

Critically Examining the Prospects of Applying the Growth Identification and Facilitation Framework in Sierra Leone

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Abstract: Sierra Leone represents a paradox in West Africa. The nation possesses abundant natural resources and a substantial labor force, yet it remains the region's least developed economy. The country struggles with persistent high inflation, inadequate infrastructure, minimal industrialization, and an undiversified economic base. For generations, Sierra Leoneans have aspired to sustainable growth and shared prosperity, but these goals have remained elusive. This paper examines Sierra Leone's economic trajectory through Professor Justin Lin's pragmatic framework: identify existing capabilities, strengthen what works, and scale successful initiatives. The analysis employs the Growth Identification and Facilitation Framework (GIFF), a systematic approach comprising two tracks and six steps designed to uncover sectors with latent comparative advantages and formulate actionable growth strategies. The methodology reveals six priority sectors positioned to drive economic expansion: footwear manufacturing, clothing production, agricultural products, food processing, mining operations, and construction. Each sector demonstrates untapped potential that, with proper support, could generate employment, increase exports, and diversify the economy beyond raw material extraction. The paper proposes a comprehensive intervention strategy combining broad-based reforms with sector-specific measures. Cross-cutting improvements include infrastructure development and business environment enhancements that reduce transaction costs and improve competitiveness. Sector-specific interventions address unique challenges facing each priority industry, from skills development to supply chain optimization. The findings suggest that Sierra Leone's path to prosperity lies not in abandoning its resource endowments but in leveraging them strategically while building productive capabilities across multiple sectors. By identifying and nurturing latent comparative advantages through targeted policy interventions, the nation can transform its economic structure. This transition promises to shift Sierra Leone from extractive resource dependence toward broad-based industrial development, creating pathways to inclusive economic prosperity that have eluded previous generations.

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I. INTRODUCTION

Sierra Leone's developmental trajectory has been marked by profound disruption and fragile recovery. The West African nation endured a brutal civil war that lasted over a decade, destroying critical infrastructure and fracturing the social fabric of communities. Before the country could fully recover, the 2014-2016 Ebola epidemic struck, killing thousands and crippling an already weakened healthcare system. These consecutive crises left deep scars on the economy, eroding productive capacity and undermining investor confidence.¹

Despite these setbacks, recent years have shown signs of economic recovery. GDP per capita grew by 3.1% in 2019,

suggesting modest progress toward stability². This growth was interrupted in 2020 when the COVID-19 pandemic triggered a 3.5% contraction. Global lockdowns disrupted supply chains and reduced international trade, hitting Sierra Leone's export-dependent economy hard. The nation rebounded in 2021 with 3.5% growth, followed by 3.0% in 2022 and 3.4% in 2023³. While these figures indicate resilience, they also reveal the volatility of an economy vulnerable to external shocks and heavily reliant on primary commodities.

The path to sustainable development remains obstructed by structural weaknesses. Infrastructure deficits constrain economic activity across all sectors. The road network is poorly maintained, increasing transportation costs and

¹ World Bank, 2020.

² World Bank, 2024

³ World Bank, 2024.

limiting market access for producers in rural areas. This raises the cost of doing business and reduces the competitiveness of Sierra Leonean products in regional and international markets⁴. The energy sector faces chronic challenges, with frequent power outages forcing businesses to rely on expensive diesel generators. This drives up production costs and discourages investment in manufacturing and processing industries.⁵

Industrial capacity remains limited and underdeveloped. The economy is heavily concentrated in extractive industries, particularly mining. While mineral exports generate foreign exchange, this dependence creates vulnerability to commodity price fluctuations. A downturn in global mineral prices can quickly translate into fiscal strain, job losses, and reduced economic growth⁶. The manufacturing sector is small and lacks the capacity to absorb a growing labor force or add value to raw materials. Most agricultural products are exported in raw form, missing opportunities for value addition through processing and packaging.

These structural constraints perpetuate poverty and limit employment opportunities. Without diversification, the economy cannot generate sufficient jobs for young people entering the labor market. Rural areas remain particularly underdeveloped, with limited access to markets, credit, and modern farming techniques. This drives rural-urban migration and increases pressure on urban infrastructure and services.

The Growth Identification and Facilitation Framework offers a structured approach to addressing these challenges. Developed by Lin and Monga (2011), the GIFF is a policy tool designed to help developing countries identify sectors with latent comparative advantage and implement targeted interventions to unlock growth potential. The framework emphasizes learning from countries at similar but slightly higher stages of development. By studying the industrial transformation of these comparator nations, Sierra Leone can identify sectors that align with its resource endowment and development level.

The GIFF approach rests on several core principles. First, it recognizes endowment structure as a fundamental determinant of comparative advantage. Countries should focus on industries suited to their current factor endowments rather than attempting to leapfrog into capital-intensive sectors prematurely.⁷ Second, the framework emphasizes the role of government in coordinating industrial upgrading and addressing market failures. While markets should allocate resources, governments must provide public goods, reduce coordination costs, and create an enabling environment for private sector growth (Lin & Monga, 2013).

Third, the GIFF promotes dynamic growth through sequential industrial upgrading. As countries accumulate capital and skills, they can gradually move into more

sophisticated industries. This process requires identifying tradable goods and services in which dynamically growing countries with similar endowment structures had comparative advantage 20 years earlier.⁸ For Sierra Leone, this means examining the industrial paths of countries like Vietnam, Bangladesh, or Ghana, which have successfully diversified from primary commodity dependence.

Applying the GIFF in Sierra Leone requires several sequential steps. The first step involves conducting a comprehensive assessment of the country's resource endowment and productive capabilities. This includes mapping natural resources such as minerals, arable land, water, and marine resources. It also requires evaluating human capital, including educational attainment, skill levels, and demographic characteristics of the workforce. Understanding these endowments provides the foundation for identifying sectors with potential comparative advantage.

The second step identifies tradable sectors where comparator countries had competitive advantage when their endowment structures resembled Sierra Leone's current position. For example, if Ghana successfully developed cocoa processing and light manufacturing when its per capita income and capital stock matched Sierra Leone's current levels, these sectors warrant investigation. The analysis should examine why these countries succeeded, what policies they implemented, and what infrastructure investments they made.

The third step involves identifying binding constraints that prevent Sierra Leone from competing in these promising sectors. Constraints may include inadequate infrastructure, lack of technical skills, limited access to finance, burdensome regulations, or institutional weaknesses. Rodrik (2010) emphasizes that growth strategies must diagnose and address the most binding constraints first, as removing less critical obstacles yields limited impact.

The fourth step requires designing targeted interventions to relax these constraints. For infrastructure deficits, this may involve investing in roads, ports, and electricity generation. For skill gaps, it requires expanding technical and vocational training aligned with industry needs. For financial constraints, it means developing specialized lending facilities or guarantee schemes. For regulatory burdens, it requires streamlining business registration, licensing, and customs procedures.

The fifth step involves attracting private investment to priority sectors through targeted incentives and coordination. The government can establish industrial parks with reliable infrastructure, offer time-bound tax incentives for pioneer industries, and facilitate technology transfer through partnerships with foreign firms. The GIFF emphasizes attracting firms from comparator countries that are relocating labor-intensive activities as their own wages rise.⁹

⁴ World Bank, 2024

⁵ African Development Bank, 2021.

⁶ International Monetary Fund, 2023

⁷ Lin, 2012

⁸ Lin, 2011

⁹ Lin & Monga, 2017

Successful implementation demands strong governance and institutional capacity. Transparent resource allocation, merit-based public sector management, and effective monitoring systems are essential. Corruption and policy inconsistency undermine investor confidence and waste scarce public resources (Acemoglu & Robinson, 2012). Sierra Leone must strengthen institutions that enforce contracts, protect property rights, and ensure regulatory predictability.

The potential benefits of applying the GIFF are substantial. Economic diversification reduces vulnerability to commodity price shocks and creates more stable revenue streams. Developing manufacturing and agro-processing industries adds value to raw materials, increasing export earnings and creating jobs. Modernizing agriculture improves food security, raises rural incomes, and reduces poverty. Expanding the service sector, including tourism and information technology, generates high-value employment for educated youth.

Private sector development accelerates when government removes obstacles and provides enabling infrastructure. Streamlining business registration, reducing bureaucratic delays, and improving access to finance lower barriers to entrepreneurship. Supporting business incubation and mentorship programs helps startups navigate early challenges. Creating linkages between large firms and small suppliers strengthens domestic value chains.

Attracting foreign direct investment requires creating competitive advantages beyond cheap labor. Investors seek political stability, reliable infrastructure, skilled workers, and efficient logistics. Offering targeted incentives for strategic sectors, while ensuring these incentives are transparent and time-bound, can attract pioneer firms that demonstrate sector viability. Export processing zones with world-class infrastructure and streamlined procedures can serve as platforms for manufacturing and assembly operations.

Employment generation requires focusing on labor-intensive industries suitable to Sierra Leone's abundant labor supply. Garment manufacturing, food processing, furniture production, and assembly operations can absorb significant numbers of workers with moderate skill levels. Investing in skills training ensures workers meet employer requirements and can adapt as industries upgrade.

Sierra Leone stands at a critical point in its development journey. Recent economic growth demonstrates potential, but structural weaknesses threaten sustainability. The Growth Identification and Facilitation Framework provides a systematic methodology for identifying promising sectors, addressing binding constraints, and coordinating public and private investment. By learning from countries that have successfully navigated similar challenges, Sierra Leone can

chart a path toward diversification, resilience, and inclusive growth. This article examines the applicability of the GIFF to Sierra Leone's context, assessing both its potential and the challenges of implementation.

