



Sierra Leone: An Investor's Guide June 2019

A Private Sector Perspective on the Investment Landscape



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In October 2014, the UK Foreign and Commonwealth Office held a briefing for the business community on its actions to support the Government of Sierra Leone during the Ebola crisis.

Following that briefing, a group of financial and professional services firms based in the UK came together to provide pro bono support for the UK Government as it assisted the Government of Sierra Leone to defeat an outbreak of Ebola. The group of firms, known informally as the “City Ebola Taskforce”, produced this Guide to address “aversion behaviour” on the part of investors by presenting a private sector voice on the opportunities for investment in Sierra Leone. This Guide has been made available in consultation with the Government of Sierra Leone, the UK Department for International Development (DFID), the World Bank and the Africa Governance Initiative.

The contents of this publication are, to the best of our knowledge, current at the date of publication, and are for reference purposes only. They do not constitute legal or investment advice and should not be relied upon as such. Specific professional advice about your specific circumstances should always be sought separately before taking any action based on this publication.

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Ours is a country of great promise
and potential. I look forward to
welcoming you to our country.

His Excellency Julius Maada Bio,
President of Sierra Leone



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Official Statement of President Julius Maada Bio

Sierra Leone is committed to establishing a diversified and resilient economy by creating a conducive environment for private sector growth. We have created an investment board co-chaired by me and the Vice President to facilitate the investment process and provide necessary after-care for investors. We have revamped the regulatory and legal framework to protect investments. We have significantly simplified and shortened the process of registering, establishing, and running a profitable business in Sierra Leone and we continue working to revamp various related institutions. We have clarified and simplified the multi-sectoral incentives for private sector investments.



We continue to clamp down heavily on corruption because we believe that corruption stifles good business and good governance. The Millennium Corporation Challenge, an independent United States Foreign Agency, recently assessed the country as scoring 71 from a low 47 just a year ago. We have established strong macro-economic fundamentals and multilateral partners, including the World Bank and International Monetary Fund, have re-established relations and expressed confidence in our capable handling of the economy. We will continue to invest purposefully in infrastructure and strongly favour investments in renewable energy. Our priority is opening up our entire country to diversified private sector growth.

Sierra Leone continues to enjoy peace and we have had five successive democratic elections and three peaceful transfers of power to democratically-elected presidents. We maintain the advantage of location with a long Atlantic coastline and the deepest natural harbour in the region and we have recently expanded port facilities. With rich mineral deposits, a lush landscape traversed by rivers, pristine beaches and islands, and a rich marine

area, we encourage private sector investment in agriculture and agribusiness, tourism, fisheries, and mining.

Labour is readily available in Sierra Leone with an active youthful population including 51% of women. We have invested heavily in human capital development with access to free quality education and industry-specific vocational skills training for young adults. The objective is to increase the pool of highly skilled young workers in the country. I have established a Directorate of Science, Technology, and Innovation in the Office of the President in order to seed, test, and scale technology for private sector growth, governance, research and education, and public service delivery.

We have developed a comprehensive medium term development plan that lays out our country's development priorities in understandable clusters. We want to work with development partners and the private sector in realising the best outcomes. We acknowledge that there are challenges, but my government is determined to continue working diligently to make Sierra Leone an easier and better place to do business.

This revised edition of the Guide gives an independent account of recent and upcoming developments that will help propel Sierra Leone towards realising its full investment potential. It provides a unique insight into the numerous opportunities on offer. Ours is a country of great promise and potential and we are offering win-win outcomes to all our investors.

I look forward to welcoming you to our country.

His Excellency Julius Maada Bio,
President of Sierra Leone

Foreword by the Secretary of State for International Development, Rory Stewart MP



Sierra Leone is a country with huge potential: Passionate people, some of the most stunning landscapes in the world and some formidable new businesses.

Shaped by its proud history and a home for freed slaves - but ravaged by civil war and the Ebola epidemic - it has much to teach the world about resilience, recovery and resolve.

There are many reasons to be optimistic. The country's assets - its natural resources, fertile farming land and deep natural harbour - provide the foundation for Sierra Leone's economic transformation.

Many international firms are already part of this story.

These include Miro Forestry, a British business dealing in sustainable timber. It is planting 11.3 million trees across 21,000 hectares of land that had been almost completely deforested. Food producer Dole is investing up to \$40million in a pineapple plantation and canning plant which should bring Sierra Leonean-grown fruit to supermarket shelves around the world. The UK Government's own development finance institution CDC Group has made Sierra Leone a priority country and invested nearly \$100million in businesses in the last four years.

These investments are creating jobs, raising revenue and supporting the country's economic development.

There are, of course, many challenges - from corruption to lack of energy and other infrastructure. This Guide provides a comprehensive, realistic and practical account of the hurdles to overcome - and they can be overcome.

The UK does not have all the answers but, like Sierra Leone, we firmly believe that private sector investment is key to unlocking a country's potential. This requires the humility to listen. We must listen to the communities who have tended

their land for generations, to the young, dynamic people trying to make their way in the world and to the businesses trying to create much-needed jobs.

These partnerships are at the heart of what UK Aid from the Department for International Development is achieving in Sierra Leone. For example, our programme to install nearly 100 solar-powered mini-grids to provide energy in rural areas relies on working together.

We worked with communities to understand their needs, we worked with the Government to set clear rules and energy tariffs and we worked with the private sector to attract international firms to maintain, operate and invest in the grids. As a result, health centres have electricity, so midwives can deliver babies at night, homes will have power, so children can study after sunset and entrepreneurs can use the energy to set up businesses and earn an income.

What is good for development is generally good for business and vice versa.

The UK's private sector development programme Invest Salone will continue to create partnerships like this - working with the Government, investors and firms to tackle some of the constraints and improve the ease of doing business. Together, we aim to identify and create opportunities that Sierra Leoneans are ready to grasp.

I hope that this Guide will widen and deepen these partnerships that are critical for our shared prosperity. This is vital if we are to stop talking about Sierra Leone's potential and start realising its success.



Department
for International
Development



Foreign &
Commonwealth
Office

Joint Letter from Herbert Smith Freehills LLP, Standard Chartered Bank and Prudential plc

We are delighted to have worked together to produce this guide to investing in Sierra Leone, highlighting the opportunities the country offers, providing context for potential investors and outlining resources that potential investors can draw on.

As global businesses with a long-standing commitment to Africa in general - and Sierra Leone in particular - we are passionate about supporting Sierra Leone in its goal of reaching middle-income status. While challenges remain, the country offers a range of underlying growth and investment opportunities.

The financial and professional services sector has an important role to play in supporting the building of stronger banking, insurance and legal frameworks in Sierra Leone. We are absolutely committed to working with the Government of Sierra Leone and international partners and investors to help the country achieve its full potential.

We hope that this Investor Guide will serve as a useful resource for all those with an interest in helping Sierra Leone on its path towards economic growth.



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Introduction

Having benefited from political stability since 2002, Sierra Leone's economy was outperforming both West African and pan-African averages in the four years before the country was struck by an outbreak of Ebola. Since Sierra Leone was declared Ebola-free in November 2015, there has been a sustained policy focus on encouraging FDI (in particular, to displace foreign investor "aversion behaviour" associated with the crisis) with the goal of returning to the previous growth trajectory.

Although there are challenges to commercially viable investment in Sierra Leone, the country offers significant investment potential across a myriad of sectors. Whilst its strength is traditionally recognised as being in its mineral reserves, the country is rich in other natural resources, including agriculture and fisheries. Opportunities also exist in energy, infrastructure and tourism.

Sierra Leone has a strategically advantageous location on the Atlantic coast of Africa, bordered by Liberia and Guinea, with one of the largest natural harbours in the world. Freetown's port lies almost equidistant between Brazil and major northern European ports, such as Rotterdam and Hamburg. This gives the port, and Sierra Leone, significant commercial advantages.

This Guide provides a practical and realistic approach to investment in Sierra Leone, addressing critical background factors affecting both investment choices and the likelihood of success, including governance, the rule of law, business and human rights, dispute resolution, and finance and banking. The Guide also addressed are the regulatory and legal structures, including those relating to foreign investments, and key pieces of legislation governing doing business in Sierra Leone.

As well as considering the legal and institutional frameworks which already exist or are being put in place to support Sierra Leone's development as an investor-friendly jurisdiction, the Guide also covers the current plans and policies of the GoSL to address institutional or regulatory impediments to economic growth.

The opportunities and obstacles, as well as features of the legislative, regulatory and institutional framework, are considered in the context of Sierra Leone's key sectors, including energy, natural resources, infrastructure, tourism, and agriculture and fisheries.

We hope you find this Investor Guide useful.

Part I

Investing in Sierra Leone

This section sets out Sierra Leone's investment climate, key opportunities and challenges for investors in the country, an overview of the market and the legal framework for FDI.

2017

Population

7.56m

Area

72,300km²

GDP

US\$3.8bn



Sierra Leone at a Glance

Country Facts

Population: 7.56 million (estimate at mid-year 2017, World Bank); 7.09 million at last census (2015). Around 42.1% of the population live in urban areas with an estimated 3.1% annual rate of urbanization and around 42% of the youthful population is aged 0 to 15 years old (2019, MTNDP).

Geography: Situated in West Africa. Bordered to the west by the Atlantic Ocean, to the north and northeast by Guinea and to the south and southeast by Liberia.

Area: 72,300 km².

GDP: US\$3.8 billion in 2017 (World Bank). Sierra Leone was hit by two shocks in mid-2014: the Ebola epidemic and sharply declining iron ore prices. As a result, economic indicators have deteriorated sharply since the outbreak. In spite of initial signs of recovery in 2016 (6.3%), growth moderated to 3.7% in 2017 primarily due to slow recovery in iron ore production and reduced government

funding for infrastructure investment. Following the March 2018 presidential election, according to a June 2018 World Bank report, the medium-term outlook is somewhat more positive, with growth projected to increase to 5.0% in 2019 and 6.5% by 2020. Fiscal deficit GDP ratio has dropped from 8.7% in 2017 to 5.4% in 2018 as a result of control on expenditure and mobilisation of domestic revenue.

Currency: Leone (Le) (SLL)

Official language: English

Core industries: *Agriculture & marine* (key crops, such as rice, sugar, oil palm and cocoa, as well as fisheries and agribusiness functions relating to trading and/or processing. The industry is dominated by small-scale subsistence farming but shifting towards commercial exports); *diamonds* (according to the most recent statistics available from SLIEPA, over 204,000 carats were exported in 2017 and over 372,000 carats were exported from January to June 2018), *iron ore* (one of the world's largest iron ore deposits in Sierra

Leone contains an estimated 12.8 billion tonnes), *rutile* (the world's largest reserves, producing an estimated 167,600 tonnes containing titanium dioxide in 2017), *gold* (producing approximately 188 kg in 2016) and *bauxite* mining (including the country's Port Loko deposit, which contains 100 million tonnes of bauxite reserves). *Tourism* is another key sector in the country, with potential to tap into Sub-Saharan Africa's US\$116.9 billion tourism industry.

Key exports and imports: Sierra Leone's main exports are in the mining and agriculture sectors. In 2014, iron ore accounted for approximately 60% of Sierra Leone's annual export revenues. This fell to 15.8% in 2016, as iron ore price growth remained volatile, and processed crustaceans emerged as Sierra Leone's largest single export (representing 17.7% of export revenue in 2016) with diamonds retaining a historically high proportion at 13%. In 2017, iron ore exports saw a slight revival and increased to 25% of total exports, followed by titanium ore at 16.8%.¹ Other major non-mining exports include cocoa, coffee and fish. Sierra Leone's main export partners are Belgium-Luxembourg, Netherlands, Romania, China and the US (see the **KEY SECTORS** section for more detailed information).

Sierra Leone's imports are varied but include rice (14.7%), machinery and transport equipment (largely relating to mining and oil investment projects) and cars (3.2%). Sierra Leone's main import partners are China, India, US, Belgium-Luxembourg, Netherlands, Turkey, Pakistan and South Africa.²

History & politics: Sierra Leone gained independence from Britain in 1961. From 1961-1998 the political system shifted between multi-party democracy, military rule and one-party rule. Sierra Leone has remained a multi-party democracy since

1998. The country emerged from a decade-long civil war in 2002. The Institute for Economics and Peace, a global think tank, ranked Sierra Leone in its Global Peace Index 2018: Measuring Peace in A Complex World at 35th in the world, out of 163 countries. This places the country as the most peaceful in West Africa, and the 3rd most peaceful in sub-Saharan Africa.

The Constitution recognises three branches of government: legislative, executive and judicial. Parliamentary terms last for five years and, according to the Constitution, the President may not serve for more than two terms, whether or not those terms are consecutive.

The President at the date of publication, His Excellency Julius Maada Bio, is serving his first term, having been elected in 2018, winning 51.8% of votes cast. His party, the Sierra Leone People's Party, also holds 48 of the 132 nationally-elected seats, with the All People's Congress holding 68 seats. 12 additional seats are filled in separate elections by paramount chiefs (non-partisan Members of Parliament, who represent each of Sierra Leone's districts, besides Freetown). A total of sixteen parties took part in the 2018 elections. The next elections are due to be held in 2023.

Foreign aid, debt and debt management: The country remains largely dependent on foreign aid. As of at 31 December 2018, external debts stood at US\$1.5 billion. Domestic debt stands at Le 4.9 trillion (US\$636.4 million). On average, a total of Le 110 billion is used to service debts monthly and debt service payment plus salaries constitute about 85% of domestic revenue collected.

The country benefits from the support of various international agencies, including the **UNDP**, the **World Bank**, the **UK**

Department for International Development (DFID) and the **US Agency for International Development**.

Debt management is a key policy of the GoSL. In 2018, the GoSL reports that it has cancelled three loan agreements totalling over US\$1.5 billion on the basis that they constitute a significant risk for debt sustainability. The GoSL plans to continue to link the borrowing ceiling to its medium-term debt management strategy; limit the external financing of social services to grants and reform the institutional and legal framework for access to external and domestic debt for the central and local governments and other public bodies.

There is a desire within Sierra Leone to diversify the economy through fostering trade and investment, in order to move away from reliance on foreign aid. The GoSL is looking to achieve this shift by taking advantage of the changing context of rising global production costs, emerging consumer markets in Africa and rising global food demand.

Government Executive

The GoSL is led by a President elected directly by the people and who is also the Head of State and Commander-in-Chief of the armed forces.

Within the GoSL, the **Ministry of Trade and Industry** has oversight of policies relating to domestic and international trade. **SLIEPA** is responsible for policies to improve the investment climate, promote local and export trade and encourage the development of small-to-medium-sized businesses. SLIEPA has thus far focused on FDI in key economic sectors including agriculture, marine resources, mining, energy and tourism. The GoSL has announced its intention to launch a National Investment Board.

¹ These export statistics are based on analysis by Atlas Media of UN COMTRADE and BACI International Trade Database data.

² These import statistics are based on analysis for 2017 by Atlas Media of UN COMTRADE and BACI International Trade Database data.

A system of local government was established by the Local Government Act 2004. It comprises 19 councils: five city councils, one municipal council and 13 district councils. The Decentralisation Secretariat was established under the World Bank's Institutional Reform and Capacity Building Project to promote decentralisation.

Legislature

The Sierra Leone Parliament (comprising the President, the Speaker and members of Parliament) is vested with legislative power by s105 of the Constitution, and acts as the law-making body in Sierra Leone. The President has supreme executive authority under s40 of the Constitution, which is exercisable by him or by members of his Cabinet, Ministers, Deputy Ministers or public officers. The President is able to issue executive orders which, under s170(7) of the Constitution, are required to be laid before Parliament, published in the Gazette on or before the day they are laid before Parliament, and come into force at the end of a twenty-one day period of being laid before Parliament, unless annulled by Parliament by at least two-thirds of the Members.

Rule of Law Constitution

Sierra Leone's Constitution contains certain investment protections, such as the right not to be deprived of one's property, described further below. There are numerous provisions that uphold the separation of powers between the legislative, executive and judicial branches of government.

The Supreme Court has power to rule on all matters relating to the interpretation of the Constitution and in relation to any question concerning whether Parliament, or any other authority, has exceeded its powers. Parliamentary Committees also have a duty to investigate the

activities and administration of the executive Ministries.

There have been disputes over the interpretation of the Constitution. It is generally accepted that the 1991 Constitution requires amendment in order to better reflect the values, and aid the ongoing development, of Sierra Leone as a modern and stable democracy. From 2013 to 2015, supported by the UNDP, the Constitutional Review Committee undertook a review of the 1991 Constitution which involved extensive stakeholder consultation, and civic dialogue and education. The recommendations of the Constitutional Review Committee have not yet been implemented. The GoSL has committed to examining the report of the Constitutional Review Committee and revisiting the White Paper issued by the previous government with a view to giving effect to the recommendations where practicable.

Transparency and Accountability

Sierra Leone is a party to the UN Convention Against Corruption. Domestically, the **National Anti-Corruption Commission (ACC)**, established under the Anti-Corruption Act of 2000, as amended in 2008, is the body responsible for investigating allegations of, and educating the public on, corruption. According to the GoSL, it has a 100% conviction rate and, in 2018, has recovered over US\$1.5 million of funds lost through corrupt practices. In March 2008, Sierra Leone ratified the African Union Convention on Preventing and Combating Corruption, five years after it became a signatory. As at the time of publication, the Sierra Leone Parliament was amending the ACC Act, including to strengthen the ACC's prosecutorial powers and to ensure mandatory recovery of alleged misappropriated monies upon conviction. In addition to the reforms, a new anti-corruption court has been established. The court is a new division of the High Court,

with five judges who will sit purely on corruption cases. Since coming into power, President Maada Bio has indicated the GoSL's intention to use international anti-corruption agreements to combat the misuse of government funds.

Sierra Leone registers on the 2019 US Millennium Challenge Corporations' Control of Corruption Scorecard at 71% for Control of Corruption (up from 49% in 2017). In the MCC's AfroBarometer Corruption Perception Index, Sierra Leone dropped from over 70% in 2015-2017 to an all-time low of 43% in 2018. Similarly, according to AfroBarometer Corruption Perception survey of 2018, citizens' belief in the GoSL's effort in the fight against corruption jumped from 40% to over 66% in 2018.

Sierra Leone scored an average of 3.0 out of 6.0 for transparency, accountability, and corruption in the public sector ratings (where 1.0 indicates low transparency levels and 6.0 high transparency levels) on the World Bank's Country Policy and Institutional (CPI) Assessment from 2014 to 2017. In 2017 (the latest ranking at time of publication), Sierra Leone ranked 130 out of 180 in CPI, with a score of 30/100.

While there is still work to be done, it is encouraging that Sierra Leone has maintained its improved CPI ranking over recent years. The 2017 Index put Sierra Leone ahead of 20 other sub-Saharan African countries including common investment destinations such as Nigeria and Kenya. On a global level, Sierra Leone's ranking surpasses many other emerging investment markets.

Sierra Leone has made significant efforts to regulate the procurement process to ensure transparency and accountability in public procurement. The **NPPA**, which was established under the Public Procurement Act of 2004 (repealed and replaced with the Public Procurement Act of 2016), is mandated with the task of overseeing and

monitoring procurement across MDAs and local councils, building capacity and assisting with policy formulation. The NPPA has made significant reforms to the public procurement system, creating regulations to support the implementation of the Public Procurement Act, developing user-friendly manuals for compliance with the regulations, and producing standard bidding documents and requests for proposals. The NPPA does not have enforcement powers however it can refer any cases of non-compliance with procurement laws to the ACC. The GoSL has outlined in the MTNDP plans to make the procurement process easier and more transparent, including by migrating to an e-procurement system.

Sierra Leone's **Audit Service**, established in 1998, works to ensure greater accountability, efficiency and effectiveness in the distribution and use of public funds. In 2014, the Audit Service had its mandate to audit and report on all public accounts of Sierra Leone extended. Its remit covers all public bodies including central and local government and the judiciary. The Service has the power to disallow unlawful expenditure and recover monies due through litigation. The GoSL has indicated in the MTNDP its intentions to strengthen the Audit Service, including to ensure greater implementation of the Audit Service's recommendations, to support the Audit Service in fulfilling a significant role in the socio-economic development of the country.

The Right to Access Information Act 2013 was implemented in 2013, providing access to information held by public bodies. The Right to Access Information Commission, which is a partner of the Global Partnership for Sustainable Development Data, was established in 2014. Following this, the Open Data Portal was launched in May 2015, facilitating access to information on economic recovery and public services as well as open contracting data, budget data and

data on development assistance. In March 2017, Open Data 2.0 was launched, a key objective of which is to promote more sustainable and long-term transparency from within the GoSL and to encourage the use of the portal by Chief Technology Officers within many ministries who will be responsible for managing and uploading data.

Business and Human Rights

Sierra Leone is party to numerous international and regional human rights treaties which may be relevant in the commercial context, including the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Convention Against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, the Convention on the Elimination of All Forms of Discrimination against Women, the Convention on the Rights of the Child, the International Convention on the Elimination of All Forms of Racial Discrimination and the African Charter on Human and Peoples' Rights. Chapter III of the Constitution concerns the "Recognition and Protection of Fundamental Human Rights and Freedoms of the Individual".

Human rights concerns have been identified in a number of areas, including in relation to gender equality, rights relating to sexual orientation, labour rights and land acquisition along with sector-specific concerns such as mining conditions. Despite the fact that Parliament has twice unanimously passed the Safe Abortion Bill, a bill which would legalise abortion, the bill was not signed into law. At the time of writing there have been no further updates in respect of this bill.

However, steps have been taken to enhance human rights protection, with steady improvement being seen since the civil war ended in 2002, including through the establishment of the Sierra Leone Human Rights Commission in 2004 with

a mandate to protect and promote human rights across the country. The Commission is accredited by the UN's Office of the High Commissioner for Human Rights and has been active in investigating human rights concerns. The Commission advises the GoSL on draft legislation which may impact human rights. It has also played an active role in the constitutional review process launched in July 2013. Individuals may report concerns of human rights violations directly to the Commission.

In 2013, following a public inquiry into human rights concerns, the Commission partnered with human rights institutions in Denmark and Ireland to develop Guidelines for Monitoring Human Rights and Business in Sierra Leone. The Guidelines are intended to be used by the GoSL, District Human Rights Commissions and civil society to promote respect for human rights in business activities. The Commission submitted the country's eighth edition of the annual report to the UN Human Rights Council's Universal Periodic Review in October 2015. In January 2016, the second cycle Universal Periodic Review took place at the 24th Session of the United Nations Human Rights Council. The GoSL noted 31 of the recommendations provided during the review, including six in respect of LGBTI issues, 18 concerning Female Genital Mutilation and harmful traditional practices, four on the education of pregnant girls, and three regarding gender equality.

In 2018, GoSL has appointed five new commissioners to ensure gender and regional representation. The GoSL has reported an increasing number of complaints to the Commission which it considers indicative of increased trust in the Commission. The GoSL intends to identify a rights-based approach to business and is actively considering how it can promote and protect foreign investment consistent with human rights obligations through its policies and legal institutions.

In addition, the [National Commission for Social Action](#) has been active in promoting the rights of those with disabilities in Sierra Leone, providing rehabilitation grants to over one thousand conflict victims, including amputees. Legislative reforms include the Persons with Disability Act 2011, which transposed the UN Convention on the Rights of Persons with Disabilities into domestic law; gender justice laws; and the Child Rights Act 2007. The first report on the status on implementation of the UN Convention is in the process of being finalised.

The GoSL is currently examining the work of the Constitutional Review Committee, which was launched in 2013 (supported by the UNDP) and concluded in January 2017. The cross-stakeholder Constitutional Review project aimed to identify weaknesses in the 1991 Constitution in order that it could be aligned with international human rights norms.

Frameworks like the UN Principles on Responsible Investment (UNPRI), together with other standards set out in soft law instruments such as the Equator Principles and IFC Performance Standards and the hard law frameworks provided in the EU's Non-financial Reporting Directive and the 2015 Paris Climate Accord, are driving greater levels of responsible investing in developing economies. Some of the investors in Sierra Leone have published policies on sustainability and/or human rights which refer to alignment with these various international standards and others such as the UN Guiding Principles on Business and Human Rights.

Such measures have also added to the complexity involved in environmental, social and governance (ESG) compliance, as the regulatory environment matures.

It is important to note that irrespective of the number of new rules adopted to combat corruption and promote human rights, it will be the degree to which those

rules are applied and enforced which will determine success in these areas.

Dispute Resolution Law and Courts

Sierra Leone has a two-tiered legal system based on the English common law model. Outside of Freetown and the Western Area, local customary law also applies. The court system comprises two levels, the Superior Courts (High Court, Court of Appeal and Supreme Court) and the Lower Courts (Magistrates Court and Local Courts). The High Court consists of a number of divisions, including the Fast Track Commercial Court (FTCC). The Court of Appeal deals with appeals from the High Court. The Supreme Court is the country's final appeal court.

Civil proceedings are normally commenced by a writ of summons or originating summons filed together with a statement of claim at the High Court or District Registry. The time between issuance of a writ of summons and the start of a trial can be up to three months and the length of time from trial to final judgment can extend to over a year. Proceedings often advance at a slow pace due to frequent adjournments and procedural issues. The Ebola outbreak caused further delays within the courts system, leading to an increase in the already substantial backlog of cases.

The FTCC was established in 2010 with the aim of reducing the time taken to resolve commercial disputes. Whilst the efficiency of the new Court was impeded by the Ebola crisis, there are two FTCC courts in operation with three full-time judges. Ensuring effective and efficient justice delivery is a priority of the GoSL. In the MTNDP, the GoSL highlights a target by 2023 of ensuring that the number of cases awaiting judgment for six months or more is considerably lower than in 2018.

