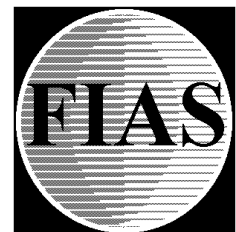


Competitiveness and Corporate Social Responsibility in Sierra Leone

Industry Solutions for Tourism
and Mining

August, 2006

Foreign Investment Advisory Service
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Executive summary and Recommendations

SL has large potential to attract investors. SL economy is growing fast after the peace agreement in 2002, with a GDP growth of 7.4% in 2004, mainly due to the recovery of agriculture and mining outputs. The country has considerable potential to attract investment, as demonstrated by the large attendance of the *Sierra Leone Investors Forum* in Freetown in March, 2006; it is rich in mineral resources and has beautiful, unique tourism attraction. It also has a wealthy Diaspora willing to invest in the country.

Government reforms to ease the difficulties of investing in Sierra Leone are already well under way. Reforms to facilitate investment and improving business enabling environment have already been accomplished, and others are under way with the assistance from the World Bank, FIAS, DFID, and other donors. These reforms include administrative barriers reform, including licensing reform, review of land planning and policies, tax policies, and customs procedures. The Sierra Leone Investment Promotion Agency, SLEDIC, is also being rebuilt with assistance from the World Bank and DFID. At the same time, *Sierra Leone Business Forum* is emerging as an important private sector and investor initiative. In the mining sector, significant donor efforts include the World Bank Technical Assistance Mining Policy Program (2006), and the facilitation of the Sierra Leone adoption of the Extractive Industry Transparency Initiative (EITI).

To leverage these reforms and provide the GoSL with industry specific solutions, FIAS conducted an advisory project on Economic Competitiveness and Corporate Social Responsibility (CSR) with focus on mining and tourism. The objective was to identify public policies and instruments that affect investment decisions and that have the greatest potential to attract responsible investors and buyers to Sierra Leone. It was launched during a workshop in Freetown in November, 2005, and consultants undertook primary research and interviews during March, 2006. Presentations of report and further follow-up activities with stakeholders are planned for September-November, 2006.

The conclusions and recommendations are outlined below.

Both Tourism and Mining sectors have a large potential to contribute to the growth of the Sierra Leonean economy.

- **Tourism:** At present, total tourism numbers visiting the country is 40,000 in 2005, 90% of whom were coming for business related to the United Nations or other development agencies, or to visit family members. However, Sierra Leone has several primary attractions with international potential, including The Western Peninsula, Bunce Island, and to a lesser degree Tiwai Island and Outamba Kilimi. Sierra Leone's closest competitors – Ghana and Gambia – have seen a 5% annual growth of leisure visitors between 2000 and 2004. Uganda, benefiting from its new perceived status as a peaceful nation has grown by 165% in the same period.¹ It is reasonable to predict, that if Sierra

¹ World Tourism Organization International Tourism Arrival (November 2005)

Leone takes the appropriate steps to develop the tourism industry – and maintains its peaceful status – it could begin to see an annual growth rate of 5% in the next 5 years.

- **Mining:** In 2004, official dealings of raw diamonds contributed 20% to GDP and 88% of exports. The unofficial numbers are considered to be much larger, and also include significant alluvial gold production. The potential for the development of large scale mining, including activation of two rutile, two bauxite, two kimberlite, and three gold-mines, could amount to annual production of \$370 million. Direct and indirect employment could amount to 38,000 jobs.²

Both sectors face an adverse operating environment and significant obstacles to development

- **Tourism:** The World Bank Report on *Tourism Development of Sierra Leone* states that a rapid growth scenario that would lead to significant growth in market share is dependent on (1) more airline capacity, (2) incisive marketing to target segments, (3) improvements in accommodations, (4) operational management improvements in tourist accommodation and attractions, and 5) public services and utility services that are reliable and affordable, 6) tourism staffing improvements. These changes will be difficult to implement in the next 3-5 years. But the report posits that improving sufficient infrastructure, airlift, and capital to support the development of medium sized, personal hotels is achievable in the nearer term.³
- **Mining:** Lack of geological information is the most important obstacle to attracting investment into the mining sector. This is especially problematic in Sierra Leone where there is a scarcity of information. Other major obstacles, according to the companies interviewed, include insecurity of land tenure, license fee and royalty rates, and difficulties of importing and quality of infrastructure. Lack of transparency in government concessions is also seen as an increasing problem for investors. The artisanal diamond sector⁴ in Sierra Leone retains substantial barriers to entry and leaves little economic benefit to Sierra Leone. An extensive layer of middlemen, or so called “sponsors,”⁵ has stepped in, and along with diamond exporters, are accruing large profits while providing minimal compensation to diggers.⁶ Illegal and informal activity in mining and marketing of diamonds is also rampant –with an estimated 50% plus of rough diamonds being smuggled out of the country.

² Ibid.

³ McEwen, David and Daniel Daud Siaffa, December 2005, *Republic of Sierra Leone, Diagnostic Trade Integration Study, Integrated Framework for Trade-Related Technical Assistance to the Least Developed Countries – Tourism Development in Sierra Leone*, World Bank, Washington, D.C.

⁴ Artisanal and small scale mining (ASM) is defined as non-mechanized mining, often performed in informal settings, only with access to basic hand-operated tools.

⁵ “Sponsors” or “supporters” are identified as established dealers, who in exchange for the promise of diamonds, finances mining operations and often also helps out with personal obligations of the miners (MSI, Mining the “Chaos” in Sierra Leone’s Diamond Fields).

⁶ Moyers, Reese, “The Feasibility of Establishing Formal Credit Delivery Mechanism for Small-Scale Miners in Sierra Leone, MSI, 2003.

Market demand for improved business CSR practices and sustainable planning is particularly strong in the tourism and mining industries.

- **Tourism:** The travel market is driven first by cost, weather and service. These considerations are generic to the entire travel industry. However, because Sierra Leone is unlikely to be able to compete in the mainstream travel market within the next 3-5 years, it is important to look at alternative market drivers that can attract the social and environmental markets. The largest markets for tourism development in Sierra Leone are likely to be found among (1) African Americans interested in their roots, (2) European sun and sand market looking for unspoiled pristine locations, and (3) eco-tourists interested in wildlife viewing. There is also a growing interest in Sierra Leone from investor, philanthropic, and non-profit groups to promote tourism that help address poverty, environmental degradation and the sustainable development of local communities.
- **Mining:** For larger mining companies, CSR issues – such as reputation of high risk of conflict between Artisanal and Small Scale Miners and Large Scale Industrial Miners (LSM), and between local communities and LSM, significant environmental legacies, and lack of financial transparency and good governance – are important factors when deciding whether or not to invest in a country. For example, resistance from local communities was the most common reason for an international mining company to withdraw from an investment.⁷ Furthermore, 34% of the surveyed companies have refrained from investing in a location due to human rights issues, which include potential conflict with local communities, relocation issues, and security concerns.⁸

The GOSL has a unique opportunity to leverage these market drivers to help attract and sustain FDI, and in promoting the country’s competitiveness.

Research shows that a country’s ability to attract investment – *its competitiveness* – relies not only on traditional investment climate barriers, but also on its ability to reduce risks for investors related to social and environmental issues, or so called CSR issues. There is a strong correlation between a country’s competitiveness and responsible business practices, indicating that a country might not be achieve sustainable economic growth without promoting responsible business practices.⁹

- **Tourism:** As other countries in Africa – Ghana, Uganda, and South Africa – targeting this market segment and developing *primary attraction clusters* have the potential to jump-start the tourism economy. This report recommends that national tourism strategic planning should be immediately focused on preserving primary tourism attractions and creating viable tourism development clusters of services and infrastructure around the *Western Peninsula, Bunce Island, Tiwai Island and Outamba Kilimi*. This process should begin as soon as possible in order to secure the tourism development potential of the nation. The

⁷ World Bank “Race to the Top” (2003)

⁸ MMSD, PWC, p. 23

⁹ Responsible Competitiveness (Accountability, 2005).

economic stakes are demonstrably significant. For example, it is roughly estimated that for a capital investment of \$5 million, the gross revenue generating tourism potential of Bunce Island between 2007 and 2015 is conservatively \$400 million USD in export earnings for the nation. This report provides four implementation models for Sierra Leone to launch a more viable tourism economy within the next 3 years.

- **Mining:** In addition to strong government legislation and policies, GoSL together with bilateral donors and financial institutions, should consider collaborating with the private sector, particularly foreign investors, to manage community expectations, promote transparency, and operate in the most socially and environmentally responsible manner possible. An important initial step for doing this is to provide support to the on-going re-establishment of the Chamber of Mines of Sierra Leone (COMSL), or other industry group formation. This is particularly important in the promotion of the Extractive Industries Transparency Initiative (EITI). This report provides recommendations and seeks to assist in developing a work plan for this purpose. It also provides recommendations on how to integrate CSR issues into the *Sierra Leone Business Forum*, and the Sierra Leone Investment Promotion Agency (SLEDIC).

The recommendations for the tourism and the mining industry sectors are summarized below.

Table 1 Tourism - Summary Recommendation Table – Implementation Models (Phases outline the order of recommendations. Timing TBD.)

Primary Attraction	Recommendations/Objectives	Timing/Phases	Responsible Entity
Western Peninsula	1. Promote public-private: Policy dialogue and investor coordination: <ul style="list-style-type: none"> • Participatory public-private forum to present findings and recommendations • Develop action plan 	Sept – Nov 2006	MTI, Ministry of Tourism, National Tourism Board, Sierra Investment Fund
	2. Declare Western Peninsula a National Tourism Asset	Phase I	MoMC, NTB, Ministry of Lands, Ministry of Trade, Forestry Commission,
	3. Create Public-Private Development Corporation	Phase I	MoMC, NTB, Ministry of Lands, Ministry of Trade, Forestry Commission, private investors, Lands Council

	4. Participatory planning process to establish Regional Development Framework	Phase I	Development Corporation, Committee for Regional Development
	5. Develop government plan for infrastructure	Phase II	Development Corporation and relevant ministries
	6. Create public-private Investment plan	Phase III	Development Corporation
Bunce Island	1. Develop strategic plan for the restoration <ul style="list-style-type: none"> • Investor and stakeholder coordination • Participatory meetings • Develop action plan 	Sept – Nov 2006	MTI, Sierra Leone National Museum
	2. Hold conference to “Preserve Bunce Island”	Phase I	NTB with support from donors
	3. Develop a plan for a low-cost exhibition on slavery in Sierra Leone		
	4. Apply for World Heritage status of Bunce Island		
	5. Develop fundraising campaign	Phase II	NTB
	6. Implement new exhibition and complete restoration	Phase III	NTB
	7. Major event to launch full-scale exhibition and restored Bunce Island facilities	Phase IV	NTB
Outamba Kilimi National Park	1. Develop strategic plan for the development of the protected areas <ul style="list-style-type: none"> • Stakeholder dialogue • Participatory meetings • Develop action plan 	Sept – Nov 2006	MTI
	2. Ascertain land rights for tent camp and review legal capacity for Wildlife Conservation Branch to undertake concessions with a private tourism operator	Phase I	NTB, MoTC
	3. Coordinate with UNDP and World Bank Ghana on conservation plans		
	4. Develop final set of recommendations on		

	concessioning the park for approval by Wildlife Conservation Branch		
	<p>5. Research for additional wildlife viewing opportunities in the park to develop a zoned set of tourism opportunities</p> <p>6. Develop a concession Request of Proposal for Wildlife Conservation Branch</p> <p>7. Review international best-practice</p> <p>8. Produce final proposed concession agreement and RFP</p> <p>9. Explore links with Air Kenya</p>	Phase II	NTB
	<p>10. Review proposal for concession and let concession with private company</p> <p>11. Develop an interim set of procedures and provide technical assistance to local community and rangers.</p>	Phase III	NTB with support from donors and NGOs

	Recommendations	Timing	Responsible Entity
Food Enterprise Program	<p>1. Develop plan to promote backward linkages in the tourism industry</p> <ul style="list-style-type: none"> • Develop rapid inventory of existing backward linkages • Stakeholder meetings • Participatory meeting • Development of action plan 	Sept – Nov 2006	MTI, National Tourism Board
	<p>2. Assess requirements for food linkages of hotels in Freetown</p> <p>3. Develop a food enterprise development course</p>	Phase I	NTB, Hotel and Training School
	<p>4. Course offered to students and local community members.</p>	Phase II	NTB, Hotel and Training School

	5. If successful course would begin again 6. Publicity in the U.K. 7. Establish micro-loan fund	Phase III	NTB, Hotel and Training School
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Table 2 Mining Summary Recommendation Table

Recommendation	Activities	Timeframe	Responsible Entities
1. Support the on-going re-establishment of the COMSL	a. Stakeholder meeting	September 2006	MTI
	b. Consolidation Strategy	October-November, 2006	COMSL, Dfid
2. Promote awareness raising on CSR among local businesses and international investors	a. Develop SLEDIC strategy on CSR	October, 2006 - January, 2007	MIGA, COMSL
	b. Develop a program to promote better business practices and dialogue within the <i>Sierra Leone Business Forum</i>	October, 2006 - January, 2007	PEP-Africa, COMSL
3. Promote transparency, information-sharing, and stakeholder engagement	a. Establish a Public Information Unit	2007	MMR
	b. Develop strategy for establishing and distributing international best-practice	October-December, 2006	COMSL
	c. Facilitating stakeholder engagement	2007	MMR, COMSL
	d. Coordinate public and private initiatives	October, 2006	MMR, COMSL
	e. Develop private sector strategy in the context of the new Strategic Environmental Assessment (SEA) participatory component	November-December, 2006	COMSL
4. Support the implementation of the Extractive	a. Development of Public Sector Strategy	Depending on progress of EITI and Government	MMR

Industry Transparency Initiative	b. Development of Private Sector Strategy	negotiations	COMSL, Dfid
5. Support capacity building programs	Develop plan to establish training programs	2007	MMR, COMSL, Institute for Engineering

1. Tourism Sector Report

1.1 Introduction

Tourism is a powerful tool for economic development in least developed countries. Gross revenues from tourism in LDCs are increasing by 9.5% per annum. It is the only service industry where there is a growing positive balance of trade flowing from the developed countries to the poorest nations, with 41 of the 50 poorest countries now earning over 10% of their exports from tourism. This has important implications for Africa, with a tourism economy growing over 7% annually. Africa's competitive advantage in niche markets, particularly ecotourism, cultural tourism, and tourism regarding African ancestry has also been demonstrably strong.

Sierra Leone has a lot to offer...

Sierra Leone is fortunate to have several primary attractions with international market potential;

- **The Western Peninsula** with 40 kilometers of pristine beaches, forested mountains and crystal clear rivers with good access to Freetown, excellent climate, and beautiful scenery and just a 4-5 hour flight from Europe, giving it good potential to compete for the winter European adventure/beach market;
- **Bunce Island**, one of the most historically important unrestored slave castles on the West African coast, with unique appeal to the African American "Roots" market
- Two promising protected areas –**Tiwai Island and Outamba Kilimi** - both with good potential for ecotourism development.

...although limited capacity to develop a high-volume tourism economy in the next 5 years.

The total number of tourists visiting Sierra Leone in 2005 was just 40,000 with only 10% of these on holidays. The 2005 World Bank Report on *Tourism Development of Sierra Leone* makes it clear that a rapid growth scenario that would lead to significant growth in market share is dependent on 1) more airline capacity to more origin markets, 2) incisive marketing to target segments, 3) improvements in accommodations, 4) operational management improvements in tourist accommodation and attractions, and 5) public services and utility services that are reliable and affordable, 6) tourism staffing improvements – changes that will be difficult to implement in the next 3-5 years. But the report posits that improving sufficient infrastructure, airlift, and capital to support the development of medium sized, personal hotels is achievable in the nearer term.¹⁰

Because of extraordinary gap in development caused by the civil war, Sierra Leone also has unique opportunities to use innovative approaches for redevelopment.

¹⁰ McEwen, David and Daniel Daud Siaffa, December 2005, *Republic of Sierra Leone, Diagnostic Trade Integration Study, Integrated Framework for Trade-Related Technical Assistance to the Least Developed Countries – Tourism Development in Sierra Leone*, World Bank, Washington, D.C.

This report evaluates the tourism assets, development and investment models, and market linkages that are the most likely to foster the first stage of development for Sierra Leone in the next 3 years. It also reviews how the country can begin to recover its tourism economy by tapping into the “*Social and Environmental Responsibility Economy (SERE)*.”¹¹ Tapping SERE has many benefits for a fledgling economy in Africa because it leverages the power of the marketplace, captures the rising interest in social entrepreneurialism, and taps new cutting-edge sources of venture philanthropic capital. This economy has highly important implications for the tourism development process for Sierra Leone and must be considered carefully as a primary agent of development potential for the country. The report will argue that Sierra Leone must selectively target what key tourism assets it seeks to develop, establish a policy for planned development of these assets, and put strong protective measures in place to conserve these assets before demand becomes strong. This will build value, drive the market and investment, and secure credibility for the country in the marketplace. See ANNEX A for Market Demand, Sustainable Tourism and Niche Markets.

Approaches suggested here include creating tourism clusters and focusing on developing a more viable tourism industry geared toward the growing Social and Environmental Economy (SERE).

Increasingly new destinations in lesser developed countries, like Sierra Leone, are seeking to boost their international competitiveness by creating *tourism clusters* around primary attractions and ensuring that infrastructure and services are targeted at reinforcing these clusters. A high volume approach is not required to be successful. Studies on the viability of tourism as an international development tool have shown that growth in income has no clear relationship with growth in arrivals. In fact, increasingly it is being shown that high value – low volume tourism is the most economically beneficial route. Once even one cluster is successfully developed, the outflow of revenues can then be applied to expanding the model throughout the nation and improving more areas for a broader tourism development strategy.

As has been showed in other African countries, focusing on the development of viable tourism clusters has the potential to jump-start the economy.

If Sierra Leone’s primary attractions are developed using a high-value, low volume, sustainable tourism development approach, the country will gain access to the SERE economy and tap into more patient and socially motivated capital investors. These investors seek to create a new type of hybrid value added chain that forges business and social purposes in regions that have been left out by the traditional market economy. Sustainable tourism projects meet SERE criteria for investment because by definition sustainable tourism preserves the ecological systems of the destination, conserves built and living cultural heritage and ensures viable long-term economic benefits to all stakeholders. This gives SERE investors a high quality environment for their projects, with more exclusive “responsible tourism” branding, and a higher profit margin potential.

This report will identify the social and environmental investment drivers that have already boosted the tourism economies of countries like Ghana, South

¹¹ SERE is defined here as a world-wide network of corporate, educational, non-profit, media, and philanthropic institutions with an explicit aim at addressing poverty issues, trade inequities, environmental degradation and the sustainable development of local economies.

Africa, and to a certain extent The Gambia. It will be demonstrated that developing SERE markets does not depend on extraordinary capital investment, but rather a set of well-researched interventions that attract the interest of SERE players, including the media, build positive image and develop international confidence in the country. By working the SERE networks, which are highly motivated by social and environmental economy goals – it will be possible to demonstrate the appeal of Sierra Leone’s tourism resources to the appropriate targeted markets. See ANNEX B on International Best-Practice on Cluster Development.

The GoSL needs to act immediately – or the country’s potential could soon be lost.

In order to attract the SERE investment community and market, Sierra Leone will need to reinforce its governmental capacity to plan and manage tourism. South Africa, Ghana, and the Gambia have all gone through the process of creating tourism policies that foster the development of sustainable tourism and descriptions of the procedures they have applied are presented. At present, Sierra Leone has limited capacity to develop a sustainable tourism economy, though the National Tourism Board has demonstrated considerable management capacity with limited resources. The government run Hotel Tourism and Training Institute is in urgent need of assistance, and the government’s capacity to protect the natural and cultural environments upon which tourism depends is extremely limited. In summary, Sierra Leone’s government must make tourism a higher priority, develop a clear vision and mission for tourism planning development, and focus on building governmental capacity to develop sustainable tourism – or the country’s potential could soon be lost.

The economic stakes are high...

This report recommends that national tourism strategic planning should be immediately focused on preserving primary tourism attractions and creating viable tourism development clusters of services and infrastructure around the Western Peninsula, Bunce Island, Tiwai Island and Outamba Kilimi in order to secure the tourism development potential of the nation. The economic stakes are demonstrably significant. For example, it is roughly estimated that for a capital investment of \$5 million, the gross revenue generating tourism potential of Bunce Island between 2007 and 2015 is conservatively \$500 million USD in export earnings for the nation.

...and the opportunity to develop links to more mainstream markets is there.