II. RECENT ECONOMIC DEVELOPMENTS IN SIERRA LEONE

Sierra Leone has experienced moderate yet volatile economic growth since 2019, shaped by intersecting challenges that threaten long-term stability. Political unrest has created an environment of uncertainty, disrupting policy implementation and discouraging sustained investment.¹⁰ Inflationary pressures have consistently eroded household purchasing power, disproportionately affecting vulnerable populations and widening inequality gaps.¹¹ The COVID-19 pandemic triggered severe economic disruption, and recovery has been slower than anticipated, revealing fundamental weaknesses in productive capacity and institutional resilience.¹²

Economic growth has been uneven across this period, with fluctuating unemployment and inflation rates reflecting the economy's sensitivity to external shocks and internal policy inconsistencies. Political instability has contributed to oscillations in foreign direct investment (FDI), as investors respond to governance concerns and regulatory unpredictability.¹³ This volatility complicates capital accumulation and limits the government's ability to finance critical infrastructure and social programs.

The economy remains heavily dependent on mineral exports, creating vulnerability to global commodity price fluctuations. Downturns in international mineral markets generate cascading effects throughout the economy, reducing government revenues, triggering job losses in mining communities, and slowing overall economic expansion¹⁴. This dependence reflects a broader structural problem: the absence of a robust manufacturing sector capable of absorbing the expanding labor force and diversifying production. Without industrial development, the economy cannot generate sufficient employment opportunities for youth entering the labor market, perpetuating cycles of poverty and underemployment.¹⁵

These structural constraints highlight the urgent need for a strategic framework to guide industrial transformation. The Growth Identification and Facilitation Framework (GIFF) offers a systematic approach to identifying sectors where Sierra Leone can leverage existing resources and develop latent comparative advantages.¹⁶ The framework emphasizes learning from countries at similar developmental stages that have successfully diversified their economies, providing practical templates for policy intervention and sectoral targeting.¹⁷

¹⁰ International Monetary Fund, 2022

¹¹ Statistics Sierra Leone, 2023

¹² World Bank, 2023

¹³ African Development Bank, 2022

¹⁴ Ministry of Finance Sierra Leone, 2023

¹⁵ United Nations Development Programme, (2022).

¹⁶ Lin & Monga, 2011

¹⁷ Lin, 2012

➤ *Real GDP Growth*

Sierra Leone's real GDP growth performance from 2017 to 2023 reveals a pattern of resilience and recovery amid regional economic volatility. After recording growth rates of 3.8% in 2017, 3.5% in 2018, and 5.5% in 2019, the economy contracted by 1.3% in 2020 due to the COVID-19 pandemic's disruptive effects on trade, production, and fiscal revenues.¹⁸ This contraction, while significant, was less severe than the Sub-Saharan African average of -2.0%, indicating relative macroeconomic stability during the crisis.¹⁹

The recovery was robust, with GDP growth rebounding to 5.9% in 2021, the highest rate in the seven-year period under review.²⁰ Growth moderated slightly to 5.3% in 2022 and strengthened to 5.7% in 2023, consistently exceeding the average for Western and Central Africa, which stood at 4.0%,

3.8%, and 3.4% respectively during these years.²¹ This performance positioned Sierra Leone favorably within the regional economic landscape.

Comparative analysis with neighboring countries underscores Sierra Leone's competitive positioning. While countries like Benin, Côte d'Ivoire, and Guinea achieved higher growth rates in certain years, Sierra Leone outperformed Nigeria, which recorded modest growth of 2.9% in 2023, and Liberia, which experienced negative growth of -3.0% in 2020 and -2.5% in 2019.²² These comparisons demonstrate Sierra Leone's economic resilience and suggest untapped potential for sustained expansion, provided structural constraints are addressed through strategic policy frameworks like the Growth Identification and Facilitation Framework.

Table 1 Real GDP Growth Rate of Main Western Africa Countries

Country Name	2017	2018	2019	2020	2021	2022	2023
Sierra Leone	3.8%	3.5%	5.5%	-1.3%	5.9%	5.3%	5.7%
Benin	5.7%	6.7%	6.9%	3.8%	7.2%	6.3%	6.4%
Burkina Faso	6.2%	6.6%	5.9%	2.0%	6.9%	1.5%	3.0%
Cote d'Ivoire	7.4%	4.8%	6.7%	0.7%	7.1%	6.2%	6.2%
Gambia, The	4.8%	7.2%	6.2%	0.6%	5.3%	5.5%	4.8%
Ghana	8.1%	6.2%	6.5%	0.5%	5.1%	3.8%	2.9%
Guinea	10.3%	6.4%	5.6%	4.7%	5.6%	4.0%	6.7%
Guinea-Bissau	4.8%	3.8%	5.6%	1.5%	6.2%	4.6%	5.2%
Liberia	2.5%	1.2%	-2.5%	-3.0%	5.0%	4.8%	4.7%
Mali	5.3%	4.7%	4.8%	-1.2%	3.1%	3.5%	4.7%
Mauritania	6.3%	4.8%	3.1%	-0.4%	0.7%	6.8%	6.5%
Nigeria	0.8%	1.9%	2.2%	-1.8%	3.6%	3.3%	2.9%
Niger	5.0%	7.2%	5.9%	3.6%	1.4%	11.9%	2.5%
Senegal	7.4%	6.2%	4.6%	1.3%	6.5%	3.8%	4.6%
Togo	4.0%	4.8%	4.9%	2.0%	6.0%	5.8%	6.4%
Africa Western and Central	2.3%	2.8%	3.2%	-1.0%	4.0%	3.8%	3.4%
Sub-Saharan Africa	2.5%	2.7%	2.7%	-2.0%	4.3%	3.7%	2.8%

Source: World Bank Database

➤ *Nominal GDP Growth and Inflation*

Sierra Leone's nominal GDP trajectory from 2019 to 2023 reveals both growth and structural transformation, alongside currency-related discontinuities that complicate longitudinal analysis. Nominal GDP increased from \$6.52 billion in 2019 to a peak of \$7.19 billion in 2022, before declining to \$6.42 billion in 2023.²³ This apparent contraction must be interpreted cautiously, as Sierra Leone introduced a new currency in 2022, redenominating the Leone and potentially distorting year-on-year comparisons in dollar term.²⁴ Currency redenomination, combined with exchange rate fluctuations and inflationary pressures, limits the comparability of nominal figures across this transition period.

Sectoral composition shifts indicate significant structural changes within the economy. Agriculture's share of

GDP declined from 34.5% in 2019 to 29.1% in 2023, suggesting either productivity challenges in the sector or faster growth in other areas.²⁵ The industrial sector experienced notable expansion, increasing from 17.9% of GDP in 2019 to 26.0% in 2023, driven primarily by mining activities.²⁶ The services sector maintained relative stability, contributing between 41% and 43% of GDP throughout the period, reflecting consistent demand for trade, transportation, and telecommunications services.²⁷

Mining remains central to Sierra Leone's economic structure and export performance. The sector contributes approximately 7% of GDP directly, yet accounts for 80% of goods exports, underscoring the economy's heavy reliance on mineral commodities (International Monetary Fund, 2024). This dependence creates vulnerabilities to global price

¹⁸ World Bank, 2021

¹⁹ International Monetary Fund, 2021

²⁰ Statistics Sierra Leone, 2022

²¹ African Development Bank, 2023

²² World Bank, 2023

²³ World Bank, 2024

²⁴ International Monetary Fund, 2024

²⁵ Statistics Sierra Leone, 2023

²⁶ African Development Bank, 2023)

²⁷ World Bank, 2024

volatility and limits diversification potential. Diamonds, iron ore, bauxite, and rutile dominate export baskets, exposing fiscal revenues and foreign exchange earnings to external market fluctuations.²⁸

The declining share of agriculture, despite its traditional dominance in employment, raises concerns about rural

livelihoods and food security. The industrial sector's growth, while encouraging, remains narrowly concentrated in extractive activities rather than manufacturing or processing industries that could generate broader employment and value addition²⁹. These structural characteristics highlight the relevance of frameworks like the GIFF, which emphasize diversification and strategic industrial upgrading.

Table 2 Nominal GDP of Sierra Leone and Main Contributors (2019-2023)

Indicator	2019	2020	2021	2022	2023
GDP (current US\$)	6.52B	6.69B	7.17B	7.12B	6.41B
Agriculture (% of GDP)	34.5	35.1	33.7	33.8	29.1
Industry (% of GDP)	17.9	17.6	19.2	20.7	26.0
Services (% of GDP)	43.8	43.1	43.2	41.9	42.0

Source: World Bank (2024)

Over the past three years, Sierra Leone has experienced a sharp rise in inflation (shown in figure 1), driven by a succession of external shocks and loose fiscal and monetary

policies. In terms of CPI, inflation increased from 11.9% in 2021 to 47.6% in 2023. Compared with China, Sierra Leone's inflation has been much higher since 2007.

