



**THE REPUBLIC OF SIERRA LEONE**

**SPECIAL ECONOMIC ZONE POLICY  
IN SIERRA LEONE**

**DRAFT 2013**

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## **PREFACE**

The major features of the current globalization phenomenon are openness, trade, investment, finance, free flow of information and technological innovation. For Sierra Leone to participate productively in this globalization process, it requires vibrant and forward looking economic policies. Presently, the volumes of trade and capital inflows into the country are low. Consequently, there is a high level of poverty, low Per Capita Income and unfavorable Balance Of Payments.

In common with many other countries in Africa and elsewhere, Sierra Leone sees the development of Special Economic Zones (SEZs) as a critical element of a program to facilitate private sector investment and transform the manufacturing sector to enhance competitiveness and industrialization for job creation.

So far, there is only one Special Economic Zone in the country. However, considering the value of anticipated investments, the Special Economic Zone development strategy should be regarded as a strategic industry capable of making positive and significant contributions to the rapid industrialization and technological development of the country. This underlines the need for a forward looking Special Economic Zones policy as enunciated in this document. It is thus a framework for the establishment and development of more Special Economic Zones in Sierra Leone.

This policy highlights government's objectives, strategies and measures on Special Economic Zones. It also identifies the agencies and operators that contribute to a successful Special Economic Zone scheme. The roles of the various institutions in the implementation of a sustainable strategy are also highlighted

Today, many SEZs all over the world are approved by a more streamlined registration process in which applications meeting specified criteria are generally approved systematically. SEZ regulatory reforms in many countries today provide changes that we in Sierra Leone can adopt to streamline our SEZ regulatory Act. The new Act, when established, will provide a regulatory environment that governs standards like SEZ size, development and oversight. Once the proposed SEZ meets the Act's criteria of proper proposal submission, financial requirements, and certification of sufficient utility access, an SEZ can be set up anywhere in the country.

Sierra Leone Special Economic Zone scheme can be more successful and sustainable if it starts by focusing on sectors or industries where the country currently has international comparative/competitive advantage such as minerals, Agric- industries and tourism. That way, the initial success shall drive the growth in the other sectors.

## LIST OF ABBREVIATIONS

ASYCUDA	-	Automated System of Customs Data Administration
BSL	-	Bank of Sierra Leone
GST	-	Goods and Services Tax Act
CKD	-	Completely Knocked Down
ECOWAS	-	Economic Community of West African States
SLAA	-	The Sierra Leone Airport Authority
FDI	-	Foreign Direct Investment
NRA	-	National Revenue Authority
MTI	-	The Ministry of Trade and Industry
MFAIC	-	The Ministry of Foreign Affairs and International Cooperation
EPA	-	Environmental Protection Agency
MFED	-	The Ministry of Finance and Economic Development
MHS	-	The Ministry of Health and Sanitation
MJAG	-	Ministry of Justice and Attorney-General
ME&WR	-	The Ministry of Energy & Water Resources
MWHID	-	Ministry of Works, Housing and Infrastructural Development
SLAM	-	Sierra Leone Association of Manufacturers
MFA&IC	-	Ministry of Foreign Affairs & International Cooperation
SLCCI&A	-	Sierra Leone Chambers of Commerce, Industry, & Agriculture
SLPB	-	The Sierra Leone Pharmacy Board
NAICOM	-	National Insurance Company
SLIEPA	-	Sierra Leone Investment & Export Promotion Agency
SLSEZA	-	Sierra Leone Special Economic Zones Authority
SLIS	-	Sierra Leone Immigration Service
SLMA	-	The Sierra Leone Maritime Administration
SLPA	-	Sierra Leone Ports Authority
OPS	-	Organized Private Sector
SEC	-	Securities and Exchange Commission
SLSB	-	Sierra Leone Standards Bureau

## **SECTION ONE**

### **1.0 SPECIAL ECONOMIC ZONES POLICY IN SIERRA LEONE**

Many countries have successfully used the Special Economic Zone development strategy to launch themselves on to the path of sustainable economic growth. Examples of such countries are the Republic of Ireland and the United Arab Emirates (Dubai). China's current dazzling growth is also based on the Special Economic Zone scheme.