Foreign investors can access the court system, although it has historically been criticised as potentially subject to financial and political influence. The Justice Sector Reform Strategy and Investment Policy 2015-2018 (JSRSIP III) established by the government of Sierra Leone set out various planned system reforms to increase the efficiency and integrity of the justice system. The GoSL has indicated its intention to revisit this reform strategy to bring about further improvements. The GoSL has suggested that a "national dialogue" on justice be convened, in order to discuss reforms and how to make the justice sector more effective. It has also indicated that family and small claims courts will be established in all parts of Sierra Leone to deal with family and neighbour related cases, debt, consumer complaints and low-level land and property disputes in order to free up the Magistrates and High Courts to deal with more-complex cases. The UNDP and the UK have recently supported judicial reform projects in Sierra Leone with similar objectives and the GoSL has expressed its commitment to working with the World Bank, the Open Society Initiative for West Africa (OSIWA) and other partners to identify funding to support the GoSL's investment in this area. The GoSL's strategic aims for the justice sector are set out more fully in the MTNDP.

The judiciary is headed by the Chief Justice, who, along with other judges of the Superior Courts, is appointed by the President on the advice of the Judicial and Legal Services Commission. Each appointment is subject to Parliamentary approval. Before appointment, judges must have been permitted to practise as counsel in Sierra Leone (or a country with an analogous legal system) for 10, 15 or 20 years for the High Court, Court of Appeal and Supreme Court respectively.

Foreign Judgments and Foreign Law

The Sierra Leonean courts may recognise foreign judgments emanating from particular jurisdictions which recognise Sierra Leonean court judgments. Specifically, the Sierra Leonean courts have reciprocal enforcement arrangements with Ghana, Nigeria, Guinea and Gambia. UK judgments have been recognised in the past although there is no reciprocal arrangement between the UK and Sierra Leone.

In order to enforce a foreign judgment in Sierra Leone, a party must apply (with supporting evidence) to the High Court for registration of the judgment. Judgment debtors are entitled to apply to set aside the registration. Investors should note that the court may refuse to register a foreign judgment which is within the scope of the legislation in certain circumstances, including where the originating court did not have jurisdiction, in cases of fraud, where the judgment debtor had insufficient notice of the proceedings, or where enforcement would be contrary to public policy.

Generally, as a matter of practice, Sierra Leonean courts do not apply foreign law. The courts may hear evidence on foreign law but are not obliged to do so. If the application of foreign law cannot be proven by the party concerned, the Sierra Leonean courts will decide the case according to the Sierra Leonean *lex fori*.

Application of International Law by the Sierra Leonean courts

Sierra Leone has a dualist system and as such international law is not directly applicable domestically. International law must first be implemented before it can be applied by the national courts.

Arbitration

In Sierra Leone, arbitration is governed by the Arbitration Act, Chapter 25 of the Laws of Sierra Leone 1960 (Cap 25).

Under the Arbitration Act, the High Court of Sierra Leone will stay proceedings where there is a valid arbitration submission/clause providing for arbitration, provided it is satisfied that there is no sufficient reason why the matter should not be referred to arbitration, and that the party applying for the stay was and remains ready and willing to do all acts necessary for settlement of the matter through arbitration.

An award of an arbitral tribunal seated outside of Sierra Leone can be registered with the High Court and may then be enforced as if it were a judgment of the High Court of Sierra Leone, provided that it has become enforceable in the same manner as a judgment of the court in the place where it was made and subject to the permission of the court. Investors should note that the court may refuse to register arbitral awards in circumstances such as fraud, insufficient notice, or where enforcement would be contrary to public policy. The experience of the Sierra Leone courts with enforcement of foreign awards is limited and enforcement may not therefore be straightforward.

The Sierra Leone Parliament has approved the accession of Sierra Leone to the New York Convention, although to date, no instrument of accession has been deposited with the UN Secretary General and Sierra Leone is not a party to the Convention. The Law Reform Commission has drafted a modern Arbitration Bill. It is possible therefore that Sierra Leone may accede to the New York Convention in the near future, with the obligations therein implemented by a new arbitration law.

Sierra Leone's accession to the Convention was one of the key recommendations generated by a wide range of stakeholders at Sierra Leone's inaugural Commercial Law Summit in March 2017. Accession to the Convention promotes foreign investment by sending a strong signal to

the international investment community that the contracting state will uphold the parties' choice to resolve disputes by arbitration without potential interference from local state courts, and will enforce foreign arbitral awards in a consistent and predictable way. It can also benefit Sierra Leonean parties to international contracts (including the Sierra Leone state) by decreasing the cost of enforcement risk which is often factored into commercial terms. It can obviate the need for Sierra Leone parties to agree that the home courts of a foreign investor shall resolve disputes.

Finance and Banking Banking Facilities

Sierra Leone's banking system is overseen by its central bank, the [Bank of Sierra Leone](#). Fourteen commercial banks operate in the country.

All commercial banks are headquartered in Freetown. Accounts can be held in foreign and domestic currencies. While automatic teller machines are available in Freetown and other parts of the country, credit cards are not widely accepted. Transfers of over US\$10,000 in value must be sent through the banking system with the objective of ensuring transparency.

Banks cannot lend in foreign currencies, which is a limitation on local business expansion. This can in turn impact the supply chains of large foreign-run businesses.

Foreign Exchange

Currency can be freely converted in Sierra Leone, subject to availability. The Leone is not pegged to a foreign currency and has a floating exchange rate. The Leone has been subject to depreciation since mid-2014 due to declining inflows from the mining sector and, from mid-2015 onwards, a winding-down of Ebola-related donor inflows. Accordingly, the official US\$/SLL exchange rate has

moved from approximately Le 4,310 in August 2014 to approximately Le 8,600 in February 2019. Typically the US dollar trades in the unofficial, parallel currency market at a premium of 5-10% to the official exchange rate. The continued dollarization of the economy affects the exchange rate.

The Bank of Sierra Leone conducts weekly foreign exchange auctions limited to transactions in non-cash US\$. The minimum and maximum amount a single bidder can purchase are determined by the Bank and published in the relevant auction announcement. Only commercial banks operating in the country are entitled to take part and foreign currency purchased through the auction must be used for imports of goods.

The GoSL proposes to take a number of steps to reduce foreign currency demand in order to stabilise the exchange rate and halt depreciation of the Leone. It intends to reduce as much as possible off-shore foreign exchange transactions and compel all remittances and foreign disbursements to be paid through the domestic banking system. It has also indicated a renewed effort to enforce existing regulations including a ban on carrying out domestic transactions in foreign currency. The GoSL is finalising regulations that will address issues such as currency swapping with key trading partners, hoarding of foreign currency in homes and paying Daily Subsistence Allowance in the currency of host countries. Steps to expand domestic production and reduce import dependence are also intended to help stabilise the exchange rate and commodity prices.

Access to Credit

The [World Bank's Doing Business 2019 Report](#) ranked Sierra Leone at 161 out of 190 economies for "getting credit". The category was assessed by reference to (a) movable collateral laws (that is the strength of legal rights of borrowers and

lenders in secured transactions) and (b) credit information systems (the sharing of credit information).

In terms of specific scores on the strength of legal rights, with a score of 5 out of a possible 12, Sierra Leone ranked on a par with Norway (5/12) and above regional comparators such as Ethiopia (3/12), but sat below Nigeria (9/12), Kenya (10/12) and Rwanda (11/12) amongst others. A higher score on the strength of legal rights indicates that collateral and bankruptcy laws are better designed to facilitate access to credit. Along with 17 other countries in Sub-Saharan Africa, Sierra Leone's score on the depth of credit information index is zero. Although the Credit Reference Act (CRA) 2011 does provide the legislative framework for the Bank of Sierra Leone to operate an interim Credit Reference Bureau Unit, where such units are not operational or cover less than 5% of the adult population on the depth of credit information, the World Bank Report scores the country at zero for this category. The World Bank Report does not cover access to credit more generally. Since 2016, the United Nations Capital Development Fund (UNCDF) and the UNDP have been working with Sierra Leone to improve financial inclusion. In September 2018, the implementation of the Kiva Protocol initiative, on which the GoSL have partnered with the UNCDF, the UNDP and Kiva (a US non-profit organisation), was announced. The project aims to create a nationwide digital identification system to help citizens build credit histories and access financial services. In further steps to improve financial inclusion, the GoSL is engaged in a project to build the national payment switch. The project will expand financial services accessibility, including through electronic forms of intermediation by ensuring integration of commercial bank systems to the benefit of customers.

The lending interest rate in Sierra Leone was reported at 17.92% in 2017, according to the World Bank.

Taking Security

The Borrowers and Lenders Act 2014 applies to security interests in moveable property, establishing the framework for lenders to register charges on the borrowers' moveable assets. Security by way of fixed or floating charge can be taken over any class of assets, including land, receivables, cash and shares.

The legislation provides for priority by date of registration and contains provisions in relation to the enforcement of such collateral. The charge and instrument must be registered with the Corporate Affairs Commission within 21 days of the date of its creation. There are few restrictions on the timing and value of enforcement of security. However, there is no guarantee that secured creditors will be paid first, and a creditor cannot enforce against an insolvent debtor without the court's permission.

It should be noted that the Act's scope appears to be limited to "lenders", which are defined as commercial banks or other financial institutions licensed by the Bank of Sierra Leone. The framework established by the Act brings structure to an area which to date has been unclear. It is hoped the Act will continue to improve access to finance and provide lenders with the confidence that their collateral over movables has a solid legal framework supporting it, as was evidenced by the 2017 launch of the Collateral Registry. Reform to expand the scope of the legislation to include registration of immovable assets (see [KEY LEGISLATION AFFECTING BUSINESSES IN SIERRA LEONE](#)).

There have been reforms in Sierra Leone to strengthen the market for security, expanding permissible security to include both future assets and replacements for already secured assets, and establishing a public credit registry to facilitate lenders' credit checks.

Anti-Money Laundering

Sierra Leone is not on the Financial Action Taskforce list of countries suffering from strategic deficiencies in AML provision, but was identified as a jurisdiction of concern in the US Department of State 2015 International Narcotics Control Strategy Report due to a combination of its position as a strategic sea port and a lack of restrictive border controls.

The Anti-Money Laundering and Combating of Financing of Terrorism Act was enacted in 2012, criminalising terrorist financing (and the failure to report such financing), introducing AML compliance requirements such as “Know Your Customer” and other verification checks, and imposing record-keeping requirements.

The Act also established the FIU, which has wide investigatory powers in respect of money laundering and suspicious transactions. The Terrorism Prevention Regulation 2013, which deals with the freezing of funds in accordance with UN Security Council Resolutions 1267 and 1373, was passed in October 2014. Revised guidelines on preventing money laundering and terrorist financing for both financial and non-financial institutions have been issued by the FIU and the Bank of Sierra Leone.

The [Intergovernmental Action Group Against Money Laundering](#) in West Africa (GIABA), which was established by ECOWAS in 2000 and works towards the development of AML strategies in the region, last reported on Sierra Leone in May 2015 (the 12th follow-up to the 2006 Mutual Evaluation). Its report highlighted the progress made by the enactment of the Anti-Money Laundering and Combating of Financing of Terrorism Act 2012, and the Terrorism Prevention Regulation 2013. It also identified positive developments in the supervision of, and training in, AML compliance, led by the FIU and in inter-agency cooperation to combat money laundering and terrorist financing activities. The latter is a result of the FIU setting up the

AML/CFT Inter-Agency Intelligence Coordinating Committee, which comprises the FIU and the leading intelligence and law enforcement agencies.

While headway has been made, Sierra Leone’s efforts to attack money laundering and terrorism financing still fall short of international standards in certain respects. For instance, the US Department of State 2016 International Narcotics Control Strategy Report noted that the GoSL lacks the ability to freeze terrorist assets without delay. The next GIABA mutual evaluation site visit will take place in September 2019.

The FIU and the Central Bank have signed a Memorandum of Understanding to collaborate on AML/Combating Financing of Terrorism issues. In the MTNDP, the GoSL proposes to enhance the implementation of anti-money laundering laws and practices, and deepen collaboration with Interpol to track illegal finances abroad. The FIU continues its efforts to influence AML efforts: in March 2019 the FIU ran a three day workshop, supported by GIABA and the EU, on AML and combatting financing terrorism.

Inward Investment

In recent years, attempts have been made to: (i) increase the capacity of the professional wing of the Ministry of Trade and Industry and its role in coordinating all trade and business matters across the economy; (ii) make SLIEPA more functional and proactive in the promotion of investment and export opportunities; (iii) reduce interest rates to promote agriculture and small-scale business operations and the general development of the private sector; and (iv) promote PPPs in the provision of public services.

The MTNDP sets out a growth agenda, which aims to develop a value-added export sector. The GoSL is currently developing a National Trade and Investment Strategy, which will set out further details on this, along with its other

investment-related goals and broader strategic vision to make Sierra Leone Africa’s first Zero-Carbon middle-income economy by 2040, with competitive advantages in key sectors such as renewable energy, eco-tourism and organic farming. In March 2019, supported by the UN Economic Commission for Africa, an Inception Report on “Developing a National Trade & Investment Strategy to Support Economic Diversification, Competitiveness & Continental Integration” was published. This is the first deliverable of the Ministry of Trade and Industry in its project to design a National Trade and Investment Strategy geared towards “promoting and developing a robust and competitive private sector via a transparent trade regime; building capacity and infrastructure to increase participation in global trade; competitiveness; consumer protection; aid-for-trade (AfT) capacity; private investment, and migrant remittances”.

Liberal Investment Regime

The country had an overall ranking of 163 out of 190 countries in the [World Bank’s Doing Business 2019 report](#), down from 160 in 2018 and 148 in 2017. Although the country’s overall score (48.74) increased slightly (+0.15) in 2019 from 2018, the lower ranking is indicative of comparably more rapid improvement in scores in other countries. The report places Sierra Leone above the ranking of neighbouring Liberia.

Much higher than its overall ranking were Sierra Leone’s 2019 rankings in the categories of “starting a business” (55), where it ranked well above Ghana (108), Cameroon (92) and Nigeria (120); and “protecting minority investors” (89), where it was ranked on a par or above many developing country markets in sub-Saharan Africa as well as other emerging investment markets outside of the region, such as Vietnam (89) and the Philippines (132). Lower rankings included infrastructure-related criteria, such as

“getting electricity” (178) and “registering property” (167) and “dealing with construction permits” (182).

At the domestic level, there are few specific restrictions, controls, fees or taxes on foreign ownership of companies in Sierra Leone. Foreign companies can own Sierra Leonean companies (including outright) subject to certain registration formalities being completed.

An exception to this general rule applies to investments in mining of less than US\$500,000, which require a Sierra Leonean holding of 25%. Foreign and domestic investors are treated the same under the law regulating this area. Investors can also use foreign technical and unskilled workers in their businesses situated in Sierra Leone.

Changes brought in by the 2014 amendment to the Companies Act clarified the authority of the Corporate Affairs Commission to register share transfers and the approval of the Commission must be sought before a transfer of shares takes effect.

SLIEPA provides investors with information on how to register their businesses and assists with obtaining relevant licences and permits from the appropriate government department or agency. The GoSL has indicated that it intends to simplify this process by introducing a “single application point” within SLIEPA, and thereby provide a one-stop shop for investors and exporters seeking approvals, but it not yet known when this route will be available.

Investment Context

Sectoral restrictions

As detailed in the KEY SECTORS section, there are no sectoral restrictions on foreign ownership of Sierra Leonean assets or businesses (save in relation to foreign ownership of land).

Taxation

2019 Tax Rates are set out overleaf (figures calculated using an US\$/SLL exchange rate of 7000).

Insurance

Two World Bank affiliated risk insurance agencies operate in Sierra Leone: the African Trade Insurance Agency and the Multilateral Investment Guarantee Agency. Both agencies provide various kinds of insurance (including against political risk) to investors, suppliers and lenders.

Land Ownership

Foreign investors cannot own land outright in Sierra Leone but can take leases for terms of: not more than 55 years with an option to renew for a further term of 21 years (in most cases); or 99 years when the land is used for mining purposes (see the POLICY AND THE LEGISLATIVE FRAMEWORK section for further details on the land regime and ongoing reforms).

Repatriation of Profits

After the payment of taxes, profits earned by foreign investors may be freely transferred abroad. This includes dividends paid to a parent company incorporated outside Sierra Leone. Investors are also able to freely repatriate funds received from the liquidation of a business and awards from the settlement of disputes. Transfers of repayments of principal and interest on arm’s length third party loans contracted outside Sierra Leone and registered with the Bank of Sierra Leone are also allowed without restriction, subject to the payment of any withholding tax due.

Expropriations

There is no history of unlawful expropriations of property belonging to foreign investors in Sierra Leone and the law provides protection against them taking place (see the POLICY AND THE LEGISLATIVE FRAMEWORK section for further details).

Technology Transfer

There are no technology transfer requirements applicable to foreign investments in Sierra Leone. Investors are not required to invest in manufacturing, research and development, or service facilities in Sierra Leone in order to secure approval for major procurements.

Visas

Visa requirements applicable to foreign citizens vary depending on the purpose of their travel. A “Landing Visa” is required for entry into Sierra Leone unless the individual concerned is a citizen of a country which is a member of ECOWAS. Members include Benin, Burkina Faso, Cape Verde, Côte d’Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo.

A work permit is required for foreign individuals who wish to work in Sierra Leone. Visas and work permits may be obtained from Sierra Leonean diplomatic missions abroad. Visas can also be purchased at Lungi International Airport on arrival however it is advisable to obtain the relevant visa before travelling.

Consistent with the GoSL’s focus on building its tourism industry, the MTNDP identifies plans to provide visas on arrival, reduce visa costs for target markets and to review the comparatively high costs of travelling to Sierra Leone.

GoSL Approach

There is currently no standardised approach to FDI and foreign investors may find themselves dealing primarily or exclusively with a single ministry, which can present challenges for investors carrying out due diligence and cause delays where other ministries or stakeholders become involved at a later stage.

Nonetheless, dialogue between the GoSL and foreign investors is encouraged and the GoSL is striving to create a business-friendly regulatory reform agenda that

includes commercial land reform and which facilitates fast-track decision-making processes for exporters and investors. SLIEPA provides “investor aftercare” to support established investments and build long-term relationships with foreign investors in Sierra Leone.

Proposed GoSL initiatives (see the KEY LEGISLATION AFFECTING BUSINESSES IN SIERRA LEONE section) seek to improve the country’s investment climate.

Interaction with Local Communities

Investors in large-scale and potentially disruptive investment projects should be aware of the impact their investment may have on local communities in the areas affected. Foreign investors must be sensitive to the tension that can arise in cases where the effect of the investment on the local community involves, for example, relocation, forced evacuation, land degradation, and lack of community benefit and community participation. Consultation and engagement with local communities during the entire investment process (including before and after implementation) in cases of large-scale investment is therefore key to building a successful long term investment and avoiding tensions. Investors are advised to contact SLIEPA when exploring the investment opportunities, in order that SLIEPA can assist, including in identifying potential joint venture partners and facilitating community engagements and/or sensitization.

Workforce

Many of Sierra Leone’s professional classes left the country during or as a consequence of the civil war. However, a wide range of organisations are working on developing Sierra Leone’s human resources. The GoSL has placed human capital development at the centre of the MTNDP, which recognizes that the country can only transform the economy in a sustainable way, achieve middle income status and reduce poverty if the GoSL invests in human capital.

Corporation tax	Resident companies	Non-resident companies
Basic rate	30%	30%
Mining companies	30%	30%
Capital gains	30% (Subject to a minimum chargeable threshold of Le3.6m (US\$514) per annum or per transaction)	30% (Subject to a minimum chargeable threshold of Le3.6m (US\$514) per annum or per transaction)
Goods and Services Tax	15% (Applicable on most goods and services supplied by a registered business. The GST is subject to exemptions for exports of goods (excluding minerals) stores on vessels and aircraft leaving Sierra Leone and various exempt supplies including fertilizers, water, books and newspapers, education, pharmaceuticals, some passenger transport, crude oil and hydrocarbon products, land, local agricultural produce for manufacturing, buildings, public works and machinery; and for businesses with an annual turnover of less than Le350m (US\$50,000))	15% (Subject to exemptions for exports of goods (excluding minerals) stores on vessels and aircraft leaving Sierra Leone and various exempt supplies; and for businesses with an annual turnover of less than Le350m (US\$50,000))
Rental income	10% (Subject to an allowance of 20% for repairs and maintenance and a tax free threshold of Le3.6m (US\$514))	25% (Final tax for non-resident companies)
Dividends	0% (Dividends received by a resident company from another resident company are exempt from tax)	10% (Final tax for non-resident companies)
Interest	15% (Interest on government development stocks is exempt from tax)	15% (Final tax for non-resident companies)
Royalties	25%	25% (Final tax for non-resident companies)
Natural resource payments	25%	25%
Payments to contractors	5% (A taxpayer engaging the services of a sub-contractor will be held liable for all unpaid taxes, interests and penalties of that contractor)	10% (A taxpayer engaging the services of a sub-contractor will be held liable for all unpaid taxes, interests and penalties of that contractor)

In 2008, the Office of Diaspora Affairs was established to respond to the need to build capacity within the GoSL MDAs. Although the Ebola crisis affected the return of talented members of the diaspora to the country, such movement is likely to resume and gain pace in the medium term. The “Connecting Diaspora 4 Development Programme” for Sierra Leone, funded by the Dutch Ministry of Foreign Affairs, is aimed at engaging Sierra Leone professionals who are in the diaspora and residing in the Netherlands and other EU countries about development and capacity building in the health, agriculture and education sectors of the country. The programme, which builds on the work of the Temporary Return of Qualified Nationals (TRQN) project which preceded it, concluded in March 2019 and has seen diaspora professionals undertaking assignments and utilising their experience and skills in a variety of sectors.

The GoSL has recently reviewed the management and operation of the Office of Diaspora Affairs and concluded that its mandate should be realigned with the Ministry of Foreign Affairs and International Cooperation in order to make it more relevant to Sierra Leone’s developmental needs. The GoSL intends to establish a Directorate for Diaspora Affairs within the Ministry of Foreign Affairs to fulfil this aim.

Environmental Considerations

Sierra Leone is currently one of the lowest polluting countries in the world and is host to a large amount of biodiversity and wildlife. Environmental matters may be given weight in the decision-making process on the allocation of land and the potential for environmental damage of intended land use may be taken into consideration. There is a move towards increased environmental governance and management of forest resources and investors will need to be conscious of

protecting biodiversity hotspots and fragile ecosystems.

The GoSL is developing a strategic vision to make Sierra Leone Africa’s first zero-carbon middle-income economy by 2040 and, as part of that vision, is focusing on economies such as renewable energy, eco-tourism and organic farming.

The MTNDP recognises the need for environmental protection and GoSL has identified four broad policy considerations: (i) environmental governance; (ii) managing forest resources; (iii) ecosystem conservation, and (iv) environmental education. Since April 2018, the GoSL has centralised governance of the environment sector. The Environment Protection Agency Act is being reviewed by the Ministry of Lands, Housing and the Environment. The GoSL also reports that it has intensified the monitoring of industrial establishments for compliance with environmental laws and regulations.

Policy and the Legislative Framework Introduction to the Legal Landscape

Following the 2018 elections, the new government has begun to implement its New Direction manifesto and has developed the MTNDP. Both the manifesto and the MTNDP exhibit the GoSL’s growth agenda, which has at its core the aims of developing a modern, diversified economy, and ending Sierra Leone’s twin dependency on raw material exports from the extractives sector and foreign aid. Its key focus areas include job creation; improving access to quality education; empowerment of youth, women and the disabled; strengthening anti-corruption measures, improving accountability and transparency; increasing the efficacy and efficiency of public services and strengthening civic responsibility and national cohesion. The GoSL is seeking to create a “Democratic Developmental State” which will make economic development and the redistribution of the

benefits of economic growth the top priority. In this regard, the focus is on creating a positive business environment which can drive efficiency, affordable prices, high quality service delivery and increased employment. By extension, the fostering of trade through investment should assist Sierra Leone in moving away from previous over-reliance on donor aid. The GoSL hopes that leveraging new global FDI flows to Africa to develop a value-added export sector will help to create local jobs, revive the local private sector and fund sustainable programmes that should ultimately reduce poverty in the long-term.

An arrangement with the IMF was approved in June 2017. However, due to a long delay, the size of fiscal slippages and significant changes in the macro-financial environment, the June 2017 arrangement was cancelled. On 30 November 2018 the IMF approved a SDR 124.44m (approximately US\$172.1m) 43 month arrangement under the Extended Credit Facility. This enabled an immediate disbursement of SDR 15.555m (approximately US\$21.5) to Sierra Leone with the remaining amount to be phased over the duration of the programme, subject to semi-annual reviews. The IMF has indicated that the goals of the new programme remain focused on reducing inflation, mobilizing revenue to allow for necessary spending consistent with debt sustainability, safeguarding financial stability, and maintaining external resilience to shocks. Also in November 2018, the EU and the GoSL launched new projects worth €108 million. These projects are intended to support macroeconomic stability (€80 million, with a large proportion of this to be directly disbursed in instalments into the national treasury over the next three years, provided that pre-agreed conditions are met), government reforms, decentralisation and regional competitiveness in Sierra Leone.

The degree of success enjoyed by such projects remains to be seen.