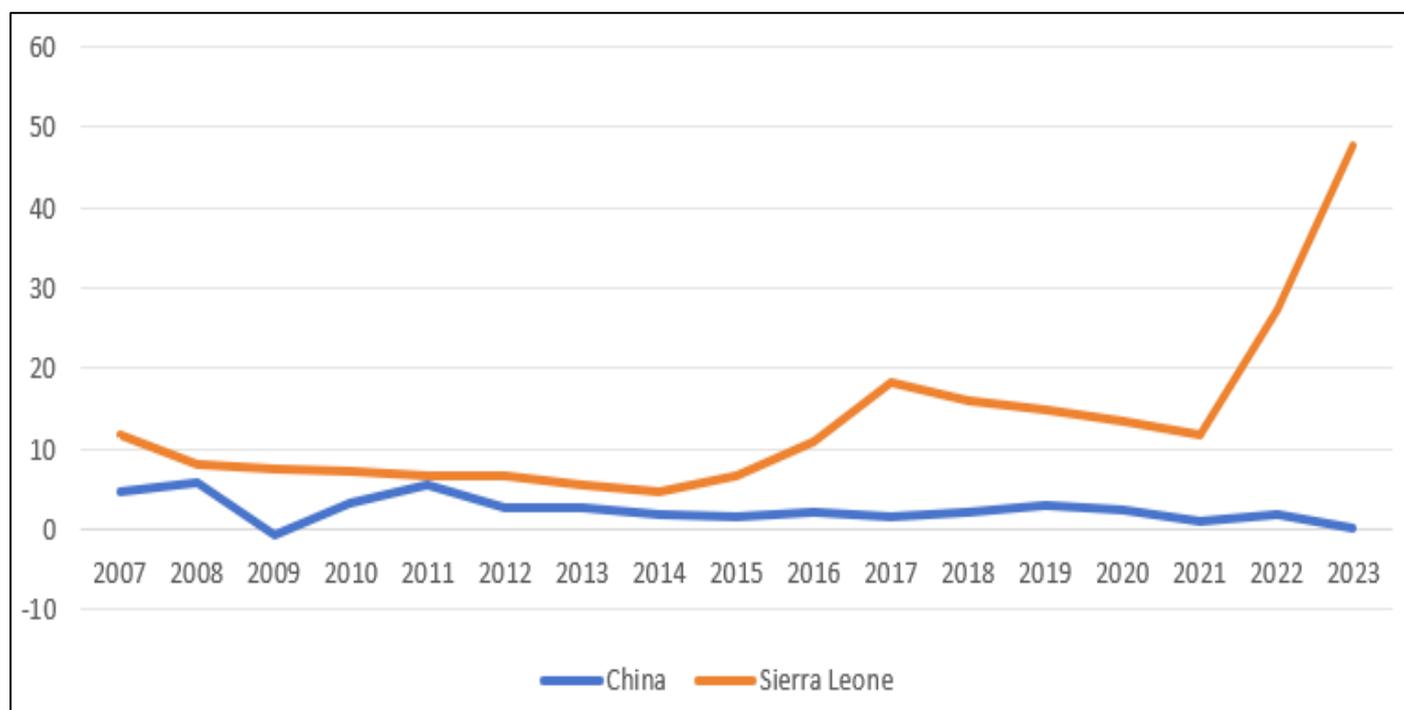


Fig 1 Inflation Rate of Sierra Leone (Compared with China)

Source: World Bank Database

➤ *TFP Growth*

According to the World Bank, Sierra Leone's TFP growth rates exhibit a high degree of volatility, with significant swings from positive to negative values. There is a substantial drop in TFP growth rate in 1992, which could be linked to the civil conflict that began in 1991 and had a

devastating impact on the country's economy. The negative growth rates in 2015 and 2018 suggest that Sierra Leone faced recent economic challenges, which could be due to a variety of factors such as the Ebola virus outbreak in 2014, which had a significant impact on the country's health system and economy.

²⁸ Ministry of Finance Sierra Leone, 2023

²⁹ United Nations Development Programme, 2023

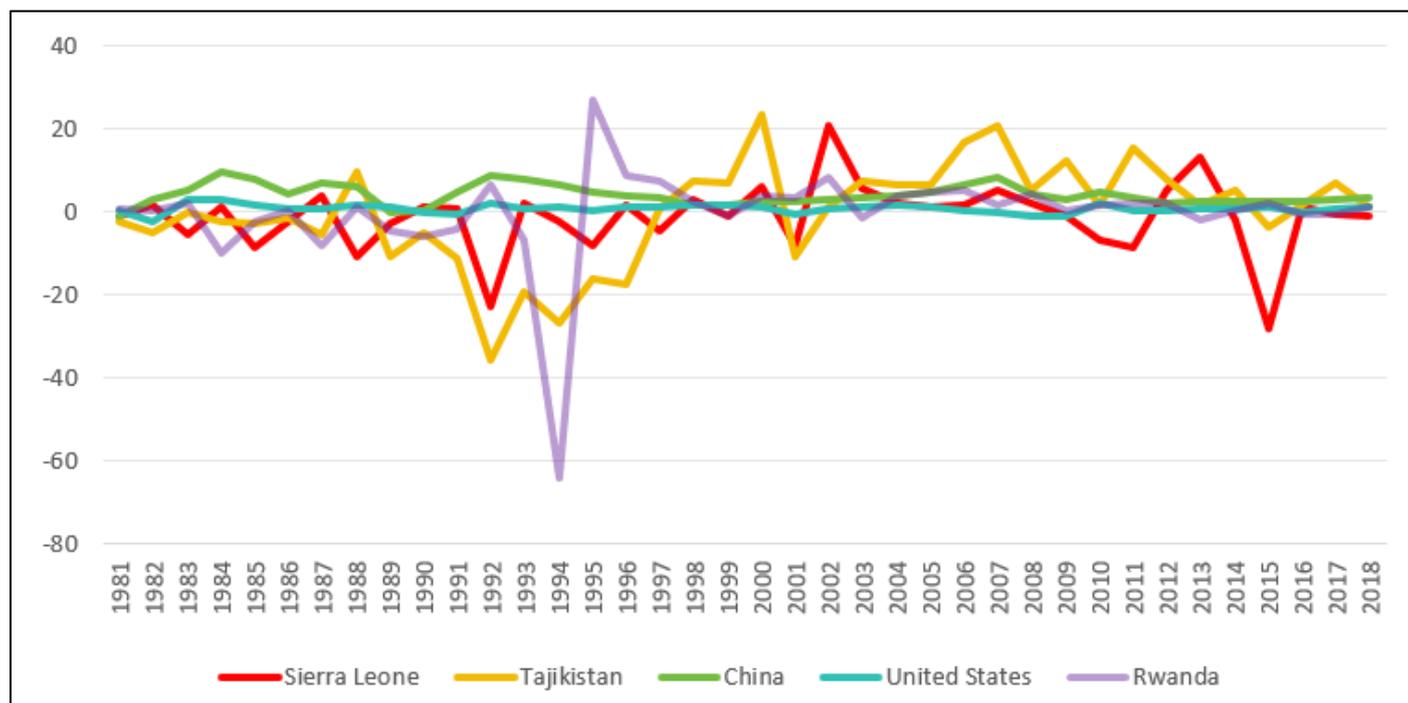


Fig 2 TFP Growth Rate of Sierra Leone, Tajikistan, China, United States and Rwanda
Source: World Bank Database

Table 3 Sources of Real GDP Growth in Sierra Leone, 1980–2019

Year Range	1981-1990	1991-2001	2002-2011	2012-2019	1981-2019
Real GDP Growth (percent)	2.6	-5.6	7.4	4	1.8
Real GDP per Capita Growth (percent)	-1.4	-3.5	4.4	2.6	0.3
Capital Growth Rate (percent)	1.9	-1	3.7	3.1	1.7
Labor (Human Capital) Growth Rate (percent)	2.9	1.8	3.7	3.1	2.8
TFP Growth Rate (%)	0.2	-6	3.7	0.9	0.4
Factor Contribution to Real GDP Growth (percentage points)	0.9	-0.5	1.7	1.4	0.8

Source: Economic Growth, Total Factor Productivity and Output Gap in Sierra Leone, African Development Bank Working Paper

According to Wolassa L. Kumo’s estimate (Table 3)³⁰, we also see that Sierra Leone’s TFP growth has been marked by significant fluctuations, with a notable recovery post-conflict. From 1981 to 2019, the TFP growth rate averaged 0.4%, reflecting an overall improvement in productivity despite the challenges faced. The factor contribution to real

GDP growth was 0.8 percentage points, and the real GDP growth rate was 1.8%. Sierra Leone’s growth trajectory reflects its resilience and recovery from conflict and external shocks.

➤ *Labor Force and Employment*

Table 4 Labor Force Composition by Sector, (Percent Per Year)

Country	Year	Agriculture	Industry	Services
Sierra Leone	2021	62	9	28
China	2021	25	28	47
USA	2021	1	19	80
Tajikistan	2021	48	12	40
Rwanda	2021	62	8	30
Bangladesh	2021	40	20	40
Cambodia	2021	31	25	44

Source: International Labour Organization (ILO) 2021

³⁰ Wolassa L. Kumo. (2022). “Economic Growth, Total Factor Productivity and Output Gap in Sierra Leone”. African

Development Bank Working Paper.

From the global comparison perspective, the labor force in China is more evenly distributed, with a substantial portion in services (47%) and industry (28%), reflecting its status as a major manufacturing hub with a growing service sector. In contrast, the majority of the labor force in the United States is in the services sector (80%), which is indicative of a developed economy with advanced services and technology industries. Sierra Leone and Rwanda, on the other hand, have a large portion of their labor force employed in agriculture (62%), indicating a reliance on subsistence farming and limited industrialization. Tajikistan's economy is in

transition, as evidenced by the country's nearly 50% agricultural workforce (48%), 40% services, and 12% industrial. Bangladesh's workforce is equally divided between services (40%) and agriculture (40%) with industry making up 20%. This reflects the country's diverse economy, which includes a sizable textile manufacturing sector. As evidenced by its expanding apparel and tourist industries, a sizable percentage of Cambodia's workforce is employed in services (44%) and agriculture (31%), with industry (25%) also playing a considerable role.

Table 5 Labor Force Status (Percent, Weighted)

Labor force status	2014
Employed	62.2
Unemployed	2.8
inactive	35.0

Source: Sierra Leone Labor Force Survey Report 2015

Based on the 2014 Sierra Leone Labor Force Survey, table 5 shows the labor force status percentages for individuals aged 15-64 indicate that 62.2% of the working-age population was employed, 2.8% was unemployed

(actively seeking work), and the remaining 35.0% was inactive (not participating in the labor force). It is worth noticing that the 2014 survey marked the first survey since 1984.