This approach has increasingly become a policy tool of choice for governments seeking to attract foreign investment, promote export-oriented growth, and generate employment. Many countries employ their own variations of these special enclaves, and in doing so use their own terminology such as Free Trade Zone; Enterprise Zones; Export Processing Zone; Industrial Free Zones, Single Factories; Freeport and Specialised Zones, to describe them. For example, Ghana, Cameroon, and Jordan have "industrial free zones," the Philippines calls its economic zones "special export processing zones" and Russia has "free economic zones."

Well-designed SEZs have been successful as instruments for export-led development, particularly in Asia and Latin America where many zone programs have been in place for several decades. However, despite high profile successes, many SEZs around the world have failed to meet their potential. Although multiple factors contribute to the failure or non productive of an SEZ program, in most cases, they can be traced back to the initial planning stages, and derive from an ineffective regulatory and institutional framework. Indeed, SEZs traditionally have been used as "quick-win" measures to exploit the potential for private sector driven job creation. It is therefore crucial that the policy and institutional aspects of the SEZ regime are designed and implemented effectively to ensure that it delivers on its potential role as a facilitator of investment, competitiveness, and job creation.

The operation of an SEZ includes the roles of zone owner, zone developer, zone manager or operator, and zone regulator. Up until the 1990s, when most zone programs remained fully in the hands of governments, it was usual for the same government body to carry out all these roles simultaneously. However, not only are few governments experienced in planning and developing economic zones, like the case in Sierra Leone, given the large investments required to support zones and their uncertain return, development of zones can be a risky proposition for governments. Private sector development (or public-private partnerships) cannot only provide critical expertise, but can reduce governments' risk in zone programs and ensure greater transparency, provided roles and responsibilities are clearly defined from the very beginning.

With the growing interest in the establishment of Special Economic Zones programs in Sierra Leone, the multiple roles of the government and the private sector is becoming increasingly crucial. Specifically, it sometimes creates a conflict of interest, where the Private sector is responsible for regulating and promoting the zones in a country. Indeed, more often than not it is actually the same Private sector agency responsible for regulation and the development, so in effect they are regulating themselves. Regardless of the transparency or effectiveness of the regulator, a bias will be perceived, which acts as a significant barrier to attracting new private sector developers.

The best practice approach to avoiding this conflict of interest is to separate the regulatory role as much as practically possible from the roles of owner, developer, and operator. This allows the regulatory role to remain fully independent from any individual zone. As part of this process, it is important for the government's SEZ policy to outline clearly the specific responsibilities of the different actors.

## **1.1 DEFINITION OF SPECIAL ECONOMIC ZONE**

This policy document adopts the internationally accepted definition of a Special Economic Zone as a designated geographical area within a country which is administratively deemed to be outside the Customs borders, within which national regulations relating to trade, finance and other economic activities are not applicable or partly applicable.

A Special Economic Zone is referred to variously as a Free Trade Area, Export Processing Zone, an Industrial Park, Foreign Investment Zone or a Special Trade Area, depending on the country. The defining characteristic of a Special Economic Zone is that laws relating to economic activities in the enclave are more favourable to investment than those in the rest of the host country.

There are many variants of a Special Economic Zone. The characteristics of these variant are defined by the objectives a country intends to achieve by adopting the Special Economic Zone development strategy. Common variants are a Free Trade Zone where there is complete flow of goods and services between the enclave and the main country and an Export Processing Zone, where all the items produced in a designated location are exported.

## **1.2 TYPES OF SPECIAL ECONOMIC ZONES IN SIERRA LEONE**

At the beginning, the main objective of the Special Economic Zone development strategy in Sierra Leone appears to be the attraction of foreign investment and generation of employment. Trade between the enclaves and the rest of the country was intended to be minimal. However, it was discovered that this model alone cannot be effective, because most investors in the Special Economic Zone have their eyes on the domestic market. Therefore, another model that allows trade between the Special Economic Zones and

the larger economy is required. Existing Special Economic Zone, “First Step” in Sierra Leone have either adjusted or was set up to operate on the former model.