By establishing an innovative model for redevelopment of clusters of selective tourism “primary attractions” now, Sierra Leone has the potential to build a high value tourism industry that is not dependent on volume, prevent economic leakage, build capacity to deliver quality service and backward linkages, transform the country’s negative image, and leverage investment from prestigious and dynamic SERE institutions and market players. Successes using SERE models for development will be easily leveraged to develop more mainstream markets as required, as has been demonstrated in Ghana, South Africa and more recently Uganda.

This report reviews the market demand for sustainable and niche tourist, and develops the concept of Social and Environmental Economy (SERE). It then

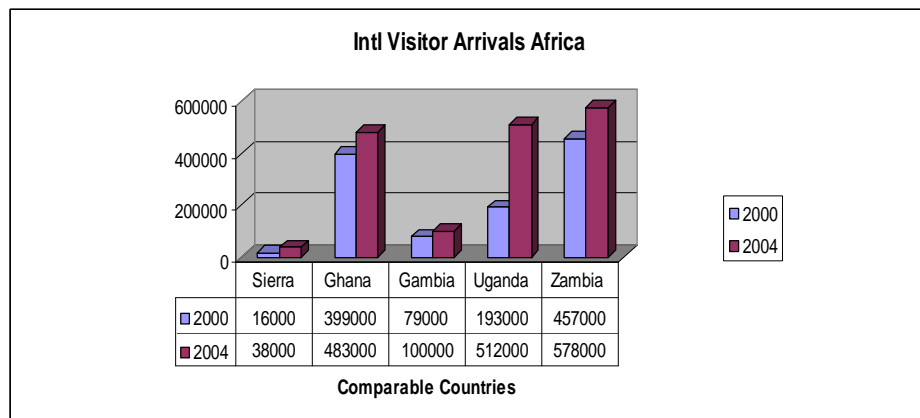
analyzes the present status of tourism of Sierra Leone’s primary tourism assets, government capacity for managing these assets, and establishing priorities for securing these key assets. Finally, it provides four implementation models to demonstrate how a policy of planned development for these primary attractions will build value, drive the market and investment and secure credibility for the country in the marketplace within the next 3 years.

1.2 A New Sustainable Tourism Framework for Sierra Leone

Sierra Leone had a fledgling tourism industry before the civil war, largely developed by French companies. Before the conflict the number of visitors by air reached nearly 30,000, and then dropped due to the conflict down to 7,500 in 1997. At present, total tourism numbers visiting the country is 40,000 in 2005, 90% of whom were coming for business related to the United Nations or other development agencies, or to visit family members. While total numbers of visitors are up, the number coming for leisure is down from 1990. Sierra Leone’s post civil war market position is not competitive, its image negative, and its future potential unknown.

Its closest competitors in the market would be English speaking neighbours with somewhat comparable assets – Ghana and the Gambia. Both have seen 20% growth in international arrivals between 2000 and 2004, or 5% annual growth. (Chart 6.1). Across the continent, it is instructive to review similar English-speaking emerging destinations, Uganda and Zambia. Uganda has clearly benefited from its new perceived status as a peaceful nation, and tourism has grown dramatically 165% in 4 years, or 41% a year. Zambia, a quiet, less well-known destination that has not heavily promoted itself, has seen 26% growth in 4 years, 6% annual growth. (Chart 6.1). It is therefore very reasonable to predict, that if Sierra Leone takes the appropriate steps to develop its tourism industry – and maintains its present peaceful status – it should begin to see a minimum annual growth rate of at least 5% in leisure visitors per annum in the next 5 years.

Chart 1.2.1



Source: World Tourism Organization International Tourism Arrival by Country of Destination (November 2005)

1.2.1 Institutional Capacity to Develop Sustainable Tourism in Sierra Leone

The development of tourism in Sierra Leone is dependent on government capacity to regulate and provide the appropriate enabling environment for private sector development. The main governmental bodies in charge of tourism development in Sierra Leone are the Ministry of Tourism (MOTC), which is charged with the development of national tourism and cultural policies, the preservation of monuments, the development and human resources, protection of the environment for tourism and ensuring inter-ministerial cooperation, and the National Tourism Board (NTB) which is responsible for promotion of the industry, all licensing and classification of tourism establishments, statistical records on the tourism market, and other regulatory powers as approved by the Ministry. The NTB also has two extraordinary powers under the 1990 Tourism Act:

- Proclamation, Protection and Development of National Tourism Assets; on the recommendation of the NTB, the government may declare National Tourism Development Assets which are vested in the board. (presently not being implemented)
- Development of a Tourism Fund which includes all the earnings of the Board from levies and licenses and can accept donations and loans.

At present, the National Tourism Board has managed to use the limited resources from its licensing activities to maintain a small professional staff which inspect and provide oversight over the hotel and restaurant industry, under the professional management of its director, Cecil Williams. The NTB is in charge of all tourism marketing for the country and has sought to undertake a variety of awareness building initiatives to build interest, frequently working with the airline SN Brussels. Its 2005 revenue breakdown is found in Box 7.1

Licenses	13,793
Levies	103,103
Land Devlpt Fees	22,413
Government Subventions	23,793
Marketing	16,206
Debtors	18,273
Other	4,482
Total	\$202,063

The Ministry of Tourism seems to greatly depend on the National Tourism Board as its implementation arm, and the National Tourism Board is keen to improve its capacity to manage tourism development in the country.

1.2.1.1 Government Capacity to Plan Sustainable Tourism

The MOTC and NTB are responsible, in part, for generating the appropriate planning environment for tourism investment. They share this responsibility with the Ministry of Lands. At present the land titling system for Freetown and

the Western Peninsula is being entirely revamped, and in order for tourism to proceed in an orderly manner, and attract investment, there must be a system that allows investors to acquire legal title or leases to the land acquired. The NTB carried out one master planning initiative already for Lumley Beach and presently oversees the leasing and permitting process for this area.

A master plan for Lumley Beach was drawn up in 1993 to cover 34 acres of prime real estate along the beachfront in Aberdeen. The rationale behind this Master Plan was, “to grant the NTB exclusive right to the management of plots of land to ensure proper development is undertaken with limited bureaucracy and in order to give investors confidence.”¹² Under this plan the NTB receives all applications for land for tourism development purposes, and provides architectural and development guidelines, jointly provided with the Ministry of Lands, to potential applicants. Applicants are required to submit architectural drawings of proposed complexes, phases of development and costing. These applications are reviewed by a technical committee and rated according to aesthetic, construction and materials, environment, utilities, and work program criteria. If approved by a technical committee, which includes members of both the public and private sectors, they are given a lease of 25 years with an option to renew. Discussions with investors interested in Lumley indicate that this process is still functioning properly as of 2006.

The NTB seeks to apply the same master planning principles to the Western Peninsula, and efforts to develop a feasibility plan for hotel development and master planning for the Western Peninsula have been undertaken in the past.

In terms of upcountry destinations, the ability of the MOTC and NTB to actually develop tourism planning protocols are limited as the paramount chiefs hold all land rights in trust for their families making public land planning difficult at best. One approach to solving this roadblock would be to have upcountry strategic planning for tourism be programmatically integrated with the effort to designate new protected areas. This is discussed further in Section 8.9.

1.2.1.2 Government Capacity to Protect the Natural Environment

Both the natural and cultural of Sierra Leone are threatened. At one time 70% of Sierra Leone was covered by forest, now just fewer than 5% of the original forest cover remains. Wildlife has been exploited due to a history of utilization for bush meat, the pet trade and agricultural policies that once encouraged bounty hunting of primates. Only 2 protected areas have been gazetted, Tiwai and Outamba Kilimi. At Tiwai, 100% of the population is dependent on fuel wood for cooking- but the area has benefited from the efforts of the Environmental Foundation of Africa’s efforts to co-manage the area with local communities and the intensive environmental education carried out, which has lowered hunting pressure. At Outamba-Kilimi, 99% of the population depends on wood for fuel; there is extensive burning for agriculture, and high hunting

¹² National Tourism Board of Sierra Leone, *Lumley Beach Development Project Master Plan*

pressure, some of which is coming across the border from Guinea. Populations at both reserves are urgently seeking benefits from tourism.¹³

On the Western Peninsula, the most important leisure tourism asset of the country, there is a growing problem of sand mining along the beaches which will have serious consequences for any effort to develop tourism there.

Populations outside of the Western Peninsula Forest Reserve have grown substantially and presently stand at over 174,000 people, 80% of whom rely on wood for fuel. Only 2 rangers are assigned to protect the reserve and one of them has not been paid in 2 years. There are inadequate resources, clout, and staffing for effective management of the area, which is under enormous pressure from the increasing population and conflicting land use. Low priority is given to forestry conservation, protection, planning, management, and utilization. Weak implementation of housing policies also encourages poor site selection, planning and construction of houses, causing land degradation. In many rural villages, family homes do not have latrines, using streams for waste disposal, bathing and drinking. The most serious threat is “the blatant encroachment on the area for housing by different categories of people who are not ignorant of the status of the area.”¹⁴ Communities visited along the coast of the Western Peninsula for this study are also urgently waiting for economic benefits from tourism.

1.2.1.3 Government Capacity to Protect Cultural Assets

While an intensive study of cultural resources has not been performed to the author’s knowledge, the National Museum of Sierra Leone is presently operating with an annual budget of \$20K and lacks any funds for restoration and maintenance for one of the most important cultural assets of the country, Bunce Island. The author also noted the very bad condition of the wooden houses that remain in Freetown. These houses constitute an important architectural heritage for the country and should be studied for their architectural value, and preserved for their tourism value. Undoubtedly, there are many issues regarding questions of art, dance, and handicrafts that should be studied and effort will need to be made to support the most authentic versions of the country’s culture before it disappears. The value of authentic handicrafts, arts, and dance to the country’s tourism development process deserves a thorough study with recommendations on how tourism development can create more opportunity for these artists and artisans.

In summary, Sierra Leone must focus on its ability to secure the natural and cultural assets of the country as a national priority if it is to consider using tourism as a development strategy – or risk losing the resources upon which tourism depends. The situation is urgent. The good news is, if an appropriate sustainable tourism strategy were to be put in place – tourism planning

¹³ Danso, Elijah Yaw & Shamsu Mustapha, March 2006, *Sierra Leone Wildlife Protection and Biodiversity Conservation Project, Assessment of Socio-cultural and economic characteristics of populations in selected project areas and potential for establishing alternative livelihoods*, World Bank, Ghana, page 30

¹⁴ Ibid, page 8

procedures, investment, and revenues could all be focused on solving these difficult problems – with potentially dramatic results.

1.3 Primary Attraction and Implementation Models - Securing and Developing the Primary Tourism Attractions of Sierra Leone

Sierra Leone has a number of primary attractions that are world class and represent perhaps the most important reason any tourism company, investor, or private consumer to choose to go to Sierra Leone.

- The beaches and landscape of the Western Peninsula
- Bunce Island in Freetown Harbor

and to a lesser degree the protected areas at

- Tiwai Island Reserve
- Outamba-Kilimi National Park.

These primary attractions are fundamental to redevelopment of tourism in Sierra Leone, and all of them are presently operating with the sparest of resources. The Western Peninsula is under great threat ecologically and socially. Bunce Island has no budget associated with its preservation, Tiwai Island has completed the building of research and tourism facilities with a fixed grant but has no operational funds, and Outamba-Kilimi has a budget of just \$500 annually from tourism fees for upkeep of its tourism camp. It has been understood for 15-20 years that these cultural and natural resources are fundamental to tourism development of the nation, but the process of both conserving them and developing them have been completely suspended due to the civil war.

The status of the primary attractions will be reviewed, the government capacity to manage these attractions, and practical models for the development process will be presented. These recommendations will be linked to the potential of using social and environmental responsibility market and investment drivers to develop a sustainable tourism strategy that attracts responsible investors, more donor and grant aid, niche markets, and tourists seeking a distinctive experience that is based on the conserved natural and cultural assets of the country. A new kind of strategic planning process will be recommended that focuses on securing primary attractions of the country and attracting niche markets as a first phase development procedure for re-developing tourism in Sierra Leone.

Sierra Leone has some strategic decisions to make regarding the role it seeks tourism development to play in the economic development of the nation. At present, tourism is not ranked as one of the most important engines for the economic development of the country. The following materials indicate that if a targeted strategic plan is laid out, that highlights the importance of securing the country's national tourism assets and attracting investment to develop these assets in an orderly manner – the country has the opportunity to become an internationally competitive sustainable tourism destination. The potential outcomes of these decisions represent hundreds of millions of new export revenue for the nation.

1.3.1. Western Peninsula

The landscape of the Western Peninsula, where Freetown is located, is composed of forested mountains, crystal clear rivers and 40 kilometres of white and golden sand beaches. Within 5-6 hours by air from the capitals of Europe, with a comfortable, tropical dry season precisely during the European winter –this beach destination is known to be the best in West Africa. From a geographic standpoint, the beaches of Sierra Leone have no peer within the same relative distance to Europe in terms of accessibility, beauty, climate, ocean temperature, and their pristine, un-crowded condition. As such the Western Peninsula of Sierra Leone represents the most important national tourism asset for the country. The roads to the Western Peninsula are under construction. One good road on the Eastern side of the Peninsula presently connects Freetown to the more southerly beaches on the peninsula, making it possible to reach Tokey beach in approximately 2 hours or less. A much more direct road from Freetown to the northern beaches, such as #2 River, the most popular beach among expatriates presently visiting Sierra Leone, is in a highly deteriorated condition but is slated for completion in 2007.

At present there are no public services available on the peninsula, including electric, sewer, waste, or water making the conditions for redevelopment very demanding. The high price of developing the area without public infrastructure is the most frequently cited barrier to investment. The other key barrier to tourism development here is that there is no functioning land titling system in place. Archives for public land are poor, and land is being sold over and over again illegally without the knowledge of the original owners. A regulatory planning and development process is presently being put into place by the Ministry of Lands with support from the World Bank.

The Tokey Beach Resort, once found on the Western Peninsula, was a small thriving resort in the 1980s which now seeks to redevelop. Before the war travellers were transported by boat directly to this and other resorts along the Western Peninsula, and there was a significant amount of attention to cooperation and assistance to local villages.

The villages populating the Western Peninsula—interviewed as part of a set of community meetings held during the field visit for this study -- remembered the benefits of the tourism industry from the 1980s and few of the disadvantages. Many individuals were trained to work in the resort industry by the Tokey Resort and the Mama Beach resort farther down the Peninsula. (Map 4.1) Residents of Mama village related that they received funds for a health clinic, school, and scholarships.

The village at # 2 River has formed a cooperative, the #2 River Development Community Association. Inspired by their memory of the Tokey Beach Resort, the young men of the #2 River Community organized after the war and built beach bungalows, a kitchen, guest house, and developed souvenir stands where local craftsmen offer their goods and make clothing from local fabrics on demand across from the beach. They also offer tours to a waterfall by canoe or by motor zodiac. The community is presently charging a \$1.70 entrance fee to the beach area, \$17 for the canoe trip and \$25 dollars for the zodiac river tours. There is also a combined zodiac river trip and walking tour in the Forest Reserve

with a forest guide for \$50. There are no records of visitor numbers, but the community clearly seen substantial benefits given the current facilities running at the beach and the enthusiasm of the community.

This community cooperative is viewed by other villages along the Peninsula with respect and a certain amount of envy. The redevelopment of the Western Peninsula for tourism is of great importance to local communities residing there, and they are awaiting further information and guidance from the central government on how to prepare for this potential.

1.3.1.1. Securing the Western Peninsula

The MOTC and the National Tourism Board presently have the power to declare National Tourism Assets under law, yet this part of the Tourism Act is not presently being implemented. A decision will be required at the highest levels if the Western Peninsula should be declared a National Tourism Asset. If such a declaration were to be made, support for an emergency planning process for the Western Peninsula would need to be sourced and a strong system of management and oversight would have to be established.

The National Tourism Board could potentially be given a lead role in the process of securing primary attractions particularly in Freetown and on the Western Peninsula – but a public private partnership and a whole new administrative body should be considered to give this process the benefit of the combined forces of both business and government. The benefits of public private partnerships are:

- Translating upfront capital expenditures to flows of ongoing service payments
- Minimizing cost and risk
- Capacity building with public sector
- Encouragement of private sector growth

Community involvement on the Western Peninsula will also be required. Villages along the Peninsula need to be brought into a process of consultation and preparedness. And the involvement of the agencies responsible for the management of natural resources and the donors supporting this process, and those working to secure the well-being of local people living on the Western Peninsula must all be involved.

In short, the Western Peninsula requires special attention as an emergency planning case and should immediately receive special planning status.

1. Land titling needs to be coordinated between MOTC/NTB and the Ministry of Lands and an action plan needs to be put in place immediately
2. Coordination with Sierra Leone biodiversity conservation projects needs to begin to undertake a coordinated planning process for the Western Area Peninsular Forest Reserve
3. A coordinated planning exercise that protects the coastline, conserves the inland forests, provides the villages with assistance, conserves fisheries and creates a master plan for development of this region is required to ensure the resources upon which tourism depends are protected.

1.3.1.2 Implementation Model for the Western Peninsula

Sierra Leone has a strong national interest in securing this asset and developing it as a cluster of attractions around which the nation's tourism industry can be reborn. Interviews with investors by the author confirmed that large problems with infrastructure and land titling, and environmental degradation presently make the Western Peninsula an unattractive or at best a speculative investment for tourism. Investor concerns were as follows:

- 1) Energy, water and transportation systems
- 2) Affordable capital
- 3) Reliable statistical data on markets
- 4) Land titling system
- 5) Government priority level for tourism
- 6) The need for an organized initiative to develop the Western Peninsula
- 7) Corruption¹⁵

In order to resolve these problems, Sierra Leone needs to create a dynamic planning environment, and quickly, in order to ensure that this national asset can help to generate revenues for the nation on a highly competitive world class basis. There will need to be vision and a dynamic approach to this process.

Phase I

It is recommended that the Western Peninsula and the Western Peninsula Reserve is declared a National Tourism Asset, and that special planning and development statutes are created and applied. It is recommended that a public-private development corporation be created that is given the oversight to master plan the Western Peninsula and to work with all of the relevant donors to develop a plan that will be attractive to investors.

A proposed model implementation process for the Western Peninsula Development Corporation would require a new management board that includes representatives of the Ministry of Tourism, the National Tourism Board, the Ministry of Land, Ministry of Trade, relevant donors, the new Forestry Commission, private sector investors, and Lands Councils.

An Executive Board would need to be established which has the capacity to develop an integrated natural resource management plan that looks at the coastal and inland areas, assessing the natural resource conservation requirements as part of a Coastal Zone Management Plan, a Forest Management Plan, and a local population needs as part of a Sustainable Livelihoods Initiative. Geographic Information Systems mapping should be mobilized to assist with making planning decisions. One lead Chief Technical Advisor to guide the Executive Board through the planning and coordination process has been a successful approach in other projects of this nature.

A regional development framework would need to be established via a participatory planning program with local people who would be involved in all aspects of the planning process, and empowered via representation on a

¹⁵ See Appendix D for Investor Interviews

Committee for Regional Development that is represented on the new management board.

Phase II

A government plan for infrastructure should be developed based on the recommendations of the Chief Technical Officer and the Committee for Regional Development as approved by the Western Peninsula Development Corporation Board.

- Infrastructure planning should be based on the findings relating to the size and scale and density of development required to make the cluster competitive and value-added.
- While some roads are already being completed, further road development should be carefully designed.
- Electricity should be generated for the entire region and feasibility analysis should be applied for the option of using both renewable wind and solar energy in addition to what can be supplied via hydroelectricity. Technical assistance should be sourced for alternative energy by the Development Corporation and be part of the study of infrastructure required for a tourism industry on the Peninsula.
- Water delivery infrastructure, and waste water treatment will also need to be designed for the Peninsula.
- A feasibility study of alternative transport systems that allows for possible rapid transport by water from Lungi to Western Peninsula docking sites should also be studied as a means of keeping congestion and heavy road development at a minimum, with a public system of efficient Peninsula wide transport developed from docking sites.
- All feasibility work on infrastructure must also include an assessment of community needs and coordination with the Committee for Regional Development.

