public goods (country image-building and promotion, tourist site development, services by public institutions)				
Costs of paid services (electricity and water tariffs, transportation costs, fees for business services, fees for medical services, etc.)				
Local availability of qualified professionals (firm employees, government employees for regulating hotels, airlines, etc.)				
Local availability of specialized service providers (business strategy development, architectural, landscape designing, interior decorations, nutritional and culinary expertise, public relations, marketing)				
Availability/quality of training providers (private or public training of tour operators, cooks and waiters, designers, etc)				
Contacting and connecting with international operators and markets				
Contacting and connecting with international standards certifiers and specialized service providers (eg environmental, quality and safety standards for hotels, air and water transportations, etc)				
Others: (please describe)				

Annex 3: People and Institutions Consulted

A. Hotel and restaurant owners and workers

- Hotel Barmoi (Class H-1)
75c Cape Road,
Aberdeen, Freetown
- Hotel Mammy Yoko (Class H-2)
Cape Road,
Aberdeen, Freetown
- The Country Lodge Complex (Class H-1)
HS-51 Hill Station,
Freetown
- Hotel Kimbima (Class H-2)
Man of War Bay
Aberdeen, Freetown
- Sierra Lighthouse Hotel (Class H-2)
Man of War Bay
Aberdeen, Freetown
- Mamba Point Guest House (Class G-1)
4 Regent Road
Wilberforce, Freetown
- Lac's Villa Guest House (G-2)
3a/9 Cantonment Rd
Brookfield, Freetown
- Banana Island Guest (G-2)
Banana Island
York Rural District
- Posseh's Residence (G-3)
Babadori Hill
Lumley, Freetown
- Beach No. 2 (G-4)
6 Main Road No. 2
River Off Peninsular, Freetown

- Capitol Hotel (H-3)
51 Hanga Road
Kenema
- Cape Sierra Hotel (H-2)
Cape Road
Aberdeen, Freetown
- Franco Diving Resort (H-4)
Off Peninsular Road
Lakka Village
- Lungi Airport Hotel (H-1)
Tulun road
Lungi
- Family Kingdom Resort (H-2)
Lumley Beach Road
Aberdeen, Freetown
- Cabenda Holdings Hotel (H-2)
14A Signal Hill Road
Congo Cross, Freetown

B. Travel agents and tour operators

- IPC Travel and Tours
- KTI Travel and Tours
- Tacugama Resort
- Visit Sierra Leone
- Tiwai Island Wildlife Sanctuary

C. Transport operators

- UT Air Helicopter Services
- Pelicon Water Taxi Services
- Hovercraft Services

D. Business association

- Sierra Leone Hotel and Restaurant Owners' Business Association

E. Providers of support services

- Lynne Capae Casino
- OKNP Supplier of Services
- Global Trading

F. Government officials, donor representatives, policy and sector specialists

- National Tourist Board
- Ministry of Tourism
- Ministry of Trade
- Ministry of Finance/Customs
- Directorate of Civil Aviation
- National Power Authority
- Guma Valley Water Conservation
- Milton Margai College of Tourism
- WYC Vocational Institute
- Monuments and Relics Commission
- Department of History, University of Sierra Leone
- Department of Literature, University of Sierra Leone
- UNDP
- European Commission
- DFID

Annex 4: Fiscal Incentives Offered to Tourism Entrepreneurs under the Tourism Act 1990

*Supplement to the Sierra Leone Gazette Vol. CXXII, No. 14
Dated 28th February, 1991*

The Development of Tourism Act, 1990

Part V – Development Aids and Incentives

[Section 30-38 reproduced as in the Act]

“30. Income tax and other tax reliefs

Where for the purpose of an Approved Development by way of constructing a new hotel, extending, restoring or renovating an existing hotel; or any tourist facility or amenity, eligible expenditure is incurred, such expenditure shall qualify for –

- (a) Relief by way of capital allowance under section 31 of this Act;
- (b) Relief from surtax for such period not exceeding five years as the Board may determine but such relief shall not apply to profits earned in excess of one hundred and fifty *per centum* of the original capital invested;
- (c) Relief from income tax in such manner and for such period not exceeding five years as the Board may determine so, however, that such relief shall not apply to the extent that the total amount during the tax holiday period exceeds one hundred and fifty *per centum* of the original capital invested.