Table 6 Types of Employment as a Percentage of the Sample Population (Percent, Weighted)

Type of employment	2014
Family agriculture	59.2
Non-agriculture self-employed	31.3
Non-agriculture unpaid family work	1.0
Wage employment	8.5
Apprenticeship	0.0
Unemployed	2.8
Not in the labor force	35.0

Source: Sierra Leone Labor Force Survey Report 2015

Table 6 provides types of employment as a percentage of the sample population in Sierra Leone in 2014. The figures indicates that a significant portion of the population was engaged in family agriculture with about 59.2%, followed by non-agriculture self-employed with 31.3%, and smaller percentages in other employment types. The unemployment

rate was relatively low, and notable portion of the population was not participating in the labor force. It is important to note that the total exceeds 100% because individuals may engage in multiple employment activities. Additionally, the "not in the labor force" category includes individuals who are neither employed nor actively seeking employment.

Table 7 Types of Youth Employment (Percent, Weighted) Employment Distribution by Sector

Sector	Percentage of Employed Youth
Agriculture	33.7
Services	51.1
Industry	15.2

Source: ILO School-to-Work Transition Survey 2015

The data in Table 7 indicates that in 2015, Sierra Leone's youth labor market was primarily driven by the service sector, which employed the majority of the youth (51.1%). This suggests a shift away from traditional agriculture, which accounted for 33.7% of employment. The industrial sector had the lowest share (15.2%), reflecting

limited industrialization and a lack of significant manufacturing or processing activities. This structure is consistent with economies in transition from agriculture to services, but it also highlights challenges in diversifying economic opportunities in industry.

Table 8 Youth Employment Status (2015)

Employment Status	Percentage of Employed Youth
Wage and Salaried Workers	6.8
Employers	2.9

Own-Account Workers	34.6
Unpaid Family Workers	43.7

Source: ILO School-to-Work Transition Survey 2015

The employment status data in Table 8 shows that most youth in Sierra Leone in 2015 were either unpaid family workers (43.7%) or self-employed as own-account workers (34.6%). Only 6.8% of employed youth held wage or salaried jobs, and even fewer (2.9%) were employers. This indicates

a labor market dominated by informal employment and subsistence activities, with minimal access to formal or stable employment opportunities. The high proportion of unpaid family workers points to reliance on family-based agriculture or small-scale enterprises.

Table 9 Unemployment Rates (Percentage)

Year	Unemployment Rate
2014	4.70
2018	3.20
2023	4.50

Source: Trading Economics

Table 9 above shows that the unemployment rate in Sierra Leone decreased from 4.7% in 2014 to 3.2% in 2018 and increased to 4.5% in 2023. While the unemployment rate appears low, it may not fully reflect the true state of the labor market due to widespread underemployment and informal employment. Many individuals may engage in low-productivity or precarious jobs simply to survive, masking the lack of decent work opportunities. These figures suggest that while formal unemployment is relatively low, the quality of employment remains a critical challenge.

same things at a significantly lower cost than developed countries. The country can thus take use of its latecomer advantages by establishing mature enterprises in quickly growing, more developed countries with similar endowment systems. By carefully following a few selected lead nations, latecomers can imitate the leader-follower, flying-geese pattern that has been effective for all successful economies since the 18th century.

III. THE GROWTH IDENTIFICATION AND FACILITATION FRAMEWORK

Modern economic growth necessitates continuous technological innovation, industrial upgrading and diversification, and enhancements to the infrastructure and institutional frameworks that form the basis for wealth creation and company expansion, according to New Structural Economics. The endowment structure of a country, or the relative abundance of the factors it contains, determines relative factor pricing and, consequently, the optimal industrial structure. Low-income nations will have a comparative advantage and be able to compete in industries that need a lot of labor or natural resources. Consequently, the optimal industrial structure that makes a country the most competitive is inherently determined by its endowment structure.

The industrial structure cannot be upgraded to a higher level commensurate with the factor endowment via the market mechanism alone. For instance, establishing a new industry may be challenging due to a lack of suitable infrastructure or complementary inputs, even if the intended firm aligns with the economy’s comparative advantage. Private businesses are unable to absorb such investments when they choose to diversify or modernize. Therefore, the government plays a crucial role in providing or coordinating investments in critical infrastructure and complementing inputs. Furthermore, innovation which is the cornerstone of the process of industrial upgrading and diversification, is a risky endeavor since it presents a first-mover challenge. The success or failure of a first mover creates externalities. For example, early adopters bear the costs of failure and share valuable insights with other companies. When early adopters are successful, their experience also gives other market players valuable insights about the types of industries that could be lucrative in a given country. However, if more companies enter the market at the same time or in large enough quantities, the potential rents that the first mover would have profited from might be practically eliminated. In a developed country, a successful first mover can usually get a patent in exchange for the rent from an established industry. However, a new patent might not be available in a developing country because the industry might already be situated within the global industrial frontier. Some kind of direct government support for pioneer firms may be justified because the first mover will not be able to obtain a patent for its entry into a new industry in its economy.

To reach the income level of advanced economies, a developing country must modernize its industrial base to match the relative capital-intensity of wealthy nations. The rate of capital accumulation and technological advancement determines a country’s endowment structure. The changes in relative pricing will affect the industries in which the country has a latent competitive advantage and, consequently, the optimal industrial structure. Accordingly, for the new industry to be competitive, it must align with the country’s latent comparative advantage (Lin, Justin Yifu. 2011). The wage level is particularly significant in relation to latent comparative advantage. If the right conditions are met, low-income countries can replicate or license technology, which is less expensive than making it from scratch, to produce the

The GIFF proposes a new approach to identify industries where economies may have a latent comparative advantage and to lift legally binding barriers to entry for

private businesses or to speed up the growth of industries already present in the country. The GIFF contends that selecting winners in this case is inevitable since the limiting limitations might be sector-specific and the private sector might not be able to eliminate them on its own. Therefore, the top goal is to lower the likelihood of selecting the incorrect industry. The primary concern in this situation is that countries will look for highly developed businesses that are much beyond their latent comparative advantage or in which they have already lost their comparative advantage. A six-step process for identifying and facilitating growth is suggested by the GIFF. Sector selection is the focus of three of these processes. Value-chain studies can be used once the sectors have been selected to determine the legally binding barriers to private companies’ entry and expansion in those areas.

IV. SELECTING SECTORS

➤ *Selecting Country Comparators*

37 nations have per-capita GDPs that are 100–300% of Sierra Leone’s, using GDP per capita (PPP, constant 2021 international \$) as the indicator³¹. Many countries are still recovering from the negative impact of the COVID-19 pandemic on economic development. We focused on examining these 37 countries’ economic growth from 1990 to 2019 in order to ensure consistency and dependability. We further screened for nations that maintained long-term stable growth after removing those that had negative growth. In the end, four nations were chosen. Professor Justin Lin made the argument that a nation with a lot of resources and a lot of labor can use both of these nations as comparisons. Given that Sierra Leone is a resource-rich and labor-rich nation, we chose two of these resource-rich nations as comparators, along with two labor-rich nations.

Table 10 GDP Per Capita PPP in 2023 (Constant 2021 International \$)

Country	GDP per Capita (2023)	Percent of Sierra Leone
Sierra Leone	2,934.03	100
Rwanda	3,060.03	104
Tajikistan	4,472.32	152
Cambodia	6,690.59	228
Bangladesh	8,242.40	281

Source: World Development Indicators

- Rwanda³², a nation rich in natural resources and home to over 13 million people, is a useful comparator because of its notable economic progress. Rwanda’s growth accelerated in the late-1990s and stayed steady averaging 8.5 percent a year over the 1995–2022 period. Rwanda’s low labor cost could help achieve further increases in exports of textiles and clothing, supported by investments made in recent years.
- Tajikistan³³, a resource-rich country, is home to almost 9.6 million people, has experienced impressive economic growth. With an increase of 8.3% in 2023 and 8.2% in early 2024, Tajikistan’s economic growth rate has surpassed 6% since 2000, with the exception of 2009 and 2020. It is renowned for having an abundance of minerals, such as lead, zinc, antimony, gold, silver, and more.
- Cambodia³⁴, while not a resource-rich country, grew at an average annual rate of 7.6 percent between 1995 and 2019, making it one of the fastest-growing economies in the world. Growth was driven by industrialization, increased foreign direct investment, and a surge in exports, particularly in labor-intensive manufacturing. After reaching lower middle-income status in 2015, it set its sights on becoming an upper middle-income economy by 2030 and higher-income economy by 2050. However, as the national income level continues to grow, the labor cost advantage will gradually diminish. The country also

faces strong international competition in the export industries it traditionally specializes in, such as garments.

- Bangladesh³⁵, in South Asia, with a population of approximately 164 million, has witnessed robust economic growth and poverty reduction since its independence in 1971. From being one of the poorest nations at birth in 1971, Bangladesh reached lower-middle income status in 2015. Stable macroeconomic conditions underpinned an average annual real GDP growth of 6.4 percent between 2010 and 2023. Bangladesh has emerged as a notable example that has successfully leveraged its abundant labor force to achieve significant economic growth, by focusing on industries that align with its latent comparative advantages, particularly in labor-intensive sectors. The Ready-Made Garment (RMG) industry is the backbone of Bangladesh’s export-oriented economy. It accounts for approximately 80% of the country’s total exports and employs millions of workers, mostly women. The low cost of labor has made Bangladesh a competitive player in the global apparel market.

