

Sierra Leone: An Investor's Guide

A Private Sector Perspective on the Investment Landscape



Publication Date, July 2015

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 in the fight against Ebola. The group of firms, known informally as the “City Ebola Taskforce”, has drafted this Investor Guide to address “aversion behaviour” on the part of investors by presenting a private sector voice on the opportunities for investment in Sierra Leone.

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.

© Herbert Smith Freehills LLP 2015

Contents

Forewords.....	03
Introduction.....	06
Executive Summary.....	06
Part I: Investing in Sierra Leone.....	11
Sierra Leone at a Glance.....	11
Country Facts.....	11
Governance.....	12
Rule of Law.....	12
Business and Human Rights.....	13
Dispute Resolution.....	14
Finance and Banking.....	15
Investing in Sierra Leone.....	16
Policy and the Legislative Framework.....	19
Introduction to the Legal Landscape.....	19
Entry and Establishment.....	19
Treatment and Protection of Foreign Investments.....	20
Key Legislation Affecting Businesses in Sierra Leone.....	21
Part II: Overview of key sectors.....	26
Energy.....	26
Natural Resources: Mining and Petroleum.....	30
Infrastructure: Water, Roads, Rail, Ports, Airports, Telecoms and Tourism.....	34
Agriculture and Fisheries.....	38
Part III: Post-Ebola Investment Climate.....	42
Introduction to the Post-Ebola Investment Climate.....	42
The Post-Ebola Recovery Strategy.....	42
Rebound in Economic Activity.....	43
Investment Opportunities: Health, Education and Social Services.....	43
Renewed Focus on Traditional Growth Sectors.....	44
Looking to the Future.....	45
List of Abbreviations.....	46
References.....	48

Foreword by President Ernest Bai Koroma

Sierra Leone has a wonderful heritage and history of achieving many firsts in Africa – from being pioneers in printing newspapers and delivering national radio to establishing Fourah Bay College, the first university in sub-Saharan Africa.

I look forward to you visiting our great country, to experience first-hand, the beauty, the graciousness and the resilience of Sierra Leoneans and our remarkable investment potential.

Since my election as President of the Republic of Sierra Leone in 2007, my focus has been to rekindle that pioneering spirit, to motivate and develop the private sector to drive Sierra Leone's economic development. That is why my Government has in the last seven years prioritised improving the enabling environment so that the private sector can thrive and provide much-needed growth, opportunities and resources for our country.

As I write, we are fighting the last cases of Ebola in the country. It has been a long, unprecedented struggle, but with the dedication and heroism of our Ebola response workers, with the strength, expertise and, too often, sacrifice of our doctors, nurses and other health workers, and with support from our international partners, we are winning the fight for our humanity and our nation.

Before we were struck by Ebola, we were one of the fastest growing economies in the world. Our ambition is to return to this trajectory of prosperity. From my first term's "Agenda for Change", which focused on private sector-led growth, to the "Agenda for Prosperity", our country's vision to become a middle-income country, we as a nation are pursuing an inclusive economy with reduced poverty and greater opportunities for all people. We recognise that this is only possible in partnership with the private sector.

The private sector has therefore been placed at the heart of our recovery plan through which we hope to expedite socio-economic recovery and reclaim the path to sustainable development set out in the "Agenda for Prosperity". Our long-term strategy and short-term Recovery and Transition Plan set out to restore and strengthen trade and private sector activities. This Investor Guide is one step in that direction.

This Guide represents an independent private sector voice on Sierra Leone's investment landscape. I am grateful to the firms that came together to draft the Guide and would encourage potential investors looking for a comprehensive, independent and objective reflection of the potential of the Republic of Sierra Leone for future investment to read about the numerous opportunities outlined in the pages that follow.

I look forward to you visiting our great country, to experience first-hand, the beauty, the graciousness and the resilience of Sierra Leoneans and our remarkable investment potential.

A very warm welcome, and God bless Sierra Leone.

H.E. Dr. Ernest Bai Koroma
President of the Republic of Sierra Leone



Sierra Leone Investment and
Export Promotion Agency
Towerhill, O.A.U. Drive
Freetown, Sierra Leone
+232 78 233 712
+232 77 439 355
www.investsierraleone.biz

Foreword by the UK Secretary of State for International Development and UK Minister for Africa

Africa's story in the twenty-first century is one of entrepreneurialism, advancing technology and rising opportunity. Sierra Leone was very much a part of this story prior to the 2014-2015 Ebola epidemic and was one of the fastest-growing economies in the world. Investments in infrastructure and energy were accelerating, efforts to strengthen government institutions and capacity were under way, and the Sierra Leone Government was working on policies and reforms conducive to good governance and private sector growth. As a result, Sierra Leone was presenting attractive international investment opportunities in energy, including in hydropower and solar generation; infrastructure; natural resources such as bauxite, diamonds, gold, rutile, coltan, iron ore and potentially offshore oil. Lastly, there were largely untapped opportunities in agriculture and fisheries, with fish stocks estimated at more than US\$100 million per annum.

Apart from the terrible human cost, the Ebola outbreak has set Sierra Leone back economically. It took the heroic efforts of the Sierra Leonean people and their government and an unprecedented crisis response from the United Kingdom, non-governmental organisations and wider international community to turn the tide of the epidemic. At the time of publication, the UK remains focused on supporting the government and people of Sierra Leone to get to zero new cases of Ebola as quickly as possible, but it is right that we are also looking to the future. That future should be one with a revitalised economy; a growing and flourishing private sector will be key to this crucial pillar of a sustainable recovery effort.

Now is the time for the private sector to truly come into its own in the long-term recovery effort, identifying and driving the business opportunities that Sierra Leoneans and leading businesses stand ready to grasp. This is not just a matter of corporate responsibility. If Sierra Leone's potential can be harnessed to create sustainable long-term growth on behalf of all its people, it could become a real economic force and a major market in which to do business. There is huge potential in sectors such as energy (where a ten-fold increase in generation is planned over the coming years), mining, petroleum, agriculture and infrastructure.

The Government of Sierra Leone, with UK and international community support, is working to diversify its economy, improve transparency, broaden its tax base, develop and improve its infrastructure and create jobs for the people of Sierra Leone. Private sector involvement and investment will be central to unlocking this potential – to everyone's benefit. We hope that this Investor Guide will be a tool to support the widening and strengthening of these partnerships so critical for our shared prosperity. The way the world acts now will define Sierra Leone's future, and the region's future, for years to come.

The Rt Hon Justine Greening
UK Secretary of State for International Development

James Duddridge MP
UK Minister for Africa, Caribbean, and the Overseas Territories in the Foreign and Commonwealth Office



Department
for International
Development



Foreign &
Commonwealth
Office

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

We are delighted to have worked together to produce this Investor Guide for Sierra Leone.

As global businesses with a long-standing commitment to Africa in general – and Sierra Leone in particular – we are passionate about helping Sierra Leone recover and emerge stronger from the Ebola crisis. While challenges remain, the country offers tremendous potential, with strong underlying growth and investment opportunities. We are absolutely committed to working with the Government of Sierra Leone and international partners and investors to help the country reach its full potential, for the benefit of all.

This Investor Guide outlines the opportunities the country offers, provides context for potential investors and outlines resources that potential investors can draw on.

Each of our organisations has responded to the Ebola crisis, deploying our resources, networks and expertise to help where we can. We have also recognised that we are stronger when we work together, which is why we joined forces to form the City Ebola Taskforce. There is no doubt that the financial and professional services sector has an important role to play in supporting the rebuilding of stronger banking, insurance and legal frameworks in Sierra Leone.

The work in regenerating Sierra Leone will stretch well beyond the immediate aftermath of the crisis and will require commitment, skill and imagination over the coming months and years. We hope that this Investor Guide will grow and develop, and will serve as a useful resource for all those with an interest in helping Sierra Leone on its path towards economic recovery.

Stéphane Brabant
Partner, Africa Practice Group Chairman
Herbert Smith Freehills

Diana Layfield
CEO, Africa Region
Standard Chartered

Matt Lilley
CEO Africa
Prudential plc

Acknowledgements

Herbert Smith Freehills LLP, Standard Chartered Bank and Prudential are very grateful for the assistance provided in the compilation of this Investor Guide by the Government of Sierra Leone including the Sierra Leone Investment and Export Promotion Agency, the Africa Governance Initiative, the UK Department for International Development, the UK Foreign and Commonwealth Office, Friends Provident, Addax Bioenergy, Solon Capital Partners, TCO Power, Copperbelt Energy Corporation, ManoCap, Lion Mountains and Phoenix Africa Development Company, the UK Sierra Leone Pro Bono Network, Eversheds LLP, BMT Law Chambers, Francis Taylor Building, Agiterra Group, and Planting Promise.



Introduction

The Government of Sierra Leone (GoSL) has placed private sector-led growth at the heart of its Post-Ebola Recovery Strategy (published in 2015), acknowledging the need to assure investors that Sierra Leone is an environment conducive to foreign direct investment.

In the four years preceding the Ebola outbreak, Sierra Leone's economy outperformed both the West African and pan-African averages year-on-year, placing it among the world's top 20 economies by growth during that period.

The Ebola outbreak not only resulted in a devastating humanitarian crisis but also "aversion behaviour" on the part of numerous investors, which adversely affected this pre-crisis growth.

The Government of Sierra Leone (GoSL) has placed private sector-led growth at the heart of its Post-Ebola Recovery Strategy (published in 2015), acknowledging the need to assure investors that Sierra Leone is an environment conducive to foreign direct investment (FDI). Although challenges to doing business in Sierra Leone remain, several of these challenges themselves also give rise to promising opportunities for investment.

The purpose of this Investor Guide is to identify and describe areas of opportunity for investment in Sierra Leone in the run-up to reaching zero new cases of Ebola and in the immediate post-crisis period.

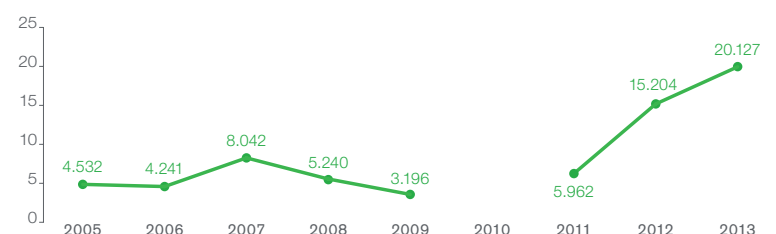
This Investor Guide considers key features of the Sierra Leonean economy and its principal industry sectors and provides an outline of the applicable legislative framework. It features case studies from current international investors in Sierra Leone and demonstrates the progress that has been made in recent years in creating an attractive environment for foreign investment, as well as the key challenges that are being, and remain to be, addressed at the time of publication.

Executive Summary Economic Context

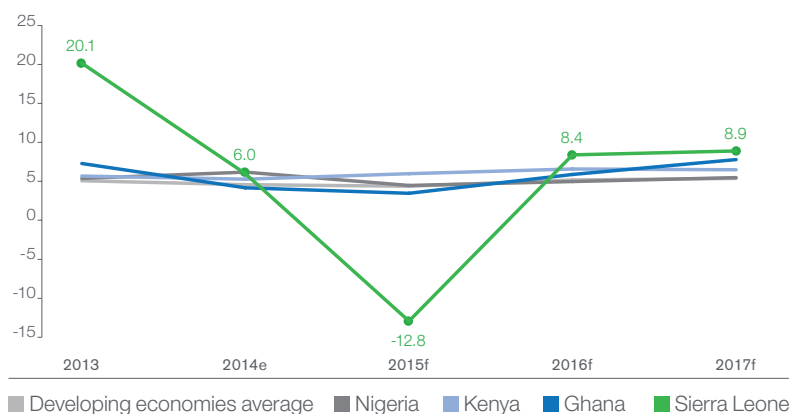
Sierra Leone's economic fundamentals present an attractive investment proposition. In 2013, Sierra Leone's real GDP growth was approximately 20 per cent. While this fell during the height of the Ebola crisis, with estimates for 2014 and forecasts for 2015 predicting negative growth, Sierra Leone is projected to return to solid growth as the country recovers from the outbreak and coinciding drop in commodity prices.

Forecasts for 2016 and 2017 place the country's estimated growth at 8.4 per cent. in terms of real GDP, which is above other sub-Saharan economies such as Kenya, Nigeria and Ghana, and also above the global developing country average of approximately 5 per cent. Sierra Leone's currency, the Leone, has proved stable, and inflation has fallen from double digit levels at the start of the decade to a projected 6.6 per cent. for 2015. It is expected that growth will rebound to double digits over the next three to five years.

Sierra Leone GDP growth, constant 2010 USD %



Real GDP growth %



FDI levels have been increasing since the end of the civil war in 2002 and the latest United Nations (UN) figures show US\$579.1 million of inward FDI flows for 2013. This is, in part, due to the GoSL undertaking what the United Nations Conference on Trade and Development (UNCTAD) has called “one of West Africa’s most ambitious reform agendas”.

Sierra Leone has made it a political priority to create a highly competitive environment for FDI. The country has recently been called “one of the world’s top ten business reformers”, and has climbed into the top half of the sub-Saharan index for ease of doing business, coming above its neighbours Senegal, Guinea and Liberia in the 2015 World Bank survey.

Steady economic progression has been underpinned by political stability. Since 2002, there have been two peaceful democratic elections, including a peaceful transition of power between the two major political parties. Sierra Leone is one of Africa’s most religiously tolerant nations: as *The Economist* has noted, “Sierra Leone takes religious tolerance seriously... relations between the two main religious groups in the West African country are cordial.” Continued stability will be essential as the country aims to meet its objective of achieving “middle income status” (as defined by the World Bank) by 2035.

To place the country back on its trajectory to meet this objective, the GoSL’s Post-Ebola Recovery Strategy includes a holistic review of the GoSL’s priorities, policies and systems underpinning social betterment and economic growth. The Strategy indicates the GoSL’s willingness to reflect on what could have been done differently in the period preceding the Ebola outbreak and reasserts its commitment to creating a favourable investment climate in order to boost private sector participation and bring back the growth the country enjoyed before the outbreak.