31. Capital allowances

Capital allowances on any asset in respect of which qualifying expenditure as defined under the Third Schedule to the Income Tax Act has been incurred by any person wholly or exclusively for the purpose as set out in section 30 of this Act shall be computed and deducted from the profits or income of that person arising from such business during the tax holiday period in accordance with the provisions of the Schedule to the Income Tax Act relating to capital allowances:

Provided that –

- (a) The rates of capital allowances on plant, machinery or equipment shall during the tax holiday period be as follows –
 - i. Initial allowances – twenty-five *per centum*;
 - ii. Annual allowances – ten *per centum*;
- (b) An investment allowance of sixteen *per centum* of the costs may be granted but such investment allowance shall not be deductible in ascertaining the residue of the expenditure for the purpose of a balancing allowance or balancing charge.

32. Losses incurred

(1) Any net loss incurred by any person during the tax holiday period shall for the purpose of ascertaining the total income of that person as provided for under Part VI of the Income Tax Act be carried forward and be available for set-off against the profits or income arising from any business in the basis period of the year of Assessment immediately following the expiration of the tax holiday period or against the profits or income arising from such business in any of the basis periods of the next following five years of Assessment immediately following the expiration of the tax holiday period.

(2) For the purposes of sub-section (1) the expression “net loss” shall be construed to mean the amount by which the total of any loss incurred during the tax holiday period exceeds the total of any gains or profits or income derived by any person from any business during the tax holiday period.

33. Incentives for enterprises using foreign investment

The following shall apply to any business where, for the purpose of constructing a new hotel, extending, restoring or renovating an existing hotel, or any tourist facility or amenity approved by the Board the business utilizes foreign investment provided from outside Sierra Leone or employs within Sierra Leone a significant amount of expatriate capital –

- (a) a right to remit on cessation of the business interest the value or such foreign capital or expatriate capital subject to the law relating to exchange control at the time of application for remittance;
- (b) an application to remit any accrued profits or dividends during the twelve-month period immediately following the end of the financial year to which the application refers, shall be subject to any law relating to exchange control at the time of such application.

34. Exemption from duty

(1) Where for the purposes of an Approved Development by way of constructing a new hotel or any other tourist amenity or facility or for the provision of a tourist service in an operation licensed under this Act or the restoration, extension or renovation of an existing one it is necessary to import building materials, machinery or equipment that is not easily available in Sierra Leone, these shall be imported free of customs duty for the period of construction or rehabilitation.

(2) Where for the purposes of commencing a business under Section 34(1), it is necessary to import linen, cutlery, glassware, chinaware that are not easily available in Sierra Leone these shall be imported free of customs duty for a period not exceeding three years.

(3) Where it is established that any importation under this section is not for the purpose established there-under, customs duty shall be paid for that importation in full, and the Comptroller of Customs shall, in addition, impose a penalty if the situation so demands.

35. Relief from payroll tax

Where for the purpose of efficient Management of an Approved Development project it is considered necessary to import competent expatriate staff having skills and expertise not readily

available in Sierra Leone, the employer shall be exempted from payroll tax in respect of such expatriate staff for a period not exceeding three years, provided that such expatriate staff shall not exceed six in number for any specific business.

36. Limitations

(1) The reliefs, allowances and concessions granted under this Act as Development Aids and Incentives shall not apply to night clubs, restaurants or casinos except in so far as they are an integral part of a hotel.

(2) In case of a hotel, these reliefs shall not apply except where the hotel has a minimum of ten letting bedrooms and where it is demonstrated that the hotel will be under the management of a person or persons who have the professional ability and experience in the management of hotels and in the tourist industry and where it is demonstrated that an appropriate plan has been prepared for the effective marketing of the hotel.

37. Further reliefs

The Minister may, in consultation with the Minister responsible for Finance and with the subsequent approval of Cabinet grant further relief as the situation may demand.

38. Offences and penalty

Any person who fraudulently provides false information to enable him to benefit from the Development Aids and Incentives provided in this Act shall be guilty of an offence and shall, on summary conviction, be liable to a fine equivalent to thrice the tax or customs duty that person intended to evade or twelve months imprisonment or to both such fine and imprisonment.

ⁱ This is equivalent of 9-12 per cent of its 2007 GDP.

ⁱⁱ Kingston-upon-Hull was the birthplace of William Wilberforce the Parliamentary leader of the abolition movement and mover of the Abolition Act which led to the abolition of the slave trade in 1807.

ⁱⁱⁱ Formerly known as British Midland International.

^{iv} A slow and dilapidated ferry crosses the river every two hours or so.