At the early intervention, and in the light of the above, Sierra Leone shall adopt two variants in implementing her Special Economic Zone scheme. These are the Export Processing Zone (EPZ) and the Free Trade Zone (FTZ). The characteristics of these variants are highlighted as follows:

### **Export Processing Zone**

- a) Established for processing/manufacturing, mainly for export.
- b) Licensing – each enterprise within the zone shall be licensed for each of its specific activities.
- c) Grant of operating license/certificate of registration for the purpose of company registration.
- d) Entry of premises not required.
- e) 25% of product export into the domestic territory is allowed on payment of appropriate duties and levies.
- f) A product manufactured by a Special Economic Zone enterprise whether banned or not shall be allowed entry into the Customs Territory on payment of appropriate duties.
- g) Enterprise in this type of zone shall enjoy tax holidays for ten (10) years in the first instance; renewable for another five years at the discretion of the Sierra Leone Special Economic Zones Authority.

### **Free Trade Zone**

- a. Set up for commercial, industrial and service activities for both local and export markets.
- b. A product manufactured by a Special Economic Zone enterprise whether banned or not shall be allowed entry into the Customs Territory on payment of appropriate duties.
- c. Grant of certificate of registration for the purpose of company registration.
- d. Entry of premises not required.



- e. Up to 100% of sales of products into the domestic economy allowed on payment of appropriate duties, levies and taxes.
- f. Tax holiday and other duty-free incentives are to be enjoyed by enterprises in this category for 10 years in the first instance which may be renewed for a further period of five years subject to the discretion of the Authority.

### 1.3 **BENEFITS OF A SPECIAL ECONOMIC ZONE**

The Special Economic Zone scheme is an economic development strategy used by countries to attract investments into an enclave(s) that has all the facilities and incentive in areas of critical importance to business such as infrastructure, reduced bureaucracy, incentives and support services. These factors when available in a single location, results into a low cost operating environment that attracts investment and from which economic activities spill to the rest of the country.

Some of the benefits that accrue to a country operating the Special Economic Zone scheme are as follows:

- a Inflow of Foreign Direct Investment (FDI) which would otherwise not have taken place;
- b employment and wealth generation arising from increased business activities;
- c growth of exports and foreign exchange earnings;
- d enhanced industrial development and capacity utilization;
- e enhanced competitiveness in the international market of goods manufactured in the country;
- f transfer of knowledge and technology;
- g linkages with the domestic economy

### 1.4 **GENERAL CHARACTERISTICS OF SPECIAL ECONOMIC ZONES**

The following are the main worldwide characteristics of a Special Economic Zone:

- (i) A clearly demarcated enclave within the territorial boundaries of a nation state where economic activities take place under specific rules and regulations
- (ii) A proper approval that designates an enclave a Special Economic Zone by the appropriate authority, in most cases the head of state or president
- (iii) An enclave where clusters of firms engage in similar or dissimilar business activities are licenced and encouraged through incentives and excellent facilities to contribute to the economic growth of the country
- (iv) An enclave where government agencies collaborate to facilitate trade through a single (one stop) service delivery point, so as to minimize bureaucracy

### **CHARACTERISTICS OF SPECIAL ECONOMIC ZONES IN SIERRA LEONE**

Special Economic Zones in Sierra Leone shall have the following characteristics in addition to the general ones listed above:

- (i) Private ownership of zones shall be encouraged under the regulation of the appropriate supervisory authority
- (ii) All relevant government agencies must have high level decision making presence in Special Economic Zones, so as to facilitate the one-stop-shop concept of service delivery.
- (iii) Special Economic Zones can be located in any part of the country. However, deliberate efforts must be made to locate Special Economic Zones in ports and borders so as to ensure their success and sustainability
- (iv) It shall be the responsibility of the owner (government or private company) of the Special Economic Zone to provide world class infrastructure in the enclave
- (v) Government shall ensure, through the appropriate agency, the administration of approved incentives in Special Economic Zones
- (vi) All employees, irrespective of nationality in any Special Economic Zone in Sierra Leone must pay applicable personal income taxes

- (vii) An enclave can be referred to as a Special Economic Zone only after it has been so approved by the President of the The Republic

## **SECTION TWO**

### **2.0 OBJECTIVES OF THE SIERRA LEONEN SPECIAL ECONOMIC ZONES POLICY**

The primary goal of the Special Economic Zones policy in Sierra Leone is to fully integrate the scheme into the national development programme. Some of the specific objectives are to:

- (i) To provide a road map for the development and management of Special Economic Zones in Sierra Leone;
- (ii) Provide a reference for the development and operation of Special Economic Zones in Sierra Leone
- (iii) harmonise stakeholders views as regards guidelines, procedures and other operational details for effective operation and management of Special Economic Zones in Sierra Leone;
- (iv) ensure that the zones operate with international best practices
- (v) ensure that government provides a stable and sustainable environment where the Special Economic Zone scheme can be nurtured

### **2.1 POLICY STRATEGIES AND MEASURES**

In order to achieve the objectives of the Special Economic Zones policy, particularly as an impetus to development, government shall ensure that location of the zones are attractive to high quality investment. There shall be a deliberate and systematic approach to attract value-adding private investment to the Special Economic Zones. In doing so, consideration shall be given to non-pollutant industries to protect the environment from degradation and abuse. Special Economic Zones, being incubators of industrial development, manufacturers with backward integration into the customs territory shall receive greater encouragement to enhance sectoral linkages within the economy.

Government recognizes the enormous advantages in establishing Special Economic Zones and shall, in collaboration with the private sector, undertake the investment necessary to make the zones attractive. In this regard, government shall encourage the private sector investors to develop, promote and administer Special Economic Zones.

## 2.2 STRATEGIES TO DEVELOP SPECIAL ECONOMIC ZONES AND ATTRACT PRIVATE INVESTMENTS

Government shall liberalize the ownership, development and operation of Special Economic Zones in such a way that the private sector shall be the driving force. The specific strategies include the following:

- **Partnership with the Organized Private Sector (OPS):** Government shall encourage the OPS as agents of promoting this strategy and shall also encourage it to partner with governments/relevant agencies in the establishment and management of Special Economic Zones.
- **Promotion of Partnership among Sierra Leoneans and Foreigners:** For sustainable growth and development of Special Economic Zones, the spirit of partnership shall be promoted among Sierra Leoneans and Foreigners. Such partnerships shall be based on due process and law. In view of this, government shall put in place, simplified procedure for joint venture registration in the zones.

## 2.3 SPECIFIC MEASURES FOR ATTRACTING INVESTMENTS INTO THE SPECIAL ECONOMIC ZONES

- a. Provision of Energy through Privatization:** Since reliable electric power supply is imperative for growth and development of a free trade area, zone management shall ensure uninterrupted power supply. Independent Power Providers shall be encouraged to establish power plants at competitive prices for Special Economic Zone investors and other operators
- b. Information Dissemination:** There shall be free flow of information through local area networks and trade-web facilities where relevant information can be obtained without any encumbrances. Private sector satellite services shall be encouraged within the zones.

- c. Cooperation among Relevant Agencies:** Government shall encourage co-operation among all relevant government agencies with a view to enhancing the effective operation of the zones through regular seminars, colloquium and workshops.
- d. Special Economic Zone enterprises and their products:** shall be protected from the retroactive effects of fiscal policy measures of the domestic economy. The extra -territorial jurisdiction and status of the zones shall be respected as far as such policy measures are concerned.
- e. Duty Rebates:**
- (i). Raw materials, Completely Knocked Down (CKD) components and other imports into the Special Economic Zone that have undergone further processing, manufacture, assembly, thereby giving the final product a different character shall attract special tariff rebate if they are to be sold in the domestic economy of Sierra Leone. Similarly, any semi-finished/finished products imported into the Special Economic Zones in which there has been value addition without changing the essential character of the product and imported into the Custom Territory shall attract import tariff rebate.
- (ii). The amount of import duties chargeable on finished products on which value addition has not taken place shall attract rates applicable in the customs territory;
- f The General Services Tax Act (GSTA)** shall be consistent with the provisions of the Special Economic Zone Act. The provision for tax exemptions in this document shall supersede other provisions in the municipal laws.
- g Banking Operation:** There shall be “off-shore” banking operation in Special Economic Zones to facilitate investment, production and trade.

Such off-shore banking operations are to be guided by the Central bank of Sierra Leone.

- h. Public Enlightenment Campaigns:** There shall be enlightenment campaigns on the relevance of Special Economic Zones to the economic development of Sierra Leone. Efforts shall also be made to minimize political connotations in the approval and choice of locations of Special Economic Zones.