Overview of Investment Opportunities

Sierra Leone benefits from a number of enviable natural advantages. It has a strategic location on the Atlantic seaboard of West Africa, with one of the largest natural harbours in the world. The country has over **5.4 million hectares of fertile agricultural land and forestry**, almost 75 per cent. of which remains under-cultivated. It is also seeking to improve the exploitation of its significant fish stocks, yields for which are, at the time of publication, estimated at more than US\$100 million per annum.

Rich deposits of a variety of important minerals lie beneath the ground, including iron ore (Sierra Leone is home to one of the world’s largest deposits containing an **estimated 12.8 billion tonnes of iron ore reserves**), bauxite (of which Sierra Leone has significant reserves, including a reserve at Port Loko of around 100 million tonnes) and rutile (Sierra Leone produced an estimated 120,000 tonnes of contained titanium dioxide in 2014, which accounted for roughly 14 per cent of total world production). **Between 2009 and 2012 the value of Sierra Leone’s natural resource exports exceeded US\$1.2 billion**, accounting for approximately 70 per cent of the country’s total exports. The GoSL recognises that the effective exploitation of the country’s natural resources represents its best prospect of achieving its aims under the Agenda for Prosperity (A4P).

Notwithstanding the natural attractions of Sierra Leone as an investment destination, foreign investors will nonetheless need to overcome certain obstacles. The most visible of these is the lack of adequate social and physical infrastructure and historic underfunding in education, health, transport and telecommunications, coupled with the diversion of scarce public resources caused by the civil war of the 1990s. This Investor Guide sets out the measures the GoSL is taking to address these concerns, including infrastructure

Opportunities for immediate investment range from Sierra Leone's traditional strengths in mineral resources, to huge, largely untapped opportunities in agriculture and fisheries. There are also opportunities in biofuels and hydro-electricity along with serious potential in offshore oil and gas

rehabilitation and construction projects. The GoSL is also tackling issues of corruption through the development and strengthening of anti-corruption mechanisms outlined in further detail in Part I below.

Sierra Leone is ranked 183 out of 187 countries on the United Nations Development Programme (UNDP)'s Human Development Index 2013 and is currently seeking to rediscover the momentum it had before the Ebola outbreak. Patience, flexibility and determination are essential for successful investment in the country, and for capitalising on the undoubted opportunities that exist.

Opportunities for immediate investment range from Sierra Leone's traditional strengths in mineral resources, to huge, largely untapped opportunities in agriculture and fisheries. There are also opportunities in biofuels and hydro-electricity along with serious potential in offshore oil and gas.

For specific details on the opportunities and challenges relating to the following sectors summarised here, please refer to Part II of this Investor Guide.

Energy

The GoSL is focused on increasing generation capacity and improving the transmission and distribution of power in the country. This presents numerous opportunities for investment in the sector.

To address Sierra Leone's low levels of installed power generation capacity, the GoSL has identified up to **27 potential hydropower sites**, ranging from the US\$580 million Yiben project, to smaller projects, including mini-hydro plants below 1 MW. In addition, the potential for solar power is as great as 2200kWh/m, according to the European Commission. Hybrid solar-hydro plants are being considered as a possible solution to managing reduced water levels during Sierra Leone's dry season.

The GoSL is also raising capital to invest in the creation of a national grid through the 2015 Electricity Medium-Term Bond.

Natural Resources

Sierra Leone has rich mineral deposits and significant reserves of gold and diamonds, outlined further in Parts I and II of this Investor Guide.

The extractives sector has been heavily affected by the drop in iron ore prices compounded by the Ebola outbreak. Production remains below Sierra Leone's potential output and extensive reserves remain under-exploited.

Sierra Leone has made significant efforts to improve the integrity of its mining sector to meet modern standards, complying with the global standards of the Extractive Industries Transparency Initiative.

Discoveries of offshore oil fields by African Petroleum and Anadarko display significant potential. The GoSL estimates that oil production could start in 2017. Although the size of oil resources and the financial viability of extraction are not yet clear, **estimates range from 500 to 700 million barrels of oil**, and preliminary drilling indicates that the oil is of a high quality.

Infrastructure

The GoSL has embarked on a vast programme of works to improve the country's infrastructure, giving rise to many opportunities for strategic partnerships.

Improvements to the country's physical and digital infrastructure will inevitably advance growth in other sectors. This includes Sierra Leone's promising tourism sector, which has significant potential for growth, particularly following the opening of Freetown's five-star Radisson Blu Hotel in 2014 and the development of the Hilton's Cape Sierra Hotel, due to open in 2015.

Sierra Leone's principal transport hubs are the Port of Freetown and Lungi International Airport. Both sites have been criticised in the past for being outdated. The GoSL has taken steps to address this:

In November 2010, the National Commission for Privatization awarded a 20 year concession of the Port of Freetown terminal to Bolloré Africa Logistics, resulting in changes that are expected to increase the involvement of the private sector in front-line and back-up cargo handling and storage functions.

Lungi International Airport is also under renovation, with US\$8.9 million funding from the World Bank and the participation of a number of European private enterprises. In addition, plans are in place for the development of a new airport at Mamamah.

In telecoms, the Africa Coast to Europe (ACE) submarine cable, which extends from France to South Africa, finally linked to the Sierra Leone network in February 2013. The country will also benefit from the ECOWAS fibre optic network (ECOWAN) in due course. This is addressed as a priority in the GoSL's Post-Ebola Recovery Strategy.

The post-Ebola landscape will give rise to significant investment opportunities in health and sanitation infrastructure. Ebola has hit these sectors hard, with the loss of many hospital staff and resources to the disease. As has been noted, "reconstructing the health system in the post-Ebola period will require significant investments in every aspect of the health system."

Agriculture and Fisheries

The agricultural sector has also been badly affected by the Ebola epidemic. Despite these difficulties, the extensive opportunities for investment in this area are attractive. Sierra Leone has around 5.4 million hectares of fertile land and compares favourably against its counterparts in other emerging markets in terms of labour costs, leasing costs and resource costs.

In addition, a number of tax incentives are available to certain agribusinesses. The GoSL is promoting investment in cash crops such as cocoa, coffee and palm oil and is also planning to establish (tax free) export-processing zones in the country.

Fisheries and marine resources are one of Sierra Leone's lesser known sources of untapped wealth, yet they have the potential to become the country's second largest sector for exports after minerals.

Investment Climate

The GoSL's A4P programme is aimed at boosting the country's investment climate and capitalising on the current political stability. The programme emphasises private sector-led growth, with a particular focus on diversifying the economy and improving the enabling environment for private sector-led growth through, for instance, improvements in energy, water and transport infrastructure. Further details can be found in the sector-specific sections under Part II of this Investor Guide.

The Investment Promotion Act 2004 (IPA), which serves as the foundation of the private investment regime in Sierra Leone, has as its purpose the promotion and attraction of private investment, both domestic and foreign, "for the development of value-adding opportunities, export creation and investment opportunities." The IPA offers significant incentives to foreign investors in Sierra Leone, including the ability to repatriate profits and capital without restriction, the ability for companies to carry forward losses indefinitely and customs exemptions for expatriate workers and their families.

A variety of tax and non-tax incentives for both local and foreign investors have been designed to channel investments to specific industries and encourage engagement in eligible new enterprises and expansion projects in agriculture, agro-industries, manufacturing and construction. Incentives include income tax exemptions, deductions for income tax purposes and import duty exemptions. These are explored in greater detail in Parts I of this Investor Guide.

The IPA supplements these incentives with a framework for the settlement of disputes in an international forum, providing for United Nations Commission on International Trade Law (UNCITRAL) arbitration (or resolution under such other international machinery as the parties may agree) in the event of a dispute between an investor and the GoSL with respect to (a) an investment in a business enterprise, or (b) investments that have been obstructed or delayed by the GoSL.

Investors from the United Kingdom (UK) and Germany investing in Sierra Leone benefit from bilateral investment treaties (BITs), which prohibit discriminatory treatment, provide for most-favoured nation (MFN) treatment, and refer investor-state disputes to ICSID arbitration. A BIT with China containing standard investment protections has been signed but is not yet in force.

At a regional level, Sierra Leone is a member of the Economic Community of West African States (ECOWAS), a 15-member regional group and, more locally, the Mano River Union (MRU), a smaller regional group consisting of Côte d'Ivoire, Guinea, Liberia and Sierra Leone. Both groups exist to develop intra-African trade by promoting economic co-operation and the removal or harmonisation of tariffs and other barriers.

There are considerable opportunities for immediate investment in Sierra Leone. These will benefit from the GoSL's increased focus on improving the investment climate in the post-Ebola period. In this context, we invite investors to consider afresh Sierra Leone as a desirable destination for investment.

In the context of an increasing focus on human rights within businesses around the world, the GoSL has taken steps to enhance human rights protection. These are explored in Part I of this Investor Guide. The country has seen a steady improvement in this area since the end of the civil war in 2002. This includes the establishment of the Sierra Leone Human Rights Commission in 2004, which has a mandate to protect and promote human rights across the country, and the National Commission for Social Action, which has been active in disability rights and has provided rehabilitation grants to over one thousand conflict victims, including amputees. Legislative reforms include the Persons with Disability Act 2011, which transposed the Convention on the Rights of Persons with Disabilities into domestic law, gender justice laws and the Child Rights Act 2007.

Key GoSL Contacts for Investors

Sierra Leone has developed a political framework for the promotion and facilitation of inbound investment. The Sierra Leone Investment and Export Promotion Agency (**SLIEPA**) was established in 2007, which provides existing and potential investors with information and support relating to investment in Sierra Leone. Potential investors may find it helpful to make contact with SLIEPA early in the investment process.

Alongside SLIEPA, the Public Private Partnership Act 2010 (**PPP Act 2010**) established the Public Private Partnership Unit (**PPP Unit**) as an agency of the GoSL's executive arm. The PPP Unit sources, develops, supports and conducts due diligence in respect of public-private investments in Sierra Leone, with particular regard to investments in infrastructure and other long-term projects.

Part I

Investing in Sierra Leone

Part I of the Investor Guide 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.

Population

6.32m

Area

71,740km²

GDP

US\$4.4bn

Sierra Leone at a Glance
Country Facts¹

Population: 6.32m (April 2015 estimate); 4.98 million at last census (2004). The next census, which was postponed due to the Ebola outbreak, is now planned for December 2015. Around 38 per cent. of the population live in urban areas.

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: 71,740km²

GDP: US\$4.4 billion falling by 12.8 per cent. from the 2014 figure, though currently predicted to rebound to 8.4 per cent. growth in 2016 if iron ore production returns to its previous levels (April 2015 estimate). Over the past ten years (until 2014), GDP has been continually (and increasingly) on the rise. In 2013, before Ebola hit the country, Sierra Leone's real GDP growth rate was more than 20 per cent.

Currency: Leone (Le)

Official language: English

Core industries: *agriculture* (key crops, such as rice, sugar, oil palm and cocoa, as well as agribusiness functions relating to trading and/or processing); *diamonds* (over 600,000 carats exported in 2013), *iron ore* (one of the world's largest iron ore deposits at African Minerals' Tonkolili mine contains an estimated 12.8 billion tonnes), *rutile* (the world's largest reserves, producing an estimated 120,000 tonnes of contained titanium dioxide in 2014), *gold* (producing approximately 141 kg worth of gold in terms of mine output in 2012 and 193 kg in 2014) 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\$66 billion tourism industry.

¹ Unless indicated otherwise, figures have been sourced from the IMF.

Key exports and imports: as detailed further in Part II of this Investor Guide, Sierra Leone's main exports are in the mining and agriculture sectors. Until 2012, diamonds were the main export in Sierra Leone. Iron ore has since taken its place, accounting for **55.7 per cent. of total exports in 2013**. The mining sector accounts for roughly 90 per cent. of annual export revenues. At the time of publication, Sierra Leone's **exports are worth approximately US\$765 million**, of which mineral resources account for approximately 75 per cent., followed closely by cocoa (8.5 per cent.) and coffee. Sierra Leone's main imports are machinery and transport equipment (largely relating to mining and oil investment projects and accounting for approximately 50 per cent of total imports) and fuel (10 per cent). The Bank of Sierra Leone expects exports to decrease in the short term and level out in the medium term, and for imports to increase.

History & politics: Sierra Leone gained independence from Britain in 1961. From 1961 to 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 Constitution recognises three branches of government: legislative, executive and judicial. Parliamentary terms last for five years and the President may not serve for more than two terms, whether or not those terms are consecutive.

The current President, Ernest Bai Koroma of the All People's Congress Party, is serving his second term, having been re-elected in 2012 (winning 58.7 per cent. of votes). His party also holds 67 of the 112 nationally-elected seats. 12 additional seats are filled in separate elections by paramount chiefs. A total of ten parties took part in the 2012 elections, which were peaceful and transparent. The next elections are due to be held in early 2018. The Constitution, as currently drafted, does

not allow an incumbent to stand for a third term. A peaceful, credible and stable transition of power would increase investor confidence by providing a reduced risk of shock and greater predictability.

Foreign aid: The country remains largely dependent on foreign aid. The current account deficit was estimated to be US\$511.8 million in 2013 and US\$466.9 million in 2014. The deficit is projected to be US\$582 million for 2015.

Sierra Leone benefits from the support of various international agencies, including the United Nations Development Programme (**UNDP**), the World Bank, and the UK Department for International Development (**DFID**).

Governance

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 sectors.

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 Decentralization Secretariat was established under the World Bank's Institutional Reform and Capacity Building Project to promote decentralisation.

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.

Transparency and Accountability

Sierra Leone is a party to the UN Convention Against Corruption. Domestically, the 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.

Sierra Leone scored 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 2014 Country Policy and International Assessment. In the same year, Sierra Leone ranked 119 out of 175 in Transparency International's Corruption Perceptions Index (**CPI**), with a score of 31/100.

