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Sierra Leone's Packaging Industry: Improvements for Export Competitiveness

Introduction

Sierra Leone has long recognised that the poor packaging of its manufactured export goods is undermining the competitiveness of its products in global markets. Generally, across the main export sectors in retail and wholesale markets, agri-business and light manufactured goods, there has been an absence of a packaging aesthetic, as well as of the requisite standards to attract and retain the respect of discerning global consumers. This is not unusual for a Least Developed Country (LDC) such as Sierra Leone. In 2015 the Commonwealth Secretariat's Trade Division defined a project in partnership with the Ministry of Trade and Industry (MTI) and the Sierra Leone Import and Export Promotion Agency (SLIEPA) to increase the country's export competitiveness through improved product packaging of agri-processed goods and light manufactured goods.

Quality packaging improves competitiveness of products in global markets

The importance of the quality of goods to be consumed and of the packaging that protects them cannot be underestimated and is in fact paramount for their successful export to global and regional markets. Consumers of products and services – particularly in advanced markets but also increasingly in developing markets – have discerning taste. The aesthetic appeal of the packaging becomes a proxy measure of the quality imbued in a product. Consumers not only want the most aesthetically pleasing version of any product they purchase that they can afford (as a measure of 'value for money') but also prefer consistency, reliability and, in some cases, uniformity, depending on the product in question. In short, consumers want some certainty that they will enjoy a similar

experience each time they buy and consume a product. This has become a criterion for measuring satisfaction.

The need to ensure the quality of packaging has many aspects, not only in terms of functionality (e.g. does the packaging perform adequately under a variety of conditions?) but also in terms of ensuring that it meets relevant International Organization for Standardization (ISO) standards, such as ISO 17366 (product packaging efficacy).



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ISO certification provides global consumers with a high level of certainty that the product they are about to purchase is of the highest international standard in terms of safety and effectiveness. There are a number of other standards that are applicable to various sectors of the economy, such as GLOBALG.A.P., which is a farm assurance standard of good agricultural practice. Many global supply chains used in the retail supermarket industry demand GLOBALG.A.P. standards of suppliers.

The Commonwealth technical assistance project in Sierra Leone focused on those standards that must be communicated via the packaging itself and that convey minimum standard information to the consumer or intermediary. The project did not consider to a significant extent those many important standards that are not required to be communicated in this way, as quality assurance and standards per se were outside the remit of the project, although it was very important to keep them in mind in terms of general awareness-building during consultation processes with stakeholders. Additionally, a number of other donors¹ in Sierra Leone had operationalised projects that were attempting to address the quality assurance capacity issue, particularly in the agricultural sector. This provided ample opportunity to align the outcomes of the Commonwealth project with those of other interventions on the ground.

Effective packaging solutions need to be backed by promotional strategies to enable small and medium-sized enterprises (SMEs) to enter into and survive global competition. Where suitable packaging materials are unavailable on domestic markets, SMEs import packaging materials in limited quantities and are frequently faced with shortages and high prices. They then resort to inappropriate types of packaging, which leads to loss of market. According to the Food and Agriculture Organization of the United Nations (FAO),² 25 per cent of Sierra Leonean consignments of smoked fish air-freighted to the United Kingdom are detained, with 70 per cent of them – with a retail value of £240,000 to £390,000 – destroyed at port of entry. The main reason for the detention was 'packaging is inadequate.'

The Trade Competitiveness Section at the Commonwealth Secretariat determined that development of packaging resources in Sierra Leone could not be undertaken in isolation from that of the goods being produced. It is very clear that downstream issues in the production value chain for any product will influence the quality of the good produced. There is little point in helping SMEs to develop striking, effective packaging if the quality of the product is inferior, which could be the case for a variety of reasons, such as poor storage, handling, processing techniques, etc. To ensure the successful delivery of all aspects of the packaging project, some attention would need to be given to checking and improving the quality of the goods themselves. Otherwise, end users and consumers could easily become disillusioned with products that did not live up to the message conveyed by the packaging. This viewpoint was confirmed by the diagnostic and needs assessment of the SMEs in question.