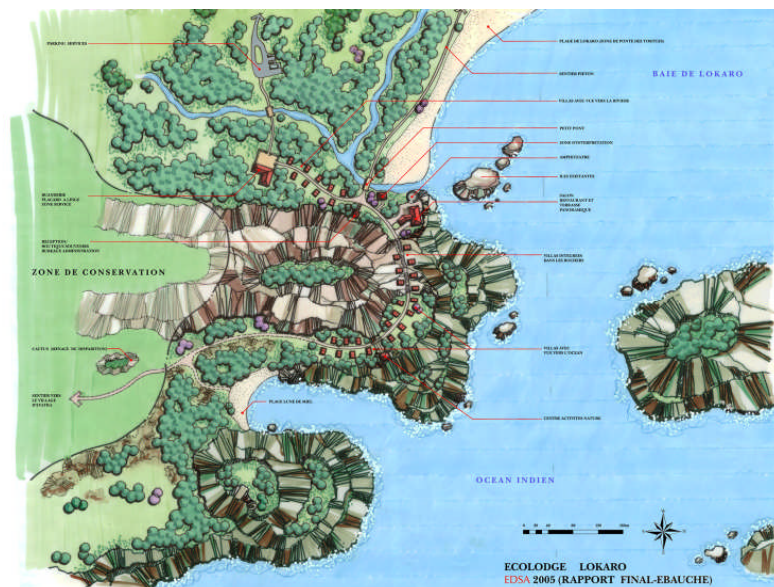
Phase III

Based on the feasibility, needs assessments, and cost analysis for the development of infrastructure, and development of conservation and community development initiatives, the Development Corporation should create a public-private investment plan. A sample investment plan for the Belek Tourism Centre, a public private tourism complex in Antalya, Turkey is found in Section 8.3.1.

The total cost of a public private initiative can be offset via a cost sharing approach. In the case of Belek, built in the late 1990s, the costs were split three ways to develop the necessary infrastructure with a \$60 million total (\$72.5 million in 2005 dollars) investment split three ways by government, the investors association, and donors. The area now has a total 26 hotel developments with 28,000 beds, and was receiving 280,000 visitors by 2000. The roughest estimate on the revenue generating capacity of the area would indicate that such a complex was generating \$40 million in annual accommodation revenues alone by 2000. It is therefore very conservative to estimate that an investment of \$60 million in the late 1990s has already generated \$240 million in export dollars for Turkey's economy as of 2006 in bed revenues alone – and the government of Turkey's investment was just \$20 million in the late 1990s.

For donors, it is therefore estimated that an investment of approximately one-third of \$72 million, or \$24-25 million, might be a rough estimate for launching a project of this nature, with additional preparatory technical funds for master planning, GIS work, environmental and coastal zone planning, and participatory planning with communities. These figures would require more due diligence and are meant to be illustrative.

From the perspective of master and landscape planning, there are an increasing number of environmental landscape planners that specialize in projects for tourism. These planners use the most up to date environmental planning techniques and carefully manage landscape and coastal impacts as part of their planning process. Incorporating environmental landscape design into the planning of the Western Peninsula would help to attract investment that is oriented to environmentally responsible tourism and sustainable development. An example of one such by well known tourism planner, Hitesh Mehta is below.



Ecological Land Use Plan - Courtesy of Edward Durrell Stone & Associates

Ecological land use planning models are being increasingly adopted and funded by the European Union and required by donors such as the International Finance Corporation and the World Bank. The ecological approach widens the range of environmental impacts covered in land use planning, strengthens community participation in identifying environmental issues, integrates environmental management into all structures of governance, and ensures that all resources are appropriately monitored.

The Western Peninsula's beaches must be considered the most important potential cluster for tourism development in Sierra Leone and the development process upon which tourism is launched will require a more comprehensive study. This discussion is to offer guidelines for how a comprehensive development process for the Western Peninsula could be implemented and financed. If the Western Peninsula's resources are not secured quickly via a dynamic planning process such as this, tourism development will be risky for

investors, disorderly and damaging to the landscape, and much less likely to be beneficial for local people. The entire country's tourism potential will be undermined as a result.

1.3.1.1 Case Study: Belek Tourism Centre, Antalya, Turkey

In 1984, the Ministry of Tourism launched the Belek Tourism Centre Project as a model for the tourism sector in public-private sector development cooperation. The Belek Tourism Centre is located 30 kilometers from the airport. Its coast is 23 kilometers long and is surrounded by a forest of umbrella pine trees. In the centre there are 26 new developments, seven still under construction (in 2000). The Belek Tourism Investors Association (BETUYAB), a consortium of 32 investors was set up as a means of strengthening the investors' position vis-à-vis the Ministry of Tourism. The project marked the first time in Turkey that all investors handed over the management of a region to a joint stock company like BETUYAB.¹⁶ The following details the expenditure made for infrastructure, sustainable tourism/environmental activities and promotions up to 1999:

1. \$45 million for waste water treatment units, drinking water lines, drainage system, water tanks, wells and fire hydrants
 2. \$1.5 million for the telecommunication system
 3. \$3.3 million for roads
 4. \$4.1 million for electrification
 5. \$1.6 for sustainable tourism and environmental activities
 6. \$7.2 million for promotion and marketing
- Total: \$62 million

The money was raised, 1/3 by the ministries, 1/3 from the investors association BETAYUB, and 1/3 from public establishments (donors). In-kind support was also received from various universities and NGOs. An infrastructure participation share was collected from each BETAYUB member at the beginning of the project, and a monthly subscription has been collected since.

Success of the project proved to all the stakeholders that development can be achieved more rapidly than expected and that any potential crises in the sector can be averted through public-private cooperation. As of 1999, 280,000 tourists were visiting Belek annually, with 14,000 workers employed in 26 hotels.

Belek is considered to be the only example in Turkey of a region in harmony with nature, where socio-cultural values are protected and the local towns and people are actively involved in tourism's development. It has been managed to avoid most of the problems associated with large tourism resort development. It has won international prizes for its management and has been awarded the "Blue Flag" for its clean beaches and the environmental education activities taking place there by the Foundation for Environmental Education of Turkey.¹⁷

1.3.2 Bunce Island & the Sierra Leone National Museum

Bunce Island is a small island – about 1.5 acres-- located one hour up the Rokel River from Freetown. But its significance in the history of the West African

¹⁶ <http://www.belektourismcenter.org/eng/index.htm>

¹⁷ World Tourism Organization Business Council, October 2000, *Public Private Cooperation, Enhancing Tourism Competitiveness*, Case Study 47: Belek Tourism Centre

slave trade to the United States is large indeed. While there were 40 major slave trading castles on the coast of West Africa most of which are in Ghana, only Bunce Island served as the primary source of slaves for the American colonies. It is estimated that Bunce Island accounted for 90% of the slaves sent to the colonies. No other slave castle had the same extended slave trading relationship with both pre- and post revolutionary war America.

There are many important U.S. historical connections to the island that have been carefully researched by historian Dr. Joseph Opala, a former Peace Corp volunteer in Sierra Leone, who has spent 30 years writing, researching, and raising awareness about the historic nature of this island. With the encouragement of Dr. Opala, the U.S. National Park Service wrote up an entire interpretive plan for the island in 1989, and sought funds from U.S. donors to carry it out. At that time the team suggested the ruins be stabilized and that a series of all-weather displays containing text and drawings be used to provide interpretation to the structures. The NPS report estimated that the total cost of the project as \$2.25 million in 1989, and team members stated publicly that they had “never seen a site so important for both African and American history in such urgent need of preservation.”¹⁸

Unfortunately the civil war prevented these and other Bunce Island plans from ever being implemented. For the leisure visitor, it is very difficult to reach Bunce Island at present, and there is no information on the island about the ruins and very little in Freetown. While Sierra Leone is now a signatory to UNESCO, the application for World Heritage status for the site needs to be undertaken. Achieving World Heritage status is probably a given, but the process normally takes many years.

The Sierra Leone National Museum is the island’s official custodian. At present, they have no funds to do more than pay a low salary to a custodian who stays near the island and comes over by canoe when visitors arrive unannounced – as there is no system of communications between Freetown and Bunce Island. The ruins are difficult to comprehend without assistance. While the custodian makes a valiant effort, he speaks only Krio. The boats available to go to Bunce Island are not well managed or large enough to handle the substantial currents, winds, and waves found in Freetown harbor, which is the largest natural harbor in West Africa. Overall the experience of going to Bunce Island is still of substantial interest, in that one can see the ruins of fortifications, gateways, cannons with the date 1795 forged on them, and what was the open air slave yard – but without any professional guidance the visitor is left to speculate on the history of the place. Except for the provision of one sign on the island, there are no other clues to the facts behind this historic site - a real lost opportunity given its significance.

The Sierra Leone National Museum found at the Cotton Tree in the center of historic Freetown is a charming small museum founded in 1957 in an historic building once used as a rail station with interesting artifacts and great potential for being a center for cultural tourism education in the country. It is limited greatly by its very low budget, confined space, damage caused by the civil war,

¹⁸ Opala, Joseph, 2004, July 27, 2004, *Bunce Island, 18th Century Slave Castle*, Bunce Island Preservation, Inc, New Haven, Connecticut, page 2

and a lack of administrative capacity and facilities. The museum is presently operating on a budget of less than \$20K per year from the government, earmarked contributions from the American and German Embassies for specific projects, in-kind materials from private business, and small donations made by visitors. It was founded by a dedicated circle of individuals with rare collections of African art and artifacts, and has traditionally survived on a limited budget and a volunteer spirit. But the museum needs more staff, equipment, more space, and trained individuals who could help with project development if it is to become a cultural tourism center for the country.

As the custodian of Bunce Island, the museum is particularly important – and the reinforcement of its capacity to manage the island effectively will be required. It presently has no funds at all to maintain the island, and the large majority of individuals visiting the island do not pay an entrance donation to the museum. Fortunately, in July of 2006, a team of American archeologists from University of Syracuse in the U.S. will be coming to Bunce Island funded by the U.S. Embassy, hosted by the museum, accompanied by Dr. Joseph Opala, to undertake the first full-fledged evaluation of its excavation and stabilization requirements since 1989.

1.3.2.1 Securing Bunce Island the Sierra Leone National Museum

In short, the following is needed to secure Bunce Island and Sierra Leone National Museum:

1. Support for the Freetown National Museum to become a cultural center with the capacity to grow and manage exhibits
2. Support for the restoration of Bunce Island & the development of educational and exhibition materials relating to the island
3. Support for the re-development of more unique cultural resources, including arts, handicrafts, and the preservation of local architecture
4. Support for the development of micro, small and medium enterprises that will allow local people to begin developing backward linkages to the existing tourism industry

1.3.2.2 Implementation Model for Bunce Island

Bunce Island is the second most important tourism resource in Sierra Leone in terms of its potential to be developed as a primary attraction for tourists. It is the driver of another cluster of potentially world-class tourism activities for educated, motivated travelers that would drive investment from a very specialized niche that is both socially and environmentally motivated.

There are 40 major slave castles in West Africa and 3 countries have taken advantage of their tourism potential; Senegal, Gambia and Ghana. Ghana is the most recent country to restore its slave castles which are now the most frequented destination in the country. The most up to date story on Ghana's plans for their castles follows,

Ghana's tourism minister, Jake Otanka Obetsebi-Lamptey, wants African Americans and other Africans in the Diaspora to consider Ghana their gateway

*back to the continent. Ghana is hoping to woo the descendants of slaves to think of Africa as home -- not just as tourists but also as potential investors in the country. It's an ambitious effort, with the key event scheduled next year (2006) to commemorate Ghana's 50th independence anniversary and the 200th anniversary marking Britain's abolition of the trans-Atlantic slave trade.*¹⁹

In the coming years, tens if not hundreds of thousands of African-Americans will be able trace their ancestors back to Sierra Leone. With the advent of DNA testing, many African Americans in the U.S. are now become seriously interested for the first time in studying their heritage. According to scholar, Dr. Joseph Opala of the 10 million slaves that arrived in the Americas, 96% were sent to the West Indies and Brazil. Just 4% of all slaves sent to the new world arrived in the U.S., and Bunce Island and its British ownership were the favored agents. Inventories taken of slaves arriving in the colonies in Rhode Island, New York, Connecticut, and Massachusetts before being shipped southward indicate that 90% of the slaves landing in the colonies were from Bunce Island. *It is therefore very likely that a high percentage of African Americans living in the United States not only have roots in Sierra Leone but have ancestors who departed from Bunce Island.*

A U.S. Public Broadcasting System (PBS) television special on the genetic roots of African Americans premiered in early 2006, discussing the research of high profile African-Americans searching for their genetic identity. The series host, Dr. Henry Louis Gates, chair of African American Studies at Harvard University found that he had 50% African heritage, 50% white. His African heritage was Mende – from Sierra Leone.²⁰

Thirty-six million Americans are of African descent, 43% of whom have some college or a bachelor's degree. Given that advanced education is one of the primary motivators of special interest travel, it could be inferred that about 15 million African Americans could be appropriately targeted with an information campaign on Bunce Island, and that this group would be motivated to not only visit, but potentially assist Sierra Leone with the redevelopment of Bunce Island and other historical attractions related to it, such as the Sierra Leone National Museum. Niche marketing numbers don't get much better than this!

Even before DNA testing occurred, it was recognized that the Gullah people of the Sea Islands of South Carolina – who have retained their own language and culture – can trace their ancestry directly to slaves exported from Bunce Island. Homecomings for the Gullah have been taking place since 1997, and several documentaries were filmed on this topic, including the most recent homecoming of the Gullah descendant of a 10 year old girl named Priscilla, who was shipped from Bunce Island to South Carolina in 1756.

There has already been a great deal excitement generated over the homecomings of the Gullah people of the Sea Islands of Georgia and South Carolina, whose language can be directly connected to the languages of Sierra Leone. There has a wide variety of prominent people, such as Colin Powell, who have visited

¹⁹ <http://www.npr.org/templates/story/story.php?storyId=5171347>

²⁰ African American Lives, 2006, *Learning from DNA, Reading the Genetic History of Henry Louis Gates, Jr.*, http://www.pbs.org/wnet/aalives/science_dna2.html

Sierra Leone and Bunce Island and felt the connection very deeply. With the growing realization that Sierra Leone is in fact their home country a variety of new organizations are just being formed, such as Bunce Island Preservation Inc launched in 2004 at the George Washington University, the West Africa Council based in South Carolina, and the Sierra Leone Gullah Heritage Association. These organizations have stated to the author they are interested in coordinating on one project to help secure Bunce Island.

In addition, the Bicentenary of the Abolition of the Slave Trade takes place in the U.K in 2007. A very high ranking Advisory Group chaired by the Deputy Prime Minister is presently planning events and a variety of investments in 2007 exhibits in Hull, Liverpool, Birmingham, Bristol, and London. According to P.D. Richardson a scholar on the history of slavery at the University of Hull, there is a major conference planned in Hull in May 2007, and

The city is keen to look at ways to assist the recovery of SL and we've recently had a delegation from Freetown looking at, inter alia, how we might support Bunce developments.

It is therefore recommended that an initiative is launched that seeks to consolidate and galvanize the interest in investment in the restoration of Bunce Island, and or an exhibition in on Bunce Island in Freetown.

Phase I

Hold a conference in 2007 of experts to "Preserve Bunce Island," to assess the cost of restoring and maintaining Bunce Island. Involve African Americans and representatives from the Bicentenary for the Abolition of Slavery under the oversight of the Bunce Island Preservation Initiative in Freetown.²¹ Appoint a Chief Technical Officer in Freetown that provides all the technical background to the Preservation Initiative and the experts at the conference. Make the conference small, action oriented, and ensure that it is properly facilitated to ensure there are action results, not a set just a set of papers. Similar to the investment conference just held in Freetown in April 2006, invite representatives of the Diaspora and African Americans interested in investing in Sierra Leone. Develop a fundable action plan with part of the investment committed by the end of the conference. Invite some leading scholars and famous African Americans to the event to give it panache. Seek support from DFID and other donors.

Develop a plan for a low-cost exhibition in Freetown on the history of slavery in Sierra Leone as a phase I outcome of this event that is simple enough to be completed in the short term, not dependent on a complex plan for implementation, and is part of an interim effort to create an educational resource that raises awareness in Freetown about the larger initiative and attracts and educates all those interested in supporting the larger initiative. Make certain a strong fundraising outreach campaign with well-known celebrity chairs is associated with this small exhibition and establish fundraising chairs for the effort in both the U.S. and U.K. Seek to place this small exhibition in Freetown

²¹ Dr. Julius Spencer, former Minister of Information spencerjulius55@yahoo.co.uk, Manilius Garber, Chairman of the Monuments & Relics Commission, maniliusg@yahoo.com, Cecil Williams, Director of the National Tourist Board cejaywill@yahoo.com

as early as possible, if at all possible on the grounds of the National Museum in the center of the city.

Apply for World Heritage status for Bunce Island with UNESCO. Now that Sierra Leone is a party to the treaty, the Bunce Island Preservation Initiative or others can seek assistance from The African World Heritage Fund which was just established to boost the number of African sites on UNESCO's World Heritage List. Under the Fund, grants will be awarded to help African States Parties to the UNESCO World Heritage Convention prepare national inventories of their heritage sites and prepare nomination dossiers for inscription onto the World Heritage List. Help will also be extended to train personnel to carry out these tasks.

Phase II

Develop a fundraising campaign that targets the raising of significant private funds for the construction of a major exhibition on the history of slavery and the restoration of Bunce Island. Create an office that is dedicated to coordinating all the players involved in the fundraising effort with a small staff, under the auspices of a larger fundraising organization. Develop sophisticated materials for distribution about this campaign and why it is timely for Sierra Leone. Target the campaign to individuals, foundations and high net worth individuals in the U.K. and U.S. Seek to gain matching funds from donors as part of tourism development program for Sierra Leone for infrastructure related on the island for visitors, such as a visitor center or other interpretive panels, or resting areas, or for a new wing at the National Museum dedicated to the history of slavery in Sierra Leone.

Phase III

Implement new exhibition and complete the approved restoration of Bunce Island. Develop transportation and tourism guiding program via concession with a private tourism operator in Freetown. Develop a marketing plan for tourism in the U.S. and U.K.

Phase IV

Launch the full scale exhibition and restored Bunce Island facilities and visitor center with a major event. Charge entrance fees, and channel a percentage of revenues from tourism operators to a National Museum Trust Fund for the Preservation of Bunce Island.

This action plan is provided to offer guidelines for how a comprehensive development process for Bunce Island could be implemented and financed.

Budget

The estimated budget for a preservation project outlined for Bunce Island in 1989, which did not recommend full scale restoration but rather recommended the reinforcement and stabilization of the ruins, site improvements, wayside exhibits, tour guide training, printing of brochures and booklets, a management plan and all construction costs, was \$2,255,000. Using an inflation conversion factor for U.S. dollars the current estimate would be \$3.6 million or more depending on many other factors. Estimated annual operations and maintenance costs were \$250,000 including salaries, small boat, and housing costs for caretaker, or \$406,000 in current U.S. dollars. Another estimated \$1-2 million

would need to be spent on an exhibition and exhibition space for a total capital investment of \$5-6 million with overhead costs of perhaps \$ 1 million annually for maintenance and administration.

Revenues

It is known that the slave castles of Ghana are their number one tourism attraction. Four hundred thousand tourists visit Ghana each year. If Sierra Leone were to target receiving 100,000 tourists annually to visit Bunce Island by 2015, the total generated revenue on an annual basis, without factoring in any price increases, by 2015 would be \$62.5 million. It should however be noted that this whole amount would not go into the local economy. (Chart 8.1)

Chart 1.3.1 Bunce Island Revenues (US\$)

	2008	2009	2010	2015
Estimated	10,000	20,000	30,000	100,000
Entrance	150,000	300,000	450,000	1,500,000
Boat Trip	600,000	1,200,000	1,800,000	6,000,000
3 Nights	3,000,000	6,000,000	9,000,000	30,000,000
3 days	1,500,000	3,000,000	4,500,000	15,000,000
Airport	1,000,000	2,000,000	3,000,000	10,000,000
	6,250,000	12,500,000	18,750,000	62,500,000

It is obvious why Ghana is targeting this market. In terms of return on investment, Bunce Island is by far the most important investment Sierra Leone can make in the short term to generate tourism dollars. A sample set of projections for a proposed tourism business being formulated by the Sierra Leone Gullah Heritage Foundation found in Appendix E, provide further evidence of the tourism potential of Bunce Island.

And there are significant revenues to be accrued via philanthropic and donor sources. The following organizations helped to fund the restoration of Ghana's slave castles, the U.S. Agency for International Development, the United Nations Development Programme, and Shell Oil Ghana. Teams of experts assisted Ghana from Universities of Ghana, the Smithsonian Institution, and the Midwest Universities, Consortium for International Activities.

UNESCO with the help of the Norwegian Agency for International Development coordinated feasibility studies for museum development in Angola, Benin, Ghana, and Senegal within West Africa. UNESCO together with the World Tourism Organization cooperated with the African Tourism and Culture Ministries and the Organization of African Unity to implement a cultural tourism project with the principal objective of identifying, restoring and promoting sites, buildings, localities linked to the slave trade. Slave tourist routes are already being established linking Senegal, Ghana, and sites in the Americas.