While there is still work to be done, Sierra Leone is heading in the right direction, with a key outcome in the GoSL's Justice Sector Reform Strategy and Investment Policy (JSRSIP III) for 2015-2018 being the strengthening of anti-corruption institutions and mechanisms. It is encouraging that Sierra Leone has seen a consistent improvement in its CPI ranking over the past six years. The 2014 Index put Sierra Leone ahead of 21 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 National Public Procurement Authority (NPPA), which was established under the Public Procurement Act of 2004, 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.

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 extended. Its remit covers all public bodies including central and local government and the judiciary. The Audit Service has the power to disallow unlawful expenditure and recover monies due through litigation. The

success of its independent operations is reflected in the real-time audit it conducted during the Ebola crisis.

In 2013, the Right to Access Information Act was implemented providing access to information held by public bodies. The GoSL has built on this, announcing the launch of an Open Data Portal in May 2015. The Portal will make available information on economic recovery and public services as well as open contracting data, budget data and data on development assistance.

A medium-term Public Finance Management Reform Strategy has been developed for the period 2015-2017 to improve the credibility and transparency of fiscal and budget management under the new Public Financial Management Improvement and Consolidation Project, funded by the GoSL and the Multi-Donor Budget Support Partnership (made up of the World Bank, European Union (EU), DFID and the African Development Bank (AfDB)).

Business and Human Rights

Sierra Leone is party to numerous international and regional human rights treaties which may be relevant in a 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 and Degrading Treatment or Punishment, the Convention on the Elimination of All Forms of Discrimination against Women, 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 and rights relating to sexual orientation, labour rights and land acquisition, along with sector-specific concerns such as mining conditions. 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 (the **HR 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 HR Commission advises the GoSL on draft legislation which may have an impact on 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 HR Commission.

In 2013, following a public inquiry into human rights concerns, the HR 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 HR Commission is preparing the country's report to the UN Human Rights Council's Universal Periodic Review, which is due to be submitted in October 2015.

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 Convention on the Rights of Persons with Disabilities into domestic law, gender justice laws and the Child Rights Act 2007.

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 of 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 houses a number of different 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 length of time between issuance of a writ of summons and the start of a trial can take 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 has caused further delays within the machinery of justice, 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. The efficiency of the new Court has also been impeded by the Ebola crisis. The first full-time FTCC judge was appointed in April 2015 and the process is under way to appoint a second. Judges from other divisions of the High Court and Court of Appeal split their time between those courts and the FTCC.

Foreign investors can access the court system, although it has also been criticised as potentially subject to financial and political influence. The GoSL's JSRSIP III sets out various planned system reforms to increase the efficiency of the court system. The EU, UNDP, Ireland, Japan and the UK are also supporting judicial reform projects in Sierra Leone with a similar objective.

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 entitled 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 recognise foreign judgments emanating from a jurisdiction which shares a bilateral or reciprocal enforcement treaty with Sierra Leone. UK judgments benefit from such an agreement for instance. 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.

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

Arbitration

Express contract terms providing for the final settlement of disputes through arbitration will be enforceable. The High Court will generally stay proceedings where there is a valid arbitration agreement. In practice, this is only done where the clause does not (explicitly or implicitly) exclude the jurisdiction of the Sierra Leonean High Court.

Sierra Leone is currently not a party to the **New York Convention** on the Recognition and Enforcement of Foreign Arbitral Awards (the New York Convention). However, acceding to the New York convention has been identified as a national priority under the JSRSIP III. It is thought this will be implemented in the near future.

Although Sierra Leone is not party to the New York Convention, under the national legislative framework awards in arbitrations situated outside of Sierra Leone can be registered with the High Court and may then be enforced as if they were judgments of the High Court of Sierra Leone, subject to the permission of the court. Investors should note that the Court may refuse to register arbitral awards in limited circumstances such as fraud, insufficient notice, or where enforcement would be contrary to public policy.

Finance and Banking Banking Facilities

Sierra Leone's banking system is overseen by its central bank, the Bank of Sierra Leone. Thirteen commercial banks operate in the country, including one regional and one domestic bank as well as seven Nigerian, two pan-African and two State-owned banks. The two largest commercial banks in terms of customers and assets are the Sierra Leone Commercial Bank and Rokel Commercial Bank.

All commercial banks are headquartered in Freetown. Accounts can be held in foreign and domestic currencies. Automated teller machines (**ATMs**) are available. Credit cards are not widely used owing to poor connectivity. 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 its availability. The Leone is not pegged to a foreign currency and has a floating exchange rate. Exchange rates were fairly flat in Q1 2014, trading at an average of USD/SLL 4360, but started rising in Q2 2014 largely due to the impact of Ebola and challenges in the mining sector. The depreciation peaked in November with an average rate of USD/SLL 5050, representing almost 16 per cent. year-on-year depreciation. Since then marginal appreciation has been seen, with trading at an average rate of around 4870 at end May 2015.

The Bank of Sierra Leone conducts weekly foreign exchange auctions but limits the amount a single bidder can purchase to US\$100,000 (US\$ is currently the only currency offered at these auctions). 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.

Access to Credit

The World Bank's 2015 Global Report on Doing Business ranked Sierra Leone at 151 out of 189 economies for "getting credit". The regional average for the rest of sub-Saharan Africa was 122. 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, Sierra Leone ranked above regional comparators such as the Gambia and Liberia, but sat below Nigeria, Kenya and Rwanda among others. Higher scores on strength of legal rights indicate that collateral and bankruptcy laws are better designed to facilitate access to credit. Along with 33 other countries, Sierra Leone's score for access to credit information is zero. Although the Credit Reference Act 2011 (**CRA**) 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 per cent. 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.

Interest rates for commercial loans are relatively high. In November 2014, the GoSL enacted the Borrowers and Lenders Act, which applies to security interests in movable property, establishing the framework for lenders to register charges on the borrowers' moveable assets. The legislation provides for priority by date of registration and contains provisions in relation to the enforcement of such collateral. 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 improve access to finance and provide lenders with the confidence that their collateral over movables has a solid legal framework supporting it.

To support small and medium enterprises (**SMEs**) in Sierra Leone, the Ministry of Trade and Industry has introduced an SME Policy, which facilitates access to credit and provides subsidies and incentives (such as a special interest rate) for SMEs.

Taking Security

Security by way of fixed or floating charge can be taken over any class of assets, including land, receivables, cash and shares. 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. Insolvency proceedings can be resolved expeditiously through the FTCC.

Following amendments to the Companies Act in 2014, there are also generally few restrictions on foreign companies (i.e. those not registered to do business in Sierra Leone) to prevent them from enforcing contractual obligations in the courts of Sierra Leone, for example in terms of foreclosure.

The GoSL continues to enact reforms 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 Anti-Money Laundering (AML) provisions, but was identified as a jurisdiction of concern in the United States (US) Department of State 2014 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 GoSL enacted the Anti-Money Laundering and Combating of Financing of Terrorism Act 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 establishes the Financial Intelligence Unit (FIU), which has wide investigatory powers in respect of money laundering and suspicious transactions. The Regulation on Terrorism Prevention (Freezing of International Terrorists' Funds and other Related Measures), which deals with the freezing of funds in accordance with UN Security Council Resolutions 1267 and 1373 awaits parliamentary approval at the time of publication of this Investor Guide. Revised guidelines on preventing money laundering and terrorist financing for both financial and non-financial institutions have been issued by the FIU and Bank of Sierra Leone.

The Intergovernmental Action Group Against Money Laundering in West Africa, established by ECOWAS in 2000, which works towards the development of AML strategies in the region, last reported on Sierra Leone in 2013 (the 9th 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 increased domestic cooperation in investigating transnational organised crime, including money laundering. The Report also identified challenges that still remain in terms of supervision of AML compliance and the resourcing of the FIU.

Investing in Sierra Leone

In its Post-Ebola Recovery Strategy, the GoSL sets out its objectives for restoring and strengthening trade and private sector activities. These are 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 public private partnerships (PPPs) in the provision of public services.

Lack of Restrictions

In 2015 **the country ranked 140 out of 189 countries in the World Bank's "ease of doing business" review**. The review places Sierra Leone **above the average ranking for sub-Saharan Africa**, coming below only Ghana and Kenya in terms of regulatory practice to best performance, and ranking above neighbouring Senegal, Guinea and Liberia.

Much higher than its overall ranking were Sierra Leone's rankings in the categories of "starting a business" (91), where it ranked above Ghana (96), Nigeria (129) and Indonesia (155); and

"protecting minority investors" (62), where it was ranked above many developing country markets in sub-Saharan Africa as well as other emerging investment markets outside of the region, such as China and Russia. Lower rankings included infrastructure-related criteria, such as "getting electricity" (172) and "registering property" (158).

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 per cent. 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.

As mentioned above, SLIEPA provides investors with information on how to register their businesses and assists with obtaining relevant licenses and permits. To this end, the GoSL has established a "one stop shop" at the Office of the Administrator and Registrar General (OARG).

Investors should note that some practical restrictions are reported to exist in relation to registering transfers of shares. Difficulties with this process have been expressed by foreign investors in the past, however the changes brought in by the 2014 amendment to the Companies Act have now clarified the authority of the Corporate Affairs Commission to register share transfers.

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 up to 99 years. Further details on the land regime can be found in Part I of this Investor Guide.

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 freely to 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.

Expropriation

There is no history of expropriation of property belonging to foreign investors in Sierra Leone and the law provides protection against it taking place (see Part I 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.

Investment Context

Taxation

2015 Tax rates:

Corporation tax	Resident companies	Non-resident companies
Basic rate	30 per cent	30 per cent
Mining companies	30 per cent	30 per cent
Capital gains	30 per cent (Subject to a minimum chargeable threshold of Le3.6 million (US\$829) per annum or per transaction)	30 per cent (Subject to a minimum chargeable threshold of Le3.6 million (US\$829) per annum or per transaction)
Goods and Services Tax	15 per cent (Subject to exemptions for exports of goods (excluding minerals) stores on vessels and aircraft leaving Sierra Leone and various exempt supplies ² ; and for businesses with an annual turnover of less than Le350 million (US\$82,000))	15 per cent (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 Le350 million (US\$82,000))
Rental income	10 per cent (Subject to an allowance of 20 per cent for repairs and maintenance and a tax free threshold of Le3.6 million (US\$829))	25 per cent (Final tax for non-resident companies)
Dividends	0 per cent (Dividends received by a resident company from another resident company are exempt from tax)	10 per cent (Final tax for non-resident companies)
Interest	15 per cent (Interest on government development stocks is exempt from tax)	15 per cent (Final tax for non-resident companies)
Royalties	25 per cent	25 per cent (Final tax for non-resident companies)
Natural resource payments	25 per cent	25 per cent
Payments to contractors	5 per cent	10 per cent

² Exempt supplies include fertilisers, water, books and newspapers, education, pharmaceuticals, some passenger transport, crude oil and hydrocarbon products, land, buildings, public works and machinery.

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 the 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.

GoSL Approach

A standardised approach to FDI has not yet been developed throughout GoSL. Currently, 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. The GoSL, through SLIEPA, is addressing these concerns by establishing an Investment Management Framework to evaluate and provide oversight of investment in the country.

Dialogue between the GoSL and foreign investors is encouraged. SLIEPA provides "investor aftercare" to support established investments and build long-term relationships with foreign investors in Sierra Leone.

With the support of the EU, AfDB and the World Bank, SLIEPA held its first public-private investor aftercare roundtable in June 2014. In his keynote speech, President Koroma described the roundtable as a "platform for networking and exchanging views on business and investment relations" to allow "local and international private sector players to advise government on how to improve the investment climate together". President Koroma acknowledged the role and power of the private sector in the "sustainable transformation of the country."

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.

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.

In 2008, President Koroma established the Office of Diaspora Affairs (**ODA**) to respond to the need to build capacity within the GoSL Ministries, Departments and Agencies (**MDAs**). Although the Ebola crisis has 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.

Ebola-related Restrictions

Although some countries have relaxed travel restrictions introduced in response to the Ebola outbreak, many remain in place.

At the time of publication, a number of airlines are revisiting such restrictions with a view to reinstating their pre-Ebola flight schedules. Restrictions and modifications are reported to be increasingly relaxed as the virus subsides.

Policy and the Legislative Framework

Introduction to the Legal Landscape

The GoSL's poverty reduction strategy, the A4P, superseded the Agenda for Change in 2013. At its core is the vision for Sierra Leone to become a "middle-income" country by 2035.

To achieve this, the A4P sets out eight key pillars which acknowledge the need to better manage the country's natural resources; improve the provision of healthcare, power and water; and tackle corruption. Private sector-led growth underpins the A4P's key pillars and the GoSL openly states that it will work to remove constraints in all sectors in order to encourage it.

The 8 Pillars of the A4P

- Pillar 1 – Diversified Economic Growth
- Pillar 2 – Managing Natural Resources
- Pillar 3 – Accelerating Human Development
- Pillar 4 – International Competitiveness
- Pillar 5 – Labour and Employment
- Pillar 6 – Social Protection
- Pillar 7 – Governance and Public Sector Reform
- Pillar 8 – Gender and Women's Empowerment

Positive steps taken to improve the investment climate so far include the enactment of the Companies Act 2009 and the establishment of the FTCC (see Part I above) in 2010. The GoSL continues to take measures to address those legislative and regulatory obstacles which remain. For instance, the GoSL has included a dedicated commercial law and justice pillar in its JSRSIP III. The strategy includes plans to strengthen institutional capacity, reform out-dated legislation such as land and labour laws, and accede to relevant international instruments.

This section of the Investor Guide provides 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.

Entry and Establishment International Context

Sierra Leone is a member of the World Trade Organisation (**WTO**). As described above in Part I, the GoSL encourages the entry and establishment of FDI, however limitations on entry and establishment remain in the services sector. Sierra Leone's schedule in the WTO's General Agreement on Trade in Services (**GATS**) details the full list of restrictions³. 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.