Country context

In recent years, Sierra Leone has faced the challenge of shocks that have seriously affected the country's economic productive capacity and development agenda. These were the collapse in the iron ore price and the Ebola virus. The Ebola virus epidemic started in March 2014, and resulted in thousands of lives lost and the implementation of national quarantine provisions, which seriously curtailed agricultural production and business transactions across the country. The Ebola virus epidemic was officially declared over in November 2015. The commodity price collapse and the huge disruption caused by the epidemic resulted in the country experiencing a drop in its gross domestic product (GDP) of nearly 21 per cent in 2015. In April 2015, the World Bank³ found that the three countries in which the Ebola epidemic occurred would together lose at least US\$2.2 billion in economic growth that year. In 2017, Sierra Leone had started to see signs of recovery in the economy, with the International Monetary Fund (IMF) predicting growth of 5.4 per cent in 2017, up from -20.6 per cent in 2015.⁴

Sierra Leone is an LDC, with a largely agrarian economy, and is dependent on commodities such as diamonds and other minerals for its foreign exchange.

The economy is undiversified, with low human capacity development, and consistently records low ratings on indices such as the Human Development Index. To the country's credit, it has transitioned from a post-conflict country to a relatively stable one, with a democratic governance structure that has withstood the vagaries of highly emotive election campaigning processes over the past 15 years.

In Sierra Leone, SMEs are engaged mainly in food production, agro-processing and light manufacturing, mainly for trade in domestic markets, including tourism. Trade contributes 30 per cent of Sierra Leone's GDP,⁵ with 11 per cent from exports,⁶ mainly of raw materials. The private sector faces a costly business environment, with a lack of access to affordable loans, an unreliable power supply, poor logistical services, high transport costs and high taxes. These factors act in concert to create a particularly difficult business environment for SMEs, to limit SMEs' ability to engage in quality value addition and to undermine export competitiveness.⁷

Packaging: a cross-cutting issue with the potential to open up many sectors of Sierra Leone's economy⁸

Evolution of packaging functions: packaging is a co-ordinated system of preparing products for safe, efficient and effective handling, transport and distribution, storage, retailing, consumption and recovery, and reuse or disposal, combined with maximising consumer value, sales and profit. Packaging therefore plays a vital role in value chains; it is not merely wrapping a product and putting it on the market. Packaging is technology that encloses

and protects a product in its journey from the source of production to its end use/the consumer, via transportation, warehousing, logistics and sale. Increasing consumer demands and aesthetic preferences have triggered a classification of the functions and roles of packaging into four categories (Table 1). With technological advances, the evolution of packaging has witnessed a broadening of its functions from the basic ones of containment, protection, convenience and marketing to include newer roles. The emerging roles include tracking and tracing the product (using barcoding and radio frequency identification technologies); communicating the changing state of the product within the package; anti-counterfeiting (such as packaging designed to include authentication/tamper-proof seals, which prevent material substitution); increasing the shelf life of the product, in the case of active packaging that incorporates antimicrobials; and improving communication with the consumer about the product and its status before the product is unpacked.

In terms of packaging methods, growing health, safety and environmental awareness has triggered a growth in cost-effective, lightweight, green and safe packaging. The emerging packaging approaches include moisture-proof packaging, tamper-evidence packaging, blister packaging, vacuum packaging, gas flush packaging, aseptic packaging, retortable⁹ packaging, shrink packaging, strip packaging, skin packaging and use of biodegradable materials. Despite the variety of packaging materials generally available in the global market place, Sierra Leone primarily utilises paper, corrugated cardboard, plastics, glass, metal, wood and textiles.