Bunce Island and the National Museum of Freetown represent an important first phase development investment for Sierra Leone that has very few risks. For a

capital investment of approximately \$5 million, much of which could be paid for by philanthropic sources, and an annual maintenance and administrative cost of \$ 1 million, the country can begin generating \$6 million in tourism revenues in 2008, and potentially earn \$500 million in export earnings within a 7 year timeframe. The fact that Ghana has been so successful in this market indicates that the market is not risky, and the growing interest in the DNA heritage of African Americans virtually guarantees a strong growing interest in Sierra Leone. This strategic approach to developing tourism in Sierra Leone is a virtually flawless model example of how to launch a tourism program that will appeal to a target market and be attractive to the SERE economy. Even the process of undertaking the fundraising campaign would be highly beneficial to the country can call attention to this important resource. If Sierra Leone were to simply make the strategic investment of paying a professional development campaign coordinator for such an effort, the timing is excellent to draw attention to the historic resource as the bicentennial of the abolition of slavery provides a perfect media platform for high visibility media coverage throughout 2007.

1.3.3 Upcountry Tourism Attractions

All the areas outside of Freetown and the Western Peninsula are traditionally referred to as upcountry destinations in *Lonely Planet*. Upcountry tourism is in its infancy. Lonely Planet's chapter on Sierra Leone presently states that, "travel to these areas is not off limits, but it's definitely not advised."²² While the most recent edition of the *Lonely Planet West Africa* guide is out of date (and an official inquiry has been made regarding when the next edition is due), even the most casual review of Internet information on Sierra Leone reveals that there are almost no sources that recommend upcountry travel.²³ Until more updated information begins to emerge more widely that indicates that upcountry travel is safe, Sierra Leone will have a problem introducing any upcountry destinations to even the most adventurous travelers.

However, early reports indicate there is real potential. More research will be required to determine the feasibility of upcountry sites, but two potential ecotourism sites have already received enough attention from the conservation and development communities to merit coverage here: Outamba Kilimi National Park and Tiwai Island.

1.3.3.1 Tiwai Island

Tiwai Island was first identified as a valuable ecological site in 1979 by a primatologist from Hunter College in the U.S., Dr. John Oates. It is now recognized as being part of the Gola ecosystem, which is considered to be one of the most important and threatened biodiversity hot spots in West Africa. A formal collaboration between Hunter College and Miami University in the U.S. and Njala University College in Sierra Leone was created to establish a research center on the island in the 1980s. In 1988, the Koya and Barri Chiefdoms, together with the Ministry of Agriculture, Natural Resources and Forestry, set up

²² Lonely Planet, 2002, *West Africa*, page 811

²³ Note the excellent website, visitsierraleone.org is the best source of information on upcountry tourism

the Tiwai Island Administrative Committee (TIAC), as a management body for Tiwai Island. In 1992, by decree of local Paramount Chiefs, hunting on Tiwai Island was banned and farming restricted. Tiwai Island Wildlife Sanctuary was established following a formal request by the communities living around the island.

The project to manage and protect Tiwai enjoys considerable interest from international conservation initiatives interested in the conservation of biodiversity. The Critical Ecosystem Partnership Fund (CEPF) granted the project \$300,000 to build research and tourism facilities on Tiwai Island which are now complete. However, Tiwai must now develop tourism as a primary source of revenue for their efforts as the original grant was strictly for facilities and not operating funds.

Juliet Ceesay, Human Resource Development Consultant, for the Environmental Foundation for Africa (EFA) which is the local NGO working to establish Tiwai as an ecotourism destination, states that Tiwai is seeking to license itself as a tourism business and team with the National Tourism Board to establish Tiwai in the marketplace and is seeking to establish tour operator links. Ceesay notes that she has encountered serious barriers for developing this NGO enterprise – in particular the lack of availability or technical support for renewable energy – such as solar panels, and the high import taxes for vehicles for NGOs, which she notes became astronomical after the special NGO concession was shut down on departure of the UN troops at the end of 2005. Other barriers to successful tourism development are the very difficult road access to the island and the 6 plus hour trip required to reach the sanctuary from Freetown, the remoteness of the area making it unattractive to workers, and the lack of electricity, post office and telephone access.

Presently, Tiwai Island offers a Visitors and Research Centre, with basic camping facilities and guided tours. Tourists are hosted in a variety of tented accommodation and offered a number of guided tours by local experts who are able to share information about the ecology, mythology and traditional cultural activities on and around Tiwai Island. This is the only site in Sierra Leone that offers such a well established ecotourism facility boasting a near guarantee of observing some of the rarest wildlife in Sierra Leone and indeed in the world.²⁴

Tiwai's enterprise management capacity should be carefully evaluated as part of a strategic tourism plan. Tiwai's Business Plan Projections are found in Appendix F. The author was unable to visit this site during her field visit and will therefore not provide model implementation guidelines for this site.

1.3.3.2 Outamba Kilimi National Park

Outamba-Kilimi was founded in the 1970s by primatologist Dr. Geza Teleki to establish a conservation zone for wild chimpanzees. At the time, President Stevens announced to the world that he would shut down the chimp pet trade in Sierra Leone and asked Teleki to select a site for a park to protect wild chimps and promote the conservation policies of Sierra Leone. Teleki chose the site

²⁴ Environmental Foundation for Africa, August 2004, *Business Plan, Tiwai Island*, Lakka, Sierra Leone, page 6

where Outambi-Kilimi is located “because it was the only land with an entire river system undisturbed, and a mosaic of rain forest and grasslands harboring forest elephant, chimp and crocodiles, which allow a visitor to see a wide variety of plants and animals in a short trip.”²⁵ The West Africa Lonely Planet guide calls it, “a beautiful, peaceful place where you can experience some real West African wilderness. The park is easily reached by four wheel drive or by public transport in the dry season.”²⁶

When Outamba-Kilimi was open to visitors in the 1970s and 80s, originally under the management of World Wildlife Fund-U.S., it attracted many expatriates who came to stay and watch wildlife. The reserve reputedly had the best facilities for tourism and wildlife protection in the upcountry before the civil war and became known as a good destination, particularly for Peace Corps volunteers on vacation. Its international reputation for wildlife tourism, though faded, still remains. The park is now 4-5 hours from Freetown on reasonable roads. A ferry crossing is required at the Little Scarcies, one hour before the park. The ferry is in urgent need of repair and frequently breaks down in the rainy season.

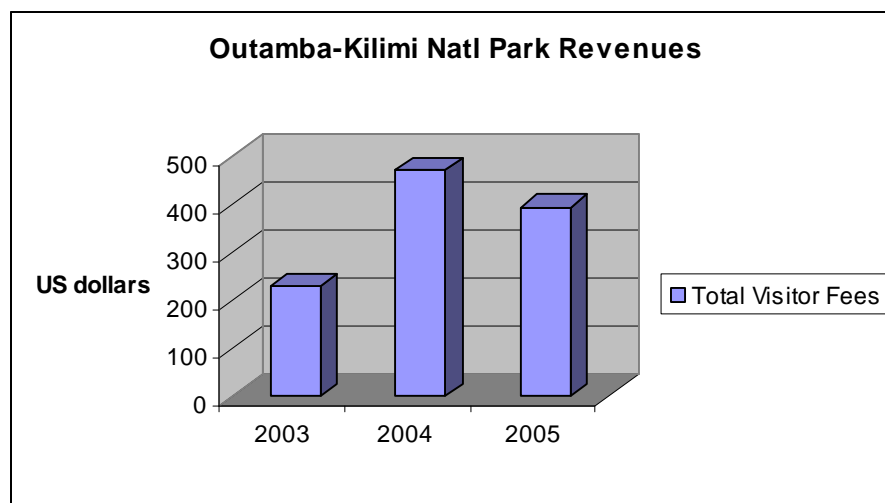
The author visited Outamba-Kilimi and took the Lolo River excursion, which is a pleasant 2-3 hour canoe ride with a well trained ranger as guide, and very good opportunities to view hippos, and a short hike to a platform where buffalo, antelope, and wart hog are frequently viewed. The mid-morning canoe ride back to camp resulted in excellent bird watching of white-necked stork, ibis, and active troops of black and white colobus and green monkeys all with very pleasant temperatures until 11AM. River trips are reportedly best December – May during the drier season, but the hippos can be viewed year round.

The original administration and tourism facilities were destroyed during the civil war, but a basic tent camp has been created in the old headquarters site with dome tents on platforms, and African huts along the river. At present, the entire park operation is being run without vehicles or communications. The rangers, who returned after the war in 2003, all stay in the only building that survived the war which is in poor condition and they are paid low government salaries. Visitor fees for day visits and camping are charged which provide the **only** source of cash revenue for the park. The funds are used for upkeep of the existing camp and buildings that remain.

Chart 1.5.2

²⁵ Personal communication, April 2006, Geza Teleki

²⁶ Lonely Planet, 2002, *West Africa*, page 814



One individual donor has assisted with creating new brochures for the camp, which provide a clear and well presented outline of fees and activities. Bookkeeping for the camp’s revenues and expenses appeared immaculate.

The communities closest to the park are predominantly Soso, a Muslim minority group in Sierra Leone, with the majority of their population living across the border in Guinea. They vacated the park in the 1970s and donated the land, with the understanding that the government would cover their relocation expenses. But the Parliament never approved the promised relocation funds, forcing World Wildlife Fund-U.S. to pull out of the project and leading to a great deal of controversy over the rights to land in the park and the community’s right to utilize the land for hunting and fishing. A European Union grant in the 1990s allowed the government to finally gazette the park in 1994 and pay compensation to all the landowners. This important step is now “accomplished” according to K.I. Bangura, Senior Game Superintendent of Park and Game Reserves.

Nonetheless, there is still “high hunting pressure for large mammals such as elephants and monkeys, particularly in the Kilimi area.” There is also, “evidence of collusion between the forest rangers and local residents in poaching and illegal logging. When questioned, the residents requested compensation and the provision of alternative farm lands if they are to give up their ongoing activities in the park.”²⁷ At present, the Soso communities suffer from lack of access to all services including clinics, market centers or schools in their area, and very low access to water, lighting and fuel.²⁸

The villagers still harbor hopes that the park will yield the unrealized economic benefits they had expected before the war, and will likely be very upset if they are not beneficiaries from tourism development.

²⁷ Danso, Elijah Yaw & Shamsu Mustapha, March 2006, *Sierra Leone Wildlife Protection and Biodiversity Conservation Project, Assessment of Socio-cultural and economic characteristics of populations in selected project areas and potential for establishing alternative livelihoods*, World Bank, Ghana, page 31

²⁸ Ibid, page 30

1.3.3.3 Implementation Models for Outamba-Kilimi National Park

Outamba Kilimi represents the most important upcountry destination for travelers²⁹ and its many rivers, wildlife, trained guides, and tent camp offer an opportunity for small scale ecotourism development. While modest in potential for the time being, Outamba Kilimi has all the characteristics of a successful ecotourism destination in the future.

It is the observation of the author that ecotourism development companies could take an interest in Outamba Kilimi and its tent camp. There appears to be quite a few opportunities to enjoy wildlife viewing in the park which could be developed. The main river trip already offered is quite good, hippo viewing is virtually guaranteed year round, but this can only attract a market interested in staying one night maximum. Many expatriates are presently coming from Freetown, despite the long trip, to see Outamba Kilimi in one day. This trend needs to be arrested.

The good news is the river system remains pristine, and apparently there are many locations that would be possible to enjoy, including a beautiful waterfall, areas where forest elephants reside, and even the possibility of moveable tent camps to observe chimpanzees – if a motor launch were part of the equipment available to the park.

Dayo Metzger, Senior Game Ranger, and his staff felt that overnight camping in the areas where forest elephants are found could be very enjoyable, and that there are areas where a new semi-permanent tent camp could be established. If at least one new river trip could be added to the park itinerary immediately via motor launch – this would increase the overnight stays in the park, and it would have tremendous benefits for the rangers whose job to prevent poaching is hindered greatly by lack of transport. If a semi-permanent tent camp in forest elephant area were to be added, the park would then become a multi-night destination. If, the option were to be researched of offering a moveable tent camp that is located in advance by trained trackers and tent camp staff, in order to allow visitors to view chimpanzees in the wild – Outamba Kilimi would become an extremely important new primary destination for Sierra Leone.

The present tent camp located in the former headquarters site is basic now, but entirely adequate for the moment, and could be fixed up without a large investment. There is a need for food service, as it is presently difficult to source food near the camp, and food that is acceptable to foreigners in the closest town is very limited.

The ferry, which is in terrible condition, could also be repaired with the most minimal investment, even volunteer labor and materials would suffice. While the ferry is a very traditional cable ferry that is antiquated, it should not be changed, in fact ecotourism destinations at times install such folkloric ferries for the enjoyment of their guests.

While there is some question on the title to the land where the tent camp presently is located, Dr. Geza Teleki, who established the park felt absolutely certain that if the communities had been compensated for their land, as Superintendent K.I. Bangura

²⁹ With the possible exception of Tiwai Island which the author did not visit

has stated, then the tent camp land is free and clear. Final affirmation of the legal status of land, the ability of the park to pay its staff and generate revenue from tourism, and the Soso ability to benefit from tourism development must all be critical components of any plan to re-develop Outamba-Kilimi for tourism

Phase I

Ascertain land rights for tent camp and review legal capacity for the Wildlife Conservation Branch to undertake concessions with a private tourism operator. (Presently there is a concession in the Gola Forest with the Royal Society for the Protection of Birds (RSPB) to manage a research station, indicating that the legal capacity for concessioning already exists). Coordinate on recommendations for the tent camp with the UNDP office and World Bank teams presently developing a management plan for the park. (emails were sent to World Bank office in Ghana requesting more information by the author with no reply to date). Ensure all efforts to develop a conservation plan for the site are integrated with recommendations for development of the park for tourism, and that trained specialists in enterprise development – via the Ministry of Tourism or National Tourism Board – are part of the decision making regarding a concession at Outamba Kilimi. Develop a final set of recommendations on concessioning the park for approval by the Wildlife Branch, existing biodiversity initiatives underway, and the Ministry of Tourism and National Tourism Board.

Phase II

Research potential for additional wildlife viewing opportunities in park, and the siting of additional semi-permanent tent camps by providing park with motor launch, and develop a zoned set of tourism opportunities for development with technical assistance from wildlife and tourism experts working together with funds from biodiversity sources.

Develop a concession request for proposal for Wildlife Conservation Branch, and establish clear guidelines and procedure for reviewing proposals that follow national procurement guidelines. Ensure the proposed concession agreement offering meets international standards, via technical assistance review, and ascertain that the requirements in the concession agreement are not so onerous that no private company will want to invest.

The concession must have strict conservation terms, require reasonable revenue generating percentages for the government, and require specific benefits for the local community, while giving the private company a long enough lease to ensure good return on investment while providing specific terms on the quality of construction and equipment to be permitted within the park. Review the terms with the private sector parties with experience in managing concessions in national parks in Africa.

Produce final proposed concession agreement and RFP. Distribute RFP widely and offer to assist interested companies in seeing the potential of the site, via offering transportation and guiding at the site. Potentially use the new link with Air Kenya to bring a familiarity tour of wildlife tourism operators from Kenya to see the site and allow them to consider the opportunity of taking on the concession, and/or take their comments to improve the concession approach.

Phase III

Review proposals for concession and let concession with private company. Develop an interim set of procedures and provide technical assistance to help both the local community and the rangers to begin to accrue early benefits from the opening of tourism on the site – such as helping the local community to establish micro enterprises that will be of assistance to the private company, and provide better housing for the rangers, and equip them to undertake their duties in an appropriate manner as tourism is beginning to be established, with the understanding that all of these activities will begin to generate revenue and pay back the government in a relatively short term.

The National Tourism Board would need to work with not only traditional tourism outlets to promote this new ecotourism venture, but seek to establish this project as a model project that would be promoted and possibly become part of projects being sponsored through NGOs, such as the Jane Goodall Institute (JGI). Box 8.1 describes an ecotourism project the institute has in Uganda.

Box 1.3.1 Kaniyo-Pabidi, Budongo Forest Reserve Eco-tourist Project

Eco-tourism in Uganda, particularly viewing of highly charismatic species such as chimpanzees, has been considered a useful conservation tool that protects the chosen site and supports the local economy. However, in eco-tourist sites a balance must be struck between tourist demand and site availability. The welfare of the chimpanzees and high standards of the tourist experience need to be guaranteed to insure the long-term success of the project from both the economic and conservation perspectives.

The need for an additional chimpanzee-viewing site is demonstrated by the large number of visitors at Kanyanchu (Kibale) during peak tourist season. During the high-season of 2002 an average of 32 visitors per day did “forest walks” including one-hour chimpanzee viewings. The recommended maximum number of visitors per day should be six for chimpanzee viewing, so the current rate is vastly unsustainable.

Based on JGI Uganda’s experience in developing highly successful eco-tourist projects in Kanyanchu (Kibale National Park) and at the Ngamba Island Chimpanzee Sanctuary, we are currently developing a strategy of intervention to develop an eco-tourist site in Kaniyo-Pabidi, Budongo Forest Reserve.

Kaniyo-Pabidi is part of the Budongo Forest Reserve and is managed by the Forest Department. An eco-tourist project was set up there in 1993, and chimpanzee viewing was opened to the public in 1994. However, the visitor viewing was low compared to that of Kanyanchu in Kibale National Park. Following a four-year intervention program by our organization viewing rates increased.

The geography of the site is highly suitable for eco-tourist development: The terrain is flat allowing for good on-foot traveling conditions for the average tourist; the campsite is located on the edge of the chimpanzees’ home range, significantly diminishing the risk of long trekking excursion before contact is made with the group; the habitat consists of primary forest with medium understory vegetation-density allowing for good visibility of the canopy (and thus of the chimpanzees) and the presence of savannah and grassland areas neighbouring the primary forest present an interesting opportunity for viewing of different ecosystems. Finally, there is an extensive (71-mile in total) and well-maintained trail system that further facilitates visitor accessibility.

By the third year of the project, the Forestry Department and local community will be in a

*strong position to take over although they will continue to rely on a team of well-trained staff capable of managing the habituation program and visitor activities. The previous lack of investment in the project has meant that the full potential of Kaniyo Pabidi as a chimpanzee eco-tourist viewing site was not achieved. Based on our experience developing a similar project at Kanyanchu with 3,500 visitors per year and our experience in developing a eco-tourist site at Ngamba Island Chimpanzee Sanctuary (5,000 visitors per year), we are confident that a three-year intervention program concentrating on building of staff and infrastructure development will allow Kaniyo Pabidi to become an economically sustainable and highly successful eco-tourist project supporting local law enforcement and habitat protection of Budongo Forest.*³⁰

The type of messaging that could be associated with an Outamba Kilimi National Park launch should be carefully tuned to the type of client that has emotional concerns about the saving the country's environment and contributing to local social welfare.

Seeking an alliance Jane Goodall Institute as part of the Outamba Kilimi relaunch and to the effort to conserve chimpanzees holds enormous promise and could be pivotal to the effort to re-establishing Outamba Kilimi as a market presence. The emotional attachment that Goodall has built for rescuing chimpanzees is a global phenomenon. For those who doubt the power of this market driver, read the material from the Goodall Institute Internet site and observe how it uses emotional messages to capture its audience in Box 8.2..

Box 1.3.2. [Watch Our Interactive Chimp Guardian Presentation!](#) Learn more about these adorable chimps, and listen to Jane speak about the Institute's sanctuary program. Chimps in the wild are on the brink of extinction. At the turn of the last century, chimpanzees living across West and Central Africa numbered around one million. Today their total number is less than 200,000. There are many reasons why chimps are disappearing. Their habitat is vanishing at an alarming rate due to deforestation caused by logging companies. As well, the bush meat trade in Africa has led to an increase in the poaching of chimpanzees and other primates. A crisis with far-reaching implications, the bush meat trade involves the slaughter of adult chimps, on a commercial scale, for human consumption. And, all too often after witnessing the death of their mothers, infant chimpanzees are then captured and sold illegally into the pet trade and for entertainment uses.