➤ *Export of Comparator Countries*

We analyze the exports of the four comparator nations from 2003 to 2022 in order to pinpoint industries in these countries where production is labor-intensive or necessitates natural resources. ³⁶In addition to a sizable agricultural

³¹ Source: World Bank Database

³² Source: World Bank Database

³³ Source: World Bank Database

³⁴ Source: World Bank Database

³⁵ Source: World Bank Database

³⁶ Source: <https://oec.world/en>

industry, we see that Rwanda and Tajikistan export abundant resources, with a particular emphasis on precious metals and mineral ores. With a growing footwear industry, Cambodia exports a well-balanced mix of primary industrial commodities and agricultural products. Bangladesh is notable

for its core industrial items, particularly its footwear and textiles, as well as its paper and chemical products.

Table 12 below provides brief comments on Sierra Leone’s potential in these industries.

Table 11 Identifying Sectors for Growth: Key Exports of Rwanda, Tajikistan, Cambodia, and Bangladesh

Rwanda	Tajikistan	Cambodia	Bangladesh	Sierra Leone Potential
Precious Metals and Mineral Products: Gold; Tin Ores; Niobium, Tantalum, Vanadium, and Zirconium Ore; Cement	Precious Metals and Mineral Products: Gold; Copper Ore			Sierra Leone is endowed with substantial gold reserves, providing the country with a stable source of export avenue. Meanwhile, Sierra Leone also produce diamond, Bauxite, Rutile, Iron Ore.
Vegetable Products: Coffee; Tea; Rice	Vegetable Products: Dried Fruits; Onions	Vegetable Products: Cassava; Rice; Coconuts, Brazil Nuts, and Cashews		Sierra Leone already export coffee, cassava.
Foodstuffs: Malt extract; Raw sugar	Foodstuffs: Fruit juice			Sierra Leone has potential in the Foodstuffs sector, particularly in the export of Sugar Cane Derivatives. The country could benefit more from value-added processing to increase the value of its exports.
Animal and Vegetable Bi-Products: Palm Oil; Other Vegetable Oils				Sierra Leone already exports Palm Oil and Coconut Oil.
Animal Products: Non-fillet Frozen Fish; Bovine	Animal Products: Fish Fillets	Animal Products: Crustaceans; Processed Crustaceans; Non-fillet Fresh Fish		Sierra Leone already export large amount of Non-fillet Frozen Fish and Dried Fish. Improved cold chain logistics and quality control is needed to meet international standards for Frozen and Processed Fish, Shrimp.
Textiles: Used Clothing; Non-Knit Women’s Coats; Non-Knit Men’s Suits	Textiles: Raw Cotton; Non-Retail Pure Cotton Yarn; Non-Knit Men’s Suits; Non-Knit Women’s Suits	Textiles: Knit T-shirts; Knit Sweaters; Knit Men’s Suits; Non-Knit Women’s Suits	Textiles: Knit T-shirts; Knit Sweaters; Non-Knit Suits	Sierra Leone already export certain amount of Non-Knit Women’s suits, Knit Men’s Undergarments, Knit Women’s Suits, Knit Sweaters. This export can be further scaled up.
		Footwear: Leather Footwear; Rubber Footwear	Footwear: Leather Footwear; Textile Footwear; Rubber Footwear	Sierra Leone already export certain amount of Leather and Rubber Shoes. This export can be further scaled up.
			Chemical Products: Packaged Medicaments	Sierra Leone already export certain amount of Packaged Medicaments.

Source: <https://oec.world/ens>

➤ *Import of Sierra Leone*

A review of imports of labor-intensive manufactured goods shows the following commodities:

Table 12 Labor-Intensive Manufactured Goods

Products	US\$	Percentage
Rice	160,509,321	12.3%
Refined Petroleum	58,111,010	4.5%
Cement	46,786,706	3.6%
Wheat Flours	32,571,401	2.5%
Poultry Meat	30,349,446	2.3%
Plastic Housewares	29,015,139	2.2%
Sauces and Seasonings	25,608,844	2.0%
Rubber Footwear	19,695,392	1.5%
Raw Iron Bars	19,676,139	1.5%
Raw Sugar	19,583,701	1.5%
Documents of title (bonds etc) and unused stamps	17,251,602	1.3%
Processed Tomatoes	17,245,656	1.3%
Processed Fish	16,556,629	1.3%
Unglazed Ceramics	16,289,404	1.2%
Insulated Wire	15,297,757	1.2%
Malt Extract	14,443,874	1.1%
Plastic Lids	13,021,226	1.0%
Other Plastic Products	13,013,391	1.0%
Used Clothing	11,421,717	0.9%

Source: <https://oec.world/en>

➤ *Industries where the Private Sector is Already Active and where Successful Self-Discovery has Taken Place*

Sierra Leone, like many developing countries, has a private sector that works in a variety of industries. Successful self-discovery has been demonstrated by a few of these industries, indicating that local business owners have recognized promising prospects and have begun to establish firms in these sectors.

- **Mining Industry:** Iron ore, diamonds, gold, rutile, and bauxite are among the abundant minerals found in the nation. These minerals have been explored for and extracted by private businesses. For instance, businesses have invested in equipment and infrastructure in the extraction of iron ore.
- **Agricultural Sector:** Crop cultivation, animal farming, and agro-processing are the main activities of a large number of small and medium-sized businesses (SMEs). Farmers have been cultivating a range of crops, such as rice, cocoa, cassava, and contemporary coffee. Additionally, some private businesses have begun to invest in large-scale commercial farming, introducing cutting-edge agricultural equipment and methods. Pig and poultry rearing are becoming more popular in the livestock industry.
- **Services Sector:** In the services sector, the private sector has been active in areas such as telecommunications, retail, and financial services.
- **Construction Sector:** The construction have been booming in Sierra Leone. Private construction companies are involved in building infrastructure projects such as roads, bridges, and buildings.

➤ *Sectors in which Sierra Leone has a Potential Comparative Advantage*

The aforementioned section identifies industries with significant growth and employment potential that can benefit from focused interventions using three distinct criteria. Find tradable industries in rapidly expanding nations that are experiencing dynamic expansion first. Second, examine the sectors that Sierra Leone imports to find those that can manufacture domestically with little investment and limited economies of scale. Third, find Sierra Leonean industries that have either expanded quickly or effectively self-discovered, yet have a significant impact on employment and have room to grow.

Five distinct industries have been identified following the application of the first standard: gold mining, agricultural products (coffee, cassava), apparel (non-knit women's suits, knit men's undergarments, knit women's suits, knit sweaters), footwear (rubber shoes, leather shoes), and food processing (palm oil, coconut oil). Agricultural items (rice, cocoa), food processing (processed fish) will be given priority based on the second standard. We can include the mining (iron ore, diamonds, rutile, and bauxite) and construction sectors to the third standard, which focuses on rapidly expanding businesses.

Table 14 shows whether the pre-selected sectors meet the criteria. Mining and construction sectors have not been included, as they are not sectors that would be imitated from other countries, but may still benefit from targeted interventions to make them more responsive to higher demand and more employment-intensive.

Table 13 Criteria for Screening Potential Subsectors

Product groups	Criteria 1: Production has low capital requirements and there is a significant domestic market	Criteria 2: Production in comparator countries is by small and medium-size enterprises	Criteria 3: There is some factor endowment in Sierra Leone, supply chain exists in the domestic market (domestic or imported raw materials); labor skills should be easily transferable.
Footwear, including rubber shoes, leather shoes	Yes	Yes	Leather supply chain exists. PVC can be easily imported.
Clothing ,including non-knit women’s suits, knit men’s undergarments, knit women’s suits, knit sweaters etc.	Yes	In some cases	Raw materials can be easily imported. Not a high-skills type of production.
Food processing, including palm oil, processed fish	Yes	Yes	Yes
Agricultural products(coffee, cocoa, cassava, rice)	Yes	Yes	Yes

Source: Author’s compilation

➤ *The Current Status of the Selected Sectors*

• *Footwear*

In Sierra Leone, the footwear market is expected to generate a revenue of US\$55.0m in 2024³⁷. 99% of sales in the footwear market by 2024 will be attributed to Non-Luxury. Sierra Leone’s footwear market is largely dominated by imported products, with locally made shoes struggling to compete. A key issue is the scarcity of high-quality leather and essential raw materials, necessitating reliance on imported goods despite the associated logistical challenges and tariffs. The need to import synthetic materials, especially PVC, for athletic shoe production imposes further financial burdens, weakening local and global competitiveness.

• *Clothing*

With a focus on African print fabrics like kente, wax patterns, tie-dye, and fitted apparel, Sierra Leone’s apparel business is distinguished by a blend of traditional workmanship and cutting-edge modern design. The industry is mostly made up of tiny, unofficial firms, frequently run by family-owned businesses or individual artisans. These companies have little ability to produce on a wide scale or export, and they mostly cater to the home market.

In line with worldwide sustainability trends, the apparel business is rapidly changing, with some companies investigating natural colors and organic cotton. Local companies who participate in international fashion shows and

display Sierra Leonean designs, such as Madam Wokie, CountryCloth.org, and Bivamiks, are also becoming more well-known abroad. Despite these advancements, the market is still fragmented, with the majority of enterprises functioning independently. Most retailers and tailors (RT&T) are one-person businesses that frequently hire members of their families or religious networks. The industry's capacity to establish a completely localized supply chain is constrained by its heavy reliance on imports from nearby nations like Ghana, Guinea, and even China for raw material sourcing.

• *Agricultural Products: Rice, Cassava, Coffee, Cocoa*³⁸

As discussed in the second section of this paper, the agricultural industry, which employs over 60% of the workforce and accounts for 30% of the nation's GDP, is the foundation of Sierra Leone's economy. Smallholder farmers, who mostly practice subsistence farming and concentrate on staple crops like rice, cassava, and maize, dominate the industry.