Table 1: Evolution of packaging function

Protective function	Convenience function	Psychological function	Graphic function
Product protection against:	Easy to open	Attraction	Design
• shock/drop	Easy to store	Communication	Colour
• pressure	Easy to reclose		Image
• vibration	Reusability		Text
• heat	Easy to handle		
• moisture	Easy to inspect		
Offers:	Easy to dispose		
• cushioning	Recyclability		
• support			
• weight distribution			

A diagnostic and needs assessment

SME needs

As part of the project, a diagnostic and needs assessment of a sample of companies requiring assistance with packaging was undertaken. This analysis revealed that packaging is a weak link in the value chain of many products exported by SMEs in Sierra Leone. Sierra Leone does possess some packaging capability, but there are only a few converters and they offer a narrow range of packaging solutions to the marketplace. There is, furthermore, a dearth of capacity in packaging design, testing and processes. There is also a lack of skilled knowledge in the domestic market regarding the importance of packaging and its ability to improve the quality and appearance, and therefore the competitiveness, of export goods.

Packaging designers

Packaging design for most SMEs is limited to the production of labels by graphic artists, print houses or plastics companies. A number of SMEs with small export volumes of moringa, cassava, baby food and lemongrass products have engaged overseas professional packaging designers for their products. Sierra Leone needs domestic packaging designers trained to understand and blend visual, informational and structural packaging design elements for branding that makes the packaging an extension of the product. Short-term training and degree-related training (especially of existing graphic artists) are essential to develop packaging design capacity in Sierra Leone. This will make local graphic design resources much more accessible to the majority of SMEs, which will in turn help to develop the packaging industry.

Range of packaging materials

In Sierra Leone, plastic materials are produced locally,¹⁰ and constitute 85 per cent of packaging materials used in the country, 53.5 per cent being polypropylene (PP) sacks with or without liners or lamination, which provide a strong, moisture-resistant package and firmness to limit damage during storage and transportation, and 31.3 per cent being sachets. Paper-based packaging materials are rare and are usually imported. Corrugated cartons and PP sacks are packaging solutions that feed into the export and domestic sale of a wide range of products.

Findings of the needs assessment report

The diagnostic and needs assessment report recommends a targeted educational programme or campaign to raise awareness of SMEs and current packaging operators, as well as a focused training programme for designers to improve their skills in packaging design delivery. This is essential if Sierra Leone is to transform itself from a country with poor packaging to one that can take pride in Sierra Leonean goods in the international market place and, importantly, increase market share.

The diagnostic and needs assessment revealed that developing the packaging industry in Sierra Leone will require:

- the development of a simple packaging policy to promote investment in the packaging industry;
- focused attention on ensuring compliance with international standards for the products inside the packaging by strengthening the country's Standards Bureau;
- support for the development of a trade packaging association that can fight for the rights and needs of the packaging industry and help its members to comply with packaging quality standards to meet export specifications.

Packaging industry strategy: an action plan

As part of the project, a strategic action plan (SAP) was produced, identifying packaging as a weak link in the value chain of many products exported by SMEs in Sierra Leone.

The SAP addresses specific packaging need areas and proposes a set of work programme activities that, when implemented effectively, will produce results to boost the export competitiveness of SMEs engaged in agro-processing and light manufacturing. The implementation activities involve educational and learning opportunities to ensure end user ownership processes and results, especially in women-led SMEs in the agricultural sector. Linkages are available for business development services that can lead SMEs to affordable loan/grant opportunities. There is also a focus on strengthened regulatory capacity to provide guidance on the use of

biodegradable packaging materials to support SME access to global export markets, while protecting the environment and consumer health.

The SAP has a strong focus on empowering SMEs by supporting the development of a cadre of professional packaging designers and by providing clear guidelines on choosing packaging solutions and on good manufacturing processes and good hygiene practices, which should support SMEs to penetrate global markets. Advocacy activities are also important to showcase the experiences of SMEs (especially women-led SMEs) and encourage policy-makers and development agencies to pay attention to the issue of providing better packaging solutions for wealth creation.

Three-day training module delivered to increase the capacity of SMEs

Training was offered to increase the capacity of key stakeholders to engage with the requirement for improved packaging solutions, with the aim of improving the quality of packaging used in export products.