Other positive steps taken to improve the investment climate include the enactment of the Companies Act and the establishment of the FTCC (see the SIERRA LEONE AT A GLANCE section) in 2010. The JSRSIP III, which covered 2015-2018, included a dedicated commercial law and justice pillar, with plans to strengthen institutional capacity, reform out-dated legislation such as land and labour laws, and accede to relevant international instruments. The GoSL has indicated its intention to revisit that reform strategy and further improve this area. Previous developments in this area included a consultation regarding the establishment of an Enterprise Risk Management Policy (commitment to which the GoSL renewed at the Commonwealth Conference on transparency in the public sector in Ghana in May 2018); the enactment of the LCA; and the publication of the NLP, covering issues from equitable access to land and taxation to the development of more sophisticated planning and land registration regimes. The new government is in the process of developing its economic strategy and priorities, which will include measures to implement the NLP and encourage affordable housing and public amenity development. Since his inauguration, President Maada Bio has acknowledged the importance of a regulatory environment that is transparent and predictable, which thereby provides a secure environment for investment and the growth of business.

The following sections provide an overview of the laws and regulations that affect the entry into and success of FDI within the country and the GoSL's legislative plans for the future.

Trade and Investment International Context

As described in the SIERRA LEONE AT A GLANCE section, the GoSL encourages FDI. Sierra Leone's schedule in the WTO's GATS details the full list of restrictions. These cover a range of professional services, auxiliary transport, internal waterway and rail transport and qualifications for establishing an insurance firm or a bank. Requirements imposed on foreign investors in these sectors take various forms and can include the establishment of partnerships or joint ventures with Sierra Leoneans, a minimum amount of assigned capital (usually twice that of a local firm), and a minimum number of years' experience in the relevant business.

Trade relations between Sierra Leone and the EU are governed by the Generalised System of Preferences (the GSP). The GSP removes import duties from products coming into the EU single market and for Sierra Leone's imports it applies on an "Everything but arms" (EBA) basis. The EBA scheme grants full duty free and quota free access to the EU Single Market for all products from Sierra Leone (except arms and armaments). Sierra Leone's EBA status will not be lost if it enters into a Free Trade Agreement with the EU.

Sierra Leone is eligible for preferential trade benefits under the United States African Growth and Opportunity Act (AGOA). AGOA allows low-income countries to access the US market on favourable trade terms. Whilst AGOA has been in place for nearly 20 years, Sierra Leone has not historically maximised its potential for accessing the US market. The GoSL, with UNECA and the International Growth Centre (IGC), has developed The Sierra Leone National AGOA Response Strategy 2019 to 2025 (the AGOA Strategy). The AGOA Strategy is designed to enable the private sector to grow and increase exports to the US market by making the necessary policy and regulatory changes.

The Treaty of Lagos established the Economics Community of West African States (ECOWAS) on 28 May 1975. It consists of 15 members states (Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Sierra Leone, Senegal and Togo). ECOWAS is subdivided into two smaller blocs: the West African Economic and Monetary Union (UEMOA); and the West African Monetary Zone (WAMZ).

UEMOA, established in 1994, consists of primarily French speaking countries (Benin, Burkina Faso, Cote d'Ivoire, Guinea Bissau, Mali, Niger, Senegal and Togo). UEMOA share a customs union and a currency union. WAMZ, established in 2000, consists of primarily English speaking countries (The Gambia, Ghana, Guinea, Liberia, Nigeria and Sierra Leone). WAMZ are working towards establishing a currency union.

Through its membership of the broader West African community, Sierra Leone has concluded a number of international agreements with the EU and the USA. These agreements form part of a strategy to reduce barriers to trade and increase flows of investment into West Africa, signalling a more positive approach towards foreign investors from the EU and USA.

Examples include:

- > Economic Partnership Agreements, which are trade and development agreements negotiated between the EU and African, Caribbean and Pacific regions. The EU has recently concluded an Economic Partnership Agreement with the West African countries which covers trade in goods and services (including provision for further negotiations) and contains other investment and trade-related rules. Aside from Nigeria, all 13 West African countries have now signed the agreement. Nigeria is required to sign it

for it to come into provisional application. To come into force, the agreement will have to be ratified by all EU Member States and at least two thirds of the West African states. It is noted that the UK is a major trading and investment partner for Sierra Leone, and further that at the time of writing, the UK is due to leave the EU on or before 11pm on 30 October 2019 (commonly known as “Brexit”). Should the EU-West Africa EPA be applied provisionally or come into force before Brexit, it is unclear whether the UK and Sierra Leone will be able to continue to trade and invest in reliance on its terms following Brexit.

- > The USA has signed a Trade and Investment Framework Agreement with ECOWAS. The US Government describes the Trade and Investment Framework Agreement as providing a mechanism for expanding trade and investment both between the US and the 15 ECOWAS member states, and also across the entire ECOWAS region.
- > The USA is currently exploring a potential framework trade agreement with the MRU.

As a net importer, imports include rice and cars and top exports include ores (mainly iron and titanium), diamonds and cocoa beans. Key trading partners include China, Belgium-Luxembourg, the Netherlands, Romania and the US.

Sierra Leone is a member of the WTO and Sierra Leone’s MFN tariff rates are applied to other WTO Members. This has not been affected by the implementation of the ECOWAS CET, as the CET rates are within Sierra Leone’s WTO binding commitments. Imports from other MRU states are duty free.

Customs clearance for imported goods was simplified in the early 2000s. The Customs Act 2011 further reformed import and export requirements, providing clarification to what was previously a complicated and

time-consuming process. The Customs Act is administered by the Department of Customs on behalf of the NRA, headed by a Commissioner-General, and outlines requirements for imports and exports in terms of reporting, transfer, origin and calculation of transfer value. Customs valuation in Sierra Leone is broadly based on the Agreement on Implementation of Article VII of the GATT 1994.

The Customs Act outlines the power of the Department of Customs to establish customs zones and ensure that all relevant information is easily available to interested parties. The Customs Act also gives interested parties the ability to apply for an advance binding ruling on the tariff classification and methods for the determination of origin and valuation.

As a part of the NRA’s “modernisation programme”, the ASYCUDA++ is being replaced by ASYCUDA World, an improved computerised customs management system covering most foreign trade procedures, transit and suspense procedures. ASYCUDA allows for direct trader input, increasing efficiency and lowering clearance time. DFID has been providing assistance to the NRA to support Sierra Leone’s implementation of the modernisation programme, with a particular focus on improving the NRA’s governance and organisational capacity, including in the Department of Customs. A pilot process has already taken place, and the 2019 Finance Act is expected to enable the implementation of the ASYCUDA World system by the end of 2019.

Regional Context

MRU nationals benefit from full equivalency or “national treatment”, meaning that they are treated in the same way as Sierra Leone nationals and are not subject to any of the restrictions found in the WTO’s GATS.

With limited exceptions, “national treatment” is also generally granted to

ECOWAS nationals. It should be noted that the definition of “national treatment” has not been formalised at a domestic level, so there may be some uncertainty as to its scope within the domestic legal framework.

In July 2018, Sierra Leone signed the African Continental Free Trade Agreement (ACFTA) and in November 2018 was ratified by its Parliament. The aim of the ACFTA is to increase trade liberalisation and coordination across Africa and create a single continental market for goods and services. In April 2019, the ACFTA received the last of the 22 signatories needed to bring it into force and it will take effect in July 2019.

Domestic Context

The Investment Promotion Act 2004 (IPA) is the foundation of the legal framework for foreign investment in Sierra Leone.

Under the IPA, the majority of business sectors are open to foreign ownership. Only a small number of industries are subject to statutory ownership restrictions. As mentioned above, the main restrictions on FDI into Sierra Leone lie in the services sector.

Entry limitations apply to the maritime and airport services sectors preventing foreign persons or firms from holding licences for clearing or forwarding air or sea freight cargo operations. These facilities are delivered directly by the GoSL through the Ministry of Transport and Aviation.

Treatment and Protection of Foreign Investments

International Context

Bilateral Relations

Sierra Leone has concluded three BITs: with Germany (1965); the UK (1981, revised in 2000); and China (2001, not yet in force). These BITs contain standard investment protections such as guarantees of national treatment and fair and equitable treatment and protection against unlawful expropriation. The BIT between

Sierra Leone and the UK will not be affected by “Brexit” and whilst the BIT between Sierra Leone and China is not yet in force, there is a deepening relationship between the two countries as evidenced by the signing of a Memorandum of Understanding between the two countries in June 2018 and President Maada Bio’s visit to Beijing in August 2018.

The Sierra Leone [Ministry of Finance and NRA](#) are undertaking a review of these existing treaties. Kenya and Qatar have formally requested BITs with Sierra Leone, however these are on hold pending the outcome of the review. The GoSL has also recently established the Sierra Leone-Qatar Business Council to promote inward investment from and economic cooperation with that part of the Middle East.

Sierra Leone has double taxation treaties with South Africa, Norway, and a long-standing arrangement with the UK which was extended pre-independence to include other countries, such as The Gambia, Ghana, Nigeria, Canada, New Zealand and Denmark. In many aspects the domestic rate of withholding tax will still apply to non-residents despite these treaties. Investors based in jurisdictions other than those with a double taxation treaty will need to consider the potential for double taxation and may need to rely on the tax rules of their own jurisdiction. Such investors should seek specialist tax advice as to whether unilateral relief is available to them.

Multilateral Agreements

The Sierra Leone Parliament has approved ratification of the New York Convention, however, Sierra Leone is not yet a party. This means that currently enforcing foreign arbitral awards in Sierra Leone is neither straightforward nor certain. Those countries that are party to the New York Convention are required to recognise and enforce arbitral awards made in other New York Convention contracting states with very limited and

strictly construed exceptions. For an international investor this would mean that arbitral awards rendered outside of Sierra Leone could be more easily enforced within the country, and vice versa. Accession to the New York Convention has been approved by Parliament. The Law Reform Commission has prepared draft legislation to support accession to the New York Convention.

Sierra Leone is a party to the [ICSID Convention](#). Sierra Leone is therefore able to use the processes established under the ICSID Convention for arbitrating investment disputes and is also bound by the provisions relating to enforcement of ICSID awards. Until Sierra Leone accedes to the New York Convention, ICSID arbitration (where available) may therefore offer a distinct advantage over arbitrations seated outside Sierra Leone under the rules of an institution such as the LCIA or the ICC.

Regional Context

“National treatment” of ECOWAS member states is based on reciprocity. This covers the entry and establishment of investments and also how they are treated once established. The NRA began implementing the ECOWAS Common External Tariff regime in June 2018, which is intended to harmonise the import and export tariff rates across the ECOWAS member states.

Sierra Leone is a member of the OIC, which was established in 1969 and aims (among other things) to enhance and consolidate economic and trade links between Islamic states. The agreement for the protection, promotion and guarantee of investments among OIC member states contains standard provisions on the treatment of foreign investments and provides for disputes to be resolved through conciliation or arbitration.

Domestic Context

Following the enactment of the IPA, the Investment Code was implemented in 2005

with the aim of protecting companies investing in Sierra Leone. Under the Code, the GoSL is mandated to promote joint ventures and protect full foreign ownership. The Code safeguards foreign investors against discriminatory economic policies and ensures that foreign ownership and control is not limited.

Sierra Leone’s Constitution protects every person from “deprivation of property without compensation”. This includes foreign and domestic private investors. The Constitution sets out the limited circumstances in which expropriation can take place, including circumstances where it is in the interests of defence, public safety and health or town and country planning, or to promote the public welfare of the citizens of Sierra Leone. The Constitution provides for the prompt payment of adequate compensation in the event of compulsory possession or acquisition of land. Further protections are included under the IPA and Investment Code. There are no records of unlawful expropriation having occurred in Sierra Leone. The NLP, which the GoSL intends to implement, envisages the enactment of new legislation to ensure the compulsory purchase process is transparent and enshrines the constitutional right to compensation in a specific statutory regime. The GoSL has also indicated its intention to remove the “non-native” Sierra Leonean nomenclature which currently exists in legislation; to digitise all plots, streets and roads; and to structure the land policy so as to increase the scope for investments.

Key Legislation Affecting Businesses in Sierra Leone Investment Incentives

Sierra Leone’s Income Tax Act 2000 and the multiple Finance Acts enacted since 2010 contain various incentives to encourage private sector investment and promote the inflow of foreign capital and technology into Sierra Leone.

These include income tax exemptions,

deductions for income tax purposes, import duty exemptions and goods and services tax exemptions. Such incentives are contingent on the satisfaction of relevant criteria including the need to improve local content, which is explored in further detail below.

General incentives include income tax relief on plant, machinery and equipment; a three year grace period on import duties for new and existing businesses importing plants, machinery or equipment; lower import duty rates for raw materials; and 100% tax deductions for expenditure on research and development, training, and the development of social services (such as the building of schools and hospitals).

Sector-specific incentives have also been implemented for investments in agriculture, energy, infrastructure and pharmaceuticals. These are outlined in the KEY SECTORS section. Tax relief for investors in relation to construction of hotels was repealed by the Finance Act 2018 and the current status of tax relief in the tourism sector is unclear. A Public-Private Partnership has been established within the Ministry of Tourism to engage private stakeholders in the sector. Fiscal incentives in two phases – general and sector-specific.

Several duty and tax waivers to organisations, companies and contractors in many sectors have been suspended by President Maada Bio pending new finance legislation being enacted. The GoSL has established a Special Committee to review the current exemption process and develop a revised policy for granting duty and tax waivers, which is likely to be put in place in due course. A bill implementing the revised duty and tax waiver policy limits the discretionary powers of Government in this area.

The Finance Amendment Act 2018 amended import duties on tobacco and alcohol, as well as fisheries tariffs and

duties on timber exports. Duties on alcoholic beverages have been reduced to encourage increased local production and reduce the risk of illicit imports.

Additional incentives are provided to SEZs, including three-year corporate tax holidays and expedited government services including customs, immigration and registration.

The non-profit international development agency World Hope International has established an SEZ near Sierra Leone's principal seaport in Freetown. The GoSL is considering the establishment of further SEZs in other parts of the country, including two new industrial Free Trade Zones – one alongside Freetown's Lungi International Airport and the other located in a proposed new sea port at Nitti in the Bonthe district. These Free Trade Zones would allow investors and exporters to operate the domestic tariffs and charges which would otherwise apply to them, and it is envisaged that they would be serviced by surrounding infrastructure improvements.

Current regulation requires investors to obtain separate operating permits and licences from various government agencies. The GoSL is seeking to simplify this process by introducing a "single application point" within the country's investment agency (SLIEPA) and thereby provide a one-stop shop for investors and exporters seeking approvals. This may include the creation of a long-term "Investor Permit", set to combine the business visa, and work and residency permits, which are currently required in order to work in the country for more than 30 days.

Company Law

The Companies Act provides for the registration and incorporation of companies in Sierra Leone. The Act is extensive and includes provisions governing a company's formation, share

capital, meetings and directors' powers and duties. The Act created the [Corporate Affairs Commission](#), which regulates the establishment of new companies, enforces compliance with procedural requirements, and handles the incorporation and registration of companies in Sierra Leone.

The Companies Act was amended in 2014 to remove administrative barriers in the process of incorporating companies in Sierra Leone, reduce the number of offences created by the Companies Act and bolster provisions on the extent of directors' liabilities and duties of disclosure.

Compliance with the Companies Act 2009 is considered a priority in order to ensure a more detailed, comprehensive and transparent companies register. The Corporate Affairs Commission has therefore been given a mandate to de-register any company that violates the Companies Act. In early 2019, the National Corporate Governance Code (now national policy) was launched to promote gender equality, further protect investors and improve transparency and accountability. The Code was developed by reference to other codes across the continent and the UK Corporate Governance Code. The Code will apply to organizations registered with the Corporate Affairs Commission, as well as State-owned Enterprises, and domestic and international NGOs.

The Business Registration Act 2007 sets out the four steps that need to be taken to register a business in Sierra Leone. The World Bank has reported significant improvements in the procedure for registering companies, with the time taken for incorporation falling from seven days to two or three days. Sierra Leone ranks 60th in the world for the time it takes to start a business, according to the Global Competitiveness Index 2017-2018,

and 53rd for the number of procedures required to establish a company.

The Bankruptcy Act 2009 provides the legal framework for declarations of bankruptcy. Under the Act, an individual who cannot pay debts of a specified amount may declare themselves bankrupt. The individual will then be disqualified from holding certain elective and public offices and from practising any regulated profession. The Bankruptcy Act also includes provisions to encourage and assist ailing businesses to reorganise instead of going straight into liquidation.

The Companies Act sets out the procedure for winding up a company. This can be done voluntarily, by the court or subject to the supervision of the court. The Bankruptcy Act sets out the circumstances in which a firm may be liable to have a “bankruptcy petition” presented to it or a receiving order or “adjudication of bankruptcy” made against it. The FTCC was established to streamline the process of resolving commercial disputes, and ensuring it is adequately resourced is one of the GoSL’s priorities for de-risking investment into Sierra Leone.

The Small and Medium Enterprises Development Agency Act 2015 established a new agency (the SMESL) to promote SMEs and work towards creating a business environment in which such businesses can thrive. The aims of the SMESL are to enhance monetary and banking policy, technology, marketing infrastructure and institutional bodies. In April 2016, the SMESL announced that it will provide loans to SMEs at interest rates below 10% per year without any requirement to provide collateral. In addition, the GoSL intends to establish additional funds to provide medium and long-term capital for SMEs which focus on female and youth empowerment: in this regard, the GoSL has allocated Le 2 billion to the 2019 capital budget for the

Women’s Development Fund for female entrepreneurs, with the aim of assisting with starting small businesses.

A number of other suggested economic improvements have been developed in conjunction with the Bank of Sierra Leone. A Borrowers and Lenders Bill will widen the scope of available collateral to include the registration of immovable assets (one stop shop) and also enable individuals who are not licensed and supervised by the Bank of Sierra Leone to be able to register their security interests. This was submitted to Parliament in Q1 of 2019 and is awaiting enactment. A Securities and Exchange Commission Bill will enable regulation of the stock exchange to pass from the Bank of Sierra Leone to the Securities and Exchange Commission, and empower the Securities and Exchange Commission to regulate the sale and registration of securities, exchanges, brokers, dealers and salesmen and promote private sector growth. The Securities and Exchange Commission Bill was submitted to Parliament in 2017 and the current Ministry of Finance is pushing for its progression. A Collective Investment Bill aimed at establishing and regulating collective investment schemes is intended to allow companies to facilitate the flow of investments and broaden investor participation. The Collective Investment Bill is being considered and redrafted by the Law Officers Department (its enactment is dependent on the passage of the Securities and Exchange Commission Bill). A Banking Bill to ensure banking is conducted in line with international best practice and a revised Bank of Sierra Leone Bill to ensure the Bank of Sierra Leone operates in line with international best practice, have been reviewed and redrafted by the Law Officers Department for redrafting and, at time of writing, it is anticipated that they will be passed by Parliament in the next month. A revised Other Financial Services Bill to ensure microfinance Institutions, community

banks and other financial institutions operate in line with international best practice has been drafted by a consultant from the US Treasury and is being reviewed by the Bank of Sierra Leone. Banking reform remains a government priority and the review of current banking legislation is expected to ensure commercial banking regulation follows international best practice.

Legislation dealing with data protection and privacy issues has been developed and is expected to be brought before Parliament for approval. In addition, the GoSL has developed a National Electronic Transaction Bill, which is designed to enhance the use of electronic means of doing business and further the admissibility of electronic documents in legal proceedings. This new Bill is currently at the publication stage, and is due to be submitted to Parliament for enactment. Legislative amendments to deal with cyber-security concerns are also planned, although the timeframe for these reforms are not yet known.

Tax

As part of the New Direction, the GoSL has stated its intent to lower the tax burden on foreign investors in Sierra Leone by reducing the number and scope of charges, fees and taxes on businesses. In the MTNDP, the GoSL identifies that instability of the tax policy environment caused by yearly review of tax laws as creating uncertainty for businesses affecting investment decisions. It also indicates an intention to harmonise the tax regimes.

The main taxes affecting businesses in Sierra Leone are: taxes on corporate profits and dividends; sales taxes; and import and excise duties. Corporate income tax provisions are set out in the Income Tax Act 2000 (as amended). The Goods and Services Act 2009 (as amended) provides for a tax on the consumption of goods and services within Sierra Leone. This tax replaced a number of existing indirect

taxes. The rates of tax for the current year are set out in the annual Finance Act and the 2018 rates are summarised in the SIERRA LEONE AT A GLANCE - Investing in Sierra Leone section.

FDI incentives include the ability for companies to carry forward tax losses in any given year and tax credits for 100% of expenses relating to research, development and training activities. There are no specific rules relating to the taxation of group companies.

The Finance Act 2016 increased the taxable personal allowance to Le 400,000 per annum, but also raised the top income tax rate to 35% with the aim of furthering the Free Health Care Initiative. However, the top marginal personal income tax rate has since been reduced to 30% by the Finance Act 2019 - a measure designed to increase disposable income.

The NLP envisages the introduction of further taxes specifically related to land and development, including Improvement Value Taxation in urban areas and a development levy on undeveloped land. The Extractive Industries Revenue Act 2018 imposes additional tariffs on holders of mineral resources.

Tax collection has now been consolidated in the National Revenue Authority with the establishment of a Treasury Single Account (TSA) to provide for better oversight of tax revenue. A number of sector agencies are now required by the Fiscal Management and Control Act 2017 to pay their tax revenues into a consolidated revenue fund. This is one of the focus points for the Public Financial Management Regulations 2018, which govern the oversight of public finances. The GoSL has stated that the total revenue collected by all TSA agencies and remitted to the consolidated revenue fund between April 2018 to April 2019 is estimated to be Le 337.8 billion (US\$37.6 million), which

represents 7% of total revenue collected in the period.

The Ministry of Finance has announced an intention to overhaul the taxpayer registration system, with one of the focal points being Goods and Services Tax (GST) registration for businesses. Additional electronic payment and filing mechanisms are to be introduced. There are plans to harmonize the Tax Identification Numbers database and GST database to improve compliance with business registration and tax payments.

Labour

The Ministry of Labour and Social Security is responsible for the regulation of the country's labour market, but in reality most employment in Sierra Leone is informal and unregulated. Employment law is out-dated and in urgent need of reform.

General employment law concepts such as salary, holidays, redundancy and disputes are governed by the Regulations of Wages and Industrial Relations Act 1971 and the Employers and Employed Act 1960. However, these statutes do not reflect modern employment rights standards and as a result are often not applied. The laws on hiring and dismissal are particularly unclear. The 2015 Budget included an allocation of Le 5.3 billion (US\$1.2 million) for the enforcement of labour regulations and a review of obsolete laws with a view to reforming the legislative regime, though this was not repeated in the 2016 Budget, with the focus turning to more practical measures as detailed below. A likely timescale for further legislative change is unclear at present, but the GoSL intends to ensure ILO core labour standards are fully reflected in domestic law.

A national minimum wage of Le 500,000 (US\$70) per month was introduced in 2015, and, at the time of publication, remains at this level. A number of

additional employee protections exist under domestic legislation, although their enforcement is questionable. The GoSL has announced an intention to harmonise the public sector wage structure following a number of significant public sector pay increases, to strengthen the Ministry of Labour and Social Security's enforcement powers and to establish later this year a cross-sectoral Wages and Salaries Commission to oversee the regular review of minimum wage levels. A review of social security legislation to ensure employers have sufficient healthcare and insurance policies to cover their employees is also planned. Along with the changes to the national minimum wage in 2015, a review of pensions legislation has recently taken place, and the GoSL has increased the minimum pension to Le 250,000 per month - in order to be consistent with the National Social Security Insurance Trust (NASSIT) Act 2002, which requires pensions to be 50% of the minimum wage.

Sierra Leone's NASSIT administers the country's national pension scheme. This is a defined benefit scheme and is compulsory for all public and private sector employees (but is voluntary for the self-employed). A valid NASSIT Social Security Clearance Certificate shows that all contributions due from the employer have been made. This certificate is required before any employer can import, export or clear goods at a port, obtain a permit for the construction of any building, tender or be considered for any contract with a public institution, register any document conferring title to land, leave the country (if they are a non-citizen), and obtain a work permit for foreign employees. The GoSL is taking concrete steps and reforms to increase the efficiency and efficacy of NASSIT, and a full audit on NASSIT has been completed - with the Ministry of Labour and the Ministry of Finance together working with

NASSIT to implement the recommendations of the audit report.

In addition, the law requires foreign investors to apply for a self-employment permit and foreign employees for a work permit. The process of obtaining these permits is governed by multiple statutes and involves several GoSL ministries, though this process may be simplified if future applications are centralised, as planned. To avoid any issues, work permit applications should be submitted six months in advance, and the permits are granted by the Minister for Labour, taking into account various statutory criteria which allow a margin of discretion. Once permits are issued they last for three years and must then be renewed annually.

The Local Content Agency Act 2016 (LCA) has imposed restrictions on expatriate employment in the mining, petroleum, service industries agriculture and agri-business, transportation, maritime, aviation, hotel and tourism, public works and construction, fisheries and marine resources, manufacturing, health and energy sectors. Expatriates may fill up to 50% of management and intermediate level positions during the first five years of a company's establishment in Sierra Leone, after which this level drops to 40%.

In 2014, Statistics Sierra Leone conducted the first Labour Force Survey (LFS) in over 30 years to collect information on Sierra Leone's labour market. The LFS largely focused on primary occupation in three main sectors: wage employment, agricultural self-employment, and non-agricultural household enterprises, with the aim of providing statistics to assist the GoSL in policy-making and development planning. The LFS indicated that around 65% of the working-age population were in employment. Participation in the labour market is higher in rural areas, at around 69% compared to

54% in urban areas. The final LFS report was published in September 2015.

