

**United Nations Industrial Development Organization  
(UNIDO)**

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Statement by

His Excellency Mr. Ernest Bai KOROMA  
President of the Republic of Sierra Leone  
At the 12<sup>th</sup> General Conference of UNIDO

Vienna, Austria

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Mr. Chairman

✓ Honourable Vice President of the Republic of South Africa  
Honourable Prime Ministers and Head of Government of the  
Republic of Guinea  
UN PRIME MINISTERS  
Honourable Ministers  
Director-General of the United Nations Industrial Development  
Organization  
Distinguished Representatives of the United Nations Family  
Distinguished Representatives of the Economic Community of  
West African States  
SOCI. GEN. OF M.A.D.  
Distinguished Ladies and Gentlemen

I bring to you all the greetings and deep gratitude of the Government and people of Sierra Leone for the opportunity to address the 12<sup>th</sup> General Conference of UNIDO. The choice of the topic of the Conference - *Growing Marginalization of Least Developed Countries (LDCs) in a Changing Industrial landscape* - could not have been more judicious having become the concern

and focus of the international community in general and governments in developing countries in particular.

Mr. Chairman, Ladies and Gentlemen

It is indeed a paradox that at a time when the world is experiencing an unprecedented increase in wealth creation, economic growth, and globalization, there should be so many of our developing countries that have entered the 21<sup>st</sup> Century as the poorest, very low in the Human Development Index and with the majority of its populations living on less than one dollar a day.

There are a number of reasons for this situation which continues to preoccupy the Least Developed Countries such as my own country, Sierra Leone. For instance, years after independence in 1961, our comparative advantage lay in a number of agricultural, agro-industrial, fishery, mining, and tourism activities. We were actively involved in global trade in a number of agricultural commodities such as cocoa, coffee, palm kernel, piassava, rubber, and ginger - all of which were important earners of foreign exchange.

Our mineral resources were and still ~~are~~ are vast and include diamonds, gold, rutile, iron ore, bauxite, titanium, chromite, coltran etc. Historically, these minerals were also the major foreign exchange earners for the country and provided jobs for a large proportion of our population. Today, however, the situation has dramatically changed with only cocoa appearing with any significance in the international trade statistics. Moreover,

Government's share of the revenues from the export of our mineral resources is disproportionately low and inadequate for sustainable re-investment into building the productive capacity of the national economy.

Our efforts at liberalizing trade have also failed to adequately address the challenge of developing our productive capacities even though currently Sierra Leone has very few restrictive trade regimes. We have undertaken rapid and extensive trade liberalization such that administrative barriers to trade have been significantly removed; in 2004 we adopted a fine Investment Code that gives all types of concessions to potential investors; and last but not least we have conducted a Diagnostic Trade Integration Study with Activity Matrix the implementation of which is ongoing. Despite these efforts at providing an environment that is conducive to foreign direct investment and private sector development, foreign direct investment when it has come into the country has gone almost exclusively to the extractive industries and export of the raw minerals. The result is that today, the manufacturing sector in Sierra Leone accounts for less than 2% of Gross Domestic Product.

Moreover, the country has had to increasingly depend on aid transfers which are a palliative to address immediate humanitarian needs. However, we now know that sustainable poverty reduction cannot be achieved with expressions of international solidarity alone. It also requires wealth creation and the development of domestic productive capacities such that productive employment opportunities expand. Productive capacity needs to be developed

through increasing reliance on domestic resource mobilization to finance our economic growth, reduce aid dependence and attract private capital inflows of the type that can support our development process.

Mr. Chairman, Ladies and Gentlemen

It is only by enhancing the national productive capacity for pro-poor economic growth and poverty reduction, that our poor countries can ever hope to reconstruct the export sector so that it can again compete in the global market by focusing on a few key products and commodities with high value-addition and great export potential.

Our magnificent beaches of unparalleled beauty continue to lie unexploited due to lack of investment that would bring that service industry into the tourism value chain with a huge potential for creating jobs, especially for our budding youth population. With the right type of investment, Sierra Leone can become the most attractive tourist destination in West Africa. The country's unique landscape, exotic flora and fauna, mountains and natural beauty together with its historic heritage, need to be revitalized and put in the value chain as a tourist destination that can create decent and productive jobs for young people.

In this we are delighted that part of the General Conference will be devoted to the critical problem of youth unemployment and security nexus in the Mano River Union countries of Sierra Leone,

Liberia, Guinea and, very soon, the Ivory Coast. The youth bulge in these countries and the high unemployment are a ticking bomb for those countries where, the number of young people without proper work exceeds 50%. This is not just a social disaster and a huge wasted economic asset. Ever-rising joblessness among youth and the desperation that accompanies it undermines the possibility of progress in those countries.

In these circumstances, our chances as developing countries to benefit from global production networks and global value chains are slim indeed as our existing production and trade structures continue to offer very limited opportunities in a rapidly globalizing world driven by new knowledge-intensive products with demanding conditions of market entry. At the same time, the rapid opening up in more traditional sectors will continue to expose our existing producers to an unprecedented degree of global competition.

Mr. Chairman, distinguished Ladies and Gentlemen

For our countries to derive maximum benefit from global production networks and global value chains, Governments and the international community would therefore need to effect a paradigm shift that places the development of productive capacities at the heart of national and international policies to promote development and poverty reduction in the Least Developed Countries. Such policy orientations should entail a production- and employment- oriented approach to poverty

reduction which would encompass, rather than be narrowly focused on, increasing social sector spending and achieving human development targets. It should also entail a development driven approach to trade rather than a trade-driven approach to development. This is because an approach to developing productive capacities which is simply trade-centric will not be sufficient for sustained and inclusive growth in our countries.

UNIDO as the United Nations agency with mandate to assist developing countries and economies in transition to industrialize is in a unique position to take the leading edge in effecting these paradigm shifts through its strategies of building the productive and trade capacities of the Least Developed Countries and economies in transition towards integration into the global economy.

I thank you for your attention.