Through its membership of the broader West African community, Sierra Leone has concluded a number of international agreements with the EU and the US. 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 US. 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 West Africa which covers trade in goods and services (including provision for further negotiations) and contains other investment and trade-related rules. The signing process is ongoing at the time of publication.
- > The US 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 US is currently exploring a potential framework trade agreement with the MRU.

³ The full list of Sierra Leone's restrictions is here: [http://i-tip.wto.org/services/\(S\(wkjmgtldq2sncoumvj1o4ps\)\)/Search.aspx](http://i-tip.wto.org/services/(S(wkjmgtldq2sncoumvj1o4ps))/Search.aspx)

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 Sierra Leone’s schedule to 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.

Domestic Context

The 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.

ECOWAS countries



MRU countries



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. At the time of publication, 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 three BITs: with Germany (1965); the UK (1981, revised in 2000); and China in (2001, not yet in force). These BITs contain standard investment protections such as national treatment, fair and equitable treatment and protection against unlawful expropriation.

The Sierra Leone Ministry of Finance and Economic Development and National Revenue Authority 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.

Sierra Leone has double taxation treaties with South Africa, the UK and Norway.

There are plans to agree to further such 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.

Multi-Lateral Agreements

Sierra Leone is not a party to the New York Convention. This means that enforcing foreign arbitral awards in Sierra Leone is neither straightforward nor certain.

Acceding to the New York Convention has been identified as a priority under the JSRSIP III.

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.

Sierra Leone is, however, party to the International Centre for Settlement of Investment Disputes Convention (**ICSID Convention**). Sierra Leone is therefore able to use the processes established under that Convention for arbitrating investment disputes. It is also bound by the provisions relating to enforcement of ICSID awards from other ICSID Convention Contracting States. Until Sierra Leone accedes to the New York Convention, this offers a distinct advantage of ICSID arbitration over London Court of International Arbitration (**LCIA**) or International Chamber of Commerce (**ICC**) arbitrations, which (in the absence of accession to the New York Convention) do not have any security or certainty of enforcement in Sierra Leone.

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.

Sierra Leone is a member of the Organisation of Islamic Cooperation (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 GoSL implemented the Investment Code in 2005 to protect 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 are 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. At the date of publication, there are no records of expropriation having occurred in Sierra Leone.

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 per cent. 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, tourism and pharmaceuticals. These are outlined in the relevant sections in Part II below.

Additional incentives are provided to Special Economic Zone (SEZ)s, including import and export duty exemptions, 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 under its Post-Ebola Recovery Strategy.**

The Investment Management Framework referenced in Part I of this Investor Guide, will include an Investment Incentive Code with the aim of streamlining tax and non-tax incentives offered to foreign and domestic investors. An inter-ministerial Investment Committee will also be established to examine investors' eligibility for exemptions and duty waivers.

Company Law

The Companies Act 2009 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 Act and bolster provisions on the extent of directors' liability and duties of disclosure.

Compliance with the Companies Act 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 2009 Act.

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.**

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.

Imports and Exports

As a member of the WTO, Sierra Leone’s “most-favoured-nation” (MFN) tariff rates are applied to other WTO Members. This has not been affected by the recent implementation of the ECOWAS common external tariff (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 National Revenue Authority (NRA), headed by a Commissioner-General, and outlines requirements for imports and exports in terms of reporting, transfer, origin and calculation of transfer value.⁴

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.

Recent reforms have been designed to encourage agricultural investment.

These include the introduction of a three-year exemption on import duties in respect of plant, machinery and equipment. Raw materials also attract a reduced import duty rate of 3 per cent.

As a part of the NRA’s “modernisation programme”, the Automated System for Customs Data (ASYCUDA), a computerised customs management system covering most foreign trade procedures, transit and suspense procedures, was formally commissioned in 2010. 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.

Tax

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 rates at the time of publication are summarised in Part I of this Investor Guide.

FDI incentives include the ability for companies to carry forward tax losses in any given year and tax credits for 100 per cent. of expenses relating to research, development and training activities.

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 firing are particularly unclear.

The GoSL’s 2015 Budget includes 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.

A national minimum wage of Le 500,000 (US\$115) per month was introduced in 2015. A number of additional employee protections exist under the legislation, although their enforcement is questionable.

Sierra Leone’s National Social Security and Insurance Trust (NASSIT) administers the country’s national pension scheme. This is a defined benefit scheme and is compulsory for all public and private sectors 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

⁴ Customs valuation in Sierra Leone is broadly based on the Agreement on Implementation of Article VII of the WTO General Agreement on Tariffs and Trade 1994.

any document conferring title to land; leave the country (if they are a non-citizen); or obtain a work permit for foreign employees.

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. 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.

Statistics Sierra Leone conducted the first labour force survey (**LFS**) in over 30 years in 2014 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. Preliminary results of the LFS at the time of publication indicate that 65 per cent. of the working-age population are in employment. Participation in the labour market is higher in rural areas, at around 69 per cent. compared to 54 per cent. in urban areas. The final LFS report is due to be published in late July 2015.

Land

There is an on-going and much-needed **land reform process under way in Sierra Leone, supported by the World Bank. Sierra Leone welcomes foreign investment in land**, and the National Sustainable Agriculture Development Plan is designed to attract foreign investment.

Freetown and the Western Area



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".

Sierra Leone has been ranked 113th in the world for protection of property rights in the World Economic Forum Global Competitiveness Report 2014-2015. However, planned reforms are intended to make the process of land acquisition by investors more transparent.

A freehold system operates in Freetown and the Western Area. A leasehold system is in operation outside of those areas. The GoSL commonly takes a head lease on provincial land and sub-leases it to foreign investors. Foreign nationals may hold a lease of up to 99 years. Under the customary land system, investors can lease land by entering into a joint venture with the local chief. The sale of public land is prohibited at the time of publication 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 per cent. to 12.5 per cent 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.

At the time of publication, **the GoSL is developing a National Land Policy which, if implemented, would entail a dramatic overhaul and reform of the land tenure system in Sierra Leone. The Policy is expected to have a hugely positive potential effect on foreign investment, bringing clarity in a number of areas.**

Plans include establishing a system of land title registration and the creation of an institution to set aside land for large-scale investments.

Competition

The Ministry of Trade and Industry oversees the regulation of anti-competitive practices. At the time of publication, a "Competition Policy" and a "Consumer Protection Policy" have been approved by the Cabinet and a draft Bill implementing these policies is due to be put before Sierra Leone's Parliament in late 2015. The 2010 UNCTAD Investment Policy Review has 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 these policies have yet to be finalised, it should be noted that a Committee under the Ministry of Trade and Industry has been mandated to oversee the implementation of the ECOWAS Trade Liberalization Scheme (**ETLS**), which aims to ensure that goods can be circulated freely within the ECOWAS Free Trade Area.

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 GoSL established the National Commission for Privatisation (**NCP**) 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 Sierra Leone Port Authority (**SLPA**), whose reform programme has been supported by the World Bank.

The GoSL does not regulate prices aside from in the petroleum sector. Prices in this sector are regulated by the Petroleum Regulatory Agency established in 2013 by the Petroleum (Exploration and Production) Act 2011.

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 World Intellectual Property Organisation (**WIPO**) and the African Regional Intellectual Property Organisation (**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. The GoSL has been making efforts to modernise the system, including working with the International Centre for Trade and Sustainable Development, ARIPO and Saana Consulting to develop a TRIPS-compliant IP regime. 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 Patent Cooperation Treaty (**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 trademarks, but the Trade Marks Act 2014 provides that trademarks can be protected at the OARG.

Anti-Bribery and Corruption

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. At the time of publication, a review of the Local Government Act is taking place.

In the 2015 Budget, **Le4.2 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**. The JSRSIP III also focuses on strengthening the ACC through the proposed establishment of an Anti-Corruption Court to fast-track cases relating to corruption offences.

As noted in Part I of this Investor Guide, Sierra Leone has made progress on Transparency International's Corruption Perception Index, climbing 39 places in the rankings since the second Anti Corruption Act was passed in 2008. With the JSRSIP III's focus on this issue, it is hoped that this trend will continue.

Environment

An overhaul of environmental laws is under way. The Environmental Protection Agency (**EPA**) was established by the Environmental Protection Agency Act (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 an environmental, social, and health impact assessment. The bureaucratic process of adhering to these requirements has caused project delays in the past. The requirements are based on EU law and may therefore be familiar to international investors. The EPA is responsible for administering and enforcing these assessments, which are non-binding. Enforcement action is rare and some projects have attracted controversy.

The Mines and Minerals Act 2009 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 of Part II of this Investor Guide.

Sierra Leone has long had the Wildlife Conservation Act 1972 (**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 Ministry of Agriculture launched the National Protection Area Authority (**NPAA**) and the Conservation Trust Fund to support the enforcement of the WCA.

Sierra Leone partakes in the Reducing Emission from Deforestation and Forest Degradation (**REDD+**) 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.

Local Content

There is a move towards codifying the Local Content Policy, which was approved in 2012 and requires a certain percentage of jobs in each sector to be held by nationals and the use of local suppliers where possible. A Local Content Unit has already been set up by the Ministry of Trade and Industry and the relevant legislation is expected to be enacted by the end of 2015. There are also certain local content requirements relating to specific sectors as set out in Part II of this Investor Guide.

Corporate Social Responsibility

The A4P promotes Corporate Social Responsibility (CSR) and the creation of a CSR framework. There is significant encouragement from the GoSL, civil society and non-governmental organisations (**NGOs**) for inward investors to undertake CSR projects in Sierra Leone. Both private and State-owned enterprises are increasingly running CSR programmes. Common activities include the sponsorship of education programmes, community resource management and environmental sustainability initiatives.

Local Content Unit

Core functions are to increase employment for Sierra Leoneans; improve value addition in all sectors of the economy; promote the use of locally produced goods and services.

Mandate is to ensure sufficient linkages between FDI and the local economy.

Mission is to support private sector growth and development; create sufficient linkage between FDI and the local economy; and to improve performance and competitiveness among the Sierra Leonean workforce.

Part II

Overview of Key Sectors

Part II of the Investor Guide 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;
4. Agriculture and Fisheries.

A holistic reform package is well under way to address structural, managerial, financial and network bottlenecks, paving the way for future investment.



Energy Sector in Perspective

The country's energy needs are hugely under-served and the lack of a reliable energy supply is the principal impediment to Sierra Leone's development. Sierra Leone currently has only 99.6 MW of installed power capacity for a population of 6 million, and electricity transmission and distribution network problems result in losses of around 45 per cent. of generated electricity.

The mining sector relies primarily on in-house captive generation to meet its large power demand and those not in the mining sector often use private generators. Estimates made in late 2013 suggest that around 33,000 diesel generators were in use in Sierra Leone at that time, providing a capacity of approximately 180 MW. Off-grid power generation in 2012 totalled approximately 260 MW.

Increasing generation and improving transmission and distribution continues to be a priority for the GoSL, which has

budgeted US\$15 million for procurement in the sector in 2015. A holistic reform package is well under way to address structural, managerial, financial and network bottlenecks, paving the way for future investment. To support this, donors such as the World Bank, Japan's International Cooperation Agency (JICA) and the Inter-American Development Bank (IDB) have provided funding of over US\$45 million for the national network upgrade and expansion.

Positive 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.

Legal and Regulatory Landscape

The A4P recognises the various supply-side constraints in the country and the negative impact these can have on economic growth derived from other sectors such as mining and agriculture. In line with the objectives set out in the A4P, **the GoSL's Energy Sector Strategy aims to dramatically increase the availability of predictable and sustainable power in Sierra Leone and to diversify its power generation** in order to develop an energy mix that will result in a tariff consumers can afford.

The regulatory framework is conducive to 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.

The Ministry of Energy has implemented various reforms to improve governance and regulation and to encourage private sector participation and investment in line with the A4P. These are legislated for in the National Electricity Act and the Electricity and Water Regulatory Commission Act, both of which were introduced in 2011.

Reforms include winding-up the National Power Authority, unbundling the sector into two separate state-owned companies – the Electricity Generation and Transmission Company (EGTC) and the Electricity Distribution and Supply Authority (EDSA) – and establishing a regulator, the Electricity and Water Regulatory Commission (EWRC).

The reformed sector continues to operate under a "single-buyer" model, which requires power produced by private parties to be sold to the national electricity company (EGTC) or GoSL directly. The power is then sold on to the end consumer.

The National Electricity Act enables the participation of independent power producers (IPPs) in power generation and distribution, and establishes a basis for power purchase agreements between relevant parties.

As outlined further in the Infrastructure section below, the GoSL established a PPP Unit in the Office of the President in 2010. The 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.**

Investor Highlights

Combined urban, industrial and regional demand in 2015 has been 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.

To meet this demand, **the GoSL aims to increase generation from 99.6 MW to 1,000 MW by 2018** through a range of new thermal, hydro, heavy fuel oil (HFO) and bio-mass projects, and to improve the country's overloaded transmission and distribution networks. At the time of publication, the GoSL has recently carried out an electricity tariff review with the aim of promoting sustainable cost-recovery in the power sector.

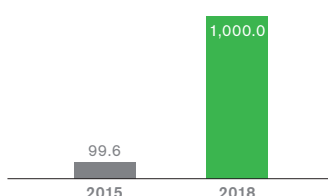
The renewables side of the sector remains a promising growth area for the country. Sierra Leone has significant hydropower potential. In addition to the expansion of the Bumbuna hydro-electric plant, the GoSL has **identified up to 27 hydro power sites suitable for development**, with a total anticipated generation capacity of 1,513 MW. These include a large-scale project at Bikongor with generation potential of up to 200 MW and mini-hydro plants with a capacity of less than 1 MW, which are expected to become a major area for PPP and a means of widening access to power in Sierra Leone.

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. Plans 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. At the time of publication, the evaluation process for phase II of the street light project, which involves the development of 50,000 solar-powered street lights, has recently been completed.

The country's burgeoning 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.

A variety of other supply-side opportunities including fossil-fuelled plants are also being considered. In particular, **the GoSL will be installing an additional 600 MW of thermal baseload capacity to expand access to electricity in provincial and district headquarter towns.**

Power generation mw



The establishment of a deepwater port (see the Infrastructure section of Part II below) should increase the viability of these new generation projects through the availability of better fuel import facilities.

