U.S. DEPARTMENT OF STATE
DIPLOMACY IN ACTION

Executive Summary

Sierra Leone is located on the southwest corner of West Africa. It is home to six million people and provides easy access to a market of 30 million via its membership in the Mano River Union (MRU) with Cote d'Ivoire, Guinea, and Liberia, and a market of over 225 million people in Economic Community of West African States (ECOWAS). Sierra Leone provides duty-free access to large markets like the European Union and United States under treaties such as the EU Everything But Arms initiative and U.S. African Growth and Opportunity Act (AGOA).

Sierra Leone's gross domestic product (GDP) in 2012 is $ 3.8 billion The World Bank estimates gross national income (GNI) per capita for Sierra Leone was $580 in 2012. This translates to over 72 percent of the population living on less than $1 per day, in extreme poverty.

Sierra Leone remains largely dependent on foreign aid even though they have large deposits of iron ore and other minerals.

The United Nations Development Program, Human Development Index for 2012, which incorporates dimensions of health, education, and living standards, ranks Sierra Leone 177 of the 186 nations assessed. Sierra Leone continues to face challenges in improving its investment climate. The World Bank ranked Sierra Leone 140 among 183 countries in its 2013 Doing Business report. Yet, among the subcategories in the report, Sierra Leone ranks 32nd globally in protecting investors, 76th in ease of starting a business, and 83rd in getting credit. The World Bank reported that Sierra Leone requires on average six independent procedures and 12 days starting a business, somewhat above the average in Sub-Saharan Africa.

There is reason for optimism regarding economic growth. Despite tough economic times, the International Monetary Fund (IMF) estimated that the inflation rate has dropped from 18.5% in 2011 to 11.5% in 2012. The IMF report also shows that Sierra Leone's real GDP grew from 5.3% in 2011 to 35.9% in 2012. The increase in GDP growth in 2012 is due in large part to the production of large scale iron ore export projects that came on line in 2012 which contributed to the higher than normal GDP growth rate.

Support for Foreign Direct Investment (FDI) is a stated priority for the Government. Investment is increasing and the government has demonstrated commitment to reforming trade and investment policies to encourage private sector-led economic revitalization. President Koroma routinely states that the nation's economic growth "should be, and indeed, will be driven by the private sector rather than solely through public sector activities and development assistance."

1. Openness To, and Restrictions Upon, Foreign Investment

Potential investors must consider the Sierra Leone's two omnipresent challenges: the devastation of the 1991-2002 civil war and constraints of extreme poverty. These challenges continue to fundamentally impact almost all aspects of Sierra Leone society. After the war, international focus on Sierra Leone brought considerable foreign aid programs. The Sierra Leone economy today remains dependent on foreign aid, but donors, facing their own economic challenges, are beginning to reduce their programs. The reduction in aid and successfully holding three post-war elections means Sierra Leone is moving beyond the moniker of a “post-conflict country” to one of nascent self-sufficiency. This is an uncomfortable transition for institutions fundamentally fueled by foreign donors. Institutional structures, both government and private, continue to develop, but remain immature and are generally characterized by poor governance and corruption.

The value of Sierra Leone’s considerable natural resources still has not been successfully leveraged to improve the lives of Sierra Leone citizens. The country is still primarily agrarian with extremely fertile land, promising fishing sector opportunities, and considerable potential in mining.

War and poverty have caused health and education challenges in the labor force. Over ten decades now the percent of Sierra Leoneans who live on less than $1 per day is very high. The life expectancy is 57 years of age. The prime labor demography needed by business, government, and civil society, remains victims of the war and poverty. Few have more than four years of education, fewer are trained in a vocational skill, and even fewer have management skills. The result is a critical void of talented Sierra Leoneans available to manage local staff and assist in navigating the cultural, governmental, and logistical challenges which foreign industry faces in the country. The U.S. Government focuses on developing middle-level talent through poverty eradication, education, and capacity building efforts in its diplomatic and development programs. In addition, there is a wide range of charitable organizations investing in Sierra Leone’s human resources. Nevertheless, this is a long-term approach.

There are encouraging signs in Sierra Leone’s investment climate. The Government continues work to improve the integration of the private sector to advance modern technologies into the mining and agricultural development strategies as well as to continue to build the industrial base to create more jobs. Although very promising, the agriculture sector remains characterized by subsistence farming. Agribusiness ventures are often mired in land tenure and socio-political debates. Foreign investors are starting to view challenges such as Sierra Leone’s poor electricity grid as a business opportunity and U.S. businesses are actively entering the energy sector. Chinese foreign direct investment (FDI) and projects remain the dominant force in infrastructure development in Sierra Leone. Other Chinese companies and parastatals are partners in agreements relating to airport improvement, a tender for a new airport, and a hydropower project, building roads and railway lines related to the iron ore industry, and building hospitals. Increased overseas investor interest can also be seen in fishing, petroleum, and tourism.

Laws/Regulations of FDI

In 2009, the Government launched a national Private Sector Development Strategy. A number of legislative acts relate to the strategy:

Finance Act, 2010

This act provides for the imposition and alteration of taxation for the year 2010.