✓ *Rice:* ³⁹The country of Sierra Leone has a long history of growing rice, especially in the north and east, and it is a staple crop there. With most farmers using traditional methods on plots smaller than one hectare, rice growing is primarily done on a small scale. Despite its significance, approximately 60 to 70% of the country's rice needs are met domestically; the rest is imported from nations like Thailand and Vietnam. The government has launched programs like the "Go to Field" campaign to encourage

³⁷ Data source: www.statista.com/outlook/cmo/footwear/sierra-leone

³⁸ USAID.(2015). Sierra Leone Agricultural Value Chain

Analysis ³⁹ Dunstan Spencer, Daniel Fornah.(2014). “Value Chain Analysis in the Rice Sector in sierra leone”

young involvement in agriculture because it recognizes the need to improve local production and decrease reliance on imports. With low yields and restricted access to contemporary inputs like better seeds, fertilizer, and equipment, the industry is still underdeveloped.

- ✓ *Cassava*: Smallholder farmers all around Sierra Leone grow cassava, a crucial staple crop. For millions of people, it is their main source of carbohydrates, making it essential to food security and rural livelihoods. Because of outdated farming methods, restricted access to better varieties, and inadequate post-harvest management, productivity is still low despite its significance. Rain-fed agriculture is a common practice among farmers, which leaves them susceptible to climatic fluctuations and exacerbates yield issues. The efficiency of production is also hampered by the absence of contemporary equipment and inputs, such as fertilizers and insect control techniques. Through processing into goods like gari, fufu, and cassava flour, the cassava sector offers a great deal of potential for value addition that might increase farmers' incomes and generate employment in rural regions. By enhancing productivity and value addition, the cassava sector can contribute more significantly to Sierra Leone's economy, improving food security and rural livelihoods.
- ✓ *Coffee*: Between 2017 and 2021, the demand for coffee increased by an average of 4.3% each year worldwide. Coffee is mostly grown in the tropical rainforest areas of the Southern and Eastern provinces of Sierra Leone, specifically in the districts of Moyamba, Bo, Kenema, Pujehun, Kono, and Kailahun. The sector has been recovering since the Civil War ended, and production has been rising annually. But problems still exist, such as a dearth of contemporary technology to enhance production and processing techniques. The industry has potential for more expansion and development in spite of these challenges.
- ✓ *Cocoa*: In Sierra Leone, cocoa is a crucial cash crop that is grown by about 35,000 producers on about 42,000 hectares, producing between 14,000 and 20,000 metric tons of dried beans annually. In 2017, the nation made US\$14.461 million from cocoa exports, despite ranking 17th in the world in terms of production and harvested area because of subpar management techniques. Despite many obstacles, cocoa cultivation continues to be an important source of income for rural populations in Eastern Sierra Leone. These include poor-quality beans resulting from inadequate research, subpar inputs, climatic change, a lack of farmer expertise, and opaque marketing practices, all of which have a detrimental effect on farmers' earnings. The industry needs better inputs, greater research, transparent market mechanisms, and the adoption of best management practices in order to reach its full potential. Collaboration between public and private stakeholders, supported by government policies, is essential to enhance productivity and sustainability, ensuring long-term benefits for cocoa farmers.

- *Food Processing: Palm Oil and Processed Fish*

- ✓ *Palm Oil*:⁴⁰ An important part of Sierra Leone's agricultural economy is the palm oil business. Both artisanal and industrial production play significant roles in Sierra Leone's varied palm oil value chain. A significant amount of the nation's palm oil is produced by artisanal processors, frequently employing traditional techniques, especially in rural regions. Conversely, industrial output is centralized in a small number of expansive farms and processing plants.

Palm oil is one of the most significant agricultural products in Sierra Leone, according to the European Commission's value chain research, and the country has seen a recent surge in both private and foreign investment in the industry. Oil palm is grown on between 210,000 and 610,000 hectares of land in the nation, with variable degrees of production. In order to meet demand, the nation imports about 17,500 metric tons of palm oil annually, whereas 52,000 to 74,000 metric tons are consumed domestically. With 54,000 metric tons of palm oil used for domestic soap production and 17,500 metric tons for other soap factories, the palm oil business also helps the soap manufacturing sector.

- ✓ *Processed Fish*:⁴¹ Small-scale (artisanal) fisheries dominate Sierra Leone's marine economy, which includes the processed fish industry as a crucial component. Over 11,000 fishing canoes are used by over 18,000 artisanal fisherman, who mostly use conventional gear including beach seines, cast nets, and gillnets. About 80% of all marine fish landings occur in the artisanal sector, with a notable emphasis on small pelagic species such as *Sardinella* and *Ethmalosa*. In post-harvest operations including as processing, financing, and boat ownership, women are essential. In coastal towns, where more than 80% of the population depends on fish, the sector offers vital jobs and means of subsistence. Notwithstanding its significance, the industry faces obstacles like inadequate infrastructure, a dearth of contemporary processing facilities, and climate change susceptibility.

⁴⁰ European Union. (2019). "Palm oil value chain analysis in Sierra Leone"

⁴¹ Kamara Kadiatu. "Small-scale (artisanal) fisheries in Sierra Leone", Ministry of Fisheries and Marine Resources.

• *Mining*

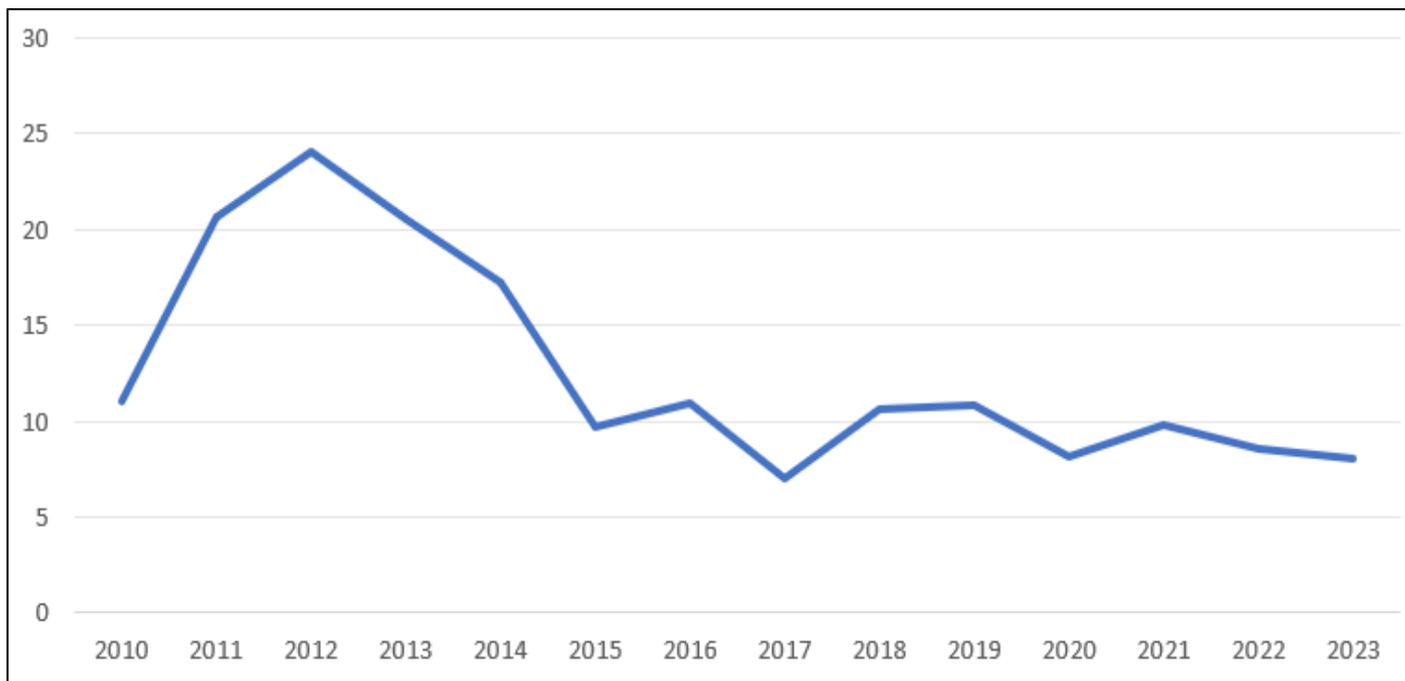


Fig 3 Mining Revenues as a Share of Total Domestic Revenue

Source: IMF

A vital part of Sierra Leone's economy, the mining industry makes a substantial contribution to both foreign exchange profits and the country's exports. Diamonds, iron ore, gold, rutile, and bauxite are the main commodities of the nation's abundant mineral resources. From figure 3, we see that there is declining mining revenues as a share of total domestic revenue, with the share of 8.1% in 2023.

Inbound investors hold most of the large-scale mining licenses. As of June 2024, there were 21 active large scale mining licenses. Most minerals are exported with little processing or local value addition. London Mining, Koidu Holdings, and African Minerals Limited are significant participants that have made significant investments in extensive mining operations. One of the biggest iron ore mines in the world was developed as a result of the high-grade iron ore reserves found in Tonkolili District receiving considerable worldwide attention. Nevertheless, despite its economic significance, the industry is still dominated by a small number of international firms, with little involvement from regional companies. Although it still has a place, small-scale artisanal mining, especially for diamonds faces obstacles like unethical behavior and environmental damage.

• *Construction*

In Sierra Leone, construction has been booming. Roads, bridges, and other infrastructure projects are constructed by private construction firms. Both governmental and private sector investments are fueling the building industry's expansion. Construction firms have benefited from the government's infrastructure development initiatives. The real estate market has expanded concurrently with the rising demand for residential and commercial real estate. But the

industry also has to deal with issues like inadequate urban planning and the requirement for better building codes and standards.