A comprehensive transmission and distribution network rehabilitation plan was launched in 2010 as part of a medium-term investment programme. This programme is part of a longer-term goal to overhaul and expand the country's aged domestic transmission and distribution network, and transform it into a national network.

In addition, the planned connection to the West African Power Pool (**WAPP**)⁵ offers significant opportunities for trading energy with neighbouring countries. 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

The GoSL has taken steps to improve the regulation of the power sector, but the new regulatory environment is still in its formative stages. The transition to cost-reflective tariffs is important to support GoSL's ambitious plans for the sector and to continue to build the EWRC's standing.

In addition, the current lack of data and information (much 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.

International Investor Case Study Addax Bioenergy

The Ebola outbreak has put Addax Bioenergy and its operations under significant stress. Throughout the crisis, Addax Bioenergy has taken a holistic approach, implementing various emergency measures such as:

- > constructing two Ebola Isolation Units and an Ebola Treatment Centre in Makeni;
- > working with the District Health Medical Teams to limit the risk of quarantined people using Addax Bioenergy buses and presenting themselves at work stations on-site;
- > donating second-hand vehicles and other equipment to the Government and civil society organisations; and
- > running awareness campaigns for its staff and the 52 villages in the project area.

Today, there are no patients in the Addax Bioenergy Isolation Units or Treatment Centre, reflecting their success and the decline of the disease in the country at large.

Addax Bioenergy has displayed a long-term commitment to its investment through measures intended to protect its business and to mitigate the impact of Ebola in the local community. Such a long-term perspective is particularly relevant in a country like Sierra Leone where there is high potential for growth and significant opportunity for companies to enjoy returns on long-term capital investments.

A crisis such as the 2014 West African Ebola outbreak is an extreme example of a number of challenges faced by investors in a developing country. Such challenges can be mitigated through the keen attention and close engagement of committed investors. There are benefits to businesses that take such a holistic approach to investing in challenging parts of the world: a deep engagement facilitates effective recovery, promotes mature societal development and creates a more conducive investment environment.

Difficulties, such as those relating to finding suitably-qualified staff and ensuring food security in operational areas, have been exacerbated by the

crisis. Nevertheless, Addax Bioenergy continues to view Sierra Leone as an attractive investment destination due to its domestic and regional markets, national commitment to learning and development, and the abundance of natural resources for agro-industrial investments. Moreover, there is evidence that the Government is now more committed than ever to attracting international investment through its focus on enabling private sector-led growth in the post-crisis period.

About Addax Bioenergy

Addax Bioenergy was formed by Geneva-based private investment group AOG in 2008 to develop a sustainable investment model for bioenergy in Africa. Its sugar-cane based renewable energy project produces bioethanol for export and local markets in Sierra Leone as well as renewable electricity for its own operations and about 20 per cent. of the country's power grid. Addax Bioenergy employs over 5,000 Sierra Leoneans (directly and indirectly) and has 52 community stakeholders in its business.

⁵ A 525km energy network connecting Côte d'Ivoire, Liberia, Guinea and Sierra Leone and providing energy access to 115 communities within 5km of the line. Interconnection with these countries is due to be completed in 2016. Connection to Burkina Faso, Ghana, Gambia, Guinea Bissau, Mali, Niger, Nigeria, Senegal and Togo will follow.

International Investor Case Study CEC Africa SL Generation

CEC Africa SL Generation Limited (CEC) is a recent investor in Sierra Leone. Recognising the advances that Sierra Leone has made to facilitate investment in the country and given that Sierra Leone had one of the highest levels of GDP growth in the world before the Ebola outbreak the country naturally presented attractive opportunities for CEC. The mining sector continues to be a key focus for the CEC Group and the projected expansion of mining activity in Sierra Leone gave good cause for CEC to proceed with its investment.

The power purchase agreement governing CEC's US\$220 million investment in the country was signed in the spring of 2014. The project, which consists of the construction and operation of a 128 MW heavy fuel oil power plant to provide electricity to Freetown, is still in the development stage. Given this, CEC's involvement in

the Ebola crisis on the ground has been relatively limited. Nevertheless, the consortium has focused on supporting healthcare services and treatment centres during the outbreak, donating transformers to keep the power on where it was needed most.

In CEC's view, Sierra Leone presents a compelling case for investment. The Government is "business-friendly" and recent reforms to the power sector are promising. Despite increased challenges in the short term, the business case for growth remains. Sierra Leone has much potential as a country with massive mineral reserves (particularly in bauxite, iron ore and diamonds). With the country's large water reserves and its proximity to Europe we see large-scale agricultural investments as an opportunity.

The development of a robust and effective healthcare system is largely dependent on access to electricity and CEC's project will therefore play a critical

role in the GoSL's plans to bolster Sierra Leone's healthcare infrastructure. The project will also support growth by improving the reliability of power supply and reducing the need for expensive diesel generators in Freetown. With the availability of stable power, we expect an increase in industrial activity especially in the areas of smelting.

About CEC

CEC is a consortium comprising CEC Africa Investments Limited (subsidiary of Copperbelt Energy Corporation, listed on the Lusaka stock exchange) and Abu Dhabi-based TCQ Power. CEC is developing a US\$220 million project for the construction and operation of a 128 MW heavy fuel oil power plant (as well as associated distribution infrastructure) to provide electricity to Freetown. Sierra Leone's Parliament ratified the power purchase agreement between CEC and the GoSL in late May 2014. This project represents one of the largest private sector power investments in Sierra Leone to date.

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 Part I of this Investor Guide. 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 per cent. of Sierra Leone's NRA's revenues.

Oil exploration in Sierra Leone dates back to the early 1960s. The first discovery, by Anadarko, was made in 2009. Anadarko's second discovery followed in 2010. In 2012, Tullow Oil found oil in the block it shares with Anadarko and Repsol. These discoveries have not yet resulted in commercial production, but each new find creates greater interest in Sierra Leone's offshore holdings and more potential bidders for blocks.

Legal and Regulatory Landscape: Mining

The key piece of legislation that governs the mining sector in Sierra Leone is the Mines and Minerals Act 2009 (**Mines Act**). Investors should consider a number of key provisions under the Mines Act as follows.

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 2009.

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.
- > 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.

Both of the key licences mentioned above are granted by the Minister of Mines and Mineral Resources (the **Minister of Mines**) on the recommendation of the Sierra Leone Minerals Advisory Board (the **Advisory Board**). Such licences are subject to an express right of the Minister to suspend or cancel the licence if the holder fails to meet any prescribed minimum annual programmes of work or work expenditure. Licences are also transferable, subject to 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.

Surface Rights

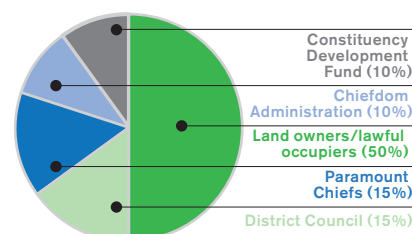
The holder of a large-scale mining licence will need to obtain a land lease or other rights to use the land on such terms (rent etc.) as agreed between the licence holder and the owner or lawful occupier of the land. If an agreement cannot be reached between the licence holder and the owner/lawful occupier of the land, the Minister of Mines shall determine the terms of use on the advice of the Advisory Board.

In any case, the Minister of Mines has the power to compulsorily 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 must 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 may, under terms he deems fit, permit the licence holder to use the land, or exercise other rights upon the land, as may be required for the proper enjoyment of the licence.

The rent agreed under the lease is distributed in the following proportions, as fixed by the Mines Act: (i) land owners/lawful occupiers – 50 per cent.; (ii) District Council – 15 per cent.; (iii) Paramount Chiefs – 15 per cent.; (iv) Chiefdom Administration – 10 per cent.; and (v) Constituency Development Fund – 10 per cent.

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.

Distribution of rent under the Mines Act



Oil discoveries timeline



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.

Recently, the Mines Act has been 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 per cent. free carried interest in African Railway and Port Services (ARPS), 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 per cent. 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.⁶ 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 suspended operations where licence holders have failed to comply with environmental policies in the past.

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 large-scale mining licences are obliged to enter into a community development agreement with the primary host local community once certain production thresholds are met. 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 per cent. of 1 per cent. 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 as a priority.

The Sierra Leone National Carrier Ratification Agreement Act of 2012 (the **SLNC Act**) was passed in an effort to promote local content and the interests of the Sierra Leone National Shipping Company (**SLNSC**). The SLNC Act requires shippers that load or clear cargo for either export or import to obtain a "Certificate of Compliance" from the Sierra Leone National Carrier (**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 per cent. of all inbound and outbound cargo at "prevailing market rates".⁷

⁶ 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 in 2010 by the Sierra Leone Environmental Protection Agency (Environment Impact Assessment License) Regulations and the Prohibition of Ozone Depleting Substances Regulations.

⁷ The 2012 version of the SLNC Act referred to "prevailing market rates together with a surcharge of ten per cent", but the ten per cent. surcharge has been taken out in the 2014 amendment. The SLNC Act provides that SLNC can enforce this right by "requesting that it is offered [a] forty per cent shareholding of the equity of any company providing [cargo services] or by requesting that [it] is paid a commission by that company equal to four per cent of the estimated total consideration paid to that company for the provision of [these] services".

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.

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 United States 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 2006, Sierra Leone joined the Extractive Industries Transparency Initiative (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 standards in 2014**. Based on publicly available information, a draft EITI Bill is being prepared at the time of publication.

The National Minerals Agency (the NMA), is a new 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.⁸

Processing

In a bid to regulate the processing of diamonds in the country, Sierra Leone enacted the Diamond Cutting and Polishing Act 2007 (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, upon the recommendation of the Director of Mines and the Gold and Diamond Department of the National Revenue Authority, will grant the applicant a diamond cutter and polisher's licence for a period of up to five years. Subsequent renewals for

further periods not exceeding five years are possible under the Polishing Act.

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. All exploration currently takes place offshore within 14 blocks parcelled out of the country's maritime territory. As of 2013, three of these blocks remained unlicensed. The GoSL estimates that production could start in 2017, but there is uncertainty about the size of the oil resources and whether extraction is financially viable. **Early estimates of Sierra Leone's oil reserves range between 500-700 million barrels of oil.**

The main legislation governing petroleum exploration and production activities in Sierra Leone is the Petroleum (Exploration and Production) Act 2011 (the **Petroleum Act**). The Petroleum Act sets out the licences required for carrying out activities in the petroleum sector, and other obligations such as those 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. They can only be granted to

⁸ Copies of large-scale mining license agreements entered into by the GOSL have also been published on the website of the Ministry of Mines and Mineral Resources (<http://slminerals.org/contracts>) and on the website of the National Minerals Agency ([http://www.nma.gov.sl/index.php?l=english&p=53&pn=Mining Agreements](http://www.nma.gov.sl/index.php?l=english&p=53&pn=Mining%20Agreements)), in line with the requirement under the Mines Act that the government shall "disseminate by way of publication or otherwise, records, reports or any information concerning the revenue of the Government from the extractive industry, at least annually". The websites of the Ministry of Mines and Mineral Resources and the National Minerals Agency also contain a number of helpful forms and guidelines (<http://slminerals.org/schedules> and [http://www.nma.gov.sl/index.php?l=english&p=42&pn=Mining Regulations](http://www.nma.gov.sl/index.php?l=english&p=42&pn=Mining%20Regulations)). This is in line with EITI commitments taken by the GOSL.

companies registered or incorporated in Sierra Leone. Such licences are granted through a competitive bidding process for an initial exploration period of up to seven years. If the licence holder proceeds with the development and production phase, the petroleum licence may then be granted for a further period approved by the Minister of Energy. The licence cannot be transferred without the Minister of Energy's approval.

Investor Highlights

Despite its relatively small size, Sierra Leone is widely recognized as a promising investor target for its extractives industry. Sierra Leone has rich mineral deposits. The country is home to what is considered to be one of the world's largest iron ore deposits at **African Minerals' 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 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 Pelel. In 2014, Sierra Leone produced approximately 1 per cent. 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 per cent of total world production in that year**.

Sierra Leone has significant reserves of gold and diamonds. In 2013 and 2014, Sierra Leone **exported over 600,000 carats worth of diamonds**. The country produced approximately 141 kg of gold in terms of mine output in 2012 and 193 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. Having contributed to more than 20 per cent. 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 has been 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.

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 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 transparency and effectiveness in the governance of the mining industry through the NMA and ACC.

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 – something which will be especially important as discoveries of offshore oil fields by African Petroleum and Anadarko are developed.

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 following section, the GoSL is implementing an extensive infrastructure rehabilitation and construction programme, which will reduce some of these constraints with time.

The greatest challenge of late has been the 2014 drop in commodity prices, which has had a global effect on investments in the extractives sector. This has been 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.

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

Sectors in Perspective

The A4P sets out the GoSL's commitment to rehabilitating and developing Sierra Leone's infrastructure, which was badly damaged during the country's decade-long civil war. Significant progress has been made through continued investment in the creation of a national road network and the development of the Freetown Port.

With the goal of presenting bankable projects to potential investors, the GoSL has established a Project Preparation Fund to finance competitively-sourced, independent feasibility studies for major priority infrastructure.

The GoSL does not have sufficient resources to bridge the financing gap between project cost and private finance share for large-scale infrastructure projects. Inevitably, the question of GoSL final guarantees is predominant. The GoSL is looking to encourage private sector participation, particularly in water, transport, health and telecoms projects.

Legal and Regulatory Landscape

Sierra Leone has adopted a number of policies aimed at supporting growth, reducing poverty and closing the infrastructure gap. These include **incentives for infrastructure projects with development costs exceeding US\$20 million, which are exempt from income taxes for 15 years from start-up.**

In order to meet the A4P's objectives for private sector-led growth, the GoSL enacted the PPP Act which established a PPP Unit in the Office of the President. The PPP 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 objectives for the water sector are contained in the National Water and Sanitation Policy 2010 (NWSP) and the A4P. **The national target under the A4P is to achieve access to reliable potable water supply services for 74 per cent. of the population by 2017.** Both the A4P and the NWSP express the need for private sector involvement together with effective indigenous participation in order to achieve this goal.