Of course, the effort to save chimps in Sierra Leone can also be easily tied to the Tacugama Chimpanzee Sanctuary,³¹ after it reopens. The Sanctuary plays a very important role in developing international interest in the conservation of chimpanzees, and should continue to play that role— not as a tourism venue — but as a site where activist volunteers can assist with nurturing orphan chimps. To see a model presentation on how to capture this market, the video on the Goodall Institute site regarding their Chimpanzee Guardian project, is a powerful example indeed.³² (See Box 5.2)

It is therefore critical as part of the effort to reestablish Outamba Kilimi National Park as a tourism venue, that Sierra Leone perform careful market outreach with NGOs

³⁰ <http://www.janegoodall.org/africa-programs/programs/kibale-national-park.asp>

³¹ Information on Tacugama Sanctuary is found in Appendix G

³² http://www.janegoodall.net/chimp_guardian/default.asp

involved in chimpanzee conservation, and create an appeal that relates to the strong global concern about the plight of chimpanzees.

Finally this concern for chimps, must be tied to a concern for the local community near Outamba Kilimi – the tourism program that is designed at the national park must have a very well designed community conservation component – and this should be carefully co-designed in concert with the biodiversity projects presently undertaking projects with protected areas in Sierra Leone.

Investment and Revenues for Outamba Kilimi

Because this project is being recommended as a concession, the primary investment will come from the private sector. It also appears that there will be funding from biodiversity projects to assist with the development of this area for tourism, but these projects will need to be brought into close coordination with the tourism development planning process for Sierra Leone.

The cost to develop a concession plan, with the appropriate legal and field research on suitable wildlife viewing areas, and tenting sites, should be no more than \$100K. A motor launch should be provided to the park in advance, and at present they also do not have their own vehicle, communications system, suitable building for their office and living quarters. These necessities should become part of the overall investment plan for the creation of Outamba Kilimi as a tourism center, but local costing on these items would be required.

Revenues – a modest number of visitors should be projected for this site, 1000 per year to start and up to 2000 as it grows. Generally a foreign tourist will pay a local tour operator about \$200-300 a day for a visit to such a field site. If visitors stayed 2 nights, each visitor would pay an average of \$500. Therefore the concession could begin to earn \$500,000 per year gross revenues, and grow to be a \$1 million dollar per annum revenue generator. Given the park is presently running on \$500 per year, and the local people have not seen any benefits from the park in 15 years, clearly this could be a major breakthrough for both conservation of the area and the benefits to the local people who presently lack schools, health care, and access to water and fuel. And it would begin to establish Sierra Leone as an important player in the world of ecotourism – with a particularly notable role in the conservation of chimpanzees – an issue of great global concern.

1.3.3.4 Securing Upcountry Tourism Assets

To properly evaluate all of Sierra Leone's upcountry tourism assets, there needs to be a concerted effort to link tourism strategic planning and development to the efforts to conserve biodiversity and create new protected areas in Sierra Leone. The World Bank Sierra Leone Wildlife Protection and Biodiversity Conservation Project is presently evaluating Sierra Leone's future protected areas for ecotourism. While more information from this project was requested, it has not been obtained at time of writing.

In the 2003 UNDP study on biodiversity, it is recommended that a representative number of protected areas are established with technical and financial support. Goals are to establish and ensure management of 8 protected areas, build local

capacity for effective management of the 8 protected areas and to establish sustainable funding mechanisms for the long-term management of these areas. Tourism development planning should be closely associated with this initiative as soon as possible.³³

It is notable that the areas designated for protection are: 1) Outamba-Kilimi, 2) Loma-Tingi Complex, 3) Western Area Forest Reserve, 4) Gola Forest Reserve, 5) Mamunta-Mayoso, 6) Yawri Bay, 7) Lakes Mape & Mabesi, and 8) Kangari Hills. It is the goal of this project to generate jobs, conserve the environment and generate income for local communities. A trust fund for the administration of this project is to be established. It makes enormous sense to ensure that such an effort is closely coordinated with the MOTC and NTB, and that appropriate tourism planning protocols and expertise is associated with the effort.³⁴

A joint effort between biodiversity and tourism economic development planning must be undertaken as a high priority for the nation. A strategic plan should be developed for Sierra Leone to develop upcountry tourism that is informed by biodiversity priorities, but not driven by them. Frequently biodiversity funding mechanisms jump start the development of tourism sites that are inadequately studied from the market, enterprise development, and supply chain perspective, resulting in projects that are built but not utilized.

It is highly important that a country short on critical resources for development, such as Sierra Leone, captures potential tourism development dollars from the biodiversity community, via a planning process that prioritizes ecotourism development funds for the areas with the best near term potential to attract real markets. This will also help to ensure that real positive net benefits will flow from ecotourism to conservation of protected areas and local communities – thereby establishing positive models for the development of sites presently more distant from markets.

1.4 Development of Human Resources & Backward Linkages in Sierra Leone

Training is offered privately and also by the government run Hotel and Tourism Training Institute, Milton Margae College of Education and Technology at Brookfield Campus founded in 1991. Originally financed as a model training facility by the International Labor Organization together with the Champagne-Arden company of France, these donors departed after the rebel invasion of Freetown in 1997. From 1991-1997 the facility had modern facilities, a campus training hotel managed by the institute and modern training kitchen and laundry facilities. Unfortunately, the rebels chose the hotel for their headquarters and looted and destroyed most of the school facilities and hotel in 1997.

With the restoration of central government in 1998, the students strongly advocated that they be allowed to return to their studies and the Institute was put

³³ UNDP Encyclopedia, 2005, *Biodiversity Plan*

³⁴ Development Assistance Coordination Office, *Sierra Leone Encyclopedia 2005 – From 2003 Biodiversity Strategic Action Plan, page 133*

under the Ministry of Education and ran with rebels headquartered on the campus until 2000. In this period, there was much gun brandishing and professors and students were in frequent jeopardy.

The Institute now has 300 students studying in 3 departments, Travel and Tourism, Food & Beverage, and Front Office and Housekeeping. They are tested according to standards set by the West African Senior Certificate Examination at three different levels of competency equivalent to a 2, 3 and 4 year degree program. English and French languages are compulsory. Students are placed in private sector facilities as part of their training, and the Country Lodge manager Ione Brown commented that while the students lack professionalism on arrival, she uses the internship program to select the best students for employment after their training is completed.

The Institute is in a very sad state, with facilities that were completely looted and destroyed by the rebels. Their buildings have not been renovated since the war, and there is also no funding for maintenance. Their teaching kitchen lacks any suitable equipment and the school has not been successful getting kitchen equipment donated from the private sector. The hotel for teaching has been taken over by another government agency for offices. Looting still takes place as they lack proper security, and have difficulty protecting any of their computer equipment during school holidays. Their library facility is in better shape and is beginning to accumulate new publications once again. More training of the professors on staff is required in order to keep them more abreast of current approaches to training, according to professor Susan Campbell, formerly head of the Tourism Department.

Improvement of the facilities and training capacity of this institute is fundamental to the ability of Sierra Leone to begin to develop a higher level of quality staff to the leisure tourism industry of the future. Labor practices, wages, and union issues need further review. At present hotel workers in Sierra Leone are living at the edge of poverty, but their benefits are unusually good. Hotel management is operating in situations that are not profitable, and are seeking to resist any change in labor agreements. A confrontation is brewing. Labor specialists may be required to assist the industry with this problem. Further information on current labor compensation laws is found in Appendix C.

The Hotel and Tourism Training Institute needs immediate attention to ensure that there are facilities to train students for a competitive industry and that their training will build help them to develop greater capacity which will lead to employment and or the ability to establish their own small and medium enterprises that service the tourism industry.

Much of the Pro-Poor tourism literature works on the assumption that an existing tourism industry in country needs to develop more mechanisms to ensure that local people, those living at or near poverty levels, receive more benefits from the tourism industry. This paradigm is difficult to apply when the tourism industry is not viable in a country, and the great majority of tourism establishments have insufficient numbers of clients to make profits. Similarly, the concept of Corporate Social Responsibility is dependent on companies operating in the black.

After reviewing all the information gathered for this study, the author concluded that in fact Sierra Leone cannot utilize many of the guidelines for pro-poor tourism or corporate social responsibility yet, as they are not applicable to a country with a tourism economy that is presently not functioning profitably.

However, the concept of establishing backward linkages from the hotel industry in Sierra Leone and local producers is relevant. Whether or not, hotels are profitable they still have to serve food. And it was uncovered, via interview with Sumantha Moodley, Food and Beverage Manager at the Country Lodge, that almost 100% of food is sourced from markets that have imported all of their food goods from the United Kingdom. Except for fresh fish and beer, nearly 100% of all food and beverages served in the hotels in Sierra Leone are produced outside the country.

Pro-poor tourism and responsible tourism, strongly recommend the establishment of backward linkages in the local economy as a means of assisting the poor. In South Africa, *The Responsible Tourism Handbook* is a guide for good practice for tourism operators that seeks to provide guidelines for the planning, management, product development and marketing of tourism to bring about positive economic, social, cultural, and environmental impacts. It recommends that hotels,

Set targets for the percentage of services and products you buy from local enterprises (e.g. 15% of services and products sourced from enterprises within 50Km, increasing by 5% per year for 3 years).

In a recent meeting for Central and West Africa on “Sustainable Tourism Development and Poverty Alleviation,”³⁵ it was concluded that there should be 3 major priorities for beginning to ensure tourism is addressing poverty in West Africa.

- Re-establish the socio-political stability that is indispensable for tourism
- Projects based on the cultural and natural heritage of populations in order to develop tourism that is sustainable and differentiated
- Projects that are capable of making a real economic impact on local production, especially agricultural products and handicrafts. The supply chain of hotels and restaurants should be studied, and imported products should be replaced as much as possible with local ones.

In the interview with Ms. Moodley it was noted that there are extremely few local food and beverage suppliers in Sierra Leone who have the capacity of meeting local hotel needs. As part of this discussion, we concluded that there were many barriers for local people to enter into the food supply chain; investment, know-how, work space, lack of transport, and lack of refrigeration and electricity. But it seemed that there should be a way to help.

A sample project was formulated, in which local young men and women would be trained in a special course at the Hotel and Tourism Training Institute to become food entrepreneurs. Given the lack of refrigeration and sophisticated food preparation equipment, we decided that helping students at the Institute to launch a food business should focus on materials easy to process, readily at hand that could be delivered in simple low-cost containers. We chose fruit salad as an excellent potential food enterprise.

³⁵ World Tourism Organization Specific Programme for Sub-Saharan Africa, Cotonou, Benin, 19-21, May 2004

1.4.1 Implementation Model for a Food Enterprise Program

This final model implementation study looks at how the launching of a food enterprise development course at the Hotel and Tourism Training Institute could help students, help develop a food processing industry in Freetown, help the Institute, work to alleviate poverty, draw media attention, attract academic institution partnerships, and begin to develop the local capacity for the development of micro-enterprises.

Phase I

A graduate student, Dirk Koenig, from University of Eberswalde, Department of Sustainable Tourism in Berlin sent out a notice to sustainable tourism experts, via his professor looking for a project to study backward food linkages in the tourism industry. The author saw this as a great opportunity to help launch a food enterprise project in Sierra Leone. **This graduate student has already agreed to take this project on as his graduate thesis and is ready to come to Sierra Leone pending discussions and approval from the National Tourism Board and the Hotel and Tourism Training Institute.**

He could start by studying the requirements for food linkages at a sample of hotels in Freetown and confirm that a fruit salad business would have real demand. He would then review the very limited kitchen facilities at the Hotel and Tourism Training Institute and determine if they are sufficient for a course on fruit salad preparation. If not, he would work with the hotels to get donations for the course.

He would then establish the course guidelines together with the institute, develop the curriculum, and create the course offering. The course offering would cover purchasing of food, sanitary food preparation, and quality control, the development of small businesses in the food industry, micro-enterprise development, micro-enterprise loans, and delivery, marketing and sales.

The Hotel and Tourism Training Institute would approve the course offering. An effort would be made to source micro-loans for the students of the course that have the most well-put together approach to selling fruit salad at the end of the course. A panel of judges for the projects would be established from the food and beverage departments of Freetown hotels.

Phase II

The course would be offered, ideally to both students and local community members. The students would form teams, have training in all aspects of the food business, and develop micro-business plans for a food business. The best plan with the best product to offer would be judged by the expert panel. The winning team would receive a micro-loan to launch their food venture.

Phase III

If successful, the course would be held again. The National Tourism Board and the Hotel Tourism and Training School would seek funding based on their success from

foundations seeking to support social entrepreneurship and also seek support from organizations that support pro-poor tourism – particularly ST-EP.(Box X)

The project would be publicized in the U.K in order to attract the attention of the leisure tourism industry as part of the World Travel Market – and it would be picked up in British newspapers. Materials would be made available to the press regarding the state of the Hotel and Tourism Training Institute in Sierra Leone and a call for assistance would be spread by the media. A Hotel and Tourism Training School Fund would be developed, with special attention to the need for support of the training kitchen for the social entrepreneurship program at the school. The media would promote the need, and state of the art kitchen equipment and funds would be donated to renovate the school.

The Centre for Social Entrepreneurship at Oxford University might pick up the case study and begin to use it as part of their class work. More graduate students would begin to come to assist Sierra Leone with developing social entrepreneurship programs. Hotel and tourism training schools in Europe would seek to partner with the school in Freetown and professional exchanges would begin.

The course would be replicated over and over again and many young people would have the opportunity to run their own businesses in Freetown. A micro-loan fund would be established to support new food enterprise businesses on an on-going basis.

Investment and Revenues

This model would require the funds to support the graduate student Dirk Koenig, who seeks solely his airfare and to have his hotel stay in country covered. In addition, he will need transportation costs covered in Freetown. It would be best if the funds for a small micro-loan are made available to the program, perhaps by an existing fund in Freetown that can be sourced in advance.

Revenues would not be the real point of this exercise. Rather this effort is focused on providing training to local people to become part of the tourism workforce, giving them hope and pride, and the skills to run their own businesses. This initiative is also targeted at generating positive press about Sierra Leone, the food entrepreneur story will be a heartening change from the usual negative press, and reinforce the socially responsible vision that is guiding the re-development of tourism in the country. This should begin to attract publications such as Lonely Planet and others to redo their coverage of the country and a whole new view of the new Sierra Leone would begin to emerge.

1.5 Conclusions

This report concludes that the country must develop competitive tourism primary attractions via a series of strategic investments in the Western Peninsula, Bunce Island/National Museum of Sierra Leone, Outamba Kilimi National Park, and the Hotel and Tourism Training Institute in order to create a more feasible environment for tourism investment, development and growth.

At present, the country suffers from a very negative reputation, one that is unlikely to be changed by any form of marketing campaign – unless the campaign can focus on clusters of primary attractions that are positioned strategically in the marketplace. If several clusters of primary attractions can be appropriately planned and developed via the cooperation of public, private and community representatives, the country will begin to have a much stronger, “selling proposition.”

The selling propositions recommended in this report rely on using investment and market drivers that are part of the social and environmental responsibility economy (SERE). This report concludes that the markets with the strongest possible motivations to visit Sierra Leone are:

- African Americans interested in their roots who will respond to the restoration of Bunce Island,
- The European sun and sand market which is looking for ecologically, planned, unspoiled pristine destinations,
- Ecotourists interested in viewing wildlife who would respond well to a new tent camp at Outamba Kilimi National Park that allows visitors to see hippos, forest elephants and most importantly chimpanzees.

At present these sites are all in serious jeopardy. Final estimates on securing them for the future of the nation are needed to create a set of investment and revenue scenarios for these sites, but the rough estimates provided here indicate that hundreds of millions of dollars of tourism revenues at stake if they are preserved.

Without such investment, the investment in hotels and infrastructure to support the tourism economy will remain risky. Investors have very understandable concerns with infrastructure, affordable capital, market data, land titling, and the government priority level for tourism, and corruption. Sierra Leone is very lucky to know what its strategic primary attractions are and the potential to develop them is already quite well understood. In fact, efforts to restore Bunce Island have been on-going for 30 years! Strategic planning should therefore focus on the development of these sites as an immediate priority in order to drive donor investment into projects that will provide economic development opportunity for the country in the nearer term.

Examples have been provided here from Ghana, South Africa, Turkey, and Uganda to demonstrate how investment in responsible tourism development, participatory planning, and leveraging tourism “clusters” by creating public private partnerships and involving local communities is the method by which the most successful tourism developments in developing countries are being achieved.

If the country’s primary attractions are secured, many other issues must then be considered. Sierra Leone must begin immediately to develop programs where quality hospitality service training can take place. The present Hotel and Tourism Training Institute has suffered terrible damage and its students and professors are all showing

extraordinary dedication, but they are working under extremely difficult circumstances. Efforts to reinforce this program are very high priority.

Sierra Leone will also need to begin developing an economy that links backward from the hotel industry. The development of backward linkages is one of the most important strategies any country can take to make certain the tourism industry is “pro-poor.” It is proposed here that a Food Entrepreneurship program is launched at the Hotel and Tourism Training Institute as a means of attracting international interest and funding from SERE players while simultaneously reinforcing the local institute and creating local capacity for servicing the food and beverage needs of the hotel industry.

There is ample evidence that developing tourism sustainable, using niche market drivers can bring many social and environmental benefits to lesser developing countries. The proper functioning of the tourism economy is linked both backwards and forwards with many other sectors, and economists are learning that ecotourism and other niche markets have much lower leakage because they consume more local resources as part of the tourism experience. It has been shown that growth in income has no clear relationship with growth in arrivals, and it is increasingly evident that “income per tourist is not a function of volume.”³⁶ It is therefore a mistake to assume that by investing in volume tourism the country is more likely to benefit. In fact, increasingly it is being shown that high value – low volume tourism is the most economically beneficial route.

By following the principles of sustainable tourism and ecotourism in the development of Sierra Leone’s primary attractions, the country is much more likely to achieve a high value – low volume tipping point that prevents leakage and protects the assets upon which high value tourism depends in the long term. The potential markets for Bunce Island, an ecologically planned Western Peninsula, and Outamba Kilimi are all high value markets, and the country will see the most effective tourism returns by pursuing the high value, low leakage, and sustainable tourism development approach.

The allocation of funds for sustainable tourism development should therefore be concentrated on securing and developing primary attractions, ensuring there is appropriate training to deliver service to the tourism economy, and the development of local backward economic linkages. This report recommends achieving these goals by following four implementation models. If these projects are implemented, the private sector will be able to reliably invest in the country, revenues will be generated and paid to the National Tourism Board for marketing, the negative image of Sierra Leone will begin to abate, and a broader tourism development strategy will become feasible.

³⁶ Diaz, David, February 2001, *The Viability and Sustainability of International Tourism in Developing Countries*, Symposium on Tourism Services, World Trade Organization, Geneva, page 9

2. Mining Sector Report

2.1 Introduction

Sierra Leone is rich in mineral resources, both in precious and non-precious metals. It has the potential to attract significant foreign investment, and several international investors are already investing directly or through joint ventures. To leverage on-going reforms, and investor requirements for good-governance, transparency, sound environmental and social policies, FIAS conducted an advisory project on Economic Competitiveness and Corporate Social Responsibility. It had the objective to identify public policies and instruments that affect investment decisions and at the same time hold most potential to attract responsible international private investment. The aim was also to provide input for the developing World Bank Technical Assistance Mining Policy Program (2006), and the facilitation of the Sierra Leone adoption of the Extractive Industry Transparency Initiative (EITI).

While these two initiatives are focused on assisting public sector reform, very little attention is paid to how to leverage private sector initiatives, engage with the private sector, and build private sector capacity. The focus of FIAS' recommendations is thus how the GOSL and donors can collaborate with businesses in Sierra Leone and investors to promote better business practices and create a favourable operating environment.

To gauge the importance of CSR issues in investment decisions of international large scale mining companies – such as lack of transparency, conflict between small and large scale miners, environmental legacies, and conflict with local communities – FIAS interviewed a large number of companies active in Sierra Leone, as well as mining companies exploring and operating in neighbouring countries. (ANNEX X - See list of interviewed companies and Code of Conduct Matrix.) FIAS also reviewed additional relevant literature and investor/company surveys on the importance of CSR in relation to investment and buying decisions.³⁷ The findings and recommendations also build upon previous World Bank analytical assessments.³⁸ Furthermore, FIAS recruited a team of experts with the objective to work with the mining private sector in Sierra Leone to strengthen the capacity to self-regulate and use voluntary CSR approaches to increase economic competitiveness. The team worked with stakeholders in Sierra Leone to review and address the challenges and opportunities of re-establishing a Sierra Leone Chamber of Mines.

This report contains a brief background section (2.1 Mining industry in Sierra Leone, 2.1. Current investors, and 2.3. Investor Survey), and CSR in the mining industry in Sierra Leone (3.1 perspective of large scale miners, 3.2 perspective of junior companies, and 3.3 CSR issues in Sierra Leone). Finally, it provides recommendations of how the GoSL can promote better business practices and

³⁷ Mining, Minerals and Sustainable Development (MMSD) Final Report, *Breaking New Ground: Mining, Minerals, and Sustainable Development*, MMSD survey by PriceWaterhouse Coopers (2002), *Race to the Top: Attracting and Enabling Global Sustainable Business* (FIAS, World Bank, 2003).