V. HOW CAN GROWTH IN THE SELECTED VALUE CHAINS BE PROMOTED?

➤ *General Constraints and Relevant Interventions*

The binding constraints can be broadly categorized in 5 categories:

- *Physical infrastructure:* The expansion of the business is hampered by inadequate infrastructure, especially in the areas of energy and transportation. Inadequate port facilities and bad road networks drastically raise operating costs and impair competitiveness. For instance, iron ore exporters must take more costly overland routes to get to the Port of Freetown because the northern part of the country lacks a deep-sea port. According to the World Bank's 2023 Enterprise Survey, 66% of businesses encountered power outages. Businesses are forced to use costly generators due to unstable power sources, which raises operating expenses.
- *Business environment:* In Sierra Leone, corruption is a major problem. It is especially pervasive in government procurement, license and concession awarding, regulatory enforcement, customs clearance, and dispute resolution. According to the Transparency International Corruption

Index⁴², Sierra Leone came in at number 110 out of 180 nations in 2022. According to the World Bank's 2023 Enterprise Survey, 33% of businesses report that corruption is still a problem and that getting permits takes a long time. Small businesses with five to nineteen employees are especially affected by these limitations.

- *Lack of access to finance:*⁴³ Despite being in existence for more than ten years, Sierra Leone's stock market is still largely dormant. Both the quantity of listings and stock market participation are still small and unimportant. 14 commercial banks, 79 foreign exchange bureaus, 17 community banks, including Apex Bank, 39 credit-only microfinance, five deposit-taking microfinance, two discount stores, a home mortgage finance company, a leasing company, two mobile financial services providers, and a stock exchange make up Sierra Leone's banking industry, which is overseen by the country's central bank. There are bank branches all around the nation, but Freetown is where most of the business is centered. Significant financial risk and subpar performance are hallmarks of the commercial banking industry.
- *Inconsistency between the market and the technical and vocational education system:* Due to a lack of vocational training, businesses find large shortages in trained individuals. Even though the government has created Technical and Vocational Education and Training (TVET) programs, it is difficult for foreign businesses to identify and train adequate staff.
- *Restrictive trade policy:* Members of the African Continental Free Trade Area (AfCFTA) and the Economic Community of West African States (ECOWAS) are given preferential status under Sierra Leone's trade policy framework, which combines tariffs and exemptions. The nation charges a number of duties on other imports, such as import duty, goods and services tax, excise duty, and an ECOWAS fee for non-ECOWAS items, even though it grants duty-free access to commodities from these regions. Trade efficiency is hampered by serious issues with the current policy. The average time to clear customs is 18 days for imports and 21 days for exports, indicating the complexity of the procedures. Furthermore, the high rate of bribery (33%) in obtaining contracts or permissions makes trade operations even more difficult and raises expenses for companies⁴⁴.

Specific measures to be undertaken for each category of constraints to growth could be as follows:

- *Physical Infrastructure:* To lower operating costs and boost competitiveness, the government should give energy and transportation infrastructure top priority. Create and renovate industrial parks with cutting-edge

facilities, such as dependable water, power, and waste disposal systems. Encourage PPPs to use the resources and experience of the private sector to manage and fund infrastructure projects.

- *Business Environment:* To cut down on processing times, create one-stop shops for business licensing and registration. Reduce the cost of business licenses and permits to facilitate the launch of new companies. Simplify land purchase procedures and lower administrative barriers. Put transparency measures into action to lessen corruption and boost public confidence in the government. To guarantee consistency and predictability in policy, strengthen governance structures. In order to foster agreement and support for reforms, regularly interact with stakeholders, especially the private sector. Supplying fair tax breaks in order to draw foreign direct investments (FDIs) to the nation.
 - *Technical and Vocational Training and Education (TVET):* Create a nationwide framework that matches industry demands with TVET programs. Use the resources of the World Bank and other donors to aid in the growth of TVET. Encourage collaborations between academic institutions and business sectors to guarantee that training is applicable and useful. For instance, collaborations with global corporations may offer on-the-job training in quality control, clothing manufacture, and factory operations. Give students financial aid and scholarships so they can pursue technical and vocational training.
 - *Access to Finance:* Increase the number of microfinance programs that offer small and medium-sized businesses (SMEs) reasonably priced loans. Put guarantee programs into place to lower bank lending risks and improve SMEs' access to credit. Encourage the use of digital financial services to lower transaction costs and reach underserved communities.
 - *Trade Policy Reform:* To cut production costs, lower tariffs on machines and necessary imports. Reduce clearance times and streamline customs processes to enable more seamless trade operations. Improve regional trade agreements to give local producers more access to markets.
- *Key Constraints for Each Selected Sector and Relevant Interventions*
- *Footwear Industry*
 - ✓ *Constraints:* The Sierra Leonean footwear industry is subject to many limitations that impede its growth and ability to compete in the market. One of the biggest problems is the scarcity of premium leather and other

⁴² <https://www.state.gov/reports/2023-investment-climate-statements/sierra-leone/>

⁴³ [https://www.state.gov/reports/2023-investment-climate-](https://www.state.gov/reports/2023-investment-climate-statements/sierra-leone/)

[statements/sierra-leone/](https://www.state.gov/reports/2023-investment-climate-statements/sierra-leone/)

⁴⁴ World Bank. (2023). Enterprise Surveys: What Businesses Experience

necessary raw materials. Due to logistical difficulties and import taxes, this shortage forces industries to rely heavily on imported resources, which raises production costs and complicates supply chains. Production challenges are exacerbated by the high costs associated with importing synthetic materials like polyvinyl chloride (PVC), which is frequently used in sporting footwear.

The outdated manufacturing technology used in many local industries is a major concern. This antiquated technology limits manufacturing efficiency and capacity, making it more difficult to expand operations and meet consumer demand. The sector lacks skilled workers who are knowledgeable about modern design and production techniques. Local brands are unable to obtain a competitive edge in both domestic and foreign markets due to the detrimental effects of a lack of technical skills on product quality and innovation.

✓ *Advised Interventions:* To tackle these issues, strategic actions can be taken. One important step is to set up a local leather supply network. A reliable source of premium leather may be established in Sierra Leone by investing in cattle farming and setting up tanneries, which will reduce dependency on imports. Synthetic materials like PVC may qualify for tax breaks or subsidies, which would lower production costs and enable regional producers to raise the caliber of their output. Developing a qualified workforce requires the implementation of vocational training programs focused on footwear design and manufacture. To increase product innovation and competitiveness, programs must provide comprehensive instruction in modern methods and quality control procedures. Forming worldwide alliances with well-known footwear companies can improve knowledge sharing and provide access to cutting-edge technologies, enabling regional producers to adopt best practices and keep up with market developments.

- *Clothing Industry*

✓ *Constraints:* First, the industry suffers from fragmented supply chains, with little coordination between producers, suppliers, and retailers. Most businesses source raw materials from outside the country, which increases costs and reduces competitiveness. Local importers may not be meeting the demand for higher-quality accessories like zips, buttons, and other components, leading to substandard products.

Second, there is a significant skills gap across the value chain, particularly in procurement, supply chain management, and machine operation. Many tailors lack the training to use modern, sophisticated machinery, leading to inefficiencies and downtime. The reliance on second-hand machinery, often purchased from more advanced markets, further compounds this problem. Only a handful of technicians are available to maintain equipment, causing delays in production. Third, Consumers in Sierra Leone lack information about locally produced textiles and fashion products.

✓ *Advised Interventions:* The formation of business associations, such as the Fashion and Textiles Association of Sierra Leone, can play a crucial role in advocating for policy reforms and improving access to resources. Vocational training programs should be expanded to address the skills gaps in procurement, supply chain management, and machine operation. To reduce information asymmetry and expand market access, the government should encourage the adoption of e-commerce platforms. Initiatives like connecting rural areas to online marketplaces could help bridge the gap between consumers and producers, offering lower prices, higher convenience, and increased product variety.

- *Agricultural Products: Rice, Cassava, Cocoa, and Coffee*

✓ *Constraints:* Although agriculture is an essential industry in Sierra Leone, it is constrained by outdated methods and insufficient funding. Farmers usually rely on traditional methods, which result in lower production and yields. Their ability to achieve lucrative outcomes is further hindered by limited access to modern inputs, such as improved seeds, fertilizers, and pest control methods. Inadequate storage facilities and ineffective post-harvest handling raise spoiling losses, especially for perishable items. These difficulties significantly lower profitability and market value.

The industry faces difficulties breaking into both home and foreign markets. Farmers' ability to charge competitive prices for their goods is hampered by limited market access, which lowers their potential revenue. Additionally, value addition and product diversification are hampered by a lack of relationships between producers and processors. Farmers lose out on possible profits from processed goods when there is ineffective cooperation.

✓ *Advised Interventions:* To address these problems, better seeds must be distributed and instruction in contemporary farming methods must be given. To increase production, farmers need better farming methods, environmentally friendly pest control plans, and effective irrigation systems. Creating storage facilities at the community level can significantly reduce spoiling and increase the shelf life of products. In order to maintain ideal storage conditions, facilities must integrate appropriate technologies.

Enhancing market accessibility is an essential tactic. Market opportunities can be increased by supporting farmer cooperatives and putting export-friendly laws into place. Small-scale farmers can access wider distribution networks and jointly negotiate better pricing with the help of cooperatives. Increased job and income prospects could result from the establishment of agro-processing clusters for the conversion of raw materials into higher-value products, such as packaged rice, cocoa powder, roasted coffee beans, and cassava flour. By adding value to raw materials, farmers can increase prices and improve their standard of living.