There is currently no unified legal framework governing the management of Sierra Leone's water resources. The nature and extent of water rights depend on their source (such as private land ownership, community trust or statutory title) and different laws apply in Freetown and outside in the provinces. Similarly, there is no clear legal framework for allocating water rights. The out-dated – and soon to be replaced – Water (Control and Supply) Act 1963 contains the requirement for licences to be obtained but this has rarely been implemented.

The objectives set out in the NWSP establish the need to: (1) regulate the use of water and ensure that it is managed to meet the needs of socio-economic development and the needs of the environment in a sustainable manner; (2) review existing laws on the grant of water rights, pollution control, catchment management, and conflict resolution; and (3) establish a Water Resources Council to regulate and manage the utilisation of the water resources for socioeconomic development and sustainability of the environment at national, river basin, district, community, and international levels.

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 (Guma Valley Water Company (GVWC), which supplies water in Freetown, and the Sierra Leone Water Company (SLWC), which supplies water to the rest of the country) in their core mandate of delivering water supply services. In 2004, the Local Government Act brought in measures to decentralise responsibility for the supply of water in rural areas although implementation has been slow to date.

Roads, Rail, Port and Airport Infrastructure

The A4P sets out the GoSL's priority to rebuild and expand the country's roads and port infrastructure.

The GoSL's Transport Policy, Strategy & Investment Plan 2013 establishes the following objectives: maintaining international connectivity, supporting regional integration, ensuring national continuity and supporting key economic sectors.

The strategy focuses on improving transport service delivery by strengthening public infrastructure providers such as the Sierra Leone Road Authority (SLRA) and Road Maintenance Fund Administration, encouraging private sector contracting, developing user charging and improving sector governance.

Port activities are controlled by the SLPA and the maritime regulator, the Sierra Leone Maritime Administration. The GoSL recently enacted the SLNC Act, establishing the SLNCC (see the Natural Resources section of Part II). The impact of the SLNC Act on the use of private port facilities remains to be seen.

Telecommunications

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 Telecommunications Act 2006 provided that all telecommunications operators must be licensed by telecoms regulatory authority, the National Telecommunications Commission (**NATCOM**) before commencing operations. It was updated by the Telecommunications Act 2009 to give NATCOM increased powers to foster competition in the information technology sector.

The GoSL is developing an Electronic Transaction Policy and legal framework to cover e-learning, e-health, e-agriculture and facilitate effective service delivery within MDAs. A Technical Working Group comprising key stakeholders within the GoSL are drafting the relevant policy with the aim of increasing efficiency and transparency and reducing bureaucracy.

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 time of publication, the GVWC average daily output in Freetown was 19 million gallons per day against an estimated demand of 35 million gallons per day.

According to SLIEPA, 60 per cent. of Sierra Leone’s population has access to safe drinking water. Recent efforts to meet the A4P’s national target of 74 per cent. access have been slowed by the Ebola epidemic. To reach the national target in the post-Ebola period, **the GoSL is expanding rehabilitation works on current infrastructure (including the water supply systems in Freetown, Bo, Kenema and Makeni) and will 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.

In rural communities, the GoSL is developing community-supported water, sanitation and hygiene (**WASH**) infrastructure projects to underpin agribusiness investment opportunities.

Roads

Since 2008, close to 700 km of road construction projects have been implemented by the SLRA. This includes links to neighbouring Guinea and Liberia, with the construction of the last 140 km of this highway due to commence in the second half of 2015.

A further **3,700 km of road construction and/or maintenance will be commissioned. Investment opportunities include the construction and operation of toll roads**, particularly for routes linking the international port with the sites of large mining companies. The GoSL is also looking to develop a mass transit system for the transport of persons and light cargo.

To create greater national connectivity between hard-to-reach areas, markets and production areas in particular, the GoSL is identifying 1,000km of priority roads to upgrade and maintain, prioritising feeder roads that link farms to markets. It is hoped that this project will create much-needed, near-term employment opportunities in rural areas during the post-Ebola period.

The Road Maintenance Fund Administration (**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. There are numerous opportunities for private sector participation in road maintenance.

Ports

Freetown boasts the largest deepwater natural harbour in Africa.

The existing Queen Elizabeth II (QE2) Freetown container port is currently managed by Bolloré Africa Logistics under a 25-year concession agreement awarded by the SLPA in 2010. The agreement includes plans to renovate the port's bulk handling terminal and expand its capacity. GoSL is also considering developing a "dry port" to ease congestion at QE2 and facilitate the transportation of containers destined for rural areas.

To support the needs of the mining sector, **the GoSL plans to develop a new deepwater port and associated rail infrastructure with the capacity to export between 30-50 million tonnes of ore and other minerals each year.** A pre-feasibility study to review options for the new deepwater port was commissioned by the GoSL last year. The World Bank is carrying out the study as part of a project to develop a "ports master plan" assessing the need for the expansion of the Freetown Port and the feasibility of the proposed deepwater port. It is hoped that the study will also consider the potential for shared use at the Tonkolili and Pepel ports.

Airport

Transport options from Lungi International Airport to Freetown (across Tagrin Bay) are currently limited to GoSL-operated ferries and a private boat service. A pre-feasibility study has been commissioned to establish the need for sustainable, integrated transport solutions across the estuary and for potential water taxi services along the Freetown coast.

A concession was awarded in 2012 to China International Railway Group for the development of a new airport at Mamamah. In addition, the GoSL plans to reconstruct small airstrips and helpads in key commercial centres and mining areas, to enable light aircraft transport for certain sectors. The old, disused Hastings Airfield (19km southeast of Freetown) could cater for domestic and regional flights using light aircraft, for instance.

Telecommunications

As mentioned in the Introduction of this Investor Guide, **the ACE submarine cable, which extends from France to South Africa, finally linked to the Sierra Leone network in February 2013.** The connection was initially managed by a 100 per cent. GoSL owned special purpose vehicle, Sierra Leone Cable Ltd. The GoSL now plans to sell a majority stake in this vehicle to the private sector.

This fibre-optic "super highway" has the potential to meet the rising demand for voice and data services and could hugely improve the ease of doing business and the provision of education and health services in the country.

The country will also benefit from the ECOWAS fibre optic network (**ECOWAN**) in due course. This project is on course for completion in 2016, following the award of the tender for the construction of the network to Irish telecoms company KN Network Services in 2014.

The GoSL also recently terminated the international gateway monopoly, which had been enjoyed by the Sierra Leone Telecommunications Company (**SIERRATEL**) for almost ten years. The liberalisation of the gateway will increase competition in the sector, which, it is hoped, will lead to improved service provision and reduced prices. NATCOM has the mandate to put in place an International Gateway Monitoring System to oversee the country's international gateways going forward.

Tourism

The development of physical and digital infrastructure will help to crystallise the potential for Sierra Leone to secure a healthy share of sub-Saharan Africa's US\$66 billion tourism market. **Sierra Leone is home to diverse and rare wildlife, leafy highlands and beautiful sandy beaches along 360km of coastline. There are significant opportunities for eco-tourism.** The opening of the five-star Radisson Blu in 2014 was expected to boost the sector, however the Ebola crisis has significantly delayed growth in this area. Tourism is expected to recover in the medium term and the Hilton Worldwide's development, which is well under way, is expected to assist with this recovery.

The GoSL has identified the tourism sector as a top priority in the A4P. The Ministry of Tourism and Cultural Affairs is formulating a National Tourism Policy for the country and terms of reference have been developed for a review of the outdated Tourism Act 1990. The GoSL is also formulating a National Eco-Tourism Policy and is carrying out a "training needs assessment" in the sector.

Incentives in the sector include an exemption from income tax for 5 years from the commencement of operations (for expenditure up to 150 per cent. 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 per cent. deduction on tourism promotion expenses.

International Investor Case Study Solon Capital Partners

Solon Capital Partners (SCP) owns a portfolio of companies that operate across a range of sectors in West Africa, including transportation, real estate and construction, logistics, and affordable education. In 2014, the core clientele of these businesses in Sierra Leone were dramatically impacted by the outbreak of Ebola and declining commodity prices – as mines were shuttered, non-Ebola related NGOs evacuated their staff, and schools were shut across Sierra Leone. Despite this precipitous drop in demand, SCP companies remained active in country in order to assist in providing a range of essential services to the Ebola response effort, including:

- > fleet management for Ebola response agencies operating across the country;
- > the refurbishment and construction of Emergency Operations Centres at both the district and national level;
- > the provision of local procurement and logistical services to Ebola response-related NGOs and foreign governmental agencies; and

> the provision of a free home outreach program, where teachers delivered a catch-up curriculum to small study groups of children hosted in parent homes (teachers also promoted Ebola awareness and prevention with information and implementation of regular hand washing and temperature checking routines).

The period of the Ebola crisis has highlighted the risks of investing in a country like Sierra Leone. With such a small economic base, exogenous events – such as movements in global commodity prices or a health crisis – can drive market volatility of seismic proportions. But over the long term, volatility can prove to be as much a friend as foe. Ultimately, what is a more telling indicator of future performance – the struggles of the Ebola crisis, or the decade of exemplary economic performance which preceded it?

SCP is committed to Sierra Leone for the long term. We know that our investment performance will experience volatility, for both good and for bad, but we have conviction in the long-term economic trajectory of the country.

While the Sierra Leonean operating environment is one of the more challenging in the world, we believe the country has the capacity to transition to middle income over the course of the next twenty years. The world over, we have seen such transitions drive exemplary returns on investment, and we believe that Sierra Leone will be no different. In the meantime, we will continue to invest in our people, invest in our business infrastructure, and work where we can to facilitate improvements in transparency and the climate for investment.

It is a commitment of both time and money but ultimately a compellingly commercial one; and, as such, one we are more than happy to make.

About Solon Capital Partners

Solon Capital Partners is an Africa-focused investment and advisory firm based in Freetown, Sierra Leone. It seeks to maximise risk-adjusted returns for its investors by developing and actively managing high-growth, defensible businesses that are fundamental to developing markets.

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 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 Investor Guide.

The most visible challenges and opportunities lie in Sierra Leone's physical infrastructure. Sierra Leone's two major international transport hubs, as described in this section, are its port and airport. Transportation to Freetown from Lungi International Airport is limited to sea boats and ferries which meet incoming flights. 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 has been a priority of the current government to upgrade the road system in the Western Area. 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 GoSL is looking to develop a more transparent and competitive bid process within the PPP Unit and across key MDAs, such as the Ministry of Energy. These plans will be critical to removing political influence from the tender process, which has in the past resulted in substandard rehabilitation and project development works.

Agriculture and Fisheries Sectors in Perspective

Agriculture is the backbone of the Sierra Leonean economy, with the sector **accounting for an estimated 42.5 per cent. of GDP 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 per cent. 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, cassava and groundnuts, as well as livestock and cash crops, such as coffee, cocoa and palm oil.

While small-scale subsistence farming currently dominates the sector, GoSL is looking to FDI to boost productivity through mechanised commercial agricultural development and investments across the agriculture value chain.

Fisheries are one of Sierra Leone's lesser known sources of untapped wealth, yet they have the potential to become the country's second largest sector for exports after minerals.

Legal and Regulatory Landscape

The GoSL's policy and strategic framework for the agriculture sector 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.

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 outlined in Part I above, 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 99 years.

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 is currently working on a new land tenure policy with a view, amongst other things, to making it easier for foreign investors to obtain land leases. The GoSL is prepared to assist foreign entities in negotiations with chiefs and landowners, however the practicalities are complex. In certain cases, the GoSL may also take a head lease on provincial lands and sub-lease to agribusiness investors so as to mitigate any perceived risks of privity between customary land owners and foreign investors.

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 GoSL pursuant to these provisions under the IPA.

Water

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 because the country does not have a single, central body charged with managing the country's water resources. The current reform process referred to in the Infrastructure section of Part II of this Investor Guide, and the new water law more specifically, is expected to simplify this.

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 at the time of publication. That being said, GoSL has held several public workshops with interested parties on the adoption of such regulations and it is envisaged that a more robust environmental protection regime should become applicable in Sierra Leone in the near future.

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 Part I of this Investor Guide (currently Le 500,000 (US\$114) per month) and official daily working hours (currently eight hours) are mandated by GoSL. Agricultural workers have the right to join a union and enter into collective bargaining agreements (**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 there is no legal prohibition on compulsory overtime.

Around 40 per cent. of the Sierra Leonean formal sector labour force is unionised. The National Union of Forestry & Agricultural Workers, which forms part of the Sierra Leone Labour Congress (a prominent umbrella organisation of trade unions) has approximately 1,100 declared members. Unions have the right to strike under national trade union laws, subject to giving 21 days' notice to GoSL.

Local Content Requirements

Sierra Leone has an investor-friendly approach to local participation. **100 per cent. foreign ownership is permitted in most sectors of the economy** (exceptions, such as the mining sector, have been noted in Part I above). Although Sierra Leone has adopted a national local content policy, GoSL acknowledges that 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, GoSL is building capacity in the local market.

SLIEPA guidance 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 agricultural land. 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 – for instance, Sierra Leone does not charge agribusinesses for water utilisation.

Agriculture is a strategic growth sector for GoSL. Increasing agricultural productivity is central to GoSL's poverty reduction and food security aims, as stated in the A4P and the Post-Ebola Recovery Strategy. This is reflected in 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 per cent. 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.** Export licences are required for agricultural goods.

Key opportunities for investment include cash crops such as cocoa, coffee and palm oil, with GoSL promoting investment in the rehabilitation and expansion of existing plantations and estates, **as well as agro-processing, and further planning to establish (tax free) export processing zones in the country.**

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.

Sierra Leone is also emerging as a viable destination for carbon credit scheme (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. GoSL has already identified a number of further potential sites for CCS-driven investment projects.