³⁸ World Bank: Tapping the Mineral Wealth for Human Progress – a Break with the Past (July, 2005), IMF 2005 Review of Poverty Reduction and Growth Facility

leverage these investment drivers to attract and sustain investment in the mineral sector.

It argues that in addition to strong government legislation and policies, the Government of Sierra Leone, together with bilateral donors and financial institutions, should consider collaborating with the private sector, particularly foreign investors, to manage community expectations, promote transparency, and operate in the most socially and environmentally responsible manner possible. FIAS argues that an important initial step for doing this is to provide support to the on-going re-establishment of the Chamber of Mines of Sierra Leone (COMSL). This could be particularly important to promote the adoption of the Extractive Industries Transparency Initiative (EITI). This report provides recommendations and seeks to assist in developing a work plan for this purpose. It also provides recommendations on how to integrate CSR issues into the *Sierra Leone Business Forum*, and the Sierra Leone Investment Promotion Agency (SLEDIC).

2.2 Background

2.2.1 Mining in Sierra Leone

Sierra Leone is a mineral-rich country, including world-class rutile deposits, significant gold deposits, and diamonds in both hard-rock and placer deposits, and other identified minerals including iron ore, platinum, chromite, and base metals. Mining has been an important economic activity since the 1930s, with bauxite and rutile mining beginning in the 1960s. Throughout most of the 1990s, the mining sector contributed 20% to GDP and over 90% of registered exports. The country is a resource dependent nation, and much of its future depends on the success to re-launch large scale mining (LSM) activities, as well as managing its large Artisanal and Small-scale (ASM) sub-sector.³⁹

Table 2: Registered Mining Exports (US\$)

	1987	1993	1997	1999	00'	01'	02'	03'	04'	05'
Diamonds	23.4	20.2	10.5	1.25	10.1	26.0	41.7	149.9	183.1	212.3
Bauxite	22.6	25.2	0.5	-	-	-	-	-	-	-
Rutile	47.3	60.9	-	-	-	-	-	-	-	-
Gold	3.7	1.6	-	-	-	-	-	-	-	-
Total	97.0	107.9	11.0	1.25	10.1	26.0	41.7	149.9	183.1	212.3

Source: Sierra Leone Ministry of Mineral Resources

The mineral sector comprises large-scale production of non-precious minerals – rutile and bauxite and precious minerals – diamonds, and potentially gold; and artisanal and small-scale mining of precious metals, mainly diamonds and gold.⁴⁰ Large scale mining was completely disrupted by the civil war. However, four years after the declaration of a cease-fire, foreign investors are beginning to return to the country and the industrial mining sector is being reactivated. Since 2002, considerable progress has been made in restoring the reputation and function of industrial mining. The

³⁹ Artisanal and small scale mining (ASM) is defined as non-mechanized mining, often performed in informal settings, only with access to basic hand-operated tools.

⁴⁰ World Bank: *Tapping the Mineral Wealth for Human Progress – a Break with the Past* (July, 2005)

mining sector is today the second most important productive sector for employment and income generation, after the agricultural sector. The potential for the development of large scale mining, including activation of two rutile, two bauxite, two kimberlite, and three gold-mines, could amount to annual production of \$370 million. Direct and indirect employment could amount to 38,000 jobs.⁴¹

The government's priority has been to reactivate rutile mining operations, followed by other identified minerals, including kimberlite diamond, bauxite and until now unexplored gold deposits. To promote foreign investment and private sector led mineral development, the Ministry of Mineral Resources (MMR) is taking steps to bring legislation and policy up to comparative issues of competitive countries. Some main steps taken include the 2004 Core Mining Policy and the 2005 Policy on Artisanal and Small Scale Mining. The country is also participating in the Kimberly Certification Scheme, and has solicited participation in the Extractive Transparency Initiative (EITI).

The World Bank is preparing a technical assistance loan focused on reviewing the mining policy, streamlining laws and regulations, improve fiscal regulations, incorporate social and environmental dimensions into the mining policy, and promote private investment. With support from the Bank, Dfid and UNDP, GoSL is also developing a computerized mining cadastre, establishing better extension services, and improving governance of the sector. The Bank is also assisting with the development of a new Strategic Environmental Assessment (SEA), which includes both analytical and participatory components.

3.2.2 Current investors

The government has made progress in its efforts to improve investment climate for mining investors. In the 2004 Mining Journal, investors ranked the country as having "made most progress in developing its mining sector." At the time of the writing of this report, companies such as South African Koidu Holdings Limited (KHL) and Sierra Leone Diamond Company (SLDC), the latter one with prospecting rights to close to half of Sierra Leone territory, are making investments in prospecting and in kimberlite mining. However, because the extraordinary large SLDC prospecting land area, land use is not optimal. More investment could potentially be attracted, if the land were explored by other investors as well.

Likewise, a number of junior companies, such as Milestone Trading, Petra Diamonds, and African Diamonds, as well as Mano River Resources – a leading junior company operating through local subsidiary Golden Resources and in joint venture with Gold Star, with licenses for 344km² – are prospecting for diamond and gold. In addition, Sierra Rutile and Sierra Mineral have scheduled the re-opening of a rutile and bauxite Mokanji mine in 2006. Also, Finesse Diamonds, a NY based company, is planning to set up a diamond polishing facility in Sierra Leone in 2006.

Many of these companies have international investors, with varying degree of involvement with local operations, and a few are listed on the London or NY Stock Exchange. For example, BHP Billiton is gradually becoming a significant investor, albeit focused on reconnaissance and exploration. The company has a joint venture

⁴¹ Ibid.

with Mano River Resources over a 9,700km² EPL (committing US\$800,000) and another 9,700km² EPL with Sierra Diamonds Ltd where they intend to undertake airborne geophysics and commit to budget of around US\$3.5 million, and has committed a total of \$4.3 million in exploration. Likewise, Harry Winston Inc. is in a joint venture with a gold focused junior company, Cluff Gold Lmt. De Beers has also shown keen interest in Sierra Leone, lately as a valuator, and mainly interested in diamond buying rather than production.

2.2.3 Investor Surveys and Interviews

As larger scale industrial mining companies are considering whether to re-enter Sierra Leone, they are driven by a host of factors that vary in importance. Taken together, these factors produce a *risk/reward* calculation that must fit the profile or specifics of the company looking to invest. In the mining sector, underlying mineral resource potential will be the primary driver of investment. Similarly, the lack of geological information is the most important obstacle to demonstrating this potential and attracting investors into the sector. This is especially problematic in Sierra Leone where there is a scarcity of information. Other major obstacles, according to the companies interviewed, include insecurity of land tenure, license fee and royalty rates, and ease of importing/quality of infrastructure.

One company noted that companies will often weigh “magnitude of risk,” including CSR issues, with “magnitude of geological find.” If a “monster deposit” was to be discovered in Sierra Leone, the larger companies would look to invest either directly or through joint ventures. However, medium or smaller deposits simply do not offer the economic or financial rewards that would justify the entry and investment of larger companies.

For the larger companies, CSR issues – such as reputation of high risk of conflict between Artisanal and Small Scale Miners and Large Scale Industrial Miners, and between local communities and LSM, significant environmental legacies, and lack of financial transparency and good governance – are also important factors when deciding whether or not to invest in a country. The following were considered as most important risk factors for various reasons, and the reputation of a country of not managing these issues potentially the most damaging to the economy:

- **Local Communities and Human Rights:** Resistance to mining operations from local communities was mentioned as the most common reason for a company to withdraw from a planned investment. Furthermore, 34% of the companies participating in the MMSD survey have refrained from investing in a location due to human rights issues, which include potential conflict with local communities, relocation issues, and security concerns.⁴²
- **Environmental Risks:** The risk of environmental legacies, and the potential of having to pay significant amounts to reclaim areas used by previous owners and re-compensate affected communities, was identified as the most important risk factor for the extractive industries;⁴³ Similarly, the management and control of environmental issues are most frequently part of companies management systems, while social considerations less so.⁴⁴ While

⁴² MMSD, PWC, p. 23

⁴³ World Bank, *Race to the Top* (2003), p. 15

⁴⁴ MMSD, PWC, p. 10.

environmental reporting is quite common place, only 49% of the larger mining companies have produced reports on social performance.

- **Financial Market Drivers and Socially Responsible Investors:** The extractive large scale mining companies are also capital intensive operations and often in need of considerable up-front, pre-production investment. Poor management of CSR issues in a country increases the risk of the investment and makes it more difficult to raise fund on capital and financial markets. These markets are also increasingly incorporating social and environmental requirements as conditions for financing. Examples of this include the *Equator Principles*. These standards are based on the International Finance Corporation (IFC) environmental and social performance standards. They work to ensure that projects financed by 80% of the world's largest Banks are managed in a socially responsible manner and reflect sound environmental management practices. Furthermore, stock markets listings such as the *London FTSE* and the *NASDAQ* have their own social and ethical responsibility indexes where the growing market of socially responsible investors gets information.

2.3 Corporate Social Responsibility (CSR) in the Mineral Sector in Sierra Leone

FIAS observed a trend in Sierra Leone, referred to as an emerging “clash of expectations” about the benefits that will accrue to the government, local communities and business respectively, following the reactivation and expansion of Large Scale Industrial Mining (LSM) operations. Resulting conflicts could be more pronounced where the operating environment is characterized by a lack of transparency, accountability and good governance, which is often the case in many economically poor yet resource-rich nations. In the short term, such clashes may lead to small-scale protests or delays in permitting or production. However, more severe manifestations may lead to the rise of entrenched, long-term popular opposition, which ultimately may lead to a loss of access to the resource and investor flight.

It is also this clash of expectations that provides the rationale for corporate social responsibility (CSR) and explains why it should be considered as one factor that will help promote and sustain foreign investment in the mining sector. Simply stated, CSR practices can help prevent or minimize such clashes of expectations. In the extractives industry sector, such practices include: stakeholder identification and engagement, adequate community relations and capacity building, sustainable community development, arrangements and mechanisms for revenue transparency, and measurement of social and environmental impacts.

Despite advances made by the Government mentioned above, Sierra Leone still has a tarnished reputation among potential investors. The link between diamonds and the fueling of the conflict, the so called “conflict” or “blood” diamonds, is the most widely reported one. There is also a perception of lack of transparency and level playing field in business deals between large investors and the GoSL. The large and mostly unregulated artisanal mining sector (ASM) in Sierra Leone, as well as the perceived lack of benefits accruing to the local population and serious environmental legacies, also has the potential to be perceived as serious risks among investors. Until now, CSR practices to mitigate these issues have been characterized by one-off

reactive interventions, a lack of capacity of the Government to enforce the law regarding these issues, and a lack of coordination between private and public actors.

2.3.1 Perspective of Large Scale Industrial Mining Companies

Larger mining companies are those that would be more likely to bring the expertise, experience and appetite for CSR to Sierra Leone. Larger companies in the minerals sector tend to have stronger CSR policies and practice for two reasons. First, through economies of scale, their sheer size provides them with the opportunity to devote capacity and resources to CSR and sustainable development issues at their operations. Second, their size and market presence have made them historically more vulnerable to NGO campaigns and public criticism. Companies that have “made mistakes” related to CSR or stakeholder engagement (e.g., cyanide spills, controversial resettlement projects, large-scale mine protests, road blockages) are wary of repeating them and are very sensitive to their brand reputations.

2.3.2 Perspective of Junior Mining Companies

In contrast, smaller junior exploration companies typically don't have the budget for CSR or sustainable development practices and also are more likely to operate below the radar of watchdog NGOs. This trend is consistent in Sierra Leone, where companies are mostly smaller operating companies or junior exploration companies that tend to take a limited, although not completely inactive, view towards CSR and sustainable development.

The smaller companies active in Sierra Leone believe that their “social responsibility” should be limited to:

- Adherence to laws
- Direct economic benefits (e.g., fees, royalties, taxes and employment)
- Indirect economic benefits (e.g., emergence of local markets for support services for mining operation)
- Environmental reclamation and rehabilitation

It is important to highlight that this list does not include “provision of social services such as schools and clinics” or “building of infrastructure such as roads, bridges or town centers,” even though these types of activities are often undertaken in the name of “CSR” both in Sierra Leone and elsewhere in the developing world. Sometimes these projects are isolated and often constitute unsustainable acts of “giving in” or “placating” stakeholders in the short term. However, when undertaken with a long-term vision of capacity-building and culturally appropriate economic diversification, these types of projects may be appropriate company contributions to sustainable community development.

In Sierra Leone, the companies' basic CSR argument is that they should not be expected to assume the role of government in providing infrastructure and social services. However, the reality is that the NGO sector, the mining communities and sometimes even the government will expect that the company contribute to social services and infrastructure. This mismatch in expectations often lies at the root of conflict between the companies and their stakeholders — and this conflict can create

physical and financial difficulties for the company, including premature mine closure or reduced access to the resource.

2.4 CSR Issues in Sierra Leone

Each of the most important CSR issues – that has the potential to affect investor perception – are outlined below, specifically noting how these issues relates to the Sierra Leone context, and to what extent this has already been done from the private sector and government side.

2.4.1 Illegal smuggling, “blood diamonds,” and lack of transparency

The Minister of Mineral Resources recently said that the most serious problem in Sierra Leone’s mining industry is “illegal mining and smuggling.”⁴⁵ While official exports of diamonds, for example, reached \$140 million in 2005, experts indicate that about 50% of production is still smuggled out of the country illegally. The Peace Diamond Alliance (PDA) estimates the value of current diamond production at \$400 million/year. The Kimberly Certification Scheme appears to be a good tool in ensuring the certificate of origin, and has contributed to the increase in official diamond exports. However, increased capacity building is needed to enable ensuring that diamonds can be traced from its discovery to the point of export. The country is also plagued with corruption, and it ranked 126th on the *Transparency International 2005 Corruption Index*. Although significant progress has been made during the last couple of years, there is still a lack of government capacity to enforce anti-smuggling laws. The Mine Monitoring Officers and the wardens are poorly paid and are handicapped by poor logistics.

The need to avoid future conflicts is particularly salient in Sierra Leone because of the country’s unfortunate historical link to the “blood” or “conflict” diamonds that funded a decade of violent civil war. Even though this reputation may not be accurate today, it will likely prove difficult for Sierra Leone to overcome its public image. It will take time for public perception to catch up to the reality of post-conflict progress in the country because it is far easier to lose a good reputation than to shed a bad one. For years to come, diamond mining in Sierra Leone will take place against the backdrop image of “blood” or “conflict” diamonds. Any future community-company conflicts over mining will immediately provide an opportunity for NGOs and/or media to resurrect that reputation and the terrible historical legacy. This is a concern for the diamond industry at large, and particularly for the jewelers and retailers that serve as the points of contact to concerned consumers.⁴⁶ It is in the large scale miners’

⁴⁵ Diamond Industry Annual Review, Sierra Leone, 2006, An Interview with the Mineral Resources Minister, Alhaji Mohamed Swaray-Deen.

⁴⁶ One recent example of the level of international concern and sensitivity to the reputation of diamonds is the industry’s reaction to the filming of a mainstream movie “The Blood Diamond” starring high-profile actors Leonardo DiCaprio and Jennifer Connelly. The movie is set in Sierra Leone during the height of the civil war. Jewelers of America and the World Diamond Council have both reached out to the filmmakers to ensure that information about the Kimberley Process and other progress made in Sierra Leone is communicated so as not to leave moviegoers with the impression that these atrocities continue today — a false impression that might ultimately affect diamond sales.

interest to promote a “cleaner” industry. If future CSR conflicts can be avoided, this will help safeguard the fragile reputation of Sierra Leonean diamonds.

In April, 2006, President Kabbah wrote to the British Secretary of State, expressing interest in becoming an implementing member of the Extractive Industries Transparency Initiative (EITI). The implementation requires “regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner” (see specific conditions for EITI Annex XX). There is no doubt that implementation of EITI in Sierra Leone will require significant changes in transparency both for the Government and the private companies, and a large capacity building effort to support the initiative. DFID and the World Bank conducted a reconnaissance mission in March 2006, and are continuing discussions as of July 2006.

2.4.2 Conflict between Artisanal and Large-Scale Industrial Miners

Conflict between the LSM and ASM sector (for precious minerals) is not a recent phenomenon in Sierra Leone, and has occurred since gold and diamonds were first discovered in the 1920-30s. In the case of diamonds the colonial administration dictated that exploitation was to be exclusively undertaken through the Sierra Leone Selection Trust Ltd (SLST) and ASM activity was outlawed. This action in turn led to the progressive evolution of increased illegal and clandestine activity that intensified over time (e.g. the 1952-55 diamond rush) creating heightened social and economic problems. Finally in 1955 the monopoly was broken, and in 1956 the Alluvial Diamond Mining Scheme (ADMS) was enacted which gave provision for Sierra Leonean to mine and sell diamonds. In the case of gold practically the entire production from 1930 to 1951 came from artisanal miners.

In other African countries (post-independence) once more modern operations started, some companies tried to keep the artisanal miners at bay through force and intimidation, and built expensive systems of security. More recently, companies have adopted a *laissez-faire* attitude that simply tolerates the presence of illegal ASM providing it does not encroach or impact on their operations. Today some companies have learnt that building constructive relationships works better than resorting to force and trying to shut the ASM miners down and hope that the ‘problem’ simply disappears. However, given the expected continued growth of the industrialized sector in Sierra Leone the irrefutable challenge remains of how to constructively engage and attempt to coexist with the increasingly vulnerable and potentially volatile ASM sector.

In Sierra Leone, ASM operations are largely informal, however with an ongoing effort for example to provide all miners in Kono district with licenses by 2008. Even though artisanal gold and diamond mining has been legalized since 1956 and numerous chiefdoms (in 12 districts for diamonds and 7 for gold) have been declared artisanal mining areas (reconfirmed in the 2006 corrective revision of the MMR policy relating to ASM and marketing of precious minerals), the increased LSM operations and the civil war has resulted in growing competition and dispute over mining lands in the country. Increasing incidences of trespassing by ASM on concessions acquired by LSM companies have been reported. This has often resulted

in confrontations with local ASM communities who believe the acquisition of large tracts of mining lands by LSM operators is also an encroachment on their livelihood source. The prevailing legal and traditional interpretation of the land-mineral ownership rights coupled with the lack of political/administrative resources to enforce the laws on illegal encroachment of property has combined to feed into the evolving sour relationship between ASM and the few LSM operators.

Despite the declaration of ASM areas by the MMR, access to land for formal ASM remains one of the most pressing issues for artisanal miners. Many attribute this problem to the fact that most geologically prospective areas have already been granted to the numerous exploration/mining companies. Despite claims by the MMR that licensed artisanal mining areas cover approximately one-third of the country the reality is that most of the prospective diamond fields and gold belts have already been granted to companies, leaving little suitable mineralized land for ASM communities to work on. Hence there is *an urgent need for the MMR to help formally demarcate mineralized artisanal mining areas to be dedicated only for ASM operations*. Although this idea is certainly not new to the MMR, the challenge remains of how to realistically and pragmatically achieve this noble ‘paper policy’ idea that has been persistently elusive, given that the available geological data is scarce and inadequate.

In other African countries, many NGOs and ASM activists have advocated that mining companies should where possible, allocate part of their concessions to ASM as part of their CSR plans. Indeed several companies (e.g. South Africa (Ingwe), Tanzania (Anglo Ashanti, TANSCAN & Anglo American Exploration), Mali (Anglo Ashanti), Namibia, Zimbabwe (Zimasco & ZimAlloys), Mozambique (ALMA/Benicon) and Ghana (Gold Fields & Bogoso Gold Mines) appear to have already tried to adopt this strategy allowing artisanal miners to freely work on designated areas within their concession. Unfortunately, in most cases the relationship has not been sustainable especially when the company has needed to reclaim these designated ASM areas to be incorporated within their future mine plans. Often past agreements made by the ASM seem to be ignored or forgotten. This problem (and the overall image of the LSM) is also exacerbated and politically sensitized by some of the local media and some dubious local NGOs who seem compelled to spread unfounded or misinformed propaganda about the LSM sub-sector and continues to misinform the public about the LSM sector’s contribution to the national economy, chooses not to report on the numerous positive actions undertaken by the industry and usually grossly exaggerates (or worse incites) any ASM/community problems, other negative impacts or incidents of conflict.