The training module was hosted by SLIEPA from 31 August to 2 September 2016. The training objectives were to:

- increase SME knowledge and understanding of packaging concepts and applications;
- encourage SMEs to invest in improved packaging solutions for increased market access;
- expose SMEs to the practical application of packaging solutions by established local businesses exporting to regional and global markets (field visits were undertaken accordingly).

The learning objectives for the participants were to:

- work with packaging designers to ensure use of communication elements and barcodes that increase market access for their products;
- make more informed decisions when choosing packaging materials;

- make more informed decisions when choosing packaging equipment to match specific products and packaging materials;
- invest in appropriate packaging solutions to produce export-ready packaged products.

There were 25 participants in the training module. All participants were from SMEs in agro-processing and light manufacturing that are already involved in value addition through the use of packaging in production processes.

A pre-course evaluation of participants was undertaken, which revealed that all the participants knew that good packaging was required for most products. However, most participants had a very limited knowledge of what was involved in the various aspects of packaging.

Outcomes of the training

- Participants improved their knowledge of packaging and modern trends in labelling.
- Participants learned the minimum requirements for labelling.
- Participants gained an appreciation of a range of packaging materials and the basic processes involved in their production.
- Participants gained an understanding that various stages of the supply chain require different forms of packaging (primary, secondary and transit or distribution packaging).
- Participants acquired a knowledge of legal and market requirements in the development of packaging.
- Participants gained an understanding of how to use elements of effective branding (colour, shape, symbols, words, images and typography) to increase product appeal.
- Participants gained an understanding of barcodes and their benefits in trade.
- Participants gained an understanding of how packaging can be used to communicate important information about the product in a stylised and/or shorthand form.

Commonwealth technical assistance: pathway to developing a sustainable packaging industry

Methodology and approach: a step-wise approach was taken, as follows:

1. Stakeholder consultation: is the problem really what we think it is? Are there other, more pertinent issues that require attention/resources to increase agri-processed goods exports?
2. Diagnostic and needs assessment of SMEs.
3. Value for money approach: will the proposed intervention provide the best return on money spent to improve the packaging industry?
4. Design of the SAP with interventions and activities to improve the capacity of key actors and agencies to respond.

The SAP, when implemented, will address key constraints and propose activities and interventions that, collectively, will result in increased export competitiveness, particularly for SMEs engage in agri-business and light manufacturing.

The overarching objective of the project has been to identify the components of the current packaging landscape and provide a catalyst to initiate the emergence of a packaging industry that will help to build the competitiveness of the country's SME products in global export markets.

A sustainable vision for the industry will involve putting in place components of a future programme or government initiative to ensure businesses access to a variety of packaging solutions.

Key recommendations

SLIEPA should build a coalition of stakeholder projects and agencies that can provide trained SMEs with starter packs offering affordable access to improved packaging solutions (materials and user-friendly packaging machinery) as the basis of efforts to increase market access.

Identified stakeholders should create a graphic design association/collective, with the support of SLIEPA. The collective would comprise a group of designers who would collaborate to try to increase the professionalism and raise the standards of the

industry. With only approximately ten designers working in this field in Sierra Leone at present, new entrants to the industry need to be encouraged.

Conclusion

Clearly, Sierra Leone will be able to transform market access into market presence only if it is able to offer goods that meet the quality and standards required at a competitive price. This requires paying attention to the packaging of potential export goods and ensuring that the skills and other resources needed for the production of these goods are available to maintain quality. In an era of heightened globalisation and the prevalence of global brands, businesses that fail to understand the critical importance of effective packaging do so at their own peril. This project sensitised SMEs to and raised their capacity to understand the importance of effective, appropriate packaging for building export competitiveness. The implementation of the SAP should further develop the domestic packaging industry, providing Sierra Leonean businesses with a wider range of packaging supply options.