## **SECTION THREE**

### **3.0 Roles Of Stakeholders In the Special Economic Zones**

All the institutions that have relevance for the successful operation of Special Economic Zones shall be properly oriented – both at the management and operating levels. Specifically, the following institutions shall be strengthened to enhance their contribution to the Special Economic Zone scheme

#### **3.1 The Ministry Of Trade and Industry**

The functions of the Ministry shall be among others, to:

- (i) ensure timely recommendations for Presidential approval of Special Economic Zones;
- (ii) ensure that the Special Economic Zone scheme becomes an integral part of the national development plan;
- (iii) ensure the existence of a well articulated policy framework to boost the confidence of investors and promote Sierra Leone as the preferred destination for foreign investment

#### **3.2 The Ministry of Finance and Economic Development**

The Government through the Ministry of Finance and Economic Development shall ensure compliance with the Special Economic Zones Act, Orders and Regulations in circulations by agencies under its supervision.

#### **3.3 Sierra Leone Special Economic Zones Authority (SLFZA)**

The Sierra Leone Special Economic Zones Authority is the Agency of the Government that has the responsibility for licensing, regulating and supervising Special Economic Zones in Sierra Leone.

The functions of the Authority shall inter alia to:

- (i) license, regulate activities and monitor operations of all Special Economic Zones and other organizations that provide services in the Special Economic Zones;



- (ii) formulate, publish and periodically review standards and guidelines for sound economic and commercial activities in Special Economic Zones;
- (iii) carry out periodic inspection of Special Economic Zones;
- (iv) prepare and recommend to the Honorable Minister of Trade and Industry appropriate incentives and measures for the promotion of and the enhancement of activities in Special Economic Zones;
- (v) ensure the establishment of Customs, Police, Immigration and other relevant agencies in the Special Economic Zones;
- (vi) coordinate and support the investment promotion strategies in the Special Economic Zones and where necessary open investment promotion offices overseas for such purposes;
- (vii) issue certificate of valuation of assets or investment to any enterprise in the Zones at the time of commencement of activities their activities in the Special Economic Zones. And such certificates shall serve as evidence of ownership of assets or investment in the Special Economic Zones and the certificate shall be subject to periodic review;
- (viii) ensure that approved enterprises and the Special Economic Zone managers separately maintain detailed and comprehensive records of all their imports and other activities the Zone;
- (ix) identify and stipulate international standards that must be taken into consideration in establishing and operating Special Economic Zones ;
- (x) responsible for the approval of development plans by investors within the zone and setting out guidelines to regulate such development plans;
- (ix) ensure that notwithstanding the approval granted to an enterprise to carry out business activities in the zones, storage and use of dangerous goods, explosives, fire arms and ammunitions, other than arms carried by the Police, Customs and other Security personnel deployed to work within the zones, are absolutely prohibited.
- (xii) co-ordinate all necessary marketing activities to attract investors to the zones.

### 3.4 **Special Economic Zone Manager (FZM)**

A Special Economic Zone Manager is the entity responsible for day to day management of a Special Economic Zone. In most cases, the owner and developer of a Special Economic Zone is also the Special Economic Zone manager. Consequently, the Special Economic Zone Manger in a private or the state owned Special Economic Zone can be a public institution. The Sierra Leone Special Economic Zone scheme shall be private sector driven, thus most Special Economic Zone Managers shall be private companies.

Special Economic Zone Managers shall be responsible for the:

- (i) Receipt of applications and licensing of companies to operate in a zone;
- (ii) provision of facilities for the operations of customs, police immigration and similar posts in a zone;
- (iii) receipt of periodic returns from investors in a zone and the enforcement of all regulations relating to their activities;

### 3.5 **Special Economic Zone Developer (FZD)**

A Special Economic Zone Developer is the entity that has title to the area of land declared as a Special Economic Zone. Such entity shall be responsible for the development of the infrastructure in the area. The developer must ensure that the environment and infrastructure in a Special Economic Zone are of international standards.

A developer can be a Council Government, the Government or a private company. However, this policy envisages that the private sector shall play the leading role in Special Economic Zone development in Sierra Leone.