In February 2016, the National Youth Service Act was enacted, thereby establishing the National Youth Service Scheme, a graduate training project aimed at combating youth unemployment and equipping young graduates to serve the country more effectively. In addition, the GoSL allocated Le 8.6 billion in the 2016 Budget towards the development of job centres and district Ministry of Labour and Social Security offices, and a further Le 113.7 billion has been allocated to subsidise university tuition fees in order to raise educational standards. The GoSL has removed the application fees for forms for applicants to university and tertiary institutions in 2018/2019. Following review of the Universities Act of 2005, a draft Act is due to be presented to Parliament.

The Sierra Leone Skills Development Fund has been allocated additional funds of Le 3 billion to promote professional internship opportunities and further specialised skills development. The GoSL has recently secured a US\$20 million loan from the World Bank to support skills development, in the informal and formal sectors. The GoSL intends to develop additional technical and vocational training opportunities with increased public-private partnerships and a national apprenticeship scheme in priority sectors including agriculture, together with a Youth Empowerment Fund to encourage young entrepreneurs. Adult literacy programmes are also planned.

Although focused on the land context, the NLP envisages that the GoSL will enact constitutional amendments to prohibit discrimination in business on the basis of gender or marital status, and to provide women with the right to full and equal protection under the law. Any discriminatory practices against women, including in work, business and public

affairs, are expected to be outlawed. Businesses should take care to ensure that their policies are compliant with non-discrimination rights or amend them as necessary.

Land

There is an on-going and much-needed land reform process underway in Sierra Leone, supported by the World Bank. Sierra Leone welcomes foreign investment in land, and the National Agriculture Transformation Programme (NATP) 2019-2023 has been designed by the Ministry of Agriculture and Forestry to attract foreign investment. The total cost of the NATP 2019-2023 is US\$922 million or Le 8 trillion over the next 5 years. As part of the MTNDP, the GoSL is considering options for commercial land reform to modernise land tenure in the country's rural heartlands.

The current regulatory framework for land investments is underdeveloped. A lack of transparency surrounding land deals has, on occasion, led to protests and violence and agribusiness ventures have occasionally become mired in land tenure disputes or attracted accusations of "land-grabbing". Already, the Government of Sierra Leone, through SLIEPA and MAF, with support from DfID and FAO, are developing a new Agribusiness Investment Approval Process (AIAP). The AIAP will provide step by step guide to actualize investments in agribusinesses, as well as post establishment monitoring mechanisms.

Sierra Leone was ranked 109th in the world for protection of property rights in the [World Economic Forum Global Competitiveness Report 2018](#), an improvement on previous years. The NLP includes a planned complete restructuring of the land rights administration system to provide greater transparency and strengthen security of title, including harmonising the current

centralised system and local community traditions. The NLP envisages that an amendment will be made to enshrine universal land rights in the Constitution.

In addition, the NLP aims to build on the constitutional right to compensation for expropriation by enacting a statutory compulsory purchase scheme for public purposes, including a transparent planning process, a guarantee of compensation and a right to non-discrimination in the exercise of compulsory purchase powers. A new system for land registration is also to be introduced, and amendments made to land surveying requirements. A National Land Commission is to be established by 2023 to oversee the new land governance regime, including the operation of electronic title registers and an adjudication system for title disputes. The GoSL has committed to implementing the NLP and indicated an intention to focus on developing Sierra Leone's property registration system, with the aim of reducing the cost and risk of doing business in Sierra Leone. A further area of focus will be the enforcement of planning and building regulations in consultation with relevant professional bodies.

There are significant historical differences between the land tenure system operating in Freetown and the Western Areas and the customary system in place in the Provinces and Sierra Leone's Law Reform Commission has been working on draft legislation to further harmonise the two distinct systems. A freehold system operates in Freetown and the Western Area. A leasehold system is in operation outside of those areas. In order to help investors navigate the complexities of the customary system and so as to mitigate any perceived risks of privity between customary land owners and foreign investors, the GoSL may take a head lease on provincial land and sub-lease it to foreign investors. Foreign nationals may hold a lease of up to 50 years, extendable

for a maximum of 21 years (or 99 years in relation to mining purposes). Under the customary system, in the absence of a GoSL head lease, investors can lease land by entering into a joint venture with the local chief. The sale of freehold interests in public land is prohibited under both systems pending the reform of land tenure laws.

It is possible to take out a mortgage in Sierra Leone, although it is not common. Securities are registered with the OARG in Freetown. Registration involves the payment of stamp duty, the rate of which ranges from 1% to 12.5% of the loan amount depending on the value of the loan. A small registration fee must be paid to the OARG. Where funds for repayment are to be repatriated, the relevant agreement should be registered with the Bank of Sierra Leone. Filing and registration takes between 48 hours and one week. Enforcement is through the normal court process.

Competition

The Ministry of Trade and Industry oversees the regulation of anti-competitive practices. A "Competition Policy" and a "Consumer Protection Policy" were prepared but not enacted into law prior to the parliamentary elections; the GoSL is working on both Bills with enactment planned before the end of the current year. The [2010 UNCTAD Investment Policy Review](#) identified areas deserving priority consideration, including access for operators in the mining sector to facilities such as roads and railways that may be privately owned, and the competitive determination of prices in the operation of port services.

Although policies in these areas have yet to be finalised, a Committee under the Ministry of Trade and Industry was mandated to oversee the implementation of the ETLs, which aims to ensure that goods can be circulated freely within the ECOWAS Free Trade Area. Sierra Leone's

signature of the African Continental Free Trade Agreement also signifies a general willingness to progress the promotion of free trade at a regional level.

State-owned enterprises still exist in the energy, water, transport, financial and construction sectors, but they are subject to largely the same terms and conditions for market access and business operations as private enterprises.

As part of its privatisation programme, in 2002 the NCP was established to act as a shareholder on the GoSL's behalf and serve as a policy and decision-making body with respect to the privatisation of state-owned enterprises. Among other things, the NCP is mandated to increase the participation of the private sector in state-owned enterprises. The NCP has expressed a commitment to attracting private sector investment, in particular with regard to infrastructure development projects at the SLPA, whose reform programme has been supported by the World Bank.

The Public Procurement Act was enacted in 2016 with the aim of furthering the decentralisation of domestic procurement processes. The NPPA is responsible for promoting improved procurement processes and capacity building in local organisations to run their own procurement processes. The NPPA maintains a register of current bid opportunities at various government agencies, and has produced a set of standard bidding documents to be used for all procurement processes. Limiting participation in procurement processes on the grounds of nationality is permitted if in line with relevant sectoral legislation.

The GoSL has determined that all public procurement transactions above the threshold of Le 200 million (approximately US\$14,000) for goods and services, and Le400million (US\$21,000) for works,

must be awarded through an open competitive bidding process.

The GoSL does not regulate prices aside from in the petroleum sector. Prices in this sector are regulated by the [Petroleum Regulatory Agency](#) established by the Petroleum Act in 2013. The current royalty rates for crude oil and natural gas are set by the Extractive Industries Revenue Act 2018.

Intellectual Property (IP)

The Sierra Leone Intellectual Property Organization currently deals with IP issues but there are plans to establish a specialised IP division within the High Court.

Sierra Leone is a member of the [WIPO](#) and the [ARIPO](#), the common IP organisation for the English-speaking parts of Africa. As a member of WIPO, Sierra Leone must implement the WTO's [Agreement on Trade-Related Aspects of Intellectual Property Rights \(TRIPS\)](#).

The IP regime in place in Sierra Leone is basic and issues have been reported concerning the enforcement of IP rights. Despite recent reforms to domestic IP legislation, the enforcement of IP rights is still difficult due to public sector capacity constraints and the fact that IP rights are generally not well-understood.

The Patents and Industrial Designs Act 2012 allows for the direct national filing of PCT applications. An international application under the PCT is treated as a domestic one. The Copyright Act 2011 provides copyright protection for authors and enshrines in statute rules concerning copyright eligibility, use, duration and vesting rights. Civil and criminal sanctions are imposed for breaches. Sierra Leone has not passed national legislation implementing international agreements in respect of trade marks, but the Trade Marks Act 2014 provides that trademarks can be protected at the OARG.

Anti-Bribery and Corruption

The GoSL has indicated that anti-corruption measures are a priority for its governance structure. The ACC has the power to investigate and indict companies for corruption offences.

The Anti-Corruption Act 2000, as amended in 2008, applies in respect of both domestic and foreign companies. Facilitation payments are a criminal offence for which the ACC can bring a prosecution but such payments remain a problem particularly in relation to public procurement, tax and dispute settlement. Issues also remain at local levels as the Local Government Act 2004 does not provide sufficient clarity on the relationship between tribal authorities and local councils. GoSL officials and private sector stakeholders have suggested that the Local Government Act should be reviewed, but this has not yet been concluded. However, improvements have been made in the public sector with the enactment of the Public Financial Management Act 2016, which contains provisions to control extra-budgetary expenditures and establishes a Single Treasury Account to ensure greater transparency in the management of public funds.

In the 2015 Budget, Le 4.2 billion (close to US\$1 million) was allocated to the National Anti-Corruption Strategy with the aim of advancing the measures implemented in the Anti-Corruption Act. In its [MTNDP](#), the GoSL indicated its intention to review the legislation governing the ACC including to strengthen the ACC's investigative and prosecutorial mandate; establish a special division of the High Court to deal expeditiously with corruption cases; and adopt a new framework to ensure accountability and transparency in the public sector in the form of National Public Sector Transparency and Accountability Initiative (NAPSTAI) to subject the public sector to more scrutiny by civil society and development partners. The amendments to

the Anti-Corruption Act are currently in Parliament.

As noted in the SIERRA LEONE AT A GLANCE section, Sierra Leone has made progress on the [Transparency International's Corruption Perception Index](#), climbing 39 places in the rankings since the second Anti Corruption Act was passed in 2008. It is hoped that this trend will continue, although it is important to note that irrespective of the number of new rules adopted to combat corruption, it will be the degree to which those rules are applied and enforced which will determine success in this area. As noted above, the reinforcement of anti-corruption measures is a stated priority for the new government including in the [MTNDP](#).

Environment

An overhaul of environmental laws is underway. The EPA was established by the EPA Act in 2008. The EPA is undertaking a complete review of Sierra Leone's environmental laws under the auspices of the EU-funded Environmental Governance and Mainstreaming project.

Projects require environmental, social, and health impact assessments. These requirements are based on EU law and may therefore be familiar to international investors. The EPA is responsible for the administering and enforcing these assessments, which are non-binding. Enforcement action is rare and some projects have attracted controversy, with the bureaucratic process of adhering to enforcement requirements causing project delays in the past.

The Mines Act introduces measures to reduce the harmful effects of mining activities on the environment. Further details of these measures can be found in the [NATURAL RESOURCES](#) section.

Sierra Leone has long had in place the WCA, which prohibits construction, quarrying, farming and forest clearance in any designated national park in Sierra

Leone. More recently, Sierra Leone has renewed its efforts to adopt international standards in forest conservation, renewable energy and climate change. In November 2014, the NPAA and the Conservation Trust Fund were launched to support the enforcement of the WCA.

Sierra Leone partakes in the Reducing Emission from Deforestation and Forest Degradation initiative, which aims to generate institutional, technical and social capacity necessary for sound forest governance, recognise the importance of forests in relation to climate change, and promote the use of renewable energy. At the time of publication, the export of timber from Sierra Leone is currently suspended. A Parliamentary committee is considering the further export of timber and Le 2.4m has reportedly been put aside for reforestation. In June 2018, Leadway Trading Company was appointed as the GoSL's sole agent in respect of the export of timber harvested prior to the ban. It was reported in September 2018 that Leadway paid over US\$3.3 million to the GoSL in respect of the export of timber harvested prior to the ban.

In December 2015, the NPAA, UNDP, civil society actors and the Parliamentary committee on Agriculture, Forestry and Food Safety agreed the text of draft bills aimed at strengthening governance of wildlife conservation, forestry and wetlands, as well as proposed amendments to the NPAA Act to bolster the Authority's powers to protect the environment.

In November 2017, a Biodiversity Strategy and Action Plan for the period 2018-2026 was introduced. Key priorities of the strategy include increasing awareness of biodiversity and conservation, greater monitoring of the EPA and NPAA, and enhanced reforestation and marine protection activities. The Action Plan also identifies a number of legislative priorities for consideration between 2017 and 2026.

The National Water Resources Management Agency Act 2017 established the National Water Resources Management Agency, which has a wide mandate to protect water resources, promote water conservation and efficient usage, reduce water pollution and ensure compliance with international obligations regarding water resources. The Agency has the power to grant water rights and impose and collect water charges. A proportion of such charges may be allocated to the recently established National Water Resources Management Fund, which has been set up to fund the Agency's activities. The Agency has the power to delegate its management functions to local Water Basin Management Boards, and to establish protected Water Catchment Areas, overseen by local management committees.

Water may not be extracted from raw sources without a permit from the Agency. This applies to water extraction for all commercial, industrial, agricultural and domestic purposes. The Agency has up to four months to make its decision on applications for water permits. There are stringent penalties for water misuse and failure to comply with any conditions attached to water permits.

The operation and maintenance of public water infrastructure is the responsibility of the Sierra Leone Water Company, whose functions were continued and revised by the Sierra Leone Water Company Act 2017. In part of the west of the country, this function instead lies with the Guma Valley Water Company, which has similar powers pursuant to the Guma Valley Water Company Act 2017. The GoSL has developed a 5-year strategic plan intended to address problems with the Ministry of Water Resources, as well as considering the policy and legal changes to be made to clarify the Ministry's role.

The GoSL has published a National Agriculture Transformation Programme which addresses the environment in the

context of agricultural development. In particular, it considers the need to protect biodiversity, the unsustainable nature of deforestation and the need for forestry management.

Local Content

The Local Content Policy, which was approved in 2012, was codified in the LCA Act. The Local Content Policy requires a certain percentage of jobs in each sector to be held by nationals and the use of local suppliers where possible, and a **Local Content Agency** was been set up to assist with implementing this.

The LCA provides specified guidance on the percentages of local employees that a company must employ, and prescribes percentages of specific goods that must be sourced locally for various production processes. It is also aimed at strengthening cooperation between foreign and domestic enterprises and setting certain operational targets, including developing worker skills and improving technology. The LCA defines a Sierra Leonean company as one where 50% of the share capital is owned by Sierra Leonean citizens, and establishes the Local Content Agency to oversee the implementation of, amongst other initiatives, an annual Local Content Plan, a certification system for goods and services and a local content scorecard system to rank companies' compliance with local content development policies.

Among the initiatives introduced by the LCA is the requirement for all contracts, sub-contracts and purchase orders exceeding US\$250,000 to be declared to the Local Content Agency in a Quarterly Procurement Report at the start of the quarter in which they are to be put out to tender, and the tender packages submitted to the Agency for advance approval. There are also certain local content requirements relating to specific sectors as set out in the KEY SECTORS section.

The GoSL has announced an intention to review the LCA to ensure it effectively promotes local entrepreneurship. In addition, in April 2018, the President issued an executive order enforcing the provision of the Bank of Sierra Leone Act 2011 which requires prices for all contracts to be quoted and payable only in Leones, and mandates that all existing contracts are to be paid in Leones going forward regardless of the currency of the contract. This commitment was repeated by the President in his Presidential Address on 2 May 2019.

Corporate Social Responsibility

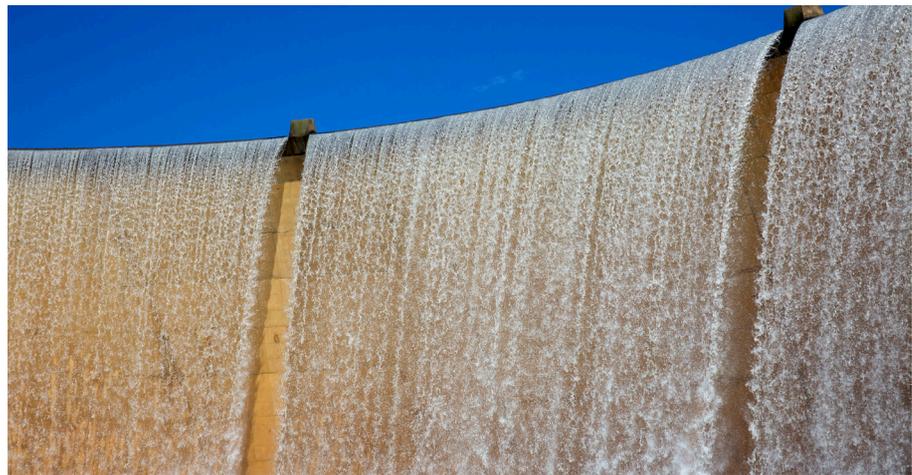
There is significant encouragement from the GoSL, civil society and NGOs for inward investors to undertake CSR projects in Sierra Leone, and greater participation from local enterprises is also evident. Both private and State-owned enterprises are increasingly running CSR programmes, and CSR is built into government department and agency performance contracts to ensure that they provide support for the communities in which they operate. Common activities include the sponsorship of education programmes, community resource management and environmental sustainability initiatives.

Part II

Key Sectors

This Section sets out key points for investors, including specific opportunities and challenges, relating to:

1. Energy;
2. Natural Resources: Mining and Petroleum;
3. Infrastructure: Water, Roads, Rail, Ports, Airports, Telecommunications and Tourism; and
4. Agriculture and Fisheries.



Energy Sector in Perspective

Sierra Leone's energy needs are under resourced and the scarcity of a reliable energy supply is one of the key impediments to Sierra Leone's economic and social development. The country's installed power capacity per capita is among the lowest in the world with approximately 105 MW available for a population of over 7 million in 2018. According to a UNDP report, energy consumption in the country is dominated by biomass, accounting for approximately 80% of energy used. The largest source of biomass energy is wood fuel, followed by charcoal; the 2015 Population and Housing Census found that wood and charcoal were used for 96.9% of households' cooking needs. Imported petroleum products are the next largest source of energy for power

generation at around 13% of energy consumption, according to the MTNDP.

The GoSL has recognised an urgent need for access to electricity for the people of Sierra Leone. Only 15% of the total population of Sierra Leone currently has access to electricity, and only 2.5% of its rural population had access in 2016, according to World Bank data. This is well below the average of 42.8% for the population of Sub-Saharan Africa.

The difficulty in accessing electricity is also compounded by significant transmission and distribution network problems, resulting in losses of 34.5% of the electricity supply in the Freetown Capital Western Area alone in 2017. The national transmission system consists of a 161 kilovolts (kV) transmission line extending from the Bumbuna hydroelectric plant to the Freetown substation, as well as an electricity grid for

the town of Makeni and a 33 kV transmission line from Bo to Kenema. The GoSL reports that funding has been made available from ADB/DFID for rehabilitation and expansion of the transmission between Bo and Kenema, with project completion in 2020). Other transmission lines are being developed (with some funding reported to be in place, and completion in 2020-2021).

The mining sector, which until 2014 generated Sierra Leone's biggest export in the form of iron ore (see the NATURAL RESOURCES section for more details), is heavily reliant on in-house captive generation to supply its significant power needs. Outside of the industry the use of private generators is prevalent. Recent estimates suggest that around 35,000 diesel generators are in use in Sierra Leone, providing a capacity of approximately 180 MW. Off-grid power generation in 2012 totalled approximately 260 MW.

Reform of the Energy Sector

Increasing generation and improving the transmission and distribution network continues to be a priority for the GoSL. In attempts to address the issues relating to power demand, additional generation, network rehabilitation and expansion, and access options, the Sierra Leone Ministry of Energy has, over recent years and with support from ECREEE, Millennium Challenge Corporation (MCC) and other development partners, prepared a number of policy papers and proposals aimed at reforming the energy sector. The GoSL, under its New Direction, has stated its intention to strengthen the capacity of the regulatory agencies. How this plays out in practice remains to be seen.

The GoSL allocated US\$15.6 million from the domestic 2018 budget to increase electricity generation, enhance existing thermal plants, and rebuild and enhance the distribution network. In support of this initiative, development partners have also pledged US\$43.7 million towards various projects in the energy sector. In

2015 the US government (through the MCC) granted up to US\$44.4 million over a 4-year programme to the GoSL to support a number of reforms, including towards the provision of electricity services in Sierra Leone. Three years into the program at the time of writing, all funds are now committed to three projects: Water Sector Reform Project, Electricity Sector Reform Project and the Regulatory Strengthening Reform Project. The program is managed by the Millennium Challenge Coordinating Unit (MCCU), which is an entity established by Parliament with oversight functions carried out by the MCCU Board chaired by the Vice President. MCCU works with beneficiary institutions Electricity Distribution Authority (EDSA) and Electricity Generation Company (EGTC) in relation to the electricity sector reform project by providing institutional strengthening support and capacity building through consultancy services. The project involves production of an Electricity Sector Roadmap, financial analysis of the EDSA, Electricity Sector Expansion Planning and Electricity Sector Asset Inventory and Revaluation.

Steps have been taken in the development of projects to increase generation capacity and the construction of new transmission and distribution lines to improve access to more reliable power in Sierra Leone. With assistance from DFID, an initiative was launched in May 2016 to provide basic energy to all citizens by 2025. By signing this compact with the UK, Sierra Leone became one of the first African nations to participate in the Energy Africa campaign to expedite universal energy access.

In June 2018, the GoSL also concluded and signed a two year electricity supply agreement with Turkish company Karpowership, for the generation of electricity from its maritime vessel docked in Freetown. This arrangement is expected to help alleviate the immediate power challenges in the country.

The GoSL is also developing a strategic vision to make Sierra Leone Africa's first Zero-Carbon middle-income economy by 2040, taking advantage of the fact that the country has one of the lowest pollution levels in the world. Development of the renewable energy sector will form a key role in achieving this vision and international development investments are already underway. For example, in October 2018, the International Finance Corporation signed a US\$40 million agreement to install a 50 MW solar power plant in Sierra Leone.

Legal and Regulatory Landscape: Energy

In line with its New Direction and as recognised in the MTNDP, the GoSL aims to dramatically increase the availability of efficient and sustainable power in Sierra Leone. It plans to invest in renewable and modern forms of energy generation in order to provide energy in sufficient quantities to all regions of the country to realise the development goals of industry and the general population.

The regulatory framework is conducive for investment in the energy sector. A company may be wholly foreign-owned and specific incentives exist for investments in what GoSL considers to be "pioneer industries", such as solar energy.

Various reforms focused on improving governance and regulation and to encourage private sector participation and investment were legislated for in the National Electricity Act and the Electricity and Water Regulatory Commission Act, both of which were signed in 2011 and implemented in 2015.

The National Power Authority was replaced on 1 January 2015 by two separate state-owned utility companies - the EGTC and the EDSA. A Management Contractor funded by the World Bank will assist EDSA in its formative years, where

such appointment has been effective since November 2016. The unbundling was further supported by an independent regulator, the **EWRC**.

The sector continues to operate under a “single-buyer” model, which requires power produced by private parties to be sold to the national electricity company or GoSL directly. The power is then sold on to end consumers. The National Electricity Act enables the participation of **IPPs** in power generation and distribution, and establishes a basis for power purchase agreements between relevant parties. The electricity tariff regime in Sierra Leone is heavily subsidised and remains among the highest in Africa at US\$0.28 /kWh. It is currently under review by both new utility companies and the independent regulator to improve cost recovery for private investors.

As outlined further in the **INFRASTRUCTURE** section, the PPP Unit was established in 2010. The PPP Unit is mandated to provide coordination and transactional support to the GoSL MDAs, including the Ministry of Energy, across a range of potential PPPs. The PPP Unit is developing a standardised power purchase agreement to simplify and expedite negotiations with investors in the energy sector.

Although Sierra Leone does not currently have a unified national strategy for supporting the deployment of renewable energy technologies, the motivation and the intent to encourage private investment into such projects is apparent. The Sierra Leone Renewable Energy Association, which was established following the Energy Revolution initiative, successfully campaigned for an exemption of solar imports from import duties and other taxes in the Finance Bill of 2017. In addition, the Sierra Leone Rural Renewable Energy Project (**RREP**) was developed to support increased access to rural energy resources, with a view to

contributing to a significant reduction in the country’s future emissions.

Other ongoing renewable energy initiatives in Sierra Leone include the Renewable Energy Empowerment project, which is aimed at developing a knowledge base of existing renewable energy policies, including the availability, demand and feasibility of different technologies and financing options. The World Bank has set aside US\$40 million for the energy sector and US\$59.7 million under the WAPP Project mainly to promote renewable energy in Sierra Leone.

Investor Highlights

Combined urban, industrial and regional demand in 2015 was estimated at around 315 MW, with 187 MW of that demand coming from the mining sector. Demand is projected to grow significantly in the near future, with expectations that it will exceed 360 MW by 2023. Growth is anticipated to continue at an estimated 10-20% annual rate of increase over the next decade.

To meet this demand, the GoSL aims to encourage investment in the renewable energy potential of the country, including areas such as solar, hydropower, wind and biomass. Plans include the provision of special financial incentives to businesses operating in these sectors.

Renewables - Hydropower

The renewables side of the sector remains a promising growth area for Sierra Leone; a study undertaken in 2016 by representatives of the Climate Investment Funds estimated the hydropower potential in Sierra Leone to be up to 2,000 MW capacity, with suitable development sites ranging from 2 MW to 160 MW. A study conducted by UNIDO has estimated that hydroelectric potential in the country could be as high as 5,000 MW.