End Notes

1. For example, the UK Department for International Development's Sierra Leone Opportunities for Business Action (SOBA) programme.
2. FAO Fisheries Circular No. 981, Rome, 2003.
3. <http://www.worldbank.org/en/topic/health/brief/world-bank-group-ebola-fact-sheet>
4. <http://www.worldbank.org/en/country/sierraleone/overview>
5. Based on the IMF's GDP forecast for 2012 and United Nations Comtrade data.
6. World Bank Sierra Leone Diagnostic Trade Integration Study Update.
7. Sierra Leone National Export Strategy 2010–2015.
8. Summarised from Packaging Strategic Action Plan 2016, with input from Treglor Consulting Ltd, Ghana.
9. Using a retort pouch, which is a flexible pouch, usually made of aluminium laminated foil, filled with a food product and designed to withstand the temperatures and pressures of sterilisation. This is used as an alternative to traditional industrial canning methods.
10. The plastics industry in Sierra Leone: Super Holdings, Milla Group and Shakenders.

Trade Competitiveness Section

The Commonwealth Secretariat's Trade Competitiveness Section (TCS) of the Trade, Oceans and Natural Resources Directorate provides technical assistance (TA) to member countries for improving their trade competitiveness in global markets. Recognising the limited size of the domestic market in many member countries, TCS has a strong focus on export development, with interventions targeted at the national level and where requested, escalated to the regional and international level. The Section has been recently given added responsibility for implementing the Commonwealth Secretariat's Trade Finance Facility in their work program.

TCS's specific areas of expertise include:

1. **Market Access** – Interventions in this area of work aim to secure sustainable market access for priority exports. The Section is helping member states in identifying 'New Products and New Markets' and developing schemes around them to diversify their exports. TA is being provided to many countries on targeted action plans for linking into regional and global value chains. The Section is also helping the member states in their multilateral, regional as well bilateral trade negotiations.
2. **Export Development Strategies** – This initiative supports member countries to design and implement strategic plans for trade competitiveness and export development, underpinned by mechanisms for effective dialogue with governments and non-state actors. National Trade Policies as well as National Export Strategies have been designed for many member states.
3. **Enhancing the development and exports of services** – Exports of services can provide opportunities to create employment, diversify exports, enhance productivity and empower low skill workers. This area of work allows member governments to benefit from the new opportunities created by globalisation and trade liberalisation.
4. **Trade Facilitation** – Trade facilitation encompasses the process of identifying and addressing bottlenecks imposed by the weakness in trade related logistics and regulatory regimes that prevent the timely cost effective movement of goods. To deliver this short term outcome, interventions focus on assisting member countries to reduce the costs of doing business and, as signatories to the WTO, to meet their international obligations in this area. Interventions are made through the development of strategic action plans, benchmark studies and reports, and capacity building in trade facilitation.

The Trade Competitiveness Section works in response to the requests received from the governments or apex institutions and provides technical assistance to address the above competitiveness issues. Areas of expertise include export diversification strategies; gender sensitisation of trade policies; implications of trade agreements and related policy advocacy; implications and compliance to WTO agreements; GATS and Trade in Services Agreements; Mega FTAs like Trade in Services Agreement (TiSA), Economic Partnership Agreements (EPAs), etc; trade facilitation measures and Trade Facilitation Agreement (TFA) along with cost of compliance to the TFA. For 2015/16, the Section is providing TA to 14 countries with 19 projects.

Trade Express shares information and lessons learned from recent Commonwealth Secretariat interventions. Articles discuss design and implementation processes; in particular, practical solutions for the perennial problems surrounding appropriate trade policy design, implementation capacity gaps, advocacy and strategic trade interventions.

Forthcoming issue

Issue 8: Botswana 'Aid for Trade' – matching donor disbursement to national development priorities

'Aid for trade' has become an important vehicle to assist developing countries improve their trade competitiveness and benefit from the expansion of global markets. The benefits of a liberalised trade regime can however only be fully realised in an economy with efficient infrastructure linking local producers to domestic regional and global markets and with a regulatory environment that encourages a vibrant private sector.

Previous issue



Issue 6: Developing Robust Export Credit Agencies to Promote Exports

It is imperative to address the structural weakness in export development and consequently modify the institutional framework for export credit. The Trade competitiveness section at the Commonwealth Secretariat provided technical assistance to Sri Lanka's SLEIC agency to develop the export credit tools to boost exports in the country.

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