- *Food Processing: Processed Fish, Palm Oil*
- ✓ *Constraints:* A number of limitations prevent Sierra Leone's food processing sector from expanding and becoming more competitive. One major issue is the lack of proper cold chain infrastructure for transporting and storing fish. Fish and other perishable items deteriorate quickly due to inadequate refrigeration and temperature-controlled facilities across the supply chain, which results in significant losses. This problem makes it more difficult for processors to maintain product freshness and extend shelf life.

There are many obstacles in the way of producing palm oil. Variability in product quality is a result of small-scale businesses' fragmented and inefficient nature. Inconsistencies limit export possibilities and erode consumer confidence. Furthermore, the industry's ability to grow and modernize is hampered by limited access to modern processing technologies and funding. Many processors still use outdated hardware and do not have the funds to upgrade to more modern, more effective technologies. These issues are made worse by the lax implementation of quality standards, which leads to products that routinely fall short of international market norms.

- ✓ *Advised Interventions:* These issues can be successfully resolved by making investments in cold chain logistics. Product quality would be improved across the supply chain by locating temperature-controlled facilities close to fishing ports, processing facilities, and distribution hubs. Efficiency and output quality can be raised by giving smallholder farmers financial support to purchase contemporary extraction equipment. Industry growth can be boosted by providing processors with grants or loans that are inexpensive and encourage the adoption of cutting-edge technologies. Strict certification programs and quality assurance procedures will guarantee that goods meet high standards, increasing their competitiveness in both home and foreign markets.

- *Mining*

- ✓ *Constraints:* One of the main problems is the restricted local capacity. Due to a lack of funding, technical know-how, and access to current equipment, domestic enterprises are not as involved in this area as international firms. Opportunities for technological transfer and skill development among the local workforce are restricted by this ownership concentration. Second, insufficient port facilities, bad road networks, and unstable electrical supplies are examples of infrastructure flaws that dramatically raise operating costs and lower competitiveness. Third, the sector's expansion is impeded by regulatory obstacles. Investors face uncertainty due to the sometimes ambiguous or inconsistent legal and regulatory framework surrounding mining. Efforts to guarantee sustainable and ethical mining processes are also hampered by poor governance and corruption. Fourth, the industry is long-term threatened by environmental issues. The sustainability of the industry is

called into question since artisanal mining in particular has been connected to soil degradation, water pollution, and deforestation. Lastly, social tensions between local populations and mining enterprises can complicate operations by resulting in disputes over employment possibilities, land rights, and environmental concerns.

- ✓ *Advised Interventions:* First, it's critical to increase local capacity. To offer local workers training programs that emphasize technical skills, management, and environmental stewardship, the government should form alliances with foreign mining corporations. Policies that support international-local joint ventures may also facilitate the transfer of technology and expertise while increasing local involvement. Second, the sector's competitiveness will be increased and operating costs will be decreased by investing in infrastructure including ports, highways, and energy systems. Third, in order to make licensing processes, environmental requirements, and revenue-sharing arrangements more clear, the government should examine and revise mining legislation. Responsible mining will be encouraged and investor trust will be increased by transparent and accountable governance. Fourth, best practices for water conservation, waste management, and land rehabilitation ought to be mandated for mining corporations. Lastly, encouraging diversification in the mining industry can lessen reliance on a small number of commodities and open up new business prospects. Promoting the search for underutilized minerals, such as rare earth elements and titanium, may lead to the creation of new markets and further economic growth.

- *Construction*

- ✓ *Constraints:* A number of restrictions impede the growth and efficiency of the building industry in Sierra Leone. The high prices and erratic supply of necessary materials, such as steel and cement, frequently result in shortages, raising project costs and delaying completion. Project budgets and schedules are significantly impacted by supply chain interruptions, which deter developers from starting new projects. One major worry is the lack of technical skills among construction workers. Workers that receive insufficient training find it difficult to complete complicated jobs, which can lead to mistakes that compromise the safety and quality of the project.

Complicated regulatory procedures provide serious difficulties. Long procedures for obtaining building permits and licenses increase administrative costs and delay the start of projects. Furthermore, inadequate infrastructure, which is typified by a lack of roads, erratic energy, and a limited water supply, raises operating costs and hinders construction. Poor transportation systems make it difficult to move people and goods efficiently, while unstable utilities cause outages and higher expenses.

- ✓ *Advised Interventions:* Encouraging domestic production of essential construction materials through tax incentives and subsidies is a crucial strategy to address these issues;

supporting local producers stabilizes supply chains and lowers costs; streamlining permit application and approval processes can speed up project initiation and reduce administrative burdens; prioritizing investments in transportation networks, road maintenance, dependable power grids, and clean water systems can facilitate significant growth in the construction sector; and improving infrastructure will facilitate construction activities and improve overall economic productivity by providing essential services to businesses and communities.

VI. ADDRESSING GOVERNANCE ISSUES IN IMPLEMENTING THESE MEASURES

The possibility of elite capture, which has the ability to significantly reduce the efficacy of any policy intervention, is one of the most important arguments against industrial policy. Sierra Leone has historically had poor governance and a low ranking on international corruption indices. Establishing guidelines that guarantee appropriate handling of governance-related concerns during the execution of certain policy initiatives is essential in this situation. The following elements could contribute to better government, based on lessons learned in other nations:

- **Transparency and Accountability:** A public agreement-making process and monitoring of the execution of agreed-upon actions can improve transparency and accountability. For instance, a regular public forum may be set up where representatives from the public and private sectors from important sectors come together to discuss and decide on important interventions meant to accelerate the growth of such sectors. Public forums should routinely examine the implementation of these agreements and publish them. An impartial monitoring committee might also be established to keep an eye on developments and guarantee that the terms agreed upon are being followed.
- **Explicit Results:** The agreements ought to make it apparent what results are anticipated. They should also specify what will happen in the event that these outcomes are not obtained, such as withdrawing or changing the intervention.
- **Limit Scale of Interventions:** It is advantageous to restrict the scope of interventions in order to promote accountability and transparency. Because there is less chance of abuse, smaller-scale projects are less vulnerable to elite capture. Smaller interventions therefore have a higher probability of being successful.
- **Industry Selection:** Rather than being managed by the government, the choice of industries for focused interventions could be left to a private consulting firm. This method can lessen prejudices and guarantee that the

selection procedure is founded on impartial standards and industry knowledge.

By addressing these governance issues through targeted interventions, Sierra Leone can create a more conducive environment for business growth and development, ensuring that policies are implemented effectively and transparently.

VII. CONCLUSION

This study applies the Growth Identification and Facilitation Framework to Sierra Leone's economic context, systematically identifying sectors with high potential for growth and employment generation while specifying targeted interventions to address binding constraints. The analysis reveals substantial opportunities across six strategic sectors that align with the country's current endowment structure and offer pathways to sustainable industrial transformation.

The identified priority sectors represent diverse opportunities for economic diversification and job creation. Manufacturing activities, particularly footwear production using leather and rubber inputs, offer labor-intensive opportunities suitable for workers with moderate skill levels, creating employment while building export capacity⁴⁵. The apparel sector, encompassing knit sweaters, women's suits, men's underwear, and non-knit garments, presents significant potential for integration into global value chains as production costs rise in traditional manufacturing centers.⁴⁶ Agricultural products, including rice, cocoa, coffee, and cassava, provide foundations for both food security enhancement and export revenue generation through quality improvements and certification schemes.⁴⁷ Food processing, specifically coconut and palm oil production, enables value addition to raw agricultural commodities, capturing greater economic returns domestically while creating rural employment opportunities.⁴⁸ The mining sector, covering bauxite, rutile, diamonds, iron ore, and gold, remains critical for foreign exchange earnings but requires strengthened linkages to domestic industries and improved governance frameworks to maximize development impact.⁴⁹ Construction activities support infrastructure development across all sectors while generating immediate employment for low-skilled labor entering the workforce.

Realizing the potential of these sectors requires comprehensive interventions addressing cross-cutting constraints that inhibit competitiveness. Infrastructure provision, particularly reliable electricity supply and quality road networks, constitutes an essential foundation for industrial activity and market access.⁵⁰ Business climate improvements, including streamlined business registration, simplified licensing procedures, and reduced bureaucratic barriers, lower transaction costs and encourage entrepreneurship.⁵¹ Targeted educational and vocational training programs must align curriculum content with

⁴⁵ Lin & Monga, 2011

⁴⁶ World Bank, 2023

⁴⁷ Food and Agriculture Organization, 2023

⁴⁸ African Development Bank, 2023

⁴⁹ International Monetary Fund, 2024

⁵⁰ Ministry of Energy Sierra Leone, 2023

⁵¹ Statistics Sierra Leone, 2023

evolving industry requirements, ensuring the workforce possesses relevant technical skills and soft competencies⁵². Regulatory environment enhancements should clarify property rights, strengthen contract enforcement, and ensure policy predictability to build investor confidence. Trade policy reforms must reduce tariff and non-tariff barriers while negotiating preferential market access agreements that facilitate export growth.

Beyond these horizontal interventions, sector-specific measures tailored to each industry's unique characteristics and constraints are essential. Governance reforms promoting transparency, accountability, and anti-corruption mechanisms provide the institutional foundation necessary for effective policy implementation and resource allocation.⁵³ These governance improvements must proceed in parallel with sectoral interventions to ensure sustained progress.

Sierra Leone possesses abundant labor resources and rich natural endowments that constitute comparative advantages in global markets. Through strategic application of the GIFF under New Structural Economics principles, the country can transform its resource wealth from a potential curse into a catalyst for development⁵⁴. By implementing the recommended interventions across identified sectors while strengthening governance and institutional capacity, Sierra Leone can sustain recent growth momentum, increase the employment intensity of economic expansion, and build a more diversified, resilient economy. Success requires coordinated action among government agencies, private sector actors, and development partners, guided by evidence-based policy frameworks that recognize both market forces and the state's role in addressing coordination failures and providing public goods.

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