Usually, one of the first areas of concern for LSM operators is exactly how to engage and gain the trust of the ASM sector. In some other African nations this initial engagement issue has stalled and even prevented the private sector from working with the ASM sector. Also on the issue of engagement, the lack of a coherent and single voice to represent the ASM sector in Sierra Leone (not the United Mineworkers Union) also makes it difficult to determine who to formulate a dialogue with.

Constructive dialogue with the ASM sub-sector would undoubtedly be eased if the ASM sector was empowered with a single voice, through legitimate and democratic associations that really represented the artisanal miners and their communities. Engagement, dialogue and trust building may also be helped if a third party – such as an NGO, international donor or international industry body – could intervene and mediate, thereby forming a tripartite relationship. That would allow both the mining

company and the ASM sector to realize that having a better forum for dialogue is a win-win situation, and hopefully slowly develop mutual trust slowly, understand each others rights and obligations, and ultimately even establishing respect for each other.

2.4.3 Environmental legacies and conflict with local communities

As indicated above, the environment is one of the most important CSR issues related to the mining industry. Weak and unclear environmental laws and institutions can turn away potential investors.⁴⁷ Adverse environmental impacts of unsustainable mining activity in Sierra Leone include deforestation, land degradation, and water and air pollution from waste dumps and tailings disposal. In many cases, environmental problems are a legacy of past mining operations that require funds to restore degraded lands or compensate affected communities.

Artisanal and small-scale mining (ASM) activity, an important source of livelihood for around 200,000 miners, is characterized by poor technological practices, with adverse environmental and social impacts. 80,000 to 120,000 hectares of land have been mined out in different parts of the country, with almost no efforts of reclamation. This kind of diamond mining has caused massive deforestation, health problems and significant loss of bio-diversity. In localized areas, large pieces arable land have also been destroyed by miners.

The 2003 Core Mineral Policy addresses the issue and says that it will “ensure that the development of the mineral sector is achieved in ways that will protect the environment and that are socially responsible and economically viable.” The policy is more detailed in the 1994 Mines and Minerals Act, which notes that the MMR “shall take into account the need to conserve the natural resources, or the land over which the mineral right is sought, or the in the neighborhood land” in deciding “whether to grant the mineral right.” The MMR also charges \$50 for each mining license for payment towards environmental rehabilitation. As mentioned above, steps have also been taken to improve regulation and enforcement of the environmental and Strategic Environmental Assessment (SEA) through technical assistance from the World Bank.

Koidu Holdings (KH) – Environmental Risks: KH, a joint venture between Branch Energy Ltd. And Magma Diamond Resources Ltd, opened their Kimberlite mine in Kono in 2003. They have another Kimberlite mine in Koidu, as well as three additional exploration properties in Sierra Leone. In August of 2004, KH had exported a total of 46,000 carats valued at \$9 million. KH overall investment in SL is reported at \$26 million. Sierra Leone Selection Trust (SLST) had located the kimberlite pipes in the mid 1960s. At this time a “safe-zone” was created, within which no houses could be built. However, by the time KH arrived, several houses had sprung up illegally, and its residents expressed not being aware that this was the case. KH commissioned an Environmental Impact Assessment, outlining the number of houses and residents, and the need for them to relocate to new housing which the company would construct. The relocation took time, and KH proceeded with operations, using dynamite on its kimberlite pipes, once or twice a week. Local and international civil society got involved on behalf of the residents, and managed to get the WB to suspend a project guarantee application by KH. In May 2005, the company had agreed that houses were to be constructed for the affected homeowners. KH was to provide materials and the community would provide the labor.

⁴⁷ WB Mineral SEA (Mani)

The Koidu case (see above) illustrates the difficulties investors might run into because of unclear land/property rights, lack of standard environmental impact assessment, and unclear guidelines for companies about how to dialogue with local communities and civil society, and what actually constitutes corporate social responsibility.

Part of the CSR challenge in these areas is not only how the company will operate in a responsible manner, but how it will manage expectations for what “social responsibility” should and will include. One important contributing factor to this challenge is the mismatch in the timing of CSR-related investments demanded by stakeholders. Mining companies typically take years to move through the various stages (e.g., exploration, feasibility and permitting, construction, etc.) that are involved in bringing a mine into production. During this time, they are not generating any revenue and yet it is also during these initial stages when they begin to face demands from mining communities, local authorities, NGOs and the government. The financial reality is clear: companies that are still in any pre-production mining stage are going to be less willing to invest in CSR-related activities, than companies who are in production. In Sierra Leone, the vast majority of the existing companies are pre-production. This increases the barriers to CSR-related investments on any large scale.

The Government of Sierra Leone has taken steps to reduce the risk for investors as they relate to local communities with the Diamond Area Development Fund, which allocates 25% of revenues accruing from diamond export taxes to a fund for the development of diamond mining communities (see below).

Diamond Area Development Fund (DACDF). In December 2001, after pressure from NGOs and donors, the GOSL approved the allocation of 25% of revenue accruing from diamond exports taxes to a fund for the development of diamond mining communities. GDD was asked to deposit this proportion of the Diamond Export Taxes into an ad hoc account with the Sierra Leone Commercial Bank. By the end of 2004, 54 chiefdoms had benefited from the fund, and a total of nearly \$2 million had been paid out. Some of the funds are reported to have been used to improve infrastructure and to support vocational skill centers. However, the rules governing the disbursement as well as criteria for how the chiefdoms were supposed to use the funds were unclear, and governance and accountability mechanisms lacking. After accusations of mismanagement of the funds, The government suspended the fund by the end of 2004. At the time of the writing of this report, the money continues to be deposited into the Central Bank.

However, the capacity of the government for enforcement and inspection, and in promoting better practices and dialogue with ASM and communities, is clearly limited. To leverage private sector initiative and resources, FIAS thus recommends the following: in addition to strong government legislation and policies, the Government of Sierra Leone, together with bilateral donors and financial institutions, should consider supporting the private sector, particularly foreign investors, to manage community expectations, promote transparency, and operate in the most socially and environmentally responsible manner possible. FIAS argues that one way of doing this is to support the ongoing re-establishment of a Chamber of Mines (COMSL) (see background on COMSL in ANNEX X) and in other ways raise awareness and promote private sector representation.

2.6 Recommendations

The Government of Sierra Leone (GOSL) should continue its commendable reform efforts to improve investment climate, reducing administrative burdens for investors, improving land planning processes, and developing basic geological data, etc. Alongside these and other policy reforms in the sector, the GOSL should begin considering ways to support improved business practices. Actions could be taken to address CSR-related issues in order to manage community expectations in a way that does not impede existing and potential foreign investment. If clashes of expectations go unaddressed, company-community conflicts could evolve, and under a worst-case scenario, lead to return of instability and civil strife.

The following recommendations should be seen in context of previous and on-going technical assistance and analytical activities in the mining sector in Sierra Leone.⁴⁸ These recommendations and programs address primarily the need to complete building a sound fiscal mineral policy, with satisfactory frameworks for legal and regulatory aspects, fiscal and taxation regimes, institutional role, mandates and structure, with emphasis towards promoting transparency, and increasing capacity within the Ministry of Mineral Resources. They include raising awareness of “the rules of the game locally and internationally,”⁴⁹ improving delivery of extension services to ASM, and improving consultative approaches in connection with environmental and social impact assessments. However, very little attention has been paid to how to leverage private sector initiatives, engage with the private sector, and build private sector capacity. The focus of FIAS’ recommendations is thus how the GOSL and donors can collaborate with businesses in Sierra Leone and investors to promote better business practices and create a favorable operating environment. See below for details.

FIAS recommends that the Government of Sierra Leone:

1. ***Support the on-going re-establishment of the COMSL by holding stakeholder meetings and develop a consolidation strategy***
 - **Stakeholder meetings (Week of September 18th, 2006):** If the GoSL (MTI) wishes, FIAS would facilitate stakeholder meetings with current interested members of the COMSL, the Ministry of Mineral Resources, the Ministry of Trade and Industry, and interested donors (Dfid, USAID, World Bank). The content of these meetings would include presentation of this report, validation of the findings and recommendations, and identification of capacity needs and other needs to establish a functioning COMSL. The desired outcomes include an action plan and strategic next steps and specific responsibilities, to provide support to the COMSL. Coordinated with EITI Mission.
 - **Consolidation strategies (October-November):** Part of the Action Plan would include a strategy to consolidate the formation of the COMSL. Suggested approaches to be discussed include:
 - i. Third party facilitator (see examples in ANNEX X)

⁴⁸ CAS, Tapping the Wealth, IMF

⁴⁹ Tapping the Wealth

- ii. Look into establishing mining sector group within *Sierra Leone Business Forum*
- iii. Broaden the membership of the COMSL to include diamond exporters and representatives of ASM. Identify the capacity building and awareness-raising needed for this to take place. Invitations could also go out to companies not originally included, such as many of the junior exploration companies active in Sierra Leone. (See suggestions in ANNEX X)
- iv. Use of “mentors” and invite member companies from Chamber of Mines in neighboring countries, such as in Guinea and Ghana, particularly on formulating voluntary standards and strategies for adoption of EITI.

2. ***Support the implementation of the Extractive Industry Transparency Initiative (EITI) by the development of a public and private sector strategy***

- **Development of Public Sector Strategy** (timing depending on progress of EITI-GOSL negotiations): As of the time of the writing of this report, the GoSL has nominated the Minister of Presidential Affairs as the EITI champion, and an EITI training event will be held in Sierra Leone in September, 2006. This positive development to develop a public sector EITI strategy should continue.
- **Development of Private Sector Strategy** (timing depending on the above): Starting at the stakeholder meeting above, the steering committee of the COMSL along with World Bank and Dfid should develop a strategy for how to raise awareness of the EITI among private operators in Sierra Leone. This would include discussions of how the private sector can publicly disclose their revenues without compromising their need for confidentiality, as well as how to include the ASM sector.

3. ***Promote awareness of CSR among local businesses and international investors by including CSR issues in SLEDIC strategy and the Sierra Leone Business Forum***

- **Develop a program to promote better business practices in the mining sector and dialogue within the *Sierra Leone Business Forum (October-November)***: The participants (steering committee) of the SLBF, together with FIAS, PEP-AFRICA, and the SME-Department of the IFC, should develop an awareness raising program to promote better business practices, including workshops on the topic, bringing in multinational companies and experts to share best practice and lessons learned from other countries. As mentioned above, this could include the creation of a mining sector focused group within the forum.
- **Develop SLEDIC strategy on CSR** (November-January, depending of work plan of SLEDIC): The SLEDIC board should be briefed by FIAS on the importance of CSR to international investors (be part of the September 19 meeting, as well as separate meeting with CSR team). The SLEDIC Board should then, with support from FIAS and MIGA, develop a strategy of how to best use this type of information to promote investment in the sector.

4. *Promote transparency, information-sharing, and stakeholder engagement with strong private sector participation*

- **Establish a Public Information Unit (2007):** MMR should finalize plans to create a Public Information Unit to be responsible for disbursing information about the mineral sector to the public and civil society. For example, the NGO sector — spearheaded by Partnership Africa Canada and the Network Movement for Justice and Development — releases an “Annual Diamond Review” covering several different issues related to the industry in Sierra Leone. The COMSL could potentially play a role in collecting and disbursing information to ensure that civil society is informed about the minerals sector and how it operates. As of August 2006, USAID and DFID have agreed to join the MMR in funding the setting up of the PIU, however, more funding is needed to provide sustainability.
- **Develop strategy for establishing and distributing international best-practice (October-December):** COMSL, with the initial assistance from FIAS, should develop easily accessible information on international best practice on community engagement, and other CSR topics. Based on this information, COMSL should also consider working towards instituting voluntary standards on community relations and stakeholder engagement. The Chamber of Mines in Ghana is currently facilitating a similar initiative, in which its member companies will adapt international standards on community relations, resettlement, compensation and other issues to the Ghanaian context. While this initiative is very much in the initial scoping stage, the Ghanaian COM may serve as a useful resource and “mentor” institution should the COMSL decide to pursue a similar initiative.
- **Facilitating stakeholder engagement (2007):** COMSL should take an active role in facilitating the creation of a dialogue between ASM, local communities, and LSM. These programs should adopt a fully participatory approach in order to try and capture the willingness of the artisanal miners and their communities to ensure that the proposed programs will be co-defined and developed with communities directly involved and intimately associated from the on set of the program (bottom-up-measures). FIAS also advocates that all CSR sensitization programs aimed at ASM communities are undertaken in a non-patronizing manner, providing information and appropriate education, which aim to gain the trust and raise awareness within the ASM communities whilst focusing on the definition of clear objectives and pathways for advancing their vision of the community.
- **Coordinate public and private initiatives (October):** The COMSL should appoint a Government liaison to interact with relevant ministries and donors. Future CSR programs should make sure to link strategically to other key regional or local social welfare and development programs.

- **Develop private sector strategy in the context of the new Strategic Environmental Assessment (SEA) participatory component** (November-December, 2006, depending on the progress of the development of the SEA): COMSL should represent the LSM interest in consultations with local communities and in establishing sound procedures for the implementation of the SEA.

5. *Support capacity building programs*

- **Develop plan to establish training programs (2007):** COMSL, together with the Institute for Engineering (up and running as of August, 2006), and MMR, should consider developing training programs to support the education of skilled mine workers and mining engineers. Discussions between the COMSL and the Institute have already taken place. This program would help increase the labour pool within Sierra Leone for these more skilled jobs, which is in the interest of the LSM. This action area also represents one possibility for an “early win” that the COMSL might undertake quickly and publicly to gain stakeholder support and establish a reputation as a credible, effective and action-oriented body.

ANNEX A

Market Demand: Sustainable Tourism Development

Sustainable tourism is “tourism that is based on the principles of sustainable development” according to the United Nations Environment Program and the United Nations World Tourism Organization. The United Nations World Tourism Organization’s definition of sustainable tourism outlines sustainability principles for tourism referring to the environmental, economic and socio-cultural aspects of tourism development, stating that a suitable balance must be established between these three dimensions to guarantee long-term sustainability.”

Box 1.2.1 The World Tourism Organization’s definition of sustainable tourism

Sustainable tourism should:

- 1) Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural resources and biodiversity.
- 2) Respect the socio-cultural authenticity of host communities, conserve their build and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
- 3) Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Sustainable tourism development requires the informed participation of all relevant stakeholders, as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary. Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices among them.⁵⁰

See Appendix A for the *Twelve Aims of Sustainable Tourism*.

Niche Markets and Sustainable Tourism

Sustainable tourism as a concept is not often sold in the marketplace as a tourism product. Niche travel markets – which are sold to appeal to specific niche markets – such as cultural, rural and adventure travel are defined by their market niche not by their sustainability aims.

However, ecotourism is an exception to this rule. It is a niche market that is sold in the marketplace by many vendors as the equivalent of nature tourism, but is also defined by its aim to be sustainable. The International Ecotourism Society’s board of directors defined ecotourism in 1991 as, “responsible travel to natural areas that conserves the environment and sustains the well-being of local

⁵⁰ United Nations Environment Programme & World Tourism Organization, 2005, *Making Tourism More Sustainable*, page 11

people.” The U.S. is the largest source market for ecotourism largely because it is the largest market for nature travel in the world with a distinct multi-billion dollar industry dedicated to the delivery of nature travel worldwide. And since the late 1990s, ecotourism has become a globally accepted sustainable livelihoods development process with 40 NGOs dedicated to carrying out its principles on every continent.⁵¹ See Appendix B for *Principles of Ecotourism Development*.

There are also types of sustainable tourism that highlight specific sustainability outcomes – particularly pro-poor tourism – which are not product categories in the marketplace. The UK Department of International Development (DFID) has played a significant role, over the past 5 years in exploring ways to harness tourism for poverty reduction – for which it coined the term “Pro-Poor Tourism (PPT).” Pro-Poor Tourism has become a widely known category of development assistance, particularly in Africa, and there are many relevant case studies Pro-Poor initiatives relevant to Sierra Leone.⁵² One case study is found in Box 5.2.

Wilderness Safaris, Rocktail Bay – A PPT Pilot

A Pro-Poor Tourism (PPT) Pilots program supported five companies in South Africa in order to develop lessons and good practice on pro-poor approaches. At Rocktail Bay, the local Mqobela community is an equity holder in the lodge owning company, Wilderness Safaris. From the outset of the project, community benefits from business operations fell into three categories.

1. revenues go into a community trust account due to its equity in the lodge owning company
2. wages of local staff, with approximately 30 employed
3. earnings of other local enterprises, such as taxi drivers and security patrols

During the PPT pilot efforts were made to strengthen all three of these business linkages. The PPT facilitator helped Wilderness Safaris to set up a new partnership with the neighboring community where a second lodge site is now being developed, staff recruitment is being extended to the new site for 30 new staff, and training is planned to enable local staff without experience to take up the new positions.

Community development was further encouraged via the development of a new community tour that features a traditional healer and story teller, a local dance troupe from the primary school, and the offering of traditional food at a local home. Previously guests were driven to nearby hippo pools without stopping to visit local people, giving the local community no opportunity to earn income. Customer feedback indicates that the new community tour is considered to be a distinctive additional to the experience at Rocktail Bay.⁵³

The United Nations World Tourism Organization branded its own version of pro-poor tourism in 2004 for a global initiative titled Sustainable Tourism-Eliminating Poverty (ST-EP). According to ST-EP literature, PPT/STEP is not a

⁵¹ http://www.ecotourism.org/index2.php?ecotourism_associations

⁵² http://www.propoortourism.org.uk/ppt_pubs_outputs.html

⁵³ Ashley, Caroline and Gareth Haysom, January 2005, *From Philanthropy to Different Way of Doing Business, Strategies and Challenges in Integrating Pro-Poor Approaches to Tourism Business*, Atlas Conference, Pretoria, South Africa, Section 4.3

new form of tourism, and it is not a new kind of tourism product. It is an approach to tourism in which the benefits are directed more towards the poor.⁵⁴ This new field of endeavor has become a major focus of research and donor project implementation worldwide – and has a great deal of relevance to Sierra Leone. The planning and implementation framework for ST-EP is found in Box 5.3.

Box 1.2.3 ST-EP: The core of ST-EP is a tri-partite framework that raises substantial funds, targets best practice research, and specifically encourages sustainable tourism geared towards the elimination of poverty.

1. The first leg of the framework is a foundation that raises funds and supports projects that assist the development of tourism in the world’s poorest countries.
2. The second leg of the framework is a research arm which will link academic programs with an effort to identify the most practical approaches to using tourism to eliminate poverty that are also replicable.
3. The third leg of the framework is sustainable operations that support micro, small and medium enterprises with seed funds for projects that enable the world’s poorest communities to secure more sustainable livelihoods through engaging in tourism. An awards program will be associated with this leg of the program.

The UN World Tourism Organization and the UN Conference on Trade and Development have developed this program for implementation from 2003 forward.⁵⁵

Another sustainable tourism category that has gained increasing attention is “responsible tourism.” The definition of responsible tourism (Box 5.4) is roughly equivalent to sustainable tourism, but the term “responsible tourism” is being successfully marketed and is gaining an increasing amount of market attention particularly in the U.K. Using the full potential of the SERE world, The International Centre for Responsible Tourism develops projects working with businesses using CSR initiatives, leveraging development agency assistance, and partnering with local NGOs. They target tangible poverty alleviation outcomes by helping community level enterprises partner with mainstream tourism businesses and small and medium niche market businesses, primarily in Africa. While the tourism market and all its niches are constantly evolving, responsible tourism is rapidly becoming the most marketable generic term for sustainable tourism in Europe – making it of considerable of importance to Sierra Leone.