In terms of recent hydropower projects, the Bankasoka Hydro Dam in Port Loko town

was completed by Chinese Hunan Group for US\$60 million and commissioned in December 2017, producing about 5 MW of electricity supply through small hydro plants. There is a planned expansion of the Bumbuna hydro-electric plant (**Bumbuna II**) under a US\$700m PPP investment, which aims to increase the current 50MW capacity (at its peak operation) by an additional 143 MW. Bumbuna II is currently on hold pending a review of the engineering and financing. Bumbuna II is anticipated to be an integral part of the GoSL’s energy strategy once these reviews are completed. Generation potential of up to 200 MW and mini-hydro plants with a capacity of less than 1 MW are also planned, both of which are expected to become a major area for PPP and a means of widening access to power in Sierra Leone.

Renewables - Solar

Solar power options also present attractive investment opportunities. Plans are in place to capitalise on the estimated 2,180 hours of sunshine Sierra Leone receives a year. These include utility scale solar power generation projects in Bo, Fourah Bay and at Njala University as well as smaller-scale developments such as solar-powered street lights in rural communities. In May 2018, the Minister of Finance secured funding from the World Bank for a 60 MW solar project in Freetown for an indicative pricing of less than US\$0.07 cents/kWh.

The evaluation process for Phase II of the street light project, which involves the development of 50,000 solar-powered street lights across all 190 chiefdoms, was recently completed. A 6 MW Solar Park Project is being developed in Newton by a consortium of ASIC and Mulk-OGI with financial backing from the International Renewable Energy Agency and Abu Dhabi Fund for Development. When completed, the Solar Park will provide substantial access to clean renewable and sustainable electricity to both urban and western rural districts around Freetown. An energy company managed by ResponsAbility

Investments has signed an agreement with Africa Growth and Energy Solutions to co-develop a 25 MW solar PV project in Bo. The first phase of the project will be the construction of a 5 MW plant and was due to commence in 2018. There is also an ongoing Rural Renewable Energy Project, which has US\$44m funding provided by DFID and is implemented by UNOPS, to establish 90 solar mini-grids (at around 30-49kW each) in rural areas. Up to 360,000 people are expected to benefit from low carbon energy by 2020 as a result of this project and the GoSL has signed 4 public-private partnerships for other like projects.

To date, DFID has funded the provision of electricity using solar thermal energy for 50 selected Chiefdom Health Centres and to extend mini-grids closer to these centres in 12 districts.

Bioenergy

The country's bio-fuels sector has received increasing levels of FDI in recent years. The GoSL is exploring opportunities for developing small-scale biomass for rural electrification and the potential use of biodiesel from palm oil or ethanol for domestic consumption.

Other energy sources

A variety of other supply-side opportunities including fossil-fuelled plants are also being considered. The GoSL has also indicated that it intends to promote the use of Liquefied Petroleum Gas (LPG).

The development of port infrastructure (see the INFRASTRUCTURE section) should increase the viability of these new generation projects through the availability of better fuel import facilities.

Transmission and distribution networks

The US\$15 million Energy Access Project funded by the World Bank aimed to reduce losses in electricity supply in Freetown Capital Western Area and improve the commercial performance of EDSA. The

project completed in July 2017. Preliminary assessment of losses after completion of the project was at 34.5%, indicating an improvement, and performance indicators showed that overall operation and financial performance of EDSA has gone up, evidencing institutional strengthening of EDSA. Further, in October 2016, the GoSL agreed financing arrangements for a 225 kV transmission line from Bumbuna to Waterloo, which will provide transmission capacity between Bumbuna II and Freetown once commissioned. The project continues to make progress, with the Bumbuna and Kamakwie sub-stations having been completed whilst those in Kenema and Bumpeh are underway. Further, the AfDB and DFID agreed to provide US\$37.15 million to finance the distribution network rehabilitation in Bo Kenema in December 2016, with a planned completion date of December 2020. This project will increase power transfer capacity and electricity access to existing areas and expand the network for newly developed communities that do not currently have access to electricity.

Priorities for the expansion of the transmission network have also been identified via the WAPP-initiated CLSG Interconnector project, which involves the construction of a 1,357km transmission line to connect the national networks of Côte d'Ivoire, Liberia, Sierra Leone and Guinea. There is a possible deal for Côte d'Ivoire to export power initially to Sierra Leone at a guaranteed minimum of 27 MW at US\$0.13 cents/kWh. A draft plan has been prepared for the development of Sierra Leone's portion of the project, which will offer significant opportunities for trading energy with the neighbouring countries, enable the leveraging of commercial capital for regional power generation projects at scale, and providing energy access to 115 communities within 5km of the line. Interconnection with these countries is due to be completed in 2020. Connection to Burkina Faso, Ghana,

Gambia, Guinea Bissau, Mali, Niger, Nigeria, Senegal and Togo will follow. The GoSL is also planning the establishment of feed-in tariffs to harmonise the sale of power from various IPPs into the WAPP and the national grid.

Key Challenges

There is a lack of capacity and inadequate staffing in the sector. The EWRC is not fully independent and is therefore not in a position to fully exercise all its functions and powers. As part of its reform process, the EWRC intends to adequately staff and build capacity to be able to regulate the industry in order that the sector can attract potential investors.

There is also continued reliance on emergency fuel, sub-optimal PPAs, poor planning, and a non-cost-reflective tariff. The transition to cost reflective tariffs is important to support the GoSL's ambitious plans for the sector and to continue to build the EWRC's standing.

In addition to there being insufficient generation capacity to meet demand, EDSA and EGTC are not bankable, and are unable to secure financing for projects. There is also an inadequate energy mix - HFO generating plants are required to maintain generating capacity given seasonal fluctuations of hydropower. The Western Area Generation Power project, once completed and operational, will provide the required balance of alternative energy sources in the country.

Private participation in rural energy development remains a key challenge. In its New Direction, the GoSL acknowledged that improving the sustainability and efficiency of energy supply in Sierra Leone will be essential for growth and industrialisation.

The current lack of data and information (most of which was destroyed during the civil war) makes it difficult to fully assess the risks and rewards for investors in certain projects. The GoSL has

acknowledged the need to improve data collection and recording and has begun a pilot programme at Bumbuna to monitor rainfall and river levels. The US Government is providing technical assistance to Sierra Leone in the areas of data management.

Natural resources: Mining and Petroleum

Sectors in Perspective

Sierra Leone is a resource-rich country with significant deposits of iron ore, diamonds, bauxite, rutile and gold, as outlined in the SIERRA LEONE AT A GLANCE section. In 2013, before the drop in commodity prices and the outbreak of Ebola, mining revenues (including licensing fees, signature bonuses, royalties, income tax, customs duties and other non-tax mining revenues) accounted for approximately US\$110 million (or 21.2% of the NRA's revenue).

At that time, Sierra Leone was a significant iron ore producer and the sixth largest exporter to China. After the collapse of iron ore prices from an average of US\$96/t in 2014 to US\$56/t in September 2015, together with a slowdown in Chinese demand, companies such as African Minerals and London Mining were forced to cease in-country operations. With further private investment into oil and gas projects grinding to a halt, it had a significant impact on Sierra Leone's economy, which contracted by more than one fifth in 2015. Sierra Leone's output of diamonds and gold also shrank markedly in 2015.

Despite this downturn and continuing uncertainty in the iron ore sector, Sierra Leone's economy recovered strongly in 2016, growing by 6.3% following the resumption of iron ore mining in February 2016 and the implementation of

supportive economic policies. Domestic revenue from mining was estimated at 10.5% of GDP in 2016 and 11.9% in 2017, compared to 9.8% of GDP in 2015. The value of total exports for 2017 amounted to US\$839 million, compared with US\$466 million for 2016. Of the 2017 exports, the value of iron ore was US\$209 million and of diamonds was US\$104 million. Rutile and bauxite are also significant mineral exports.³ In its Statement of Economic and Financial Policies in December 2018, the GoSL stated that the estimated economic growth for 2018 had been revised downwards, partly due to the suspension of operations in the Tonkolili Mines by the Shandong Steel and Iron Group in November 2017. Nonetheless, recovery in diamond and other mining activities is expected to underpin projected growth in other areas in the economy. The GoSL has committed to developing its mining

Investor Case Study: Easy Solar

Easy Solar makes clean energy affordable to off-grid communities by distributing solar-powered devices and other life improving devices on a rent-to-own financing structure. Easy Solar started operating in 2016 in Sierra Leone. They initially performed a customer survey of 2,000 households in January 2016, followed by a 200 customer pilot in March of the same year and the team moved full-time to Freetown in August 2016. In the first two years, its customer base grew from 200 to over 100,000 between 2016 and 2019. Easy Solar strives to remain manufacturer agnostic in an effort to bring the best possible products to its customers. As such, it currently sources its products from a range of World Bank certified, US-based manufacturers, whose production lines are in China.

It is estimated that more than 87% of Sierra Leone's 7+ million people live without electricity and, in the country's rural communities, only 1% have access. Easy Solar seeks to serve these populations by providing affordable solar-powered options. Based on the initial credit assessment performed by looking at the repayment performance on solar products, customers can unlock access to other life improving products such as fuel efficient cookstoves, smartphones, water filters, etc.

All products distributed by Easy Solar can be purchased through cash or mobile money on affordable payment plans, involving an initial deposit followed by weekly or monthly payments for up to one year. After completing payments, customers own the product outright. Products are available in fifteen districts across Sierra Leone, through Easy Solar's more than hundred

distribution points and nine flagship stores in the country's main cities. In its first two years of operations, Easy Solar has created more than 65 full time jobs, as well as 165 direct jobs for their agents and brand ambassadors working across the country.

On 13 February 2018, both Acumen (a non-profit global venture fund) and Gaia Impact Fund (a venture fund specializing in clean energy) announced their investment in Azimuth. This investment allowed Easy Solar to double the size of their distribution network through 2018, as well as introduce a range of complementary products and large solar systems. Easy Solar is now starting to expand into neighbouring Liberia.

3. These export statistics are taken from World Bank sources or based on analysis by Atlas Media of UN COMTRADE and BACI International Trade Database data.

capabilities, allocating Le 6,079.2 million from the Supplementary 2018 Budget to the Ministry of Mines and Mineral Resources, including Le 3,196.6 million to support the NMA. According to the MTNDP, one of Sierra Leone's targets is to increase the share of the mining sector's contribution to GDP to 20% by 2023.

The GoSL has made reviewing the mining sector a priority, allocating Le 347.7 million of the Supplementary 2018 Budget to reviewing the legal framework for mines and minerals. The current legal framework remains in place. The review is aimed at tackling corruption and lack of transparency in the sector and licensing applications were suspended from August 2018 to January 2019 to facilitate this process. The outcomes of the review remain to be seen but it is anticipated that any ensuing reforms will provide greater certainty amongst the mining community and a more predictable investment environment going forwards.

There are other indications of a more-positive outlook for the mining in Sierra Leone in the near future. For example, in November 2017, the World Bank approved a US\$20 million International Development Association Grant for the second phase of the Extractive Industries Technical Assistance Project (EITAP) to help strengthen governance, increase geological knowledge, and support the artisanal mining sector in the country. In October 2018, the second phase of EITAP was launched, building on the progress of the previous year by funding a nationwide airborne geophysical survey. The survey was commissioned in January 2019 and is intended to address the significant gap in geological knowledge affecting the sector, making it more favourable to investment. The recovering revenues from the oil, gas and mining sectors are hoped to make up a significant proportion of Sierra Leone's economy by 2020. After four years of closure, the Marampa iron ore mines reopened in February 2019 following

investment by a Sierra Leonean company ultimately owned by the Gerald Group.

Oil exploration in Sierra Leone dates back to the early 1960s, with initial work mostly completed in shallow water using 2D surveys. Mobil found oil in 1982 at well A-1 and Amoco in 1985 at well A-2, with both discoveries made at water depth of less than 100 metres. According to the Petroleum Directorate, the current cycle of exploration commenced in the year 2000, when TGS-NOPEC acquired 5,800 kilometres of seismic data. Following the introduction of the first petroleum legislation in 2001, Sierra Leone's offshore area was divided into seven blocks. The nation's first bidding round in 2003 saw four exploration blocks awarded. By 2012, Sierra Leone had held three exploration bid rounds in which international companies such as Chevron, Tullow Oil and Repsol participated. However, many companies withdrew from Sierra Leone following the 2014 collapse in international oil prices. On 29 November 2018, African Petroleum announced that it would relinquish its two offshore licences, having failed to reach agreement with the GoSL in respect of an extension.

Over time, there have been a number of deep-water discoveries in Sierra Leone with the first made by Anadarko in 2009 (Venus). Anadarko's second discovery followed in 2010 (Mercury). In 2012, Tullow Oil found oil in the block it shares with Anadarko and Repsol (Jupiter). This was followed by Lukoil's discovery on Block SL-05B-11 (Savannah). While none of these discoveries has resulted in commercial production, each new find creates greater interest in Sierra Leone's offshore reserves and more potential bidders for blocks.

The country's fourth licensing round was launched in January 2018 but, as of September 2018, remains suspended while the GoSL conducts a consultation with investors in the petroleum industry.

However, the round generated significant interest with several major companies visiting Sierra Leone to evaluate existing data, including BP and Kosmos Energy. The GoSL has expressed its intention in the MTNDP to prioritise improving the governance and fiscal incentives in the oil and gas sector in order to secure more future investment, establish a petroleum commission and to formulate and promulgate legal frameworks and laws for the sustainable development of oil and gas exploration and development.

Legal and Regulatory Landscape: Mining

The GoSL has already shown its commitment to reforming the mining sector, having launched its review of the legal framework governing mining and minerals with the intention of aligning the sector with international best practice. On 7 August 2018, the NMA announced that it had suspended the processing of applications for mineral rights in order to facilitate the review process. It informed the public on 7 January 2019 that the suspension was lifted, from which point the NMA resumed processing applications.

A number of policies were approved by the Cabinet on 21 November 2018 (including the Minerals Policy, Sierra Leone Mining Policy and a Geodata Policy), all with a view to improving transparency and accountability in the extractives sector. The Ministry also commenced a geophysical survey in January 2019. Once the study is complete, the Ministry plans to review the Mines and Minerals Act 2009 and regulations.

In parallel with the review process, the GoSL is prioritising enforcing compliance with existing legislation and licensing regimes. On 31 July 2018, the NMA announced that the GoSL was cancelling the licences of a number of companies with immediate effect on the basis that the companies had failed to meet their statutory obligations. Approximately 40

licences were cancelled as part of this campaign to clamp down on illegal miners and mineral rights holders.

The result of the above is some uncertainty for investors in the sector as legislative review is possible. Investors should be mindful of the GoSL's renewed vigour in enforcing the obligations of existing licensees and the likelihood of reform. The summary below is based on the current Mines Act.

Licences

The following mineral licences are available in Sierra Leone: (i) the "reconnaissance licence", (ii) the exploration licence, (iii) the artisanal mining licence, (iv) the small-scale mining licence, and (v) the large-scale mining licence. For a company to be granted mineral rights under the Mines Act it must be registered or incorporated in accordance with the Companies Act.

The most relevant of these licences for industrial projects are the exploration licence and the large-scale mining licence:

- > The **exploration licence** grants an exclusive right to explore for one or more specified substances within the licensed area. The licence is valid for an initial period of up to four years over a maximum area of 250 km². Renewals are permitted, provided that the maximum area over which the licence is being renewed does not exceed 125 km² and the extension granted under the licence is for no more than three years in the first instance and two years in the second instance. Exploration must begin within 90 days of registration of the license. This license includes obligations in respect of, among other things: complying with the prescribed expenditure requirements; compensating land users for damage to property and land resulting from exploration; notifying the **Minister of Mines** of the discovery of minerals of possible economic value; submitting confidential progress reports;

and employing and training Sierra Leoneans in line with the proposal.

- > The **large-scale mining licence** gives its holder an exclusive right to conduct exploration and mining operations within the licensed area and dispose of the minerals to which the licence relates. Licences may be granted for an initial period of up to 25 years, with the possibility of subsequent renewals for periods of up to 15 years. Mine development must begin within 280 days of registration of the licence and the licensee must notify the **Minister of Mines** as soon as work for profit begins in the license area.

Both of the key licences mentioned above are granted by the Minister of Mines on the recommendation of the Advisory Board. The Minister of Mines has a right to suspend or cancel the licence if the holder fails to meet any prescribed minimum annual programmes of work or work expenditure and the licensee may surrender the area covered by its mineral right by notice to the Minister of Mines. Licences are also transferable, with the approval of the Minister of Mines (upon certification by the Advisory Board) and registration in the register of mining rights. Investors should note that there are no specific "change of control" provisions in the Mines Act which could impact a sale of shares by the licence-holding company, although there is a requirement to notify the Director if there has been a change in ownership of an exploration license holder and any single interest exceeds a 40% interest in the license holder.

Surface Rights

The holder of a large-scale mining licence will need to obtain a land lease or other rights to use the land. The rent and other terms of the lease will need to be agreed between the licence holder and the owner or lawful occupier of the land. If an agreement cannot be reached between

the licence holder and the owner/lawful occupier of the land, the Minister of Mines will determine the terms of use on the advice of the **Advisory Board**.

In any case, the Minister of Mines has the power compulsorily to acquire private land or rights over and under private land for use by the holder of a large-scale mining licence. Before compulsory acquisition, the Minister of Mines needs to be satisfied that the licence holder has taken all reasonable steps to acquire rights over the private land in question. Upon compulsory acquisition, the Minister of Mines can permit the licence holder to use the land or exercise such other rights with respect to the land.

The rent agreed under the lease is distributed in the following proportions which are specified by the Mines Act: (i) land owners/lawful occupiers - 50%; (ii) District Council - 15%; (iii) Paramount Chiefs - 15%; (iv) Chiefdom Administration - 10%; and (v) Constituency Development Fund - 10%.

The licence holder is required to pay fair and reasonable compensation for any disturbance of the rights of the owner or occupier (such as the right to graze stock) and for any damage to the land surface, trees, buildings or works.

If the licence holder's use of private land requires the resettlement of the owner or occupier, the licence holder will be required to pay resettlement costs as agreed with the owners or lawful occupiers or by separate agreement with the Minister of Mines.

The compulsory purchase and compensation provisions are modelled on English law and may therefore be familiar to international investors.

The Mines Act is supplemented by the Mines and Minerals Operational Regulations 2013, which contain requirements to be fulfilled by licence

holders in relation to surface, open pit and underground mining operations, reporting of mineral resources, health and safety standards, waste disposal, as well as explosives and blasting (including the requirement to hold a blasting licence in order to use explosives).

State Participation

The GoSL has a right to acquire an interest in any large-scale mining operations under terms agreed between the GoSL and the licence holder. For instance, the GoSL currently has a 10% free carried interest in African Railway and Port Services, the subsidiary company that runs the port and rail infrastructure at the Tonkolili iron ore mine, which was formerly run by African Minerals and is now 100% controlled by Shandong Iron Ore Mining.

Environment

The EPA Act provides that mining projects may only be undertaken following the preparation and approval of an environmental impact assessment and the issuance of an environmental impact assessment licence. An environmental impact assessment licence is valid for 12 months, is renewable and may impose specific conditions in relation to the conduct of the project. The EPA Act has, since its adoption, been supplemented by the Environmental Protection Agency-Sierra Leone (Environment Impact Assessment Licence) Regulations and the Prohibition of Ozone Depleting Substances Regulations. As with the compulsory purchase and compensation provisions relating to land, these requirements may be familiar to international investors as they are based on EU law.

A register of environmental impact assessment licences is maintained, and all licensed projects are monitored by the EPA. The EPA may enter and inspect licensed premises, seize property, take samples of substances and arrest persons who are suspected of committing an

offence under the EPA Act.

In addition, holders of large-scale mining licences are required to provide financial assurance (in the form of surety bonds, trust funds with pay-in periods, insurance policies, cash deposits or annuities) for potential environmental liabilities. They are also obliged to file regular environmental management plans.

The Environment Protection (Mines and Minerals) Regulations 2013 create a number of further obligations for licence holders in relation to the environmental permit process, environmental standards, grievance mechanisms and mine closures. The Regulations also provide helpful guidance on the contents of environmental impact assessment reports and environmental management plans. The EPA has, in the past, suspended operations where licence holders have failed to comply with environmental policies.

Health and Safety

Licence holders are required to conduct safe operations in their mines and must provide a healthy working environment for their workers. Licence holders must ensure that the mine is commissioned, operated, maintained and decommissioned in such a way that workers can perform their work without endangering their health and safety.

Community and Local Content

Under the Mines Act, holders of a large-scale mining licence are obliged to enter into a community development agreement with the primary host local community once certain production thresholds are met. The NMA has developed standard procedures for all negotiations and agreements between mining licence holders and local communities through a model community development agreement. Community development agreements should address issues of significance such as educational scholarship, financial support, environmental and socio-economic management and local

governance enhancement in the host community. Licence holders are required to spend no less than 1% of the gross revenue amount earned in the previous year in order to implement the community development agreement.

In addition, licence holders are required to give preference to materials and products made in Sierra Leone and services provided by companies located in Sierra Leone. Licence holders should prioritise the employment of Sierra Leonean workers possessing the necessary qualifications and experience.

The SLNC Act was passed in an effort to promote local content and the interests of the SLNSC. The SLNC Act requires shippers that load or clear cargo for either export or import to obtain a "Certificate of Compliance" from the SLNC, a joint venture set up between SLNSC and Premuda, an Italian shipping company. The SLNC Act also provides that SLNC has the right to ship at least 40% of all inbound and outbound cargo at "prevailing market rates".

Some private investor stakeholders have expressed concerns over these provisions, which allow for the preferential treatment of a national company at the expense of other shipping companies. Furthermore, these provisions do not take into consideration the fact that shippers may have already entered into agreements with other companies for the purposes of shipping their goods and that penalties are likely to be payable under those contracts in order to terminate them.

Taxation

The GoSL has demonstrated significant flexibility in providing incentives to attract investment in the sector. The Mines Act contains provisions in relation to taxation and royalties which must be read in conjunction with other relevant laws, such as the Income Tax Act 2000, the Goods and Services Tax Act 2009 and the Customs Act 2011. In its 2018 Guide

to Fiscal Information, Deloitte noted that current tax incentives include a 10% deduction granted to investors in the mining sector for amortisation of start-up costs and an investment allowance of 5% for expenditure incurred in purchasing depreciable assets such as plant and machinery.

Large-scale mining licence holders are obliged to deliver certified copies of all “sales, management, commercial and other financial agreements in excess of fifty thousand US Dollars or equivalent concluded with any other person, including affiliates” to the Sierra Leonean tax authorities.

The fiscal regime associated with large-scale mining licences differs significantly across companies. The degree to which such differentiation is sustainable in the long term remains to be seen.

Transparency

In 2003, Sierra Leone became a participant in the Kimberley Process, an international certification scheme. The scheme is an initiative between governments, industry and civil society to stem the flow of conflict diamonds whilst protecting the legitimate trade in rough diamonds. Sierra Leone is part of the Diamond Experts working group and the Ministry of Mines reports that since, 2003, all legally-won diamonds have been exported in compliance with the minimum requirements of the Kimberley Process.

In 2006, Sierra Leone joined the EITI, a global standard to promote open and accountable management of natural resources by ensuring full disclosure of taxes and other payments made by oil, gas and mining companies to governments. Sierra Leone was accepted as a candidate in 2008 and was declared to be “compliant” with the EITI 2011 standards in 2014. Based on publicly available information, a draft Extractive Industry Revenue Bill is currently being prepared.

The country’s assessment against the EITI 2016 standards began in late 2018.

The NMA is a semi-autonomous government agency which was established under the National Minerals Agency Act 2012, in an effort to promote effective governance of the mining sector. Its mandate is to “administer and enforce the [Mines Act], any other acts related to the trade in minerals and related regulations and make recommendations to the Minister [of Mines] for amendment and other improvements in [these] laws and regulations”.

The NMA is in charge of managing the Sierra Leone Online Repository System, an online database created in January 2012 to enhance transparency and provide information on revenue data in relation to the country’s extractive industry.

In his inaugural address on 10 May 2018, President Maada Bio stated the GoSL’s intention to increase the transparency of the mining sector through the following initiatives:

- > reviewing the Mines Act and Mining Lease Agreements;
- > enacting the Extractive Industry Revenue Bill;
- > establishing a Natural Resources Account for all revenues generated from extractives;
- > allocating percentages of revenue from the mining sector to education, health and the general development of mining communities;
- > strengthening the NMA;
- > ensuring compliance with the EITI standards;
- > supporting value additions to mineral resources;
- > ensuring compliance by mining companies with the local content policy; and
- > enforcing corporate social responsibility.

More recently, the Minister of Mines and Mineral Resources, Mr Morie Manyeh, is reported as stating that the review of the mining regime in Sierra Leone would “capture into law and infuse into regulations” practices recommended in the World Bank publication titled, “License to drill; A Manual on Integrity Due Diligence in Extractive Sector Licensing”, which was launched in November 2018.

Processing

In a bid to regulate the processing of diamonds in the country, Sierra Leone enacted the Polishing Act to provide for the control of diamond cutting and polishing through the issue of licences. Accordingly, any person involved in cutting, polishing, crushing or setting diamonds for the purpose of business or trade in Sierra Leone is required to possess a diamond cutter and polisher’s licence issued by the Minister of Mines.

Once an application has been properly made under the Polishing Act, the Minister of Mines may grant the applicant a diamond cutter and polisher’s licence for a period of up to five years (subsequently renewable for further periods of up to five years).

The holder of a licence under the Polishing Act is entitled to buy, deal in, export, import as well as, cut, polish, crush or set diamonds for the purposes of business or trade. The Polishing Act requires the licence holder to ensure that all diamonds cut and polished under the licence conform to international standards, and contains the usual provisions in relation to local content.