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 506km coastline and 30,000km continental shelf boast a commercially viable stock of fish.** The fisheries sector contributes approximately 8 per cent. of Sierra Leone's GDP, and fish constitutes around 80 per cent. of animal protein consumed by Sierra Leoneans. Total fish production is increasing year on year, with production rising from roughly 60,000 tonnes to 140,000 tonnes in the past decade, but revenue generation is still far below its potential. In 2010, the economic value of yields was estimated to be more than US\$100 million per annum.

The marine fisheries of Sierra Leone are divided into:

- > the artisanal fishery, operating in estuaries and inshore waters and extending from the shoreline to around 20-40m deep;
- > the industrial fishery, operating in the open deeper waters.

The GoSL signed its first PPP for fish receiving centres last year, during the midst of the Ebola crisis, and has plans to develop an integrated fishing harbour along with fish processing plants in Freetown. The Ministry of Fisheries and Marine Resources has also been looking at ways to distribute fish products to cold stores in major regional centres.

With support from the AfDB, a marine training school has been developed. There are opportunities for investment in the operation and management of the training school.

Key Challenges

Sierra Leone's agriculture is constantly under threat from 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. However, this is as much an opportunity as it is a challenge for investors.

Supplies of fertilizers 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.

To address these challenges, a National Platform for Disaster Risk Reduction and Climate Change Adaptation (the **Platform**) was created and launched in August 2011 by President Koroma. The Platform has seven sub-committees which cover fires and pest infestation, as well as a range of other socio-natural and man-made hazards

International Investor Case Study ManoCap

Sierra Fishing Company – the benefits of being on the ground

ManoCap, a private equity firm founded in Freetown in 2005, has a clear belief in the opportunities for investment in Sierra Leone. It is also well-placed to assess the challenges that investors are likely to face.

In ManoCap's view, a key difficulty lies not in producing a compelling business plan – which is relatively straightforward, given the country's natural advantages and openness to investment – but in executing the business plan effectively. This requires competent local management and robust financial controls.

A good example is ManoCap's investment in Sierra Fishing Company (SFC), Sierra Leone's largest fish supplier. The investment case for Sierra Leone's fishing sector is clear: 80 per cent. 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 double over five years. In the meantime, the cost of fish to the consumer has fallen, and SFC has grown its employee numbers. SFC is now looking to expand its business further.

Splash Mobile – the value of local networks

SFC's network of fish depots throughout inland Sierra Leone also demonstrates the value of a strong local network. ManoCap has in fact invested directly in Sierra Leone's networks, via Splash Mobile Technologies. Splash was Sierra Leone's first mobile payment system. In a country with limited banking infrastructure, a technology which reduces the risk, cost, and time of everyday transactions makes a great difference.

This was particularly true during the Ebola outbreak. Businesses and consumers faced huge difficulties, as movement around the country was heavily restricted. The Splash network provided a virtual banking system that helped keep the consumer economy functioning. It also played an important role in the medical response to the outbreak: hazard pay to health care workers was essential in ensuring health facilities stayed open, something that was only possible due to the mobile payment network Splash enabled (see <http://blogs.ft.com/beyond-bricks/2015/06/18/what-can-business->

[do-in-the-face-of-a-public-health-crisis/](#) for more details).

The Splash network has now grown to around 200 payment points across the country, and Splash is working to increase this to 1000. Although the cost of Ebola has been terrible, the co-ordinated response from the public and private sectors demonstrates the robustness of Sierra Leone's human infrastructure, and suggests that Sierra Leone's economy is well-placed to recover.

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 a very attractive investment climate.

About Manocap

ManoCap operates in Sierra Leone, Liberia and Ghana, investing growth capital in small and medium-sized businesses. It aims to deliver attractive returns to its investors while enhancing economic growth in its countries of operation. Being based in Freetown, ManoCap is able to provide support both via capital investment and through close ongoing working relationships with investee companies.

International Investor Case Study Lion Mountains

Lion Mountains began farming operations in Bo District, Sierra Leone in October 2014, at what proved to be the height of the Ebola epidemic. Despite the additional challenges of the medical emergency, the pilot phase was launched successfully, establishing Lion Mountains as an active member of the local farming community. The pilot phase comprises a small land area for the cultivation of rice and groundnuts, and a mill in Bo which is supplied through the purchase of raw rice from a network of out-grower farmers in partner chiefdoms.

Lion Mountains remains unchanged in its view that Sierra Leone offers an exceptional investment opportunity, especially in the agriculture sector, and is committed to the country for the long term. The confidence of this commitment is founded on the excellent political environment, highly attractive investment incentive package, outstanding natural endowment, and welcoming people and government. Phoenix Africa elected to establish its first portfolio project in

Sierra Leone precisely because the country's stable and welcoming operating environment is not fully reflected in the reputation of the country around the world, meaning plentiful opportunities for those investors who are prepared to look beyond the headlines.

The Lion Mountains experience through the months of the epidemic was largely positive, with zero medical emergencies. Full anti-infection protocols were followed strictly and Lion Mountains played a role in promoting appropriate behaviours in its areas of operation; with such measures in place, operations were entirely feasible, and only relatively minor adaptations were required to accommodate movement restrictions and other anti-Ebola measures from time to time. The most significant inconvenience and added cost was caused by the mass cancellation of international flights.

Although the Ebola epidemic may be thought to illustrate the risk of investing in a country like Sierra Leone, Lion Mountains judged that the real risks were exaggerated; the worst of the economic damage was caused not by

the virus itself but by the overreaction to it. Through a careful assessment of the situation on the ground, and evaluation of the real risks, Lion Mountains recognised that operations would be safe and feasible, and thus decided on deployment in October 2014 despite the negative press surrounding Sierra Leone at that time. The same can be said for other perceived risks.

Lion Mountains regards Sierra Leone as a stable and high-growth investment destination – one in which the company will be able to reach its goal of developing 14,000 hectares of land for the cultivation of rice and other crops and have a positive social impact in its partner chiefdoms in Bo District.

About Lion Mountains

Lion Mountains was established by UK-based Phoenix Africa to farm and process rice and other crops in Sierra Leone, contributing to improving the food security of the country and delivering a significant development impact to partner communities. Lion Mountains is headquartered in Bo.

such 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 mining operations.

Food insecurity increases during the lean season (June to August). During this period, 45 per cent. of the population, or 2.5 million people, do not access sufficient food. In the past GoSL has sought to avoid food shortages and price hikes through temporary export bans 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, 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 can be improved. Exporters are required to obtain a quality certificate from the Ministry of Agriculture, Forestry and Food Security. Requests for facilitation payments have been reported. Such practices have in the past resulted in poor quality produce being exported, which in turn negatively impacts the price of the country's agricultural export.

The principal challenge to the fisheries sector is illegal fishing, estimated to cost Sierra Leone US\$29 million annually. The EU and the World Bank have established the West Africa Regional Fisheries Programme to address this.

Part III

Post-Ebola Investment Climate

Part III of this Investor Guide considers what the Ebola outbreak means for potential investors and businesses already operating within Sierra Leone.

A renewed focus on those sectors that were drivers of investment prior to the outbreak will be central to the economic recovery. In addition, new opportunities for investment have arisen by virtue of the GoSL's Post-Ebola Recovery Strategy, which focuses on improving the social infrastructure already in place to support societies heavily impacted by the crisis and developing better systems and facilities to guard against a future outbreak.

GoSL Recovery and Transition Plan



Introduction to the Post-Ebola Investment Climate

At the time of publication, the peak of the crisis appears to have passed in the three worst affected countries, although a small number of cases continue to be reported in Sierra Leone.

A renewed focus on those sectors that were drivers of investment prior to the outbreak will be central to the economic recovery. In addition, new opportunities for investment have arisen by virtue of the GoSL's Post-Ebola Recovery Strategy, which focuses on improving the social infrastructure already in place to support societies heavily impacted by the crisis and developing better systems and facilities to guard against a future outbreak.

The Post-Ebola Recovery Strategy

The Post-Ebola Recovery Strategy referred to throughout this Investor Guide has been developed by the Ministry of Finance and Economic Development. The Strategy aims to reduce the impact the crisis has had on the implementation of the A4P. The Strategy identifies plans for dealing with the shocks caused by the crisis, including the need to build a more robust healthcare system and develop integrated strategies involving reforms to related social and economic sectors that have a direct bearing on health outcomes, and highlights lessons learned from the outbreak, such as the need to strengthen regional cooperation.

In addition to the longer-term Strategy, the GoSL has developed a short-term Recovery and Transition Plan, which focuses on the nine months immediately following the end of the Ebola outbreak, to enable a rapid transition back to the trajectory set by the

A4P. Detailed plans for priority sectors, such as health, education, social protection, agriculture and infrastructure, have been developed with support from DFID and McKinsey & Co.

Priority interventions include ensuring the safety of 40 hospitals and 1,300 primary healthcare facilities, bringing all children back to school and maintaining safe and active learning throughout the country, drawing over 100,000 subsistence farmers into the formal economy, helping SMEs re-establish themselves through affordable finance, developing infrastructure projects that strengthen the agriculture sector, supporting vulnerable groups and establishing sustainable social welfare, and building effective accountability systems.

Rebound in Economic Activity

In 2014, growth in Sierra Leone slowed sharply as economic activity was disrupted by the Ebola epidemic compounded by lower iron ore prices. Growth is likely to remain lower than pre-Ebola levels in 2015 as a result of the sharp slowdown in economic activity. Activity and investment in all key sectors of the economy stalled given the urgency of dealing with the crisis. As activity resumes in key sectors, and provided the outbreak is effectively brought under control, it is very likely that growth will rebound again in 2016.

Along with the need for further investment in healthcare, education, sanitation and energy, other sectors such as agriculture, construction, infrastructure and mining, mentioned in Part II above offer significant opportunities for immediate investment.

Investors in iron ore have reported the commencement of mining activity and diamond miners have announced further discoveries. For instance, Golden Saint Resources saw a 26 per cent. jump in its share price on the discovery of new diamond reserves in the Tongo licence area in 2015. One of the country's leading UK-listed mining companies, Sierra Rutile Ltd, which supplies roughly a fifth of the global demand for rutile, has reported

US\$77 million plans to extend their current rutile mining activities to increase its output at the Gbangbama deposit by about one sixth.

Although businesses operating in the economy were forced to put their expansion plans on hold in the short term, **recent developments in sectors that are starting to resume activity, coupled with strong investment into infrastructure, agriculture and mining, could see Sierra Leone return to being one of the region's fastest growing economies.**

Investment Opportunities: Health, Education and Social Services

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 provision of basic services to a population recovering from the effects of Ebola. Investment in healthcare, education, sanitation and water are desperately needed.

Healthcare

At the time of publication, the number of new cases of Ebola is low; however the country is not yet Ebola-free. Investment is needed to strengthen existing systems to deal with any further Ebola cases. While healthcare systems have struggled to deal with Ebola, other disease and general healthcare needs have also received less attention. The World Health Organisation estimates that large numbers of malaria patients went untreated during the peak of the Ebola crisis due to insufficient healthcare systems.

Opportunities for investment include the establishment of special hospitals or clinics to provide HIV/AIDS health care, the provision of private psychiatry hospitals and facilities, manufacturing of drugs and medical equipment, and the establishment of a 24 hour ambulance service.

Education

Schools in Sierra Leone were closed for almost a year during the crisis. They re-opened in April 2015, however gaps in the infrastructure enabling children to return to school, along with a lack of amenities within schools, are hampering the delivery of education. With many children facing the need to work, extending access to education is hugely important.

The GoSL is focused on ensuring "fee free" access to primary education by 2018. In addition, targeted programmes to encourage attendance by the most marginalised students will be implemented.

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 tertiary education. PPPs in education are being encouraged.

Social Services and Basic Necessities

Water Aid estimates that even before the crisis, 40 per cent. of the population did not have access to safe water. Less than 20 per cent. of the country has adequate access to sanitation. Providing access to basic necessities such as clean water, food and sanitation will reduce the risk of a further outbreak.

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

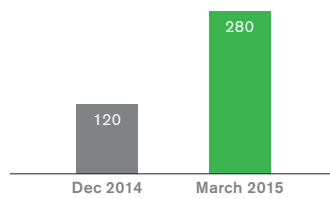
Mining Sector

As outlined above, the investment opportunities that predated the outbreak of Ebola still exist. **Mining activity is likely to pick up again now that travel restrictions are increasingly being relaxed. Activity should recover in 2015 as export routes open up and mining companies recommence production.**

Sierra Leone's second-largest iron ore producer, which employs 1,400 locals and contributes 10 per cent. of GDP, was affected during the peak of the crisis and this contributed to the growth slowdown in 2014.

At the time of publication, iron ore producers are reporting a recommencement of activity and iron ore exploration work. While opportunities still exist, continued low iron ore prices could weigh on any significant investment in the sector. With iron ore alone accounting for 25 per cent. of GDP and 50 per cent. of exports, development in this sector will be an important driver of growth.

Figure 2: Agriculture investment needed given food security concerns
Number of people at risk (000's)



Agriculture

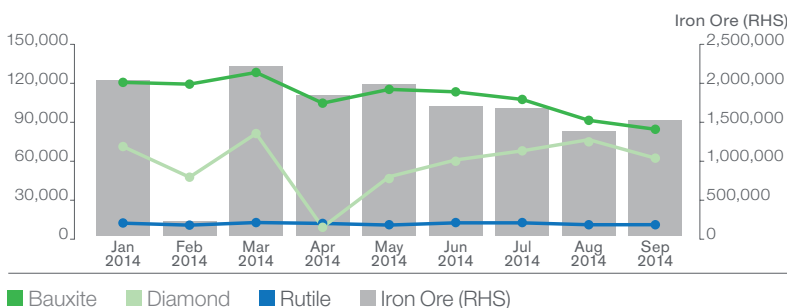
Numerous opportunities for investment in agriculture are outlined in Part II above. This sector is a key focus area in the GoSL's Post-Ebola Recovery Strategy. Food security will be an ongoing concern in 2015 and is likely to remain a concern into 2016 for countries worst-affected by Ebola. Much agricultural activity was put on hold during the crisis and food needs will be even more important now. Reduced harvesting due to labour and transport disruptions has had a wide impact.