### 3.6 **Council Governments**

A Council Government may encourage the setting up of Special Economic Zones in their respective regions by;

- i. ensuring the timely processing and issuance of appropriate title documents for areas to be declared as a Special Economic Zone by the President;
- ii. provide a conducive environment for the security and safety of investors and infrastructure;
- iii. Partner with the private sector for the development of Special Economic Zone in the states.

### 3.7 **National Revenue Authority (NRA)**

Government shall ensure that there is flexibility and openness in the interaction between officials of the National Revenue Authority and Special Economic Zones Managers in the operations of the Special Economic Zones. In addition, the National Revenue Authority:

- (i) Shall establish a Special Economic Zone desk at the NRA Headquarters to serve as the clearing house for all Special Economic Zone related issues. Accordingly, the NRA formation in the Special Economic Zones shall be sufficiently empowered to make decisions without recourse to the headquarters in line with the “One-Stop-Shop” concept.
- (ii) Shall ensure that, in addition to its role as revenue collector, the NRA shall also facilitate trade and investment;
- (iii) Shall ensure that Customs Officers are trained and dedicated to the cause of the Special Economic Zones scheme;
- (iv) Shall ensure that all Officers at the entry points dealing with passengers and goods are familiar with Special Economic Zone concepts and practices regarding cargo and human movement;
- (v) Shall ensure that the Special Economic Zone cargo clearance procedures are simplified and clearing formalities completed within a period not exceeding forty-eight hours;
- (vi) Shall emphasize post-clearance audit and duty payment for Special Economic Zone goods entering the customs territory;

### 3.8 **Sierra Leone Immigration Service (SLIS)**

- (i) Shall establish a Special Economic Zone desk at the SLIS Headquarters to serve as the clearing house for all Special Economic Zone related issues. In addition, the Sierra Leone Immigration Service formation in the Special Economic Zones shall be sufficiently empowered to take decisions without recourse to the headquarters in line with the “One-Stop-Shop” concept;
- (ii) Shall facilitate the timely issuance of Subject to Regularization (STR) Visa and Combined Expatriate Residence Permit Aliens Card (CERPAC), visa desks and post immigration officers to such desks in the country’s Missions/Embassies abroad. Investors operating within the Special Economic Zones shall continue to enjoy exemption from expatriate quota.

### 3.9 **Sierra Leone Ports Authority (SLPA) and The Sierra Leone Air Port Authority (SLPA)**

The SLPA currently supervise all seaports, while SLAPA administers Airport. Where a seaport or airport is declared a Special Economic Zone, the management of the seaport or airport shall perform the following functions:

- (i) work hand-in-hand with the Special Economic Zone Authorities on free air/port development plans and operational modalities of the ports;
- (ii) interact with Special Economic Zones Authorities on the day-to-day operations in the Free Port;
- (iii) provide statutory services relating to ships, aircrafts, cargo and cargo handling in the Free Port;
- (iv) facilitate the movement of goods destined for Special Economic Zones

### 3.10 **Bank of Sierra Leone (BSL)**

- (i) Shall provide effective regulatory framework and licence Banks operating in the zones;
- (ii) Shall ensure the provision of appropriate and sustainable banking guidelines for banks operating within the Special Economic Zones.

### **3.11 Sierra Leone Standards Bureau**

- (i) Shall ensure that Special Economic Zone manufactured products comply with the Sierra Leone Industrial Standard (SLIS);
- (ii) Shall assist Special Economic Zone enterprises to acquire relevant ISO certifications for their products.

### **3.12 The Pharmacy Board**

- i. Shall ensure the wholesomeness of drugs and food products emanating from the Special Economic Zones;
- ii. Shall ensure that such products meet the required sanitary and physo-sanitary standards to compete in the international markets.

### **3.13 Organized Private Sector**

A major gap in the industrial development process of Sierra Leone is the absence of co-operation among manufacturing companies. Our vision shall be to coordinate small producers of various components so as to produce quality goods, which can service the Special Economic Zones. For this reason, government shall consider partnering with the OPS, such as the Sierra Leone Chamber of Commerce, Industry and Agriculture, and take its advice and recommendations seriously.

### **3.14 Sierra Leone Investment and Export Promotion Agency (SLIEPA)**

SLIEPA is expected to be very proactive in providing excellent facilitation support in promoting private sector investments in the SEZ facilities Sierra Leone and in the building of the public private partnership.