Legal and Regulatory Landscape: Petroleum

Activity in Sierra Leone’s petroleum sector is still in the exploration phase. As of 2013, 14 blocks had been parcelled out of the country’s marine territory, only three of which remained unlicensed. However the

subsequent crash in global oil prices led many companies either to choose not to renew their license or to have their contracts terminated for failure to meet minimum activity standards.

On 29 November 2018, African Petroleum announced that it will relinquish its interests in licenses SL-03-17 and SL-4A-17 offshore Sierra Leone, after deciding against committing to an ultra-deepwater drilling program following discussions with the Petroleum Directorate of Sierra Leone, during which the two parties were unable to agree on terms for an extension of the licenses.

Sierra Leone's fourth licensing round was announced on 25 January 2018. The Round offered five Contract Areas, featuring a new block system and including the areas of undeveloped discoveries from previous drilling campaigns, shallow water and deep - ultra deep water. The GoSL subsequently suspended the round for up to six months to allow for industry consultation. Nonetheless, prior to its suspension, the Director General of the Petroleum Directorate reported that Exxon Mobil had pre-qualified as an operator and that BP, Kosmos Energy and 10 other companies visited Sierra Leone to evaluate existing data. The significant interest generated by the round heralds the potential for growth in the petroleum sector.

A primary objective of the GoSL is to use oil and gas development to generate wealth. The GoSL's proposals for developing the oil and gas sector include investing in geological data acquisition and strengthening pre-qualification criteria, providing fiscal incentives for foreign oil and gas companies, and restructuring the Petroleum Directorate. Early estimates of Sierra Leone's oil reserves range between 500-700 million barrels of oil. The relatively unexplored oil and gas industry therefore remains a pillar of the country's economic objectives, with the GoSL showing willingness to give foreign investors attractive terms. The GoSL has

recently signed a revenue-sharing agreement with GEOPARTNERS, a UK based company, for a 2D Long Offset Seismic Survey over areas not yet covered by any preliminary survey. The completion of this project will add significant value to exploration activities as it will enhance knowledge about the sub surface structures and reservoir characterisation. The survey will cover the full extent of the offshore area available in the upcoming licensing rounds.

The main legislation governing petroleum exploration and production activities in Sierra Leone is the **Petroleum Act**. Section 2(1) vests all rights of ownership in and control of petroleum (crude oil, natural gas or a combination of both) in its natural state in the Republic of Sierra Leone. The Petroleum Act sets out the type of licences required for carrying out certain activities in the petroleum sector (examples of which are detailed in the following paragraphs), and other obligations in relation to environmental protection, health and safety of workers, and local participation.

The rights that can be granted under the Petroleum Act include: (i) a "reconnaissance permit"; (ii) a petroleum licence; and (iii) a permit for the laying and operation of pipelines.

Petroleum licences permit the licence holder to explore for and produce petroleum. However, they can only be granted to companies registered or incorporated in Sierra Leone under the Companies Act. There are no foreign investment approval requirements or restrictions when commencing such a business and any foreign entity may have a 100% shareholding in a natural resources-focused company incorporated in Sierra Leone. No parent company guarantees or other economic support needs to be provided under the Petroleum Act. However, the licensee will be required to provide a guarantee equivalent to the

estimated costs for completing its exploration program during the initial period.

Licences are granted through a competitive bidding process for an initial exploration period of up to seven years (comprising an initial period of three years, renewable for two further periods of two years each). If the tender process is unsuccessful, the Ministry may assign a licence through direct negotiations. There are a number of requirements imposed on exploration licence holders, including a minimum work program.

Before any commercial production can be pursued, the operator must submit detailed development plans with a maximum duration of 30 years. The Petroleum Act also addresses decommissioning and joint development phases. For example, a licensee is required to submit a decommissioning plan for approval by the relevant Minister not less than 90 days prior to surrender, revocation or permanent termination of the facility. However, no security deposits are required in respect of future decommissioning liabilities.

A licence cannot be transferred without Ministerial approval, which shall not be unreasonably withheld. The state of Sierra Leone will have a pre-emptive right to acquire the interest at the same price as agreed with the potential purchaser. The Petroleum Act also enables the Sierra Leone National Petroleum Company (NP) to acquire a participation interest on a standalone and commercial basis or hold such interest on behalf of the GoSL.

The GoSL obtains revenue from the oil and gas sector through imposition of royalties on total production and income tax levied on profitable projects under the Income Tax Act 2000. This legislation also provides for taxation on profits recovered after the transfer of any participating interest in a licence. The Petroleum

Resource Rent Tax is another relevant fiscal regime with the current base rate set at 40%. Further, under the Petroleum Act, the award of a licence or the achievement of specific production target may be conditional on payment of a lump sum bonus, which has to be disclosed according to the terms and procedures of the EITI.

Under the Petroleum Act, the Minister also has the power to direct a licensee to make deliveries from its petroleum production to cover national requirements and may further direct to whom the petroleum shall be delivered. The price paid for the petroleum delivered is to be agreed by the parties (this would ordinarily be at a fair market value). NP remains the most dominant downstream player in Sierra Leone, owning the largest petroleum facility and tanker fleet in the country.

The Petroleum Regulatory Agency (the PRA), which was formed by the Petroleum Regulatory Act 2014, supervises and co-ordinates the operations of the petroleum downstream sector in Sierra Leone. The remit of the PRA is to issue licences and regulate the importation, refining, storage, transportation and distribution of petroleum products in a bid to ensure their regular supply to users at reasonable standard prices, and the efficient administration and enforcement of legislation relating to downstream petroleum activities. The PRA publishes on its website the retail pricing formula and commercial pricing formula used to calculate standard prices.

There is now no difference in the prices applying to commercial and retail fuel, following the removal of subsidies and tax exemptions in 2016. This was aimed at minimising the loss of revenues, remove distortions in the domestic petroleum market and putting an end to the smuggling of subsidised Sierra Leonean fuel to neighbouring countries.

Investor Highlights

Despite its relatively small size, Sierra Leone is widely recognised as a promising investor target for its extractives industry. Sierra Leone has rich mineral deposits, as well as promising petroleum potential. The country is home to what is considered to be one of the world's largest iron ore deposits at the Tonkolili mine, which contains an estimated 12.8 billion tonnes of iron ore deposits. Two other large mines in the country contain a combined estimate of 1.75 billion tonnes of iron ore deposits.

Sierra Leone is also endowed with significant bauxite reserves. The country's Port Loko deposit contains 100 million tonnes of bauxite deposits and is strategically located between the capital and one of the country's main ports, Port Pepel. In 2014, Sierra Leone produced approximately 1% of the world's bauxite production.

The country is also home to the world's largest reserves of rutile (a high grade titanium ore, used in the production of paint and papers), producing an estimated 120,000 tonnes of contained titanium dioxide in 2014, which accounted for roughly 14% of total world production in that year.

Sierra Leone has significant reserves of gold and diamonds. In 2015, Sierra Leone exported 500,039 carats of diamonds, compared to 620,181 carats in 2014. Production volumes have further recovered following Ebola to 359,080 carats in H1 2016. The country produced approximately 96 kg of gold in terms of mine output in 2013 and 33 kg in 2014.

Export volumes have fluctuated in the last two decades, in a manner correlating largely with the country's political and economic stability and global commodity prices. Having contributed to more than 20% of Sierra Leone's GDP in the 1990s, the mining sector suffered during the civil war, before rebounding fourfold in the

2000s as production normalised. The sector was heavily affected by the Ebola outbreak, particularly due to travel restrictions which made access to mining sites difficult or impossible. The effects were compounded by a drop in commodity prices. Production remains below Sierra Leone's potential output and reserves remain under-exploited.

As mentioned, Sierra Leone has made significant efforts to improve the integrity of its mining sector to meet developed world standards.

President Julius Maada Bio stated in 2018 that under its New Direction, the GoSL will review the Mines and Minerals Act 2016 (the key legislation regulating the industry) and review mining lease agreements to ensure that they are in line with international best practices. The sector review has to date confirmed the overall suitability of the legislative and regulatory framework, with additional focus required on enforcement. The President also pledged to undertake a variety of measures aimed at increasing the wellbeing of mining communities and strengthening the institutional frameworks in the mining industry, including compliance with EITI standards but the timeframe for the implementation of these measures is not yet known. The GoSL has also committed to reviewing policies and laws on oil and gas and intends to design a more appropriate petroleum policy in order to improve governance and efficiency within the sector.

Key developments that have improved prospects in the Sierra Leone extractives industry include:

- > the GoSL's recognition of the need to actively encourage new investment in the sector (given that there was significant focus in the past on the re-establishment of closed mines or the exploitation of previously proven reserves);

- > the adoption of detailed regulations, which provide more predictability, transparency and certainty to investors;
- > the introduction of the certificate of origin scheme and the implementation of the Kimberley Process, which has facilitated a rapid resumption of diamond exports through official channels; and
- > an increased political will to improve governance and fiscal incentives in the oil and gas sector, and to increase transparency and effectiveness in the governance of the mining industry through the NMA, ACC and ongoing legislative review.

In seeking to promote transparency in its extractives sector, Sierra Leone is looking to promote itself as a best-in-class arena for investment in extractives. This is especially important as discoveries of offshore oil fields are developed. In 2017, it was reported that African Petroleum's assessment of net prospective oil resources was more than 2.5 billion barrels, although it relinquished its two licences in November 2018 citing its decision to not commit to an ultra-deep water drilling program.

There may also be increased interest in onshore exploration once the review of the legal regime is finalised.

Key Challenges

As described above, and as in the case of any emerging economy, investors coming to Sierra Leone will need to address the key challenges of poor transport infrastructure, limited locally-manufactured inputs and a largely-unskilled labour force. These challenges present issues for the extractives sector including high operational costs in some areas. As outlined in the INFRASTRUCTURE: WATER, ROADS, RAIL, PORTS, AIRPORTS, TELECOMS AND TOURISM section, the GoSL is implementing an extensive infrastructure rehabilitation and construction programme, which will

reduce some of these constraints with time.

The greatest challenge to date was the 2014 drop in commodity prices, which has had a global effect on investments in the extractives sector. This was particularly damaging to Sierra Leone's economy due to the coinciding Ebola crisis. It remains to be seen what opportunities will arise in the sector as it returns to capacity. The upstream petroleum industry in Sierra Leone is also entirely in the exploration phase. In order to reach the production phase, investment in infrastructure will be required.

The change in government has halted investment in the extractive sectors for the short term, as the GoSL conducts reviews and industry consultations in order to develop its policies on improving the governance and attracting investment. The GoSL has made several positive proposals but it remains to be seen how many will be successfully implemented.

Infrastructure: Water, Roads, Rail, Ports, Airports, Telecoms and Tourism

Sectors in Perspective

Sierra Leone's infrastructure was badly damaged during the country's decade-long civil war and the country continues to suffer from deficits in both the quantity and quality of its infrastructure. Progress has, however, been made through investment in the creation of a national road network and the development of the Freetown Port.

The GoSL's MTNDP recognises the important role of investment in infrastructure in order to promote economic development and stability in Sierra Leone. The transformation of Sierra Leone into a middle-income country will be heavily dependent on the development of its infrastructure facilities, systems and services. The Office of the Presidential Infrastructure

Initiative (OPII) has identified a number of short, medium and long-term priority infrastructure projects.

Legal and Regulatory Landscape: Infrastructure

Sierra Leone has adopted a number of policies aimed at supporting growth, reducing poverty and closing the infrastructure gap. These include a number of incentives for infrastructure projects with development costs exceeding US\$20 million such as: income tax exemptions for 15 years from start-up; duty free imports on plants, equipment and other inputs required to execute the project; and costs incurred in training local staff are tax free.

The PPP Act established a PPP Unit in the Office of the President. The Unit is mandated to provide coordination and transactional support to the GoSL MDAs across a range of potential PPPs.

Investors should note the following provisions under the PPP Act:

- > with limited exceptions, PPPs are required to be procured on a competitive basis;
- > all PPP Agreements are subject to an agreed review procedure, which is carried out by the PPP Unit and the statutory sector utility regulator every five years on the basis of overall performance, delivery of service level and fulfilment of parties' obligations; and
- > in certain circumstances, MDAs have the right to take over a PPP project to ensure effective and uninterrupted delivery or timely completion.

Water

The GoSL's overall objectives for the water sector, as set out in its MTNDP, are focused on increasing the population's access to safe drinking water and improved sanitation. According to current plans, these objectives will be pursued through attempts to address issues within both urban and rural water

supplies and sanitation systems. There are also plans to improve the harnessing of the water supply, irrigation and navigation through a number of changes which are targeted at improving water management within the agricultural sector.

A framework for governing the management of Sierra Leone's water resources was passed in the National Water Resources Management Act 2017. The Act provides for the efficient and sustainable use and management of Sierra Leone's water resources, by establishing a legal framework within which the regulator, the National Water Resources Management Agency, can promote licensing and carry out enforcement against bodies which breach the terms of their water management licences.

The Ministry of Water Resources, established in 2013, is pursuing a number of reforms to implement these objectives and address the lack of a single legal regime for the sector. This includes enacting legislation to support the two utilities in their core mandate of delivering water supply services: (i) GVWC, which supplies water in Freetown; and (ii) the Sierra Leone Water Company (SALWACO), which supplies water to the rest of the country. In 2004, the Local Government Act brought in measures to decentralise responsibility for the supply of water in rural areas. This was amended in 2017 to provide for the addition of new Districts, however, implementation of the measures in the Act has been slow to date.

The Sierra Leone Water Company Act 2017 was enacted in May 2017 to streamline the national water and sanitation company, SALWACO, as a modern company and to change its organisational structure. These changes are intended to help with capacity and equip the institution in carrying out its work, through enhancing provincial water supply and sustaining it. The Guma Valley Water Company Act was enacted in June

2017. Among the sections that were amended is Section 61, which states that regulations can be made without any consultation with the Minister of Water Resources and that the rules, orders and regulations should remain at the administrative level (rather than at Ministerial level). The GoSL has expressed its intention to improve efficiency and cost recovery through regulatory reforms of the sector as well as strengthening the capacity of GVWC.

In 2018, the Ministry of Water Resources also established the Water, Sanitation and Hygiene (WASH) programme, the Monitoring and Evaluation plane (M&E), and the National Resources Management Agency in order to monitor and control water resources throughout Sierra Leone. This included launching the 5-year initiative, Freetown Water Supply and Sanitation Master Plan and Investment Studies (FWSSMPIS), in order to closely monitor the water supply in Freetown, and execute the M&E plan which aims to strengthen country-led monitoring of water and sanitation services in households, communities, schools and health facilities.

These improvements to water sector governance were bolstered by a US\$44.4 million partnership between the U.S. Government's Millennium Challenge Corporation (MCC) and the GoSL, which commenced in 2015. The purpose of the partnership was to implement policy reforms, build institutional capacity, and improve governance in the water and electricity sectors in Sierra Leone, with a focus on Freetown. All of the funds have been committed. The program includes electricity and water reform projects and regulatory strengthening project which aims to support the independent regulator - the EWRC. The Water Sector Reform Project also involves physical mapping, conditions assessment and hydraulic modelling of the GVWC

transmission network and treatment plant, and construction of water kiosks and pipe rehabilitation.

[Roads, Rail, Port and Airport Infrastructure](#)

The GoSL's New Direction manifesto proposed a new network of strategic transport links which would connect the mining belts in the North East and South West of Sierra Leone through Southern Central farmland region. Under these plans, new roads and rail links would be centred on two "Economic Corridors" (linking the Free Trade Zones - see the KEY LEGISLATION AFFECTING BUSINESSES IN SIERRA LEONE section), linking six "Regional Growth Hubs". The proposals in the New Direction include a new railway line to run across the Northern, Western, Southern & Eastern provinces, linking Koindu to Freetown and Falaba to Bonthe. Under these proposals, a second railway would link the country's two mining belts. Roads will extend the network to Kono district.

Port activities are controlled by the SLPA and the maritime regulator, the Sierra Leone Maritime Administration. In 2012, the GoSL enacted the SLNC Act, establishing the SLNSC (see the NATURAL RESOURCES section of this guide). The Act was amended in 2014 in part to remove the SLNSC's right to add a 10% surcharge to prevailing market rates in determining the rates for its services. New legislation is currently being drafted in order to replace the 1964 Port Act.

The RMFA, established in 2010 by an Act of Parliament, is mandated to support the routine maintenance of trunk and city roads, bridges and ferries and the development of new trunk and feeder roads. This would be supported by the newly established Office of the Presidential Infrastructure Initiative (OPII) which would assist with the selection, design, planning and management of road projects and the mobilisation of resources

Telecommunications

The Ministry of Information and Communications has principal responsibility for the ICT/telecom sector. It has under its portfolio a number of specialized agencies/departments to carry out implementation of these policies and strategies, such as the regulatory agency, NATCOM, and the eGovernment Department for implementing eGovernment activities.

The telecommunications sector was a state-owned monopoly until the late 1990s. It has been significantly liberalised since the first mobile phone licences were awarded in 1994.

Since 2002, it has been possible to obtain a “generalised licence” for the provision of telecommunications services, allowing competition to grow rapidly in the industry. The four mobile companies currently operating are Orange Group (which purchased the operations of Bharti Airtel in Sierra Leone and Burkina Faso for c. US\$900 million in 2016), Africell Mobile Company, SierraTel and Gambian mobile operator QCell. These companies are using GSM bands with 3G capabilities, with SierraTel and Africell also providing LTE services, with the exception of Orange (SL) Limited who is also providing 4G network capabilities.

The Telecommunications Act 2006 provides the framework for the telecoms sector. This outlines that all telecommunications operators must be licensed by NATCOM before commencing operations. Licences are granted in-line with NATCOM’s prescribed requirements rather than an auction process. The Act was updated by the Telecommunications Act 2009 to give NATCOM increased powers to foster competition in the IT sector. To that end, in 2016 NATCOM reviewed twelve tenders before awarding the contract to manage the IGMS to Ghanaian company Subah Info solutions, who will manage the quality of

international voice and data traffic originating or terminating in Sierra Leone.

In order to provide a stable and predictable legal and regulatory framework which aims to build trust online and ensure online transactions are secure, the GoSL have drafted the National Electronic and Transaction Bill which has also been submitted to Parliament for enactment in 2019. This will provide the legal framework for the National Electronic Transaction Policy. The legal framework and policy together cover e-learning, e-health, e-agriculture and facilitate effective service delivery within MDAs.

Investor Highlights

Water

Although Sierra Leone has substantial water resources, the country faces a number of challenges in this sector due to dilapidated infrastructure, uneven distribution of rainfall across the country, the seasonality of water availability and limited capacity for water storage. Large parts of the system are in need of rehabilitation in order to provide sufficient service levels and there is a significant divide between urban and rural areas and between wealthy and low-income communities in terms of coverage.

Urbanisation in Sierra Leone exceeds the current levels of urban water supply. At the moment, the GVWC average daily output in Freetown is approximately 70,000m³ per day as against a daily estimated demand of 130,000m³ per day. In response, the GoSL is working collaboratively with its donor partners, including DfID, the UNDP and UNICEF to provide a Dry Season Water Supply Backup plan for Freetown, involving the construction and reconstruction of boreholes and repairing and monitoring of the network.

According to SLIEPA, 87.8% of the people in the Western Area have been assessed as having access to safe clean

water. However, only 37.1% have access to pipe-borne water on premises. To help reach the national target in the post-Ebola period, the GoSL has benefited from funding from the OPEC Fund for International Development, the ADB, and the DFID totalling US\$64.5 million towards rehabilitation works on current infrastructure (including the water supply systems in Freetown and the Three Towns Water Supply Project focused on Bo, Kenema and Makeni). This funding will be used to construct new infrastructure in order to increase supply, improve transmission and distribution, and develop waste water treatment facilities.

There are significant opportunities for private sector involvement in these projects. Existing investment opportunities in the water sector include the development of new water dams in several of the major rivers in Sierra Leone to increase water supply and the expansion of the GVWC dam’s capacity. The water sector reform project funded by the MCC grant (mentioned above) includes piloting of a PPP model for the operation and management of public standpipes currently operated by the GVWC. A new reservoir for Freetown has been considered by the GoSL as well as the construction of gravity water supply facilities in the Western Area, and the rehabilitation of existing water distribution networks and water dams. Improvements to water management are also under consideration. These measures include developing in-land valley swamps and waterways to increase productivity, devising a national irrigation and drainage programme and using agricultural water to take advantage of agro-climatic conditions. The GoSL has also allocated additional resources for the construction of one hundred solar powered boreholes which will result in four hundred new water tanks being supplied to thirteen Districts.

Roads

The construction and rehabilitation of trunk roads is to be given high priority by the GoSL in the coming years, particularly the Bo-Bandajuma road and the Pendembu-Kailahun road, whilst the GoSL has partnered with the Islamic Development Bank which will fund construction of a Kambia-Kamakwe road. As part of the GoSL's Office of Presidential Initiative on Infrastructure, in November 2018 President Julius Maada Bio formally opened construction work on the four-lane Lumley-Juba bridge, whose work is now complete, and the reconstruction of Limkokwing-Regent road in Freetown. The Lumley-Juba bridge is now open.

Two major road construction projects were given the green light in 2016: (i) the Bandajuma-Liberia Highway (which will create 100km of paved road, restore 2 bridges and construct a new bridge over the Moa River at an expected cost of €67.7m); and (ii) the widening of the Wellington-Masiaka road, the main road from Freetown to four regions in the country. The Wellington-Masiaka project was undertaken as a PPP between the GoSL and the Chinese Railway Seventh Group under a 25 year build, own, operate and transfer (BOOT) agreement (extended to 27 years later in 2017). The project commenced with the introduction of tolls on the road in 2017. In 2018, the Sierra Leone Road Transport Authority announced a technical and financial audit into the project and the House of Parliament referred the report to the ACC to take action.

There are numerous opportunities for private sector participation in road maintenance. Following the completion of the feasibility study on the Lungi Bridge, the OPII has begun mobilising resources for the next stage of the project. The GoSL has invited potential contractors to review the project documentation and to bid in respect of the project. In addition, the GoSL is close to approving a US\$50 million

World Bank loan which will be directed towards improving access to quality public transport, addressing issues associated with climate resilience and improving road safety.

Ports

Freetown boasts the largest deep-water natural harbour in Africa. In order to take advantage of its geographical location, the GoSL is pursuing development of its three major ports; QE2, Freetown and Bonthe.

The existing QE2 Freetown container port is currently managed by Bolloré Africa Logistics under a 20-year concession agreement awarded in 2011. As part of the agreement, expansion works at the port were launched in late 2016 with the expanded port opening officially in November 2018. The QE2 port can now accommodate vessels carrying up to 6,500 containers, increasing possible traffic by more than 30%. President Maada Bio has indicated that the port is part of a strategy to broaden Sierra Leone's ability to attract trade and investment and has expressed an intention to build relationships with the EU and African, Caribbean and Pacific states. Other developments include the installation of CCTV cameras to monitor activities around the QE2 port and improve safety.

There have been further efforts to involve private partners in the ports system. Holland Shipyard, which holds a 20-year concession for the Marine Slipway and Ship Repair facilities has announced that it will launch a floating dock at Freetown port in 2019. GoSL is also considering developing a "dry port" to ease congestion at QE2 and facilitate the transportation of containers destined for rural areas.

The GoSL's New Direction indicated that a new seaport complex near Bonthe would form an important aspect of its infrastructure proposals, in particular mineral and agrishipping. If built, this would provide a new commercial deep-sea port on

the Southern Coast with bulk and break-bulk facilities. The Office of the Presidential Infrastructure Initiative is engaging EPC contractors and financiers.

Airport

According to the International Civil Aviation Organisation (ICAO), Sierra Leone's current safety rating is 18.5%; well below the 60% safety threshold set by the Abuja Safety Targets. On account of this, the GoSL has undertaken a number of steps to develop its aviation industry. Working alongside a US\$500,000 investment from the ICAO, the GoSL is implementing a new safety oversight system in order to strength its safety capabilities.

This runs in conjunction with Lungi airport taking part in its first ever ACI Airport Excellence (APEX) review in 2019. The Sierra Leone Civil Aviation Authority has also entered into a number of cooperative agreements with aviation safety experts including Banjula Accord Group Aviation Safety Oversight Organisation and the Airport Council International. This aims to provide training in airport operations and airworthiness with the aim of being granted an Air Operation Certificate. This would allow Sierra Leone to resume registration of aircrafts on the national aircraft register.

In 2012, a deal was struck between the then GoSL and the China Railway Group for the development of a new airport called the Mamamah International Airport just outside Freetown, which was intended to replace the current Freetown International Airport located in Lungi. Construction was due to be completed by 2020. However, in October 2018, the GoSL announced that it had cancelled the deal and that it will renovate the existing airport in Lungi instead. The GoSL has also indicated plans for a major expansion at Freetown International Airport. At the time of publication, the GoSL had entered into a Memorandum of Understanding with Summa Group. In relation to the

construction of a new terminal, taxi-way and airport hotel. It was reported that the 18 month project would commence after a feasibility study of the topography.

Transport options from Freetown International Airport (located in the small town of Lungi) to Freetown (across Tagrin Bay) include road, ferry and water taxi. Although the three main water taxi operators provide fairly reliable services and can be booked in advance, transport from the airport is, in general, relatively challenging and time-consuming. A new Lungi bridge connecting Lungi and Freetown is planned which, if built, would reportedly involve an infrastructure project well in excess of US\$1bn. The GoSL has carried out a feasibility study into the project and is looking for private sector partners to collaborate in its construction.