The Food and Agricultural Organisation estimated in December that almost 150,000 people were severely food-insecure in Sierra Leone. This number is expected to have doubled by March 2015 to more than one million. Due to restrictions on movement and quarantine, many farmers were unable to plant crops and unable to harvest. Therefore, **supporting food security and investment in agriculture will be essential in the coming months, with small-scale farming support being particularly important.**

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 Part II of this Investor Guide will be critical to supporting further economic productivity and growth in the post-Ebola period.

Figure 1: Mining production was impacted
Mn/Tonnes



Looking to the Future

In 2013, Sierra Leone had the fastest growing GDP of any developing country in the world.

By identifying opportunities for investment in Sierra Leone and ways of mitigating the challenges, we hope this Investor Guide will encourage those looking to put capital to good use in West Africa to consider afresh Sierra Leone as a favourable destination for investment.



The Ebola crisis ground this growth to a halt and had devastating effects on the country and its people.

However, the GoSL is determined to reclaim economic growth and focus on long-term change. In this way, the crisis has served as a catalyst for a wholesale review of economic priorities and policies. The country now stands on the threshold of the next chapter in its history and, as such, this is a pivotal moment for Sierra Leone.

By identifying opportunities for investment in Sierra Leone and ways of mitigating the challenges, we hope this Investor Guide will encourage those looking to put capital to good use in West Africa to consider afresh Sierra Leone as a favourable destination for investment.

List of abbreviations

A4P	Agenda for Prosperity	EWRC	Electricity and Water Regulatory Commission
ACC	Anti-Corruption Commission	FDI	Foreign direct investment
ACE	Africa Coast to Europe	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	GoSL	Government of Sierra Leone
ARIPO	African Regional Intellectual Property Organisation	GVWC	Guma Valley Water Company
ARPS	African Railway and Port Services	HFO	heavy fuel oil
ASYCUDA	Automated System for Customs Data	HR Commission	Sierra Leone Human Rights Commission
BITs	bilateral investment treaties	ICC	International Chamber of Commerce
CBAs	collective bargaining agreements	ICSID Convention	International Centre for Settlement of Investment Disputes Convention
CCS	carbon credit scheme	IDB	Inter-American Development Bank
CET	common external tariff	IFC	International Finance Corporation
COMESA	Common Market for Eastern and Southern Africa	IMF	International Monetary Fund
CPI	Transparency International's Corruption Perceptions Index	IPA	Investment Promotion Act 2004
CRA	Credit Reference Act 2011	IPPs	independent power producers
CSR	Corporate Social Responsibility	JICA	Japan's International Cooperation Agency
DFID	UK Department for International Development	JSRSIP III	Justice Sector Reform Strategy and Investment Policy
ECOWAN	ECOWAS fibre optic network	LCIA	London Court of International Arbitration
ECOWAS	Economic Community of West African States	LFS	labour force survey
EDSA	Electricity Distribution and Supply Authority	MDAs	Ministries, Departments and Agencies
EGTC	Electricity Generation and Transmission Company	MFN	most-favoured-nation
EITI	Extractive Industries Transparency Initiative	Mines Act	Mines and Minerals Act 2009
EPA	Environmental Protection Agency	Minister of Mines	Minister of Mines and Mineral Resources
EPA Act	Environmental Protection Agency Act 2008	MRU	Mano River Union
ETLS	ECOWAS Trade Liberalization Scheme	NASSIT	National Social Security and Insurance Trust
EU	European Union	NATCOM	National Telecommunications Commission
		NGOs	non-governmental organisations
		NCP	National Commission for Privatisation

New York Convention	New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards	SLPA	Sierra Leone Ports Authority
NMA	National Minerals Agency	SLRA	Sierra Leone Road Authority
NPAA	National Protection Area Authority	SLWC	Sierra Leone Water Company
NPPA	National Public Procurement Authority	SMEs	small and medium enterprises
NRA	National Revenue Authority	TRIPS	World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights
NWSP	National Water and Sanitation Policy	UNCITRAL	United Nations Commission on International Trade Law
OARG	Office of the Administrator and Registrar General	UK	United Kingdom
ODA	Office of Diaspora Affairs	UNCTAD	United Nations Conference on Trade and Development
OIC	Organisation of Islamic Cooperation	UNDP	United Nations Development Programme
PCT	Patent Cooperation Treaty	US	United States
Petroleum Act	Petroleum (Exploration and Production) Act 2011	WAPP	West African Power Pool
Platform	National Platform for Disaster Risk Reduction and Climate Change Adaptation	WASH	water, sanitation and hygiene
Polishing Act	Diamond Cutting and Polishing Act 2007	WCA	Wildlife Conservation Act 1972
PPP	public private partnership	WIPO	World Intellectual Property Organisation
PPP Act 2010	Public Private Partnership Act 2010	WTO	World Trade Organisation
PPP Act 2014	Public Private Partnership Act 2014		
PPP Unit	Public Private Partnership Unit		
QE2	Queen Elizabeth II		
REDD+	Reducing Emission from Deforestation and Forest Degradation		
RMFA	Road Maintenance Fund Administration		
SEZ	Special Economic Zone		
SIERRATEL	Sierra Leone Telecommunications Company		
SLIEPA	Sierra Leone Investment and Export Promotion Agency		
SLNC	Sierra Leone National Carrier		
SLNC Act	Sierra Leone National Carrier Ratification Agreement Act of 2012		
SLNSC	Sierra Leone National Shipping Company		

References

- AMCOW. (2011). *Water Supply and Sanitation in Sierra Leone; Turning Finance into Services for 2015 and Beyond*. Accessed at <https://www.wsp.org/sites/wsp.org/files/publications/CSO-sierra-leone.pdf>
- Awoko newspaper website, accessed on 26 June 2015 at <http://awoko.org/>
- Bank of Sierra Leone website, accessed on 26 June 2015 at <http://www.bsl.gov.sl/>
- BMI website, accessed on 26 June 2015 at <http://www.bmi-research.com/sierra-leone>
- CIA. (2015). *The World Factbook*. Accessed at <https://www.cia.gov/library/publications/the-world-factbook/geos/sl.html>
- Economist Intelligence Unit website, accessed on 26 June 2015 at <http://country.eiu.com/sierra-leone>
- EEAS website, accessed on 26 June 2015 at http://www.eeas.europa.eu/delegations/sierra_leone/eu_sierra_leone/tech_financial_cooperation/rural_development/fisheries/index_en.htm
- Extractive Industries Transparency Initiative website, accessed on 26 June 2015 at <https://eiti.org/SierraLeone>
- Government of Sierra Leone. (2015). *Justice Sector Reform Strategy and Investment Policy*
- Government of Sierra Leone. (2015). *Sierra Leone's Post-Ebola Recovery Strategy*
- Government of Sierra Leone. (2015). *Sierra Leone's Recovery and Transition Plan. PowerPoint presentation*.
- Harris, D.; Kooy, M; Jalloh, G. (April 2012) *The political economy of the urban water-pricing regime in Freetown, Sierra Leone*. Accessed at <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7668.pdf>
- IBIS. (February 2014). *Natural Resource Watch, Report on Sierra Leone*. Accessed at http://ibissieraleone.org/sites/default/files/media/pdf_global/sierra_leone_pdf/sierra_leone_nrw_final.pdf
- IMF. (2015). *World Economic Outlook Database*. Accessed at <http://www.imf.org/external/pubs/ft/weo/2015/01/weodata/index.aspx>
- Kimberly Process. (n.d.) *Sierra Leone's Annual Report 2013 to Kimberley Process Certification Scheme*. Accessed at http://www.kimberlyprocess.com/en/system/files/documents/2013%20KPCS%20Annual%20Report%20Sierra%20Leone_0.pdf
- Koroma, L. Ministry of Transport and Aviation. (2013) *Sierra Leone Mining Energy/Oil & Gas and Infrastructure Indaba 2013*. PowerPoint presentation, accessed at <http://slideplayer.com/slide/1421893/>
- Office of Diaspora Affairs website, accessed on 26 June 2015 at http://www.diasporaaffairs.gov.sl/index.php?option=com_content&view=article&id=1&Itemid=2
- Marah, K, Minister of Finance and Economic Development, Government of Sierra Leone. (2015). *Statement of Economic and Financial Policies*. Accessed at <http://mofed.gov.sl/PUBLICATIONS/Budget%20Speech%202015.pdf>
- Mehta, P. (2006) *Competition Regimes in the World: A Civil Society Report*. India: CUTS International.
- Ministry of Energy, Energy Directorate. (n.d.) *Expression of Interest to participate in the Scaling Up Renewable Energy in Low Income Countries Program (SREP)*. Accessed at https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Sierra%20Leone_EOI.pdf
- National Commission for Privatisation website, accessed on 26 June 2015 at <http://ncpsl.gov.sl/aboutus.htm>
- New Statesmen, *Warning over collapse of health system in the wake of Ebola in Sierra Leone*. (12 December 2014). Accessed at <http://www.newstatesman.com/health/2014/12/warnings-over-collapse-health-system-wake-ebola-sierra-leone>
- Perrualt, F.; Baldeh, Y.; Wahome, J.; Zayid, J. (August 2013). *Sierra Leone Country Strategy paper 2013-2017 (African Development Bank)*. Accessed at http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/2013-2017%20-%20Sierra%20Leone%20Country%20Strategy%20Paper_01.pdf
- Sierra Leone Embassy website, accessed on 26 June 2015 at <http://embassyofsierraleone.net/node/79>
- Sierra Leone's Ministry of Mines and Mineral Resources' website, accessed on 26 June 2015 at <http://www.slminerals.org/key-minerals>
- Sierra Leone National Revenue Authority. (2013). *Mines Revenue Analysis*. Accessed at <http://mofed.gov.sl/publications/2013%20Mines%20Revenue%20i.pdf>
- Shah, A.; and Thomashausen, S. (March 2014) *Columbia Centre on Sustainable Investment: A framework to approach shared use of mining-related infrastructure. Case Study: Sierra Leone*. Accessed at http://ccsi.columbia.edu/files/2014/05/Case-Study_Sierra-Leone_March-2014.pdf
- SLIEPA website, accessed on 26 June 2015 at <http://www.investsierraleone.biz/>
- Tarawalli, P. (14 August 2012). *Diagnostic Analysis of Climate Change and Disaster Management in relation to the PRSP III in Sierra Leone*. Accessed at http://www.sl.undp.org/content/dam/sierraleone/docs/focusareadocs/undp_sle_analysisclimatechangeDM.pdf

The Oakland Institute. (2011). *Understanding Land Investment Deals in Africa, Country Report: Sierra Leone*. Accessed at http://www.oaklandinstitute.org/sites/oaklandinstitute.org/files/OI_SierraLeone_Land_Investment_report_0.pdf

Thompson, G. (2015) *ICLG Project Finance 2015*. Accessed at <http://www.iclg.co.uk/practice-areas/project-finance/project-finance-2015/sierra-leone>

Trading economics website, accessed on 26 June 2015 at <http://www.tradingeconomics.com/sierra-leone>

Transparency International. (2014). *Corruptions Perceptions Index*. Accessed at <http://www.transparency.org/country#SLE>

Tynes, R. (11 December 2013). *Sierra Leone Oil Report: 2013*. Accessed at <http://goxi.org/profiles/blogs/sierra-leone-oil-report-2013>

UNCTAD. (2010) *Investment Policy Review, Sierra Leone*. Accessed at http://unctad.org/en/docs/diaepcb200914_en.pdf

UNDP. (2012) *National Energy Profile of Sierra Leone*. Accessed at http://www.undp.org/content/dam/sierraleone/docs/focusareadocs/undp_sle_energyprofile.pdf

UNEP-DHI Centre. (n.d). *Roadmaps for Water Management in West Africa*. Accessed at http://www.unepdhi.org/upload/unepdhi/UNEP_DHI_casebook_print_nomarks.pdf

USGS website, accessed on 26 June 2015 at <http://minerals.usgs.gov/minerals>

West Africa Oil Watch. (2013). *Sierra Leone Oil Report: 2013*. Accessed at <http://westafricaoilwatch.org/oil-contracts-legal-documents/sierra-leone-oil-report-2013/>

World Bank. (2014) *Doing Business 2015: Going Beyond Efficiency*. Accessed at <https://openknowledge.worldbank.org/bitstream/handle/10986/20483/DB15-Full-Report.pdf?sequence=1>

World Bank. (n.d.) *West Africa Regional Fisheries Program*. Accessed at <http://www.worldbank.org/projects/P106063/west-africa-regional-fisheries-program?lang=en>

World Trade Organisation. (26 August 2014). *Trade Policy Review, Report by the Secretariat, Sierra Leone*. WT / TPR / S / 303, accessed at https://www.wto.org/english/tratop_e/tp_r_e/tp_rep_e.htm

Zayid, J. (2014). *African Economic Outlook – Sierra Leone (African Development Bank)*. Accessed at http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/2014/PDF/CN_Long_EN/Sierra_Leone_EN.pdf

About Herbert Smith Freehills, Standard Chartered and Prudential plc



**HERBERT
SMITH
FREEHILLS**

About Herbert Smith Freehills

Herbert Smith Freehills (**HSF**) is a leading global law firm with over 2,800 lawyers, including 470 partners, in 24 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 90 lawyers across our firm have provided more than £1.5 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 Public Private Partnership Unit of the President's Office in Freetown. HSF has continued to provide pro bono legal advice to the GoSL throughout the Ebola crisis, including on the commercial implications of the outbreak.

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 at first hand the gradually increasing levels of foreign investment as the Agendas for Change and Prosperity have been rolled out.

We look forward to continuing to build on the Fair Deal initiative and our support for Sierra Leone as the country returns to 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 per cent 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 plc

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.

Prudential plc is not affiliated in any manner with Prudential Financial, Inc, a company whose principal place of business is in the United States of America.

