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Small and Medium Scale Enterprises Development

A Strategy for Poverty Alleviation in Sierra Leone

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The field of economic development has, for quite some time now, been centred on the acute state of poverty in developing countries and in Africa in particular, and the question why most of these developing countries have lagged behind in overall development. This concern has triggered a lot of roundtable development discussions and conferences over the past few decades in which development-minded institutions like The World Bank and the IMF, and organisations like the UNDP, OECD including governments and various lobby groups like NGOs, etc, have all participated. Almost all of these gatherings culminated into a series of ‘Action Plans’ but more specifically, in the formulation of poverty reduction strategy papers (PRSPs) which are believed to provide the ‘guiding steps’ for the implementation of such programmes. These programmes are anticipated not only to lead to a multiplier effect in the general well being of the people but also to bolster economic development.

The development of small and medium scale enterprises (SMEs) has been recognised as one of these ‘guiding steps’ and germane for the alleviation of poverty in developing countries. This is due to its significance not only in the provision of income and creation of employment for the many people especially in Africa deemed ‘poor’ but also because of its potential to act as a buffer in terms of rural-urban migration. Based on an intensive eight months field research in Sierra Leone and extensive empirical analyses, this work (produced after 3 ½ years of investigation) has argued that the development of SMEs could indeed act as an effective strategy for the alleviation of poverty in the country. For war-torn countries like Sierra Leone, SMEs could also act as an effective absorptive mechanism for the reintegration of former combatants or rebels into the economy and the civil society. It is obvious from the results of the study that such policies can be applied also by other countries that are in a situation as ravaged by war.

The work has been neatly arranged into nine chapters with a series of appendices highlighting major findings. The introductory part of chapter 1 laid the foundation of the work while chapter 2 presented an overview of the Sierra Leone economy and the development strategies pursued since independence. The third chapter deliberated extensively on poverty and unemployment, while chapter 4 explained the poverty alleviation strategies in the country. Chapter 5 discussed SMEs in general and in the country in particular, including theories to explain the growth bottlenecks, and then also presented some empirical findings. The sixth chapter is based almost entirely on empirical analyses, presenting the contribution of SMEs towards the national economy and the alleviation of poverty in Sierra Leone, while chapter 7 provided explanations on the poverty dynamics and a small scale-based industrialisation process in the country. The determinants of successful entrepreneurship in the country rounded up the discussions in chapter 7. Chapter 8 presented the strategies and policy interventions for SMEs development along with a new agenda for action in the country, while the entire work is folded in chapter 9 with the conclusions and recommendations.

This dissertation work will be extremely useful to all those involved in the economic development of third world countries (development practitioners, experts from governments and international organisations, development economists, the aid community, and also churches and NGOs), or interested in knowing how SMEs could help achieve one of the declared goals of The United Nations Millennium Action Plan (Poverty) – which foresees that 13 years from now poverty is expected to have been halved. The author is firmly convinced that at the end, the expectations of the reader on ‘*why all this hullabaloo on SMEs as a vehicle for the alleviation of poverty in developing countries*’ would have been met.