In an effort to reduce the cost of air fares and promote investment in the aviation industry, the GoSL has additionally reduced all landing fees by 34%, removed passenger handling fees and reduced both passenger service charges and aviation service fees.

Telecommunications

The Africa Coast to Europe (ACE) submarine cable, which extends from France to South Africa, was commissioned to link to the Sierra Leone network in February 2013. With the assistance of a US\$31 million grant from the World Bank, the fibre-optic cable landed in Sierra Leone in 2016. This offshore fibre-optic “super highway” is aimed at meeting the rising demand for voice and data services and offers vast improvements to the ease of doing business and the provision of education and health services in the country. Its installation has lowered the cost of international connectivity. The connection is managed by a GoSL-owned special purpose vehicle, Sierra Leone Cable Ltd (SALCAB). In November 2018, SALCAB announced a cut in the wholesale cost of

the internet bandwidth by almost 50%. Despite this cost reduction, a quarter of the population is still reportedly without telecoms access. SALCAB has also stated it has aspirations to attract capital expenditure investment that will allow it to implement a second submarine cable that will serve as a redundancy to the ACE cable.

The country is now also benefiting from the ECOWAS Regional Backbone and e-Governance Program (ECOWAN) project that was completed in Sierra Leone in December 2015, ahead of schedule. As a result of ECOWAN, most of the major towns and cities now have fibre optic cable terminating or passing through them and a high speed wireless network has been established in Freetown for use by MDAs.

In 2015, the GoSL terminated the gateway monopoly, which had been enjoyed by the Sierra Leone Telecommunications Company for almost ten years. The liberalisation of the gateway in April 2016 has increased competition in the sector, which, it is hoped, will lead to improved service provision and reduced prices. To date there has been an increase in the availability of LTE services and in recent months an additional entrant into the market for mobile phone services (QCell).

A new internet service provider was launched in January 2019 by K3 Telecom Sierra Leone (a subsidiary of Swiss-based K3 Telecom AG). The service provision aims to provide high-speed internet and was launched on K3 Telecom’s own wireless broadband telecommunications network.

The Ministry for Information and Communications in collaboration with NATCOM have begun a review of the Telecommunications Act 2006 (as amended). Recently, in February 2019, Orange Sierra Leone announced it was reducing its internet prices in order to make internet connectivity easier for the people of Sierra Leone. The decision to lower prices comes as a response to the

increased pressure to reduce the internet penetration gap.

The GoSL has also developed a National ICT Policy. Once passed, it will enhance admissibility of electronic documents/ evidence in legal proceedings therefore promoting e-Commerce. In addition, the SALCAB will launch a quarterly Tech Start-Up competition in order to drive innovation. This will run alongside other initiatives to provide internet connectivity in 500 schools and universities by 2023 under the School Connectivity Project and rolling out phase 2 of the National Terrestrial Fibre Network.

There are significant opportunities for private sector investors in the telecommunications sector. The Ministry has initiated engagements with relevant stakeholders particularly the PPP unit to start the procurement process for a turnkey for the supply, delivery, installation and commissioning of the Digital Terrestrial Multimedia Broadcast platform solution based on DVB-T2 technology. The technical design of the turnkey project will cover the country with 10 main sites utilising powerful DTTB transmitters. The GoSL is also in the advanced stages of acquiring a loan of US\$30 million through Exim Bank of China for work on the National Fibre-Optic Backbone Infrastructure project which aims to identify weaknesses in the network and provide protection to the transmission infrastructure in the country.

Tourism

The post-Ebola recovery of the tourism industry in Sierra Leone was confirmed by the United Nations World Tourism Organization (UNWTO), which identified the country as one of the world’s fastest-growing tourist destinations.

In its MTNDP, the GoSL has recognised the importance of the tourism sector and has identified an overall objective of increasing revenue and jobs from tourism and promoting the cultural heritage of the

country. Specific policy actions are intended to cover (i) improvements to the policy and legal environment; (ii) developing historic sites; (iii) developing the tourism infrastructure; (iv) promoting marketing and improving international image; (v) skills development; and (vi) diversification of tourism product. The adoption of a stronger policy framework, including the National Tourism Policy and National Ecotourism Policy in 2017, have provided blueprints to guide the development of this sector.

The country is home to diverse and rare wildlife, leafy highlands and beautiful sandy beaches along 360km of coastline, presenting significant opportunities for growth in the eco-tourism sector. IDEA (UK)'s Hilton Freetown Cape Sierra

Hotel, projected to open in the fourth quarter of 2018 but subject to a number of delays, will assist in providing a platform for this growth.

Incentives in the sector include an exemption from income tax for 5 years from the commencement of operations (for expenditure up to 150% of the original capital investment), duty free imports for new construction, extension or renovation of existing tourism-related facilities, exemption from payroll taxes for 3 years for up to six non-Sierra Leonean employees with skills not available in the country and a 125% deduction on tourism promotion expenses.

Key Challenges

Infrastructure development presents both critical challenges and substantial

investment opportunities for investors in Sierra Leone. Without the resources to significantly reduce the infrastructure gap, the GoSL has looked to attract private sector investors through the implementation of policies and legislation to promote PPPs and mitigate the risks inherent in greenfield investments.

In order to attract the right levels of investment in its infrastructure, the GoSL acknowledges that it will need to focus on the development of viable, bankable and sustainable projects that can unlock the potential of promising growth sectors such as those outlined in this Guide.

The most visible challenges and opportunities lie in Sierra Leone's physical infrastructure. Sierra Leone's two major international transport hubs, as described

Investor Case Study: Solon Capital Partners

"We approach investing in Sierra Leone like we approach the education of a child who walks into one of our Rising Academies on the first day of school, in her first year of school. We are not focused on her performance for the first term or her results on the first year's final exam. We are focused on developing a resilient, best-in-class academic performer. Someone who will one day graduate from a Rising Academy Senior Secondary school, and who will progress on to a successful tertiary education and lifelong professional employment."

"We maintain this focus in the long-term because we believe it will maximize risk-adjusted financial returns for our investors and the impact that our investors' capital generates. The Sierra Leone market is volatile, but the swings mask a persistent, secular direction: upward. For us, maximizing performance is not about trying to pick the peaks and

troughs (we know we would fail at that); it is about building resilient market champions who can ride out the volatility and capture the opportunity of that multi-decade trend-line."

"This long-term focus is not without trade-offs. It demands the discipline of restraint during the upswings and continued conviction during the downturns. It may mean forgoing short-term profits in order to establish a dominant long-term share of a sustainably growing market. It will not be for everybody – but Solon Capital Partners believes it is a strategy that is beginning to bear fruit: since our founding in Freetown in 2010, we have built a portfolio of companies spanning the transportation, real estate, professional services and education industries. These businesses employ nearly 500 people across Sierra Leone, Liberia and Ivory Coast, and impact the lives of approximately 11,000 people every day. And they have also enabled us to return nearly US\$6 million in cash to our investors."

In June 2017, this strategy and track record was validated by a US\$20 million equity commitment from CDC Group Plc, the UK development finance institution, to Solon Capital Holdings (Solon Capital Partners' investment holding company). It was the first time CDC ever invested in a permanent capital vehicle. Heading into 2019, Solon Capital Partners is focused on continuing along its current trajectory of long-term growth, and to the continued growth of Sierra Leone over the long term as well.

About Solon Capital Partners

Solon Capital Partners is a West-Africa focused investment manager that is pioneering a new approach to investment, as well as economic development and poverty reduction, in fragile and post-conflict states. Its core strategy seeks to maximize risk-adjusted returns for its investors by developing and acquiring high growth businesses that provide fundamental goods and services to underserved populations in overlooked markets.

Investor Case Study: Nectar Group

About Nectar Group

Nectar Group is an established bulk cargo handling solutions provider. The group is best known for its mobile bagging services which are found in many ports around the world, but has successfully expanded its services in recent years to include Terminal Management, Logistics, Port Equipment Maintenance and Professional Consultancy. Since its inception in 1972 the multi award-winning group has operated in 151 locations across 75 countries, handling in excess of 10 million tons annually making it a true leader in its particular area of expertise.

Sierra Leone Involvement

Nectar Group's involvement in Sierra Leone can be traced back to the late 1980's where it pioneered Bulk/Bagging operations at Freetown under the USAID Title II programme. After returning to Sierra Leone in 2006, Nectar's presence has evolved and developed further.

Since 2015, Nectar Group's investment in Sierra Leone is focused around the Freetown Port. This port is located within the busy eastern end of the city. It serves as the major logistics hub for Sierra Leone's imports and exports. As an essential component of the city's economic prosperity, this port is invaluable for the local economy. However, the port's potential extends beyond the local geography. It is one of the world's deepest natural harbours and lies almost equidistant between Brazil and major northern European ports such as Rotterdam and Hamburg. This gives the port, and Sierra Leone, significant commercial advantages. However, the port's potential has yet to be fully realised.

Nectar Sierra Leone Bulk Terminal ("NSBT")

The NSBT is a Joint Venture Company ("JVC") between Sierra Leone National Shipping Company and Nectar Group. The JVC won a tender issued by the government of Sierra Leone for a ten-year licence to run the bulk terminal at Queen Elizabeth II in 2015.

Since then, the group has invested over US\$4.5 million in the implementation of new handling equipment, improved warehouses, and refurbishing infrastructure. As a result, working conditions and facilities and Health and Safety have all noticeably improved in the last 3 years. Nectar has also ensured that local employees account for over 96% of the staff headcount.

Major amelioration can also be observed in terms of Health and Safety, Security, Cargo integrity and Discharge performances.

The substantial investment, and the subsequent improvements into the terminal in terms of equipment, infrastructure and training, were recognised when NSBT were awarded the 'Best Dry Bulk Port 2016' at the IBJ awards. This was all achieved with the backdrop of the Ebola outbreak.

NSBT recognises that having a social impact is just as important as having an economic impact. As part of the community initiative, NSBT has donated fire engines to the Sierra Leone Ports Authority in 2017 along with uniforms and ancillary fire-fighting kit. The same year, NSBT also partnered with "Street Child Sierra Leone" to sponsor 25 homeless children in the Cline Town area of the city in order to get them off the streets and into long-term education. It does not stop there, NSBT also built 6 classrooms, the Headmaster's office and

Staff Room at the Muslim Brotherhood Primary School (Cline Town) in 2017.

In 2018, one of the community action plans was to refurbish classrooms at the Bishop Crowther Primary School. The other was its involvement in Freetown Cheshire Home (Cline Town) with the refurbishment of toilets and drainage systems as well as the long-term sponsorship of 11 young residents. Finally, it has provisioned for a Port Ambulance and clinic at its terminal to improve "first response" capability on its premises.

Looking Ahead

During the latter part of 2017, Nectar Group successfully converted its 10-year operation licence into a 21-year port concession. The company intends to build a US\$25 million port extension providing a new deep-water berth and further storage facilities. Construction will commence by 2021.

In the short term the company is investing further equipment for the terminal - approx. US\$350,000 in new bulk handling equipment which is currently being built and was delivered to the port in early 2019 to improve clinker and cement handling. At time of writing there is an ongoing dredging exercise to accommodate bigger vessels. A new, larger-capacity forklift is also expected to be delivered in 2019 along with a patrol boat to improve seaside security to the terminal. An on-going training programme is also now in place for operators/mechanics. There is a plan for berth expansion by 2020.

in this section, are its ports and airports. As construction of the new airport at Mamamah has been cancelled, it remains to be seen if and when the proposed renovation of Freetown International Airport materialises and whether it will be sufficient to accommodate the potential demand of the coming years. The new Port Loko to Lungi Highway that links to Freetown provides better road access and the GoSL is looking to develop alternative means of transport across the estuary.

The country's road networks are in need of significant improvement. It is a priority of the government to upgrade the road system. However, journeys beyond the major urban centres, such as Makeni and Bo, remain difficult. Consequently, transport costs can be higher than might be expected in a country as small as Sierra Leone.

The railway network in Sierra Leone is also under-developed. Following the decline in rail transport operations in the 1970's and subsequent damages to the railway infrastructure during the civil war, there are difficult and expensive obstacles to restoring the lines or building a new railway system. However, there is strong political will and committed leadership to exploring options to transform the transport sector.

Agriculture and Fisheries Sectors in perspective

Agriculture is the backbone of the Sierra Leonean economy, with the sector accounting for an estimated 60.7% of GDP according to World Bank and OECD national accounts data, and employing around **two-thirds of the national labour force**.

Notwithstanding this, the sector's vast potential is still largely untapped. Sierra Leone is endowed with approximately 5.4 million hectares of arable agricultural land, of which almost 75% is available for cultivation. The country boasts fertile soils

and its ample rainfall averages roughly 3,800mm per year, making it one of the most humid countries in Africa. This climate supports a broad range of crops including rice, millet, cassava, mangoes and groundnuts, as well as livestock and cash crops, such as coffee, cocoa and palm oil. Crops of bananas, pineapples and sugarcane are also grown.

The GoSL sees agribusiness as a key driver of growth for the country and a critical area of focus for investment. It sees the potential for Sierra Leone to become a global agri-business export hub with tariff-free access to growing international markets. This vision will take advantage of Sierra Leone's readily available land and sea resources and low domestic land and labour costs to work towards becoming one of Africa's leading product points for value-added export.

In light of rises in global food prices and competition for arable land, the GoSL has developed the Le 8 trillion National Agricultural Transformation Policy 2019-2023 (NAT 2023), a strategy that aims to put agriculture at the centre of Sierra Leone's economic development. The GoSL aims to make Sierra Leone a global investment hub for major agribusiness exporters looking to secure production capacity, and also sees development in this sector as an eventual stepping stone to developing low-cost manufacturing platforms for other key export sectors, through the leveraging of agri-business processing capacity.

While small-scale subsistence farming currently dominates the sector, the GoSL is looking to FDI to boost productivity through mechanised commercial agricultural development and investments across the agriculture value chain. The GoSL aims to increase public funding for agricultural projects to 10% of its budget over the next two years while encouraging additional private sector investment alongside over US\$200 million of funding

which has been sourced from the World Bank, FAO, EU and other international and regional organisations. A number of commercial agricultural companies have been operating in Sierra Leone producing (or in the process of producing), bio fuels and energy, palm oil, timber, rice, seed sorghum, agri-machinery contracting services, growing and canning pineapples and processing and manufacturing juice concentrates. A number of these commercial enterprises have formed an organisation, CAPP, whose membership is open to all commercial agri-business and processing companies. CAPP both represents the interests of its members, to anticipate expectations and to innovate. CAPP intends to raise awareness of modern commercial agriculture and farming techniques.

Fisheries are one of Sierra Leone's lesser known sources of untapped wealth. They are a key source of exports and are believed to account for at least 12% of the country's GDP, as well as providing livelihoods for over 500,000 people through direct and indirect means. This area, along with rice farming and soft commodities, is a central focus in the GoSL's plans for the development of large-scale commercial agri-businesses, aimed at targeting regional and international demand. As part of this focus, the GoSL is currently reforming the licensing system of fisheries and seeking investors who will turn Sierra Leone into a regional fisheries hub.

Legal and Regulatory Landscape: Agriculture and Fisheries

Sierra Leone's policy and strategic framework for the agriculture sector currently focuses on providing better quality and wider access to inputs and infrastructure, and improving storage and processing facilities to increase productivity, achieve food security and expand exports. The NAT 2023 aims to utilise research, innovation and linkages

between local farmers and investors to drive these developments.

Investors should consider a number of areas of policy and regulation that impact the structuring and commercial viability of investments in the agriculture sector. These include land and water rights, environmental regulations, labour laws, local content requirements, and licensing and permitting requirements.

Land

As summarised in the KEY LEGISLATION AFFECTING BUSINESS IN SIERRA LEONE section there are two distinct land tenure systems in Sierra Leone. In Freetown and the Western Area, title to land can be bought and sold under a freehold system. Outside of these areas, where much of the country's agricultural land is situated, only leasehold interests in land can be bought and sold and reversionary title to the land is retained by indigenous communities, represented by local chiefs. Foreign investors are not permitted to own title to land under either system, but can lease land for a term of up to 50 years, renewable for a further 21 years, with land in Freetown and the Western Area limited to a lease of up to 21 years only by virtue of the Non-Citizen (Interest in Land) Act 1966.

For investors unfamiliar with customary tenure-based land systems in Africa, the involvement of local chiefs in the leasing process can be concerning and act as a deterrent to investment. Sierra Leone's Law Reform Commission has been working on draft legislation to further harmonise the two distinct land tenure systems, facilitate access to land for responsible investment and develop a centralised land title registration system to reduce the prevalence of title disputes. The reforms could also establish new land commissions and committees responsible for the management of land titles to be established at the national, district, chiefdom and village levels. While the GoSL is prepared to assist foreign entities

in negotiations with chiefs and landowners, the practicalities can be complex. In certain cases, the GoSL may also take a head lease on provincial lands and grant long sub-leases to agribusiness investors so as to mitigate any perceived risks of privity between customary land owners and foreign investors.

The GoSL is seeking to build on Sierra Leone's natural strategic advantages by actively considering ways in which land tenure in rural areas can be modernised. In the future, government-owned land in rural areas may be made available for large-scale investment. Land banks to pool land for potential acquisition in order to promote domestic and foreign investment may be established and led by communities. In addition, the MTNDP sets out plans for the establishment of an autonomous National Land Commission to oversee land management and the production of urban development plans to guide the modernisation of Freetown and other major cities.

The leasehold rights of agribusiness investors are protected by the wide-ranging guarantees against expropriation set out in the IPA. To date, no claims appear to have been brought against the GoSL pursuant to these provisions under the IPA.

Water

Sierra Leone is one of Africa's most water abundant countries, with total internal renewable water resources of around **25,000 cubic metres per capita per year**. As is common in West Africa, in Sierra Leone water is considered a communal resource. Use rights are subject to recognition of the rights of others to the resource, and preservation of the water's quality. A landholder may claim rights to a stream or other water source on his or her land. There are hurdles with respect to water use in Sierra Leone, as the country lacks a comprehensive legal framework governing its water resources.

Notwithstanding the above, ascertaining which relevant permits and consents are required for water extraction poses a challenge to potential investors. The reform process of the water regulatory environment is still ongoing (as referred to in the INFRASTRUCTURE section) and the establishment of a central body charged with managing the country's water resources, the National Water Resources Agency (see [here](#) for more information). The objective of the Agency is to regulate, utilise, protect, develop, conserve, control and generally manage water resources throughout Sierra Leone. Improvement of the water infrastructure systems is a key focus of the Medium Term National Development Plan to 2023, through which the GoSL aims to increase nationwide water distribution, unbundle the water sector and improve collaboration and cooperation in water management.

Environment

Before initiating any agribusiness and/or fisheries project, investors are required pursuant to the relevant environmental laws to undertake an environmental social and health impact assessment, inform affected communities of the results of the assessment and address any community objection to a project through community consultative meetings and community sensitisation programmes.

The EPA has broad responsibility for ensuring private-sector compliance with environmental regulations in Sierra Leone, including environmental, social and health impact assessment procedures.

Where projects are financed by the international lending community, stricter environmental compliance, such as compliance with the Equator Principles and the IFC Performance Standards, will be required.

Although the primary environmental legislation applicable in Sierra Leone provides the environmental regulator with

the power to promulgate regulations in respect of the control of effluent discharge and the release of hazardous and toxic materials, no such regulations have been enacted to date. That being said, the GoSL has expressed its intention to focus on environmental issues and it is hoped that a more robust environmental protection regime should become applicable in Sierra Leone in the near future. The EPA held a workshop in November 2017 on obsolete pesticides and related waste, and is compiling an inventory of the same for 13 agricultural districts in Sierra Leone as a prelude to their potential destruction.

Efforts are being made to combat deforestation through the establishment of a National Programme for Tree Planting and Reforestation, to which the GoSL has allocated initial funding of US\$2.4 million in 2019. A procurement exercise is currently being carried out to appoint service providers to implement this programme. A National Timber Governance Agency is expected to be established in the near future to oversee the licensing of timber production and exports alongside the reforestation programme.

Labour

The Agribusiness Trade Council regulates labour relations within the sector. Labour regulation in Sierra Leone is relatively flexible and only certain aspects of working conditions for agricultural workers are regulated by law. For example, the national minimum wage mentioned in the KEY LEGISLATION AFFECTING BUSINESS IN SIERRA LEONE section (currently Le 500,000 (c. US\$60 per month)) and official daily working hours (currently eight hours) are mandated by the GoSL. Agricultural workers have the right to join a union and enter into CBAs under Sierra Leonean labour laws. In practice, working conditions for agricultural workers are largely governed by such CBAs with their employers. Productivity-based worker payment

structures are widely applied and, subject to compliance with salary uplifts, there is no legal prohibition on compulsory overtime (although a full time employee can only work up to 10 supplementary hours a week).

Around 40% of the Sierra Leonean formal sector labour force is unionised (including mainly agricultural workers, mineworkers, and health workers). The National Union of Forestry & Agricultural Workers which forms part of the Sierra Leone Labour Congress (a prominent umbrella organisation of trade unions). Unions have the right to strike under national trade union laws, subject to giving 21 days' notice to the GoSL. Having said this, there are no protections against discrimination against union members (on any grounds, including involvement in lawful strike action) in the current labour laws of Sierra Leone, and there is a long list of "essential services" in which the right to strike is prohibited or severely restricted.

Local Content Requirements

Sierra Leone has an investor-friendly approach to local participation. 100% foreign ownership is permitted in most sectors of the economy (exceptions, such as the mining sector, have been noted in INVESTING IN SIERRA LEONE). Although Sierra Leone has adopted a national local content policy, and passed a Local Content Act which created the Local Content Agency, it is seen as necessary to ensure that there is sufficient linkage between the local economy and foreign companies or enterprises. At present, there is insufficient capacity in the local labour market to be able to supply goods and services to business undertakings. With the assistance of development partners such as the UN and DFID, the GoSL is building capacity in the local market.

Under the LCA, agribusiness investors are required to establish and support out-grower schemes for small-holder farmers to build the capacity of small and medium

scale agriculture in rural areas in particular. SLIEPA guidance also indicates that agribusiness investors are "expected" to make social contributions to local communities as part of the negotiation of land leases. These may include community capacity building projects, infrastructure development and/or rehabilitation or the payment of royalties). There are no express legal requirements or consequences for a failure to make such contributions.

Investor Highlights

The case for investing in agriculture in Sierra Leone is highly compelling, particularly considering the country's vast availability of arable land and the GoSL's strong focus on developing large-scale commercial agri-business. The newly formed National Water Resources Management Agency (NWRMA) has been formed to ensure effective management of Sierra Leone's water resources and proposes to introduce a charge to agribusinesses for water utilisation. However, the sector also compares favourably against its counterparts in other comparable markets on a number of commercial variables, including labour costs and leasing costs for agricultural land. Resource-related costs are minimal. Despite the opportunity, hunger and malnutrition remain commonplace and it is reported that 80% of basic foodstuffs consumed in Sierra Leone are imported from abroad.

Agriculture is a key strategic growth sector for the GoSL. Increasing agricultural productivity is central to the GoSL's long term strategic plans for growth and development. This is reflected in the GoSL's efforts to create an enabling environment for agribusiness investors through numerous sector-specific investment incentives and the availability of wide-ranging investment facilitation assistance from SLIEPA. For example, tax incentives available to certain

agribusinesses include a complete exemption from income tax for up to ten years from the time of investment and a 50% exemption from withholding taxes on dividends, as well as a complete exemption from import duties on agricultural inputs such as farm machinery, equipment and agro-chemicals and reduced import duties on other plant, equipment and raw materials. Export licences are required for certain agricultural products and a tax of 2.5% is applied on agricultural exports.

The NAT 2023 aims to double production in four strategic focus produce areas: rice, livestock, cash crops and forestry. The aim is to link large-scale investors with local smallholders to grow local production beyond subsistence farming. Investment is expected in mechanisation and technology, irrigation, input supply and data systems to drive institutional reform and innovation. A programme coordinating unit is being established at the Ministry of Agriculture and Forestry to oversee the implementation of the NAT 2023. The GoSL is looking to attract over US\$1 billion of external investment in agriculture in the next five years. Key opportunities for investment include the strategic focus areas of the NAT 2023, as well as soft commodities such as cocoa, cashew nuts, coffee, fruits, timber, palm oil and even tobacco. Investment is being sought in the rehabilitation and expansion of existing plantations and estates, as well as agro-processing. There are plans to establish (tax free) export processing zones in the country, as well as an industrial and economic zone in Lungi. There are also significant opportunities and incentives for investments in the production, processing and marketing of domestically produced rice, Sierra Leone's staple food, as well as livestock-rearing and slaughter facilities to cater for the increasing demand for meat, both of which are focus areas for the NAT 2023. Observers have commented on the

potential benefits of increased irrigation in the country, with only a small fraction of the land physically suitable for irrigation currently so equipped. This is a key focus of the NAT 2023, which aims to implement large-scale irrigation projects over 100,000 hectares, together with improved water management methods. Increased focus on linked areas including research projects, new technologies, improved data systems and infrastructure strengthening is also expected to bring investment opportunities.

Sierra Leone is also emerging as a viable destination for CCS projects, with a number of major deals for carbon capture projects signed in recent years. Forestry and plantation activities in particular provide opportunities for foreign investors to earn credits under the Framework Convention on Climate Change Clean Development Mechanism that can be traded on the global carbon market. A number of further potential sites for CCS-driven investment projects have been identified. Furthermore, the GoSL is developing a strategic vision to make Sierra Leone Africa's first zero-carbon middle-income economy by 2040 which, if implemented, will result in further opportunities in this area.