Responsible Tourism:

- 2) Minimizes negative economic, environmental, and social impacts;
- 3) Generates greater economic benefits for local people and enhances the well-being of host communities,
- 4) Improves working conditions and access to the industry;
- 5) Involves local people in decisions that affect their lives and life chances;

⁵⁴Sofield et al, *Sustainable Tourism – Eliminating Poverty, An Overview, Sustainable Tourism*, Cooperative Research Centre, Australia, www.crctouris.com.au

⁵⁵ UN World Tourism Organization, 2002, *Tourism and Poverty Alleviation*, Madrid, Spain, page 15

- 6) Makes positive contributions to the conservation of natural and cultural heritage, to the maintenance of the world's diversity;
- 7) Provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues;
- 8) Provides access for physically challenged people;
- 9) Is culturally sensitive, engenders respect between tourists and hosts, and builds local pride and confidence.⁵⁶

Sustainable Tourism Niche Market Drivers

Consumers have varied perceptions of what sustainability means in the marketplace. A growing body of research demonstrates that the commitment to making a sustainability purchase is not driven by proof of product sustainability (or certification). Instead, buyers are driven largely by two market drivers: an *emotional attachment* to the message the company or product is identified with – such as “fair trade” or “locally grown,” and the *personal benefits* the buyer is likely to achieve – such as a desire for a healthier family and higher quality of life.⁵⁷

Perhaps the most probing article on the subject of what drives the market for responsible tourism concludes it is a desire for, “a heightened experience of self-realization – a better holiday,”⁵⁸ noting the marketing value of responsible tourism to destinations and tourism vendors is, “*high levels of product differentiation focused on experiences of particular places and communities.*”⁵⁹

Table 1.2.2⁶⁰

For the last overseas holiday that you booked (whether via a tour company or independently) how important were the following criteria in determining your choice? (%)

	Hig h	Medium	Low	No ne
Affordable Cost	82	12	3	3
Good weather	78	14	5	3
Guaranteed a good hotel with facilities	71	15	8	4
Good information is available on the social, economic, and political situation of the country and local area to be visited	42	30	23	3
There is significant opportunity for	37	37	23	3

⁵⁶ <http://www.icrtourism.org/index.html>

⁵⁷ The Hartman Group, 2003, *A Consumer Perspective on Sustainability*, Co-op American, Washington, D.C.

⁵⁸ Ibid, page 2

⁵⁹ Ibid, page 3

⁶⁰ Tearfund, January 2000, *Tourism an Ethical Issue*, Market Research Report

interaction with local people				
Trip has been specifically designed to cause as little damage as possible to the environment	32	34	27	5
Company has ethical policies	27	34	30	7
Used the company before	26	30	38	5

The UN World Tourism Organization study on the U.S. Ecotourism Market surveyed tour operators to designate which product characteristics motivated their clients to select their company. This survey indicated that excellent local guides were the number one differentiating factor – with 74% of the companies rating this as “most important.” The two other most important factors, rated at 56%, were small groups and un-crowded areas.⁶¹ In terms of activity preferences for eco-tourists, wildlife viewing is the number one attraction for both independent travellers and for tourists travelling with eco-tour operators.⁶²

In summary, consumers interested in sustainability are not driven by their ethics, as was once believed. It is therefore highly important that Sierra Leone – which is considering developing a tourism economy that responds to sustainability market drivers – does not assume its potential market is motivated by ethical considerations. In fact, evidence is overwhelming that the travel market is driven first by cost, weather and service (See Table 5.1). These considerations are generic to the entire travel industry. However, because Sierra Leone is unlikely to be able to compete in the mainstream travel market as has been presented in the World Bank Report on *Tourism Development in Sierra Leone*, it is important to look at alternative market drivers that can attract the social and environmental markets first.

To attract the responsible and ecotourism niche markets, Sierra Leone needs to undertake a market research program that will help them target this market effectively and craft a marketing message that touches on:

- Emotional concerns about saving the country’s environment and contributing to local social welfare,
- Personal benefits -- such as an educational experience and the opportunity to see wildlife,
- Self-realization – such as the opportunity to discover African-American roots,
- Interest in un-crowded areas and the desire to see new untouched locations.

⁶¹ World Tourism Organization, 2002, *The U.S. Ecotourism Market, Special Report Number 12*, Market Intelligence and Promotion Section and the Sustainable Development of Tourism Section, Madrid, Spain, page 48

⁶² International Finance Corporation, 2004, *Ecolodges, Exploring Opportunities for Sustainable Business*, Washington, D.C., page 7

Social and Environmental Responsibility Economy (SERE)

The concept of a triple bottom line – which asks business to review financial, social and environmental parameters when planning and managing their outcomes – has become accepted as the most succinct way of describing what is expected from socially responsible business, NGO sustainable livelihood projects, and development agency socially responsible business development initiatives.

The Pro-poor Tourism initiative has undertaken perhaps the most comprehensive assessment of the “business case” for social investment in tourism. Pro-poor tourism is an approach to tourism that increases net benefits to the poor, and according to its proponents it requires doing business differently. The Pro-poor Tourism initiative has tapped into a variety of reasons for businesses to invest in alleviating poverty.

While no one study has looked at why ecotourism entrepreneurs invest in ecotourism, case studies provide a good indication. For example, Camp ya Kanzi, a luxury safari camp located next to Kenya’s Amboseli National Park – which is a joint venture between a private safari company and a Maasai group ranch, “strives to provide tangible economic benefits to the local Maasai community to enhance their cultural welfare and pride, and to protect wildlife by demonstrating that game-viewing tourism is more lucrative than poaching or hunting.”⁶³

Turtle Island Resort seeks to be regarded as one of the leading ecotourism resorts in the world by providing a positive and unique guest experience. A high-end resort on an exclusive island with world-class beaches and underwater natural environment, it is staffed by a team of people who share the resort’s commitment to high standards, while demonstrating a caring attitude toward the guests and each other. The leadership of Turtle Island resort comments that the strength and success of a lodge’s product, reputation, and brand are, to a large extent, dependent on acceptance by the community in which it operates. (sic_) Turtle Island has become a leading proponent of “Traveller’s Philanthropy” which they believe is a **response to their guests’ desire to engage** with and be committed to and empowered by community needs, and to play a role in meeting some of those needs.⁶⁴

The triple bottom line standard can be perceived as an investment barrier to mainstream investment, but in fact there is growing evidence that the social and environmental responsibility economy (SERE) helps to leverage pioneer capital when the mainstream capital markets are not responding. The reason for this is that SERE is a hybrid economy that leverages donor funds, profit and non-profit sources of investment, and it taps into highly energetic new sources of social philanthropy capital.

There is a tremendous amount of new wealth that has been generated in recent years and its distribution has been uneven. The world now has 691 billionaires, 68% more than 10 years ago. Experts in philanthropy are predicting a sea change in how money

⁶³ International Finance Corporation, 2005, *Ecolodges, Exploring Opportunities for Sustainable Business*, Washington, D.C. page 48

⁶⁴ Ibid, page 44

flows in the philanthropy world as a result. The “new philanthropists,” are seeking to change how money is applied to social and environmental problems, and now frequently seek to apply principles of “venture philanthropy,” or “social entrepreneurship,” using approaches that are market conscious, but seek to leverage donor money in “high-engagement” projects that apply the best elements of for-profit business approaches.⁶⁵

For Sierra Leone’s tourism investment needs, the most relevant trend is certainly the development that corporate foundations are beginning to mix for-profit and non-profit investments. For example, the Omidyar Network, has made the decision to allow its investment team to write contributions for either profit or non-profit projects.⁶⁶

The Skoll Foundation has established a Centre for Social Entrepreneurship at Oxford University and is giving over \$10 million in awards to social entrepreneurship projects worldwide. (Box 6.5)

Box 1.2.3.2 Skoll Foundation Mission

The Skoll Foundation’s mission is to advance systemic change to benefit communities around the world by investing in, connecting and celebrating social entrepreneurs. Social entrepreneurs are proven leaders whose approaches and solutions to social problems are helping to better the lives and circumstances of countless underserved or disadvantaged individuals. By identifying the people and programs already bringing positive changes to communities throughout the world, the Skoll Foundation empowers them to extend their reach, deepen their impact and fundamentally improve society.⁶⁷

The rise of the concept of social entrepreneurship is critical to the efforts of Sierra Leone to attract the SERE economy. Social entrepreneurship has struck a responsive chord because it “*combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with high-tech firms.*”⁶⁸ Social entrepreneurs adopt a mission with social value and relentlessly pursue new opportunities to serve that mission by engaging in innovation, adaptation and learning, acting boldly without being limited by resources at hand, and exhibiting heightened accountability to their constituencies.⁶⁹ They are seen as transformative forces – and social entrepreneurial efforts are being rewarded by philanthropists, corporate and non-profit foundations, and by development agencies seeking to leverage their funds. Such initiatives help to forge partnerships between communities and companies in the most impoverished parts of the world – creating a new type of hybrid value added chain that forges business and social purposes for a wide variety of players living in regions that have been left out by the traditional market economy.

All this SERE activity should help countries and the businesses seeking to develop an innovative economy – such as responsible or ecotourism – to tap into funds that would never be available otherwise. These new funding sources will demand that innovative approaches are used that are certain to meet triple bottom line standards,

⁶⁵ Economist, February 25th, 2006, *The Business of Giving*, page 5

⁶⁶ <http://www.omidyar.net/corp/approach.html>

⁶⁷ <http://www.skollfoundation.org/aboutskoll/index.asp>

⁶⁸ J. Gregory Dees, 2001, *The Meaning of Social Entrepreneurship*, Stanford Graduate School of Business, Palo Alto, CA

⁶⁹ Ibid, page 4

with the hope that they will be scaled up by government or business later, if successful.

ANNEX B

International Best-Practice

Primary Attraction Cluster Development

Sierra Leone is an unusual case in the world of tourism development. The natural process of tourism growth and development were completely arrested by the protracted civil war. To begin the process of redevelopment anew, the country must review its strategic assets quickly and decide how to invest limited resources. For an untested destination such as Sierra Leone the most fundamental market and investment driver for tourism is the “primary attraction.”

Tourism development is difficult to leverage around infrastructure unless there is a primary attraction to draw the market. In the world of tourism development the goal is to become a destination, which is a cluster of attractions, accommodations and services that define the “tourism experience.”

There is a growing amount of literature on business that stresses the use of cluster development processes as a means of achieving competitiveness in the global economy. Cluster development techniques as a means of leveraging a value-added tourism economy have been implemented quite successfully worldwide. In the field of tourism development, clusters are defined as geographic areas where an entire tourism experience takes place, such as Macchu Pichu/Cusco or Nusa Dua in Bali.

*Clusters are a group of tourism resources attractions, infrastructure, equipment, service providers, and supporting sectors and administrative bodies whose integrated and coordinated activities contribute to providing customers with the experiences they expect from the destinations they choose.*⁷⁰

Competitiveness is created via the creation of local clusters and these clusters must be competitively positioned in the international marketplace, by taking action to deliver a differentiated, authentic and satisfactory tourism experience that takes advantage of the specific cultural, historical and environmental resource attractions of the nation. As is noted in the World Bank report on *Tourism in Africa, the creation of highly competitive product through good management of natural and built tourist assets is most likely to convince the industry to market one country over another in the global marketplace.*

As tourism has grown internationally, primary attractions have become increasingly diversified. Sun and sand is still the focus of most cluster developments. Countries such as Mexico continue to cash in on this market, and their model of large scale sun and sand tourism cluster development is unparalleled in terms of taking unknown destinations and generating a competitive market position for them. But this market is increasingly saturated. As a result, sun and sand resorts have had to constantly reinvent themselves to avoid being under-sold and out-competed by new destinations. This “product differentiation” process drives the market for new unspoiled destinations. For example, while Greece, Spain and the Mediterranean islands were

⁷⁰ World Tourism Organization Business Council, October 2000, *Public Private Cooperation, Enhancing Tourism Competitiveness*, Chapter 5

once the dominant players in the sun and sand market, they have become over-built and “touristy”, as a result they must now compete with the less spoiled coasts of Kenya, Thailand and Sri Lanka.

Product differentiation has accelerated dramatically in the last 10 years, because of the availability of information on travel destinations on the Internet, the explosion of interest in special interest travel, and the rapid diversification of small and medium sized companies seeking to serve special interests both in source and destination markets. As sun and sand becomes increasingly saturated, niche market attractions have seen excellent growth. The activity preferences of the market help to define what primary attractions take off. In the last 15 years, ecotourism has become an increasingly well-defined niche in the travel marketplace, which is estimated to be about 5% of the total global travel market in 2002. Box 3.1 defines the preferred activities of the ecotourism market.

The active interest of travelers in seeing wildlife has made national parks, wildlife reserves, and areas with wildlife some of the developing world’s most bankable attractions, particularly important for tourism in Africa. Other primary attractions, such as slave castles, have become part of a new differentiated market that has helped establish Ghana as a major destination.

Box 1.3.1.1 Ecotourism preferred activities

Common denominators across all geo-regions are that there is a strong interest in the natural environment, experiential vacation, and learning. There is a particularly high interest in:

- *Admiring and viewing natural scenery* (~70-85%)
- *Wildlife viewing* (~40%-70%+)
- *Hiking/walking* (~20%-60%, usually on the higher end)
- *Guided interpretive tours* (50%-60%+)
- *Visiting parks and protected areas* (e.g., rated 1st or very highly by all international vacationers)
- *Learning about nature or culture* (70%+)

Secondary Trends: There is a strong **adventure, cultural, and learning component** in most geo-regional markets⁷¹

In short, national tourism strategic planning and implementation needs to be extremely focused on securing primary attractions and creating clusters of tourism services around these attractions. Increasingly the most successful planners worldwide and their clients are focusing on the creation of tourism clusters and designing efforts that revolve around ensuring that all the tourism delivery services necessary – infrastructure and services – are targeted at reinforcing these clusters. Once even one cluster is successfully developed, the outflow of revenues can then be applied to expanding the model throughout the nation and improving more areas for a broader tourism development strategy.

Best-Practice Model Sustainable Tourism Development Policies

⁷¹ Epler Wood et al, 2003, *A Review of International Markets, Business, Finance & Technical Assistance Models for Ecotourism in Developing Countries*, International Finance Corporation, Washington, D.C.

Developing countries around the world are faced with growing challenges to both conserve their primary tourism assets while promoting economic growth, with limited budgets at their disposal. This balancing act requires vision that can only be achieved via participatory, consultative processes. The countries of South Africa and Ghana have both undertaken thorough efforts to analyze their mission for tourism development and policies in the last 10 years via participatory planning processes to achieve extraordinary success at making tourism a highly important economic development tool that is directly targeted at benefits for their citizens. Their planning efforts have resulted in economic opportunity for local people and the preservation of primary natural and cultural assets.

South Africa Policies

When South Africa re-emerged into the tourism market, after the end of apartheid was declared, the country completely restructured its approach to tourism development by developing a white paper on the *Development and Promotion of Tourism* in 1994. A Tourism Task Team was appointed to represent business, the labor movement, community organizations, and national and provincial government. Subsequent country-wide workshops gained comment from over 500 people, plus 100 interviews with key stakeholders were held and over 100 written submissions received. A Ministry of Environmental Affairs and Tourism (DEA&T) was founded in 1994 as one of 21 South African Government Departments to act as a lead agency for tourism policy and planning.

South Africa's tourism and environment sectors appear to be unusually well integrated. There is a clear breakdown of roles for different levels of government, with a well defined set of responsibilities laid out. There is commitment to careful planning of tourism in protected areas as an economic engine for the nation with regulatory mandates for the monitoring of environmental impacts. There are nationally mandated and funded programs to offer community partnerships with business and training for community members to be trained for developing small ecotourism enterprises through public private partnerships. South Africa's tourism policies are profiled in Box 3.2.

Box 1.3.2 South Africa Ecotourism Legal and Policy Case Study

1. Ministry of Environmental Affairs and Tourism (DEA&T)

- Raises profile of tourism industry
- Develops sector's potential to create wealth and generate employment
- Links management of tourism with critical environmental products, and formulates a cohesive development strategy that includes environmental monitoring, regulation and impact assessment
- Coordinates ministries with impact on tourism
- Facilitates creative and strategic interaction between tourism policy and policies guiding land management, water, energy and other natural resources

2. DEA&T has a Tourism and Resource Management Branch

- Mandate is to create conditions for responsible tourism growth and development
- Promote conservation and development of natural and cultural resources
- Promote enhanced safety and quality of environment
- Provide accessible environmental and tourism information for sound planning and decision making

3. Tourism Law Reform

- Identify legal obstacles, gaps and changes required for tourism development to prosper
- 2001 Tourism Amendment Act
- DEA&T to create national database of tour guides and code of conduct for all activities
- Facilitate entry of disadvantaged sectors of the community into tour guiding sector
- Review of international tourism guidelines
- Financial assistance for the development of a national sustainable tourism plan

4. Protected Areas and Tourism

- Movement toward concessioning private sector to handle commercialization opportunities, along with stringent integrated environmental management process.

5. Business Support

- DEA&T and Tourism Enterprise Program with Business Trust to identify and develop partnerships and synergies between emerging business, communities and corporate initiatives. 4000 enterprises are likely to benefit. Training through a National Qualifications program for unemployed and those already in tourism sector targeting the qualification of 10,000 individuals.

Source: UNEP Biodiversity Planning Support Program Case Study, Institute of Natural Resources S. Africa (2001)

Ghana Policies

Ghana presently receives approximately 400,000 tourists per year, and yet just 10 years ago tourism was considered to be in its infancy in the country, and policies were just beginning to be established. Ghana presently is targeting increasing tourism arrivals to 1 million to make tourism the largest employer in the country after agriculture and retailing. And they seek to, “establish Ghana as the homeland for Africans in the Diaspora.” Ghana faces very similar challenges to Sierra Leone in that it “is a high cost destination, with poor infrastructural development, inadequate and weak human resources, limited marketing, inadequate incentives and a lack of capital.”⁷² Ghana’s Ministry of Tourism current Mission, Aims, Objectives, and Accomplishments are found in Box 6.3. They provide a very relevant road map to Sierra Leone.

Box 1.3.3 Ghana Ministry of Tourism & Diaspora Relations Policies 2006

MISSION STATEMENT

The Ministry of Tourism and Modernization of the Capital City exists to ensure the development and promotion of tourism and improvement of the capital city on a sustainable basis. This objective aims at optimizing the socio-economic growth and positive environmental impact for the benefit of deprived communities in particular and the country at large.

AIMS AND OBJECTIVES

- To upgrade the standard, quality and effectiveness of tourism marketing to reach the goal of increased tourist arrivals and receipts (foreign exchange earnings and revenue)
- To facilitate the development and Modernization of the Capital City in order to attract tourists and investment.
- To improve the standard and quality of human resources and provide quality training in the tourism sector on a sustainable basis.
- To ensure the up-grading and expansion of the stock of tourism attractions, facilities and supporting basic infrastructure on a sustainable basis.
- To promote domestic tourism in order to foster cultural cohesion and national integration as

⁷² Ghana Tourism Strategic Plan 2007

well as the re-distribution of income.

- To improve tourism management information system to ensure tourism development and promotion, particularly in the rural areas.
- To improve the standard and quality of tourism services particularly on small and medium scale enterprises towards wealth creation.

ACHIEVEMENTS

- Completed a Strategic Action Plan (2003-2007) which is being implemented
- Pursuing a program to redevelop EREDEC Hotel in Koforidua into a National Hospitality & Tourism Training Academy.
- Completed eight (8) survey work (Cadastral plans) out of 14 priority sites identified as part of creating land banks to facilitate private sector investment in the tourism sector.
- Reviewing tourism policy towards revision of tourism legislation.
- Produced domestic and international tourism marketing plans.
- Awarded contract for the regeneration of Bukom Square and James Town old harbour as part of Modernization of the Capital City.
- Organized the 2005 Panafest/Emancipation Day celebration which attracted many Africans and African Americans from the USA, Europe and Africa.
- The Ministry in collaboration with Nature Conversation and Research Center, Ghana Heritage Conservation Trust, Wildlife Department and Peace Corps Volunteer Service is developing 19 community based eco-tourism projects towards conservation of the natural resources and creation of employment within the communities.⁷³

The Gambia Tourism Policies

The Gambia is a mainstream sun and sand destination with 100,000 visitors in 2004. Over 55% of its exports are related to tourism. The Gambia's hotel and tour industry has been under pressure for some time to lower rates, as their tourism product is not differentiated adequately from other mainstream sun and sand markets, and the country is too dependent on low-cost charter tourism primarily from the United Kingdom. Gambia's situation is not very comparable to Sierra Leone – nor is it desirable, but it is frequently mentioned as a model Sierra Leone **does not want** to replicate.

In the last 10 years, The Gambia has sought to redress some of the problems with its tourism industry, in particular the lack of benefits it generates for the “informal economy” of the country. There was a great deal of mistrust between the mainstream tourism “formal economy” and the individuals trying to make a living off tourists outside the hotel and the problems were escalating. Tourists were being habitually accosted by individuals seeking to sell services, and this was having a negative impact on the hotel trade.

The Responsible Tourism Partnership delivered to the country a *Responsible Tourism Policy for the Country* that seeks to address these tensions and replicate some of the successes of South Africa's efforts to develop tourism that is pro-poor and takes advantage of the cultural and natural diversity of the country. The Gambia's fledgling *Responsible Tourism Policy* hopes to help The Gambia diversify away from its dependence on low cost beach tourism and build a higher value product that trades on establishing a more responsible tourism economy. The goals of the Responsible Tourism Policy are found in Annex X.

⁷³ <http://www.ghana.gov.gh/governing/ministries/economy/tourism.php>