## SECTION FOUR

### 4.0 Implementation of The Sierra Leone Special Economic Zones Policy

In order to ensure that the Special Economic Zones in Sierra Leone serve as veritable industrial centres, government shall ensure the implementation of the policy on incentives, procedures, effective administration and management of the Special Economic Zones in accordance with the following:

S/N	POLICY ISSUES	POLICY STATEMENTS	IMPLEMENTING AGENCY
	Full compliance with the provisions of Tax incentives and levies	Government shall ensure full compliance with all provisions of tax exemptions as contained in the Special Economic Zones Act.	NRA, SLSEZA, BSL, and SEZMs.
	Sales of goods into the customs territory and overseas.	Government shall ensure that all rules, regulations and incentives applicable to the sales of goods into the domestic and foreign markets are complied with.	MTI, MFAIC, BSL, NRA, SLSEZA, and SEZMs.
	Infrastructural development and support services.	Government shall monitor and ensure that the Sierra Leone Special Economic Zones serve as centers of excellence of infrastructure and services so that in the short and medium term, they will become business haven for the nation's industrial take-off.	ME&WR, MW, MHS, other utility Service Providers, SLSEZA, OPS, and SEZMs.
	Private Special Economic Zone Development and management.	Government shall continue to encourage the participation of the private sector in the development of Special Economic Zones and its variants until the 'walls' surrounding the Zones are	FMC, Private Industrialists, OPS, SLSEZA, and Foreign investors.

		completely eliminated in the country.	
	Management of Special Economic Zones.	Government shall continue to provide the required policy guidelines, conducive business environment to ensure the continuous relevance of the Special Economic Zones Scheme. The Special Economic Zone Authorities shall be strengthened to provide effective monitoring and supervision that will ensure provision of “before and after care services” for investors.	MTI, MJAG, SLSEZA, NRA, OPS, and SEZMs
	Legal Framework	Government shall ensure that Special Economic Zone laws are strengthened and made consistent with the Special Economic Zones Acts and that the Special Economic Zone’s legal framework is continuously competitive, consistent and relevant.	MTI, MJAG, SLSEZA
	Investment Promotion and Marketing	Government shall encourage the synchronization of all investment promotion agencies so as to achieve the desired synergy on investment inflow into the country. To this end, a quarterly meeting of these agencies shall be institutionalized.	SLIEPA, MTI, SLSEZA, MFA, NRA, SEZMs.
	Sea ports/Airport Operations and Management.	Government shall provide clear cut operational guidelines on the use of Sea Ports and Airport designated as	MTI, SLMA, SLPA, SLAPA, Cargo handling



		Special Economic Zones.	companies
	Inter-Agencies relations	Government shall encourage all agencies having statutory responsibilities for effective operations of the Special Economic Zones to interact and come up with common decisions on issues relating to Special Economic Zones through the National Council on Special Economic Zones to be established as soon as possible.	Relevant Ministries, SLSEZA, NRA, SLMA, SLIEPA.
	Harmonization of Sierra Leone Customs Service procedures and operations vis-à-vis Special Economic Zones.	Government shall ensure that the NCS and other agencies comply with the spirit and contents of Special Economic Zones regulations and bye-laws.	MFED, NRA, SLBF
	Banking and Financial Regulations.	Government shall ensure the development and operation of sustainable banking regulations that will give vent to off-shore banking, freedom of foreign exchange transactions as allowed by Special Economic Zone laws.	BSL, SLIC, SLSEZA, Organized Private Sector.
	Product quality and certification	Products from the zones shall be mandated to carry Certificates of Origin issued by SLSEZA in addition to quality certified by relevant agencies particularly those goods destined for the Customs Territory.	SLSEZA, NAFDAC and SLSB
	Environmental Impact assessment	Government shall ensure compliance with all environmental	EPA, MAFFS, SLSEZA, and

	management and pollution control	regulations before and after as well as during operations of registered industries in the Special Economic Zones. In addition, government shall institute policy that will emphasise regulations on the environment/ecosystem.	other Special Economic Zone Managers.
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## SECTION FIVE

### **4.0 ENVIRONMENTAL CONTROL AND SECURITY IN THE SPECIAL ECONOMIC ZONES/PORTS**

#### **5.1 ENVIROMENTAL CONTROL**

Upon the recommendation of the Sierra Leone Special Economic Zones Authority, the Ministry of Trade and Industry in consultation with the Environmental Protection Agency shall, from time to time, with the approval of the Executive Council, make regulations prescribing guidelines for the protection and preservation of the Special Economic Zone environment. Such regulations shall require operators/investors to provide adequate facilities for the disposal of industrial and commercial wastes that emanates from their activities. Approved investors in the zones shall undertake to comply with environmental control and regulations in force.