There are also opportunities for investment in Sierra Leone's fisheries. The region is one of the world's richest fishing grounds. Sierra Leone's coastline (approximately 500km) and 30,000km² continental shelf boast a commercially viable stock of fish. The fisheries sector contributes approximately 10% of Sierra Leone's GDP, and fish constitutes around 80% of animal protein consumed by Sierra Leoneans. Total fish production is increasing year on year, with production more than doubling from roughly 60,000 tonnes to 150,000 tonnes in the past decade or so, but revenue generation is still far below its potential. According to the Ministry of Fisheries and Marine

Resources, approximately 80-85% of Sierra Leone's fish is caught by so-called artisanal fisheries (comprised of small-scale local fishermen) however; it is thought that this figure is declining due to the migration of people from the interior of Sierra Leone to the coastal areas.

A PPP for fish landing centres was signed in 2014. Fisheries are a priority for the GoSL and President Maada Bio has stated that the GoSL hopes to create a profitable fisheries sector that utilises resources in a sustainable manner through the construction of fish harbours with solar-powered cold chain facilities and the rehabilitation of existing landing sites, whilst also conserving the environment. The GoSL has recently signed an MOU with the Chinese Government for the construction of a new fish harbour and a partnership agreement with Iceland for a US\$3.2 million project to improve fish smoke ovens, water and sanitation and hygiene, together with data monitoring and law of the sea capacity building. Further improvements in fisheries infrastructure and laboratory capacity are planned.

The Ministry of Fisheries and Marine Resources has also been considering ways to distribute fish products to cold stores in major regional centres. The Ministry has also begun to implement measures such as the suspension of licences for trawlers operating illegally in Sierra Leone. Due to the large volume of fish that each trawler is capable of catching, these suspensions have a huge positive effect on the local artisanal fishermen, who may otherwise see their catches depleted as a result of the illegal industrial trawlers. Changes to the fishing licensing system are also being developed and a fisheries stock assessment is currently being carried out to quantify the total resource so that quotas can be implemented and managed. According to the Tony Blair Institute for Global Change, if the sector is sustainably managed, fish has the potential to become

Sierra Leone's second export after minerals and 50,000 more jobs could be created in the next 5 years.

Key Challenges

Sierra Leone's agriculture is vulnerable to climatic hazards such as droughts, floods and changing rainfall patterns – threats which are widely expected to increase as a result of climate change. Infrastructure in many areas, and in particular the rural

road network and electricity grid, will require sizeable investment in order to create a holistic enabling environment for agribusiness. An estimated 5,000km of road is required to meaningfully **improve access to rural areas**. In recognition of the problems, the GoSL is seeking, among other things, to improve land and water management and to increase livestock, food crop and cash crop production.

Supplies of fertilisers and pesticides are well below domestic requirements. Fires, which are used as a means of land clearance, can be problematic for those operating in the agriculture sector.

The National Platform for Disaster Risk Reduction and Climate Change Adaptation was created in 2011 and has seven sub-committees which cover fires and pest infestation, as well as a range of other socio-natural and man-made hazards such

Investor Case Study: Manocap

ManoCap is an investment and advisory business, founded in Freetown in 2005, that has a deep understanding of the challenges and opportunity of working in Sierra Leone. In ManoCap's view, the key challenge for companies is not producing a compelling business plan – which is relatively straightforward, given the country's natural advantages and openness to investment – but in executing that plan effectively. This requires competent local management, strong local networks and robust financial controls.

Strong Local Management and Networks

Working alongside a strong group of managers, over the last three years ManoCap has built a portfolio of new service businesses that target existing, but under-served markets. These businesses provide services to the development community and private sector, with the objective of making it easier for others to operate in Sierra Leone.

Frontier Security and Logistics, a security business provides man-guarding, generator maintenance and facility management services. **AfRecruit** is a HR and recruitment business developed to identify the best local

talent and, where needed, outsource HR services. Finally, **Frontier Research** is a research consultancy that provides data collection and technical assistance services to the development community and corporates.

These businesses build on the deep local networks ManoCap has developed in Sierra Leone over the last 14 years, with the aim of helping others avoid the operational pitfalls that exist. In addition, each business has improved the standard of service delivery in the sectors that they serve, while helping other businesses reach scale.

Sierra Fishing Company – Financial Control

ManoCap's investment in Sierra Fishing Company (SFC), Sierra Leone's largest fish supplier, provides a good example of the need for strong financial controls. The investment case for Sierra Leone's fishing sector is clear: 80% of Sierra Leone's protein intake comes from seafood, and the country's deep-water location provides an ideal platform.

The seafood trade relies on the daily catch, and therefore involves a very fast turnover both of product and of cash. This makes it critical to monitor inventory and cash at all times. By working closely with SFC and ensuring oversight of its financial functions, and

investing in SFC's distribution networks across the country, ManoCap has seen SFC's revenues triple since its investment. In the meantime, the cost of fish to the consumer has fallen, and SFC has grown its employee numbers.

Looking Ahead

ManoCap continues to source investments in Sierra Leone, and has a positive outlook on the country's prospects. The team cautions that investing in Sierra Leone – and making an investment successful – is not easy. But with commitment and patience, Sierra Leone can be an attractive investment climate.

About ManoCap

ManoCap is an investment and advisory business operating in Sierra Leone, Liberia and Ghana. It aims to build a profitable portfolio of businesses while enhancing economic growth in the countries in which it operates. Being based in Freetown, ManoCap is able to provide support both via capital investment and through close ongoing working relationships with investee companies. Leveraging ManoCap's extensive experience, the company's advisory arm helps other investors identify, assess and execute on investments in Sierra Leone and elsewhere in West Africa.

as mudslides, storms, and transport accidents. The Platform's mandate includes lobbying the GoSL to commit and respond to disaster risk reduction through, among other things, the implementation of policies, standards and regulations by the relevant MDAs. In addition, vulnerability and capacity assessments are carried out in some key local risk areas with support from various NGOs to understand the nature and level of risks faced by the particular area. As outlined above, environmental impact assessments are systematically conducted for agribusiness and fisheries operations.

Food insecurity is pervasive, with around half of the population believed to lack access to sufficient nutritious food to live a healthy life. Chronic malnutrition remains widespread, with the prevalence of stunting in excess of the World Health Organisation's 'high' threshold (>30). Food insecurity increases during the lean season (June to August). In the past, temporary export bans aimed at avoiding food shortages and price hikes were imposed on widely consumed staple foods such as rice and palm oil.

Sierra Leone is currently lacking a well-structured public sector "agricultural extension service", which would help investors obtain technical information and manage risks through research and development, training and the use of extension agents to build connections between farmers, the GoSL planners, NGOs and the private sector. The benefits of such services are evident in Ghana's cocoa industry, for instance.

Export quality controls in Sierra Leone could be improved. Exporters are required to obtain a quality certificate from the Ministry of Agriculture and Forestry, depending on the product.

In common with other West African countries, the principal challenge to the fisheries sector is illegal fishing, estimated

to cost Sierra Leone US\$29 million annually. Attempts have been made to [curb this practice](#) including a fisheries patrol boat and a satellite-based monitoring system, following investment from the World Bank's West Africa Regional Fisheries Program. Fines are beginning to be more consistently imposed and collected for fishing infractions. The GoSL remains focused on reducing illegal fishing through regional and international cooperation and collaboration.

Part III

Overview of Investment Climate

This section considers the current investment climate for potential investors and businesses already operating within Sierra Leone.

The diversification of Sierra Leone's economy and a move away from reliance on mining and foreign aid is creating an investment climate with numerous varied investment opportunities. The country's focus on leveraging new global FDI to develop a value-added export sector provides scope for both medium and long-term strategic investment alongside projects which could be delivered within the next couple of years. These opportunities will be made more easily accessible if regulatory and land reforms, which are currently under consideration, are realised.

Non-Mining Economic Activity is Gaining Momentum

Sierra Leone's economy continues its recovery from the 2014 twin shocks of Ebola and the collapse in iron ore prices. Growth returned to positive territory in 2016 (6.1%) after the economy contracted by 20.6% in 2015. However, growth has moderated to 3.7% in 2017, largely due to slow recovery in iron ore output and reduced government funding on infrastructure investment. The medium-term outlook is positive with growth projected to increase gradually to 5% in 2019 and around 6.5% by 2020. Non-mining growth is robust, supported by stronger agricultural growth. With agriculture now accounting for over half of Sierra Leone's GDP, its performance will be critical to the country's continued recovery efforts. The recommencement of iron ore production in February 2019 is likely to impact positively on growth.

Sierra Leone faces significant macroeconomic challenges. The country continues to run large fiscal and current account deficits, while elevated government borrowing has pushed public debt higher. Inflationary pressures remain elevated, in part reflecting the pass-through from higher fuel prices and currency weakness. The new government, which came into office in April 2018, is committed to addressing the country's macroeconomic imbalances through its MTNDP economic agenda which focuses on revenue mobilisation, and the effective management of public expenditure, public debt and the exchange rate.

FDI flows are critical to sustaining Sierra Leone's economic recovery. FDI flows have increased considerably, largely on account

of increased investments into the agriculture and mining sectors. FDI inflows reached US\$560m in 2017, the highest since the Ebola crisis. Along with the need for further investment in healthcare, education, sanitation and energy, other sectors such as agriculture and fisheries, construction, infrastructure and mining mentioned in the KEY SECTORS section offer significant opportunities for immediate investment.

The outlook for the mining sector is improving. In February 2019, iron ore production resumed following the suspension of production in November 2017 due to high operating cost and cash constraints. Diamond production should remain robust, supported by improved global demand for diamonds. One of the country's leading mining companies, Sierra Rutile Ltd, which supplies roughly a fifth of the global demand for rutile, finalised a merger with Iluka Resources – the largest producer of zircon globally – in December 2016. Iluka plans to invest US\$300 million between 2017 and 2020 to expand and improve its Sierra Leone operations. The company is also considering further expansion options to further increase rutile output.

Investment Opportunities: Health, Education and Social Services

It is likely there will be a stronger focus on investment in social infrastructure in Sierra Leone going forward. Investment demand in the near term will largely focus on the increased provision of basic services to a population still recovering from the effects of Ebola. Investment in healthcare, education, sanitation and water are desperately needed.

Healthcare

The GoSL recognises that a healthy population and a well-resourced national healthcare delivery system are essential for socio-development and economic growth. An increased focus on healthcare will drive investment opportunities in this area supported by the GoSL's intention to develop a robust policy and legal framework for PPPs in the health sector. There will be a great deal of investment potential in healthcare to expand and develop the current system to be better able to deal with any future epidemic quickly, as well as cope with healthcare needs on a much wider scale.

Opportunities for PPPs include health facility management, health care service delivery in public hospitals and Peripheral Health Units and the establishment of a National Ambulance Service. As part of the GoSL's increased focus on disease prevention, there are also opportunities to develop PPPs in waste management. There is further scope for investment in the manufacturing and distribution of drugs and medical equipment, training of health professionals and the provision of private psychiatry hospitals and facilities and other specialist clinics.

Education

Opportunities for investment include improving educational infrastructure in under-served communities and addressing gender, geographical and socio-economic disparities in access to education. The GoSL is also focused on improving technical and vocational education and there are investment opportunities in this area. A robust framework for PPPs in education is being developed and private investment is encouraged.

Social Services and Basic Necessities

Less than 20% of the country has adequate access to sanitation. Providing access to basic necessities such as clean water, food and sanitation is critical.

Opportunities for investment include the construction of a new dam in Orugu to alleviate water scarcity, projects to increase the capacity of the Freetown Guma Valley dam, construction of bore holes in the provinces, and the development of water dams in seven major rivers.

Renewed Focus on Traditional Growth Sectors

Mining Sector

As mentioned above, iron ore production has now recommenced. Although recovering iron ore prices could weigh on any significant investment in the sector, opportunities nonetheless exist.

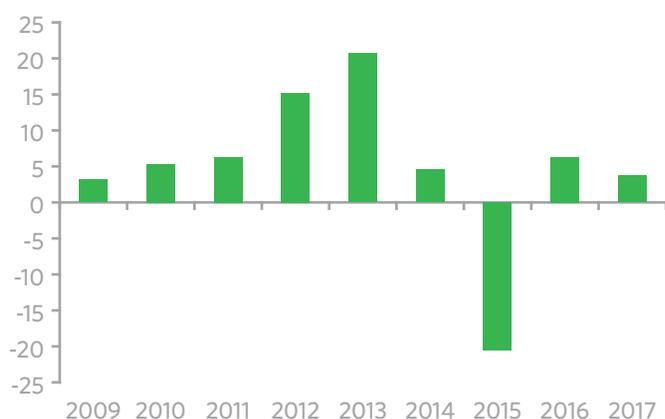
Agriculture and fisheries

Numerous opportunities for investment in agriculture and fisheries are outlined in the KEY SECTORS section. The new government has indicated its intention to develop this area and looks to be a key area of focus going forward. Agriculture now accounts for 50.3% of Sierra Leone's GDP and holds tremendous potential. Sierra Leone receives good rainfall with fertile soil and has some of the best fishing waters off its coast.

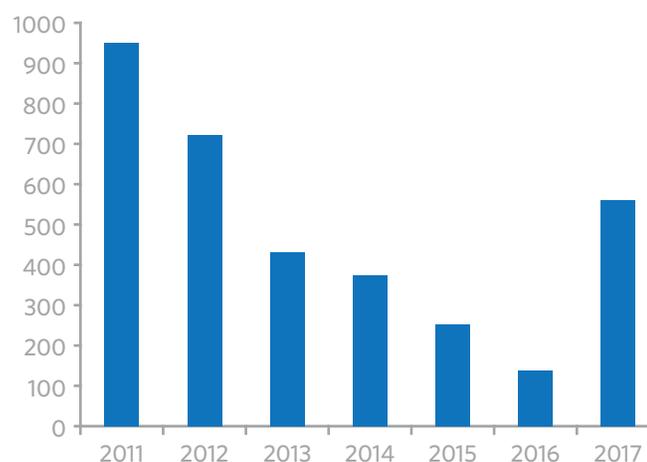
Infrastructure and Construction

Investment opportunities continue to exist in improving transportation networks and energy productivity to enable the free flow of goods and workers. Improving infrastructure through the projects outlined in the KEY SECTORS section will be critical to supporting further economic productivity and growth in the post-Ebola period.

Mining contraction weighs on growth
GDP, % y/y



FDI inflows have rebounded strongly
FDI inflows, US\$ mn



List of Abbreviations

A4P	Agenda for Prosperity	EWRC	Electricity and Water Regulatory Commission
ACC	National Anti-Corruption Commission	FDI	Foreign direct investment
ACFTA	African Continental Free Trade Agreement	FIU	Financial Intelligence Unit
Advisory Board	Sierra Leone Minerals Advisory Board	FTCC	Fast Track Commercial Court
AfDB	African Development Bank	GATS	General Agreement on Trade in Services
AML	Anti-Money Laundering	GDP	Gross Domestic Product
ARIPO	African Regional Intellectual Property Organisation	GoSL	Government of Sierra Leone
ASYCUDA	Automated System for Customs Data	GVWC	Guma Valley Water Company
BITs	Bilateral Investment Treaties	HFO	Heavy Fuel Oil
CBAs	Collective Bargaining Agreements	ICC	International Chamber of Commerce
CCS	Carbon Credit Scheme	ICSID Convention	Convention on the Settlement of Investment Disputes between States and Nationals of Other States
CET	Common External Tariff	IDEA (UK)	International Development Enterprise Associates (UK)
Commission	Sierra Leone Human Rights Commission	IFC	International Finance Corporation
Companies Act	Companies Act 2009	IGMS	International Gateway Monitoring System
CPI	Transparency International's Corruption Perceptions Index	IMF	International Monetary Fund
CRA	Credit Reference Act 2011	IPA	Investment Promotion Act 2004
CSR	Corporate Social Responsibility	IPPs	Independent Power Producers
DFID	UK Department for International Development	JRSRIP III	Justice Sector Reform Strategy and Investment Policy for 2015-2018
ECOWAN	ECOWAS Regional Backbone and e-Governance Program	LCA	Local Content Agency Act 2016
ECOWAS	Economic Community of West African States	LCIA	London Court of International Arbitration
EDSA	Electricity Distribution and Supply Authority	LFS	Labour Force Survey
EGTC	Electricity Generation and Transmission Company	MDAs	Ministries, Departments and Agencies
EITI	Extractive Industries Transparency Initiative	MFN	most-favoured-nation
EPA	Environmental Protection Agency	MTNDP	Medium-Term National Development Plan
EPA Act	Environmental Protection Agency Act 2008	Mines Act	Mines and Minerals Act 2009
ETLS	ECOWAS Trade Liberalization Scheme	Minister of Mines	Minister of Mines and Mineral Resources
EU	European Union	MRU	Mano River Union

NASSIT	National Social Security and Insurance Trust	SLNC Act	Sierra Leone National Carrier Ratification Agreement Act of 2012
NATCOM	National Telecommunications Commission	SLNSC	Sierra Leone National Shipping Company
NGOs	Non-Governmental Organisations	SLPA	Sierra Leone Ports Authority
NCP	National Commission for Privatisation	SLRA	Sierra Leone Road Authority
NERS	National Ebola Recovery Strategy	SLWC	Sierra Leone Water Company
New York Convention	New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards	SMEs	Small and Medium Enterprises
NLP	National Land Policy	SMESL	Small and Medium Enterprises Development Agency of Sierra Leone
NMA	National Minerals Agency	TRIPS	World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights
NP	Sierra Leone National Petroleum Company Ltd	TRA	Treasury Single Account
NPAA	National Protection Area Authority	UNCITRAL	United Nations Commission on International Trade Law
NPPA	National Public Procurement Authority	UK	United Kingdom
NRA	National Revenue Authority	UNCTAD	United Nations Conference on Trade and Development
NWSP	National Water and Sanitation Policy	UNDP	United Nations Development Programme
OARG	Office of the Administrator and Registrar General	UNIDO	United Nations Industrial Development Organization
OIC	Organisation of Islamic Cooperation	US	United States of America
PCT	Patent Cooperation Treaty	WAPP	West African Power Pool
Petroleum Act	Petroleum (Exploration and Production) Act 2011	WASH	water, sanitation and hygiene
Platform	National Platform for Disaster Risk Reduction and Climate Change Adaptation	WCA	Wildlife Conservation Act 1972
Polishing Act	Diamond Cutting and Polishing Act 2007	WIPO	World Intellectual Property Organisation
PPP	Public Private Partnership	WTO	World Trade Organisation
PPP Unit	Public Private Partnership Unit		
QE2	Queen Elizabeth II		
RMFA	Road Maintenance Fund Administration		
SEZ	Special Economic Zone		
SLIEPA	Sierra Leone Investment and Export Promotion Agency		
SLNC	Sierra Leone National Carrier		

Further Information

About the Sierra Leone Investment and Export Promotion Agency (SLIEPA)

In 2004, the Government of Sierra Leone enacted the Investment Promotion Act No. 10 of 2004 to:

- > facilitate and promote investment incentives to potential investors through the establishment of an institution that is tasked with the responsibility of facilitating the registration of business enterprises, business development and training, access to finance, and advocacy, among others; and
- > promote fair treatment and protection of foreign investments in terms of guarantees against expropriation, guarantees for free transfer of funds and facilitating the amicable settlement of disputes.

SLIEPA is assigned to assist in delivering the overriding aims of the Investment Promotion Act 2004. Its principal functions are to:

- > promote investment opportunities in Sierra Leone and provide information to potential investors on matters relating to investments;
- > facilitate registration of business enterprises and assist investors in obtaining permits, licenses, certificates or clearances needed for the commencement of business (that is, acting as a “one-stop” centre); and
- > assist potential investors in identifying joint venture partners in Sierra Leone. To develop the relationship between the public and private sector for the growth of investment.

Key Government of Sierra Leone ministries, departments and agencies

Anti-Corruption Commission
(<http://www.anticorruption.gov.sl/>)

Bank of Sierra Leone
(<https://www.bsl.gov.sl/>)

Financial Intelligence Unit
(<http://www.fiu.gov.sl/>)

Ministry of Agriculture and Forestry
(<http://maffs.gov.sl/>)

Ministry of Energy
(<http://www.energy.gov.sl/>)

Ministry of Finance
(<http://mofed.gov.sl/>)

Ministry of Mines and Mineral Resources
(<https://slminerals.org/>)

Ministry of Foreign Affairs & International Cooperation
(<http://www.foreignaffairs.gov.sl/>)

Ministry of Trade and Industry
(<http://www.trade.gov.sl/>)

National Minerals Agency
(<http://nma.gov.sl/>)

National Revenue Authority
(<http://www.nra.gov.sl/>)

National Telecommunications Commission
(<http://www.natcom.gov.sl/>)

Office of the Administrator and Registrar General
(<http://www.oarg.gov.sl/>)

Public Private Partnership Unit
(<http://ppp.gov.sl/>)

Sierra Leone Investment and Export Promotion Agency
(<http://www.sliepa.org/>)

Sierra Leone Ports Authority
(<http://slpa.sl/slpa/>)

Links to key reports and country profiles from the GoSL, the international agencies and civil society organisations

IMF, Sierra Leone Profile

(<http://www.imf.org/external/country/sle/>)

World Bank Group, Sierra Leone Profile

(<http://www.worldbank.org/en/country/sierraleone>)

World Bank Group, Sierra Leone Economic Update - Reviving Urban Development)

(<http://documents.worldbank.org/curated/en/304841528737912303/pdf/127049-WP-PUBLIC-SierraLeoneEconomicUpdatev.pdf>)

PPP Knowledge Lab (World Bank Group), Sierra Leone Profile

(<https://pppknowledgelab.org/countries/sierra-leone>)

Food and Agriculture Organization of the United Nations, Sierra Leone Profile

(<http://www.fao.org/countryprofiles/index/en/?iso3=SLE>)

GoSL (2015), National Ebola Recovery Strategy

(https://ebolaresponse.un.org/sites/default/files/sierra_leone_-_national_recovery_strategy_2015-2017.pdf)

Transparency International (2018) Corruptions Perceptions Index

(<https://www.transparency.org/cpi2018>)

UNCTAD (2010) Investment Policy Review, Sierra Leone

(http://unctad.org/en/docs/diaepcb200914_en.pdf)

UNDP (2017) Sierra Leone 2017 Annual Report

(https://issuu.com/undpsierraleone/docs/2017_ar_undp_sierra_leone)

UNDP (2012) National Energy Profile of Sierra Leone

(http://www.undp.org/content/dam/sierraleone/docs/focusareadocs/undp_sle_energyprofile.pdf)

World Trade Organisation (26 August 2014) Trade Policy Review, Report by the Secretariat, Sierra Leone

(https://www.wto.org/english/tratop_e/tpr_e/tp_rep_e.htm)

About Herbert Smith Freehills, Standard Chartered and Prudential plc



About Herbert Smith Freehills

Herbert Smith Freehills (**HSF**) is a leading global law firm with over 2,990 lawyers, including 472 partners, in 27 offices worldwide.

HSF's **Fair Deal Sierra Leone** initiative was established in 2010 to deliver free, expert legal advice to the Government of Sierra Leone to support the management of growing volumes of foreign direct investment. Over 2500 lawyers across our firm have provided more than £6.5 million worth of assistance to the GoSL to date. The Fair Deal programme has grown to offer policy and legislative advice, training programmes, document drafting, contract review, deal negotiation support, and assistance on disputes. Support is provided at all levels, across all disciplines, and from offices across our global network. A number of our associates have spent time on secondment to the Attorney General's Office and the PPP Unit of the President's Office in Freetown.

In addition to its pro bono work with the Government, HSF has advised in relation to a number of significant investments into the country in recent years, witnessing first hand the gradually increasing levels of foreign investment across a variety of sectors.

We look forward to continuing to build on the **Fair Deal** initiative and our support for Sierra Leone as the country continues its economic growth.



About Standard Chartered

We are a leading international banking group, with a 150-year history in some of the world's most dynamic markets. We bank the people and companies driving investment, trade and the creation of wealth across Asia, Africa and the Middle East, where we earn around 90% of our income and profits. We have operated in Sierra Leone since 1894 and today, are the only commercial international financial institution in the country.

We have played a significant role in the response to the Ebola crisis since it broke out in 2014. This has included:

- > Bolstering our health and hygiene initiatives to protect our 150 staff, their families and our customers.
- > Setting up accounts for NGOs and development organisations in Sierra Leone and continuing to work with others.
- > Showing our commitment to support local businesses through the crisis by partnering with CDC Group plc, the UK's development finance institution, to provide working capital lending facilities of up to US\$50 million in Sierra Leone.
- > Global staff fund-raising drive with match funding donated to Save the Children and Medecins Sans Frontieres.
- > Supporting the #AfricaAgainstEbola campaign in partnership with the African Union.
- > Commissioning a public radio soap ("Ous kyne tin dis?", What kind of thing is this?) to reinforce the Sierra Leone government's key messages on Ebola.

Our response to Ebola has enabled us to put into action our brand promise, Here for Good.



About Prudential

In September 2014 Prudential made significant donations to the two leading NGOs fighting Ebola on the ground, Medecins Sans Frontieres and Save the Children. We have a long-standing commitment to disaster relief, recovery, and resilience in developing countries across Asia, and with a newly expanding life insurance business in sub-Saharan Africa, and as a global financial services group with £500 billion of assets under management, we are determined to play our part in helping West Africa to rebuild and recover after the crisis.

Prudential Africa's footprint is growing across the continent and in each case we work closely in partnership with governments and NGOs on the ground, as we have been doing as part of the UK City Taskforce on Ebola. Prudential is pleased to support this guide, which aims to restore investor confidence in the region and showcase its potential for long term investment.