#### **5.2 SECURITY CONTROL**

With the establishment of Special Economic Zones, influx of people into the Special Economic Zones and adjoining areas will pose security concerns within the areas with undue stress on the existing facilities within the zones and the adjacent areas. Therefore, in view of the high level security expected in a Special Economic Zone, state of the art security system shall be installed in the zones. With regular consultations and interactions, the problems of insecurity and laxities would be identified and dealt with.

It is also recognized that the effective operations of Special Economic Zones portends National Economic security in terms of income and employment generation and contributions to growth and Social Stability. Special Economic Zones provide opportunities for Economic diversification, thereby ensuring Economic security in terms of Revenue flow and non-reliance on one sector of the Economy. At present, the backward integration of Sierra Leone's local industries is weak. The existence of Special Economic Zones will not only boost the quality of products but also enhance sectoral linkages within the Economy. Therefore, Government shall guarantee that the assets of investors within the Special Economic Zones will not be appropriated or nationalized.

The representative of the Special Economic Zones Authority in each zone shall be the Chief Security Officer with responsibility to coordinate various agencies and their interrelationships.

## APPENDIX

### DEFINITION OF TERMS

i. **Export Processing Zone (EPZ)** This is one of the variants of Special Economic Zone and which inter-alia, is an alternative policy framework designed by government to promote for the country among others:

- Employment
- Poverty reduction
- Backward Linkages
- Local content
- Technology

The major activity in an EPZ is manufacturing, whose products are destined mainly for the export market. However, a small production could be allowed for sale in the domestic economy.

ii. **Free Trade Zone (FTZ)** As defined for Special Economic Zone, the activities in this type of zone are industrial, commercial and service delivery. However as against service companies operating in the Export Processing Zones, Free Trade Zone operators are allowed to sell a greater proportion of their products in the domestic economy on payment of appropriate duties and taxes.

iii. **Border Special Economic Zone (BFZ)** Has all the features of a Special Economic Zone and Free Trade Zone but are located contiguous to the national border to formalize unrecorded trade and promote peace and harmony with nations contiguous to these Border Special Economic Zones.

iv. **A free port** is a zone where manufacturing does not take place. It is port or a section of a port exempt from customs regulations. Goods may be landed at a free port for storage, handling and re-export. A free port also serves as a trading and transshipment point. Duty is charged only if the goods are moved from the free port into the customs territory either for consumption or for other uses. Transit goods could be allowed to move through the customs territory under

escort of the customs authorities and or the Special Economic Zones or the free ports administration.

- v. **Enterprise Zone** not only provides manufacturing or production benefits like other SEZs, but they also provide unique benefits of local, centralized development efforts. They are generally created by national or local governments to revitalize or gentrify a distressed urban area. If a specific industry is well suited for growth in an enterprise zone, it may take on characteristics of an EPZ or a hybrid EPZ, but the Zone's purpose in promoting trade is secondary to its goal of gentrification and revival. These zones use greater economic incentives than EPZs—like tax incentives and financial assistance—to revitalize the area by bringing trades into the zone that will spur organic, localized development and improve local inhabitants' quality of life. This organic growth model assumes that improvement of a region's industry and trade begins at the individual neighborhood level.
  
- vi. **Single Factories** are special types of SEZs that are not geographically delineated, meaning they don't have to locate within a designated zone to receive trade incentives. They instead focus on the development of a particular type of factory or enterprise, regardless of location. A host country's goal in utilizing a single factory model is to create specialization in a specific industry. A country that desires to create an export concentration in a specific industry would use a single factory model to promote trade and growth in just that industry, giving each factory specializing in that trade economic incentives.