Payment Systems Act, 2009

This act provides for the establishment, operation, designation and supervision of electronic payments, clearing and settlement systems, and the rights and obligations of transacting and intermediating parties.

Companies Act, 2009

This act provides for the registration of companies. Provisions of this law include mandating disclosure of personal conflicts of interest by company directors and officers, requiring shareholder approval of large related-party transactions to reduce possible misuse of company assets, and providing shareholders with rights to hold the directors liable for damages in a related-party transaction. The act offers the possibility of rescission of the transaction. In the case of a related-party transaction that is harmful to the company. The act also grants shareholders access to all relevant documents.

Goods and Services Tax Act, 2009

The act provides for the imposition of a broad-based tax on the consumption of goods and services in Sierra Leone and to provide for other related matters.

Bankruptcy Act, 2009

The act provides for declaring as bankrupt any persons who cannot pay debts of a specified amount and to disqualify them from holding certain elective and public offices or from practicing any regulated profession.

Telecommunications Act, 2009

Amends the Telecommunications Act, 2006.

Mines and Minerals Act, 2009

The act consolidates and amends the law on mines and minerals; promotes local and foreign investment in the mining sector by introducing new and improved provisions for exploration, mine development, and marketing of minerals; ensures transparent and accountable management of the mineral sector in accordance with international best practice; promotes improved employment practices in the mining sector; improves the welfare of communities adversely affected by mining; and introduces measures to reduce the harmful effects of mining activities on the environment.

Finance Act, 2009

The act provides for the imposition and alteration of taxation.

Payment Systems Act, 2009

This act provides for the establishment, operation, designation and supervision of electronic and other payments, clearing and settlement systems, and the rights and obligations of transacting and intermediating parties.

Investment and Export Promotion Agency Act, 2007

This Act establishes the Sierra Leone Investment and Promotion Agency. It became operational in May 2008. It is the country's lead agency focusing on developing policies and programs to stimulate local and export trade, improve the investment climate, encourage expansion and diversification of exports, and promote the development of small to medium enterprises.

Business Registration Act, 2007

This act reduced company registration procedures to four steps. There are no restrictions on the amount of equity a foreign firm may own in a local business. In addition, there are no requirements that nationals own shares, that the share of foreign equity fall over time, or that technology be transferred under certain terms. There are also no offset requirements.

Investment Code, 2005

The code was designed to provide more protection for companies investing in Sierra Leone and to promote production and value-added activities. The code directs government to encourage joint ventures and allow full foreign ownership. The code ensures there is no discriminatory economic or industrial strategy against foreign investors and no limit is imposed on foreign ownership or control.

Industrial Strategy

Business market entry strategies should carefully assess the specific risks presented by poor governance and corruption, immature infrastructure, the lack of training, extreme poverty, and illiteracy in the labor force.

Specifically, potential investors in extractive industries should take into account the likelihood of international condemnation of any venture that might even appear to exploit Sierra Leone's natural resources without adequate compensation to the country. This extends from the brutal history of diamond exploitation in Sierra Leone, but might also be a source of criticism for other mining and oil industries if downstream processing of those materials does not include Sierra Leone assets and labor.

Potential investors may contact the Sierra Leone Ministry of Trade and Industry and the Sierra Leone Investment and Export Promotion Agency (SLIEPA) for more information and guidance. SLIEPA is the country's official agency focusing on developing policies and programs to stimulate local and export trade, improve the investment climate, encourage expansion and diversification of exports and promote the development of small to medium enterprises (SME).

Market Sectors

Aerospace

Freetown Lungi International Airport is 7.5 miles from Freetown on the opposite side of an estuary and accessible only by ferries, water taxis, and occasional hovercraft and helicopter services, all of varying reliability and uncertain safety. This increases travel time by about five hours depending on the mode of transport.

The Ministry of Transport and Aviation secured a grant of $8.9 million from the World Bank to upgrade the Lungi International Airport. Rehabilitation is ongoing and will include upgrading the arrivals and departure halls, building a modern car park, and repairs to the existing runway. Barrows Construction Company Ltd. and Ovie Arup completed improvements to the passenger terminal in late December 2012. Group Europe Company was awarded a contract to improve passenger and cargo handling.

The Minister of Transport and Aviation signed an agreement in December 2012 with the China Railway International Consortium to finance construction of a new $190 million airport near the village of Mamamah on the Freetown side of the estuary.

Agribusiness

Before the commencement of iron ore mining operations in 2011, over 50 percent of Sierra Leone's GDP was related to agriculture, 23 percent to industry, and 26 percent to services. Only about 15 percent of the 5.4 million hectares of farmland is used for agriculture. The Government estimates the 15 percent level will need to rise to 27 percent to supply future domestic consumption demand. In November 2011, the Swiss company Addax Bioenergy opened its Greenfield sugar cane plantation, ethanol refinery, and biomass power plant factory in the Bombali District. The facility will produce about 30 MW, supplying about 15 MW of electricity to the local grid, and using the remainder 15 MW to run its own equipment. The Addax project is the first large-scale agricultural project launched in Sierra Leone in the last decade. The government has signed several large-scale land deals in recent years, including a $1.3 billion deal with China Hainan Rubber Industry Group earlier this year.

Construction

The poor state of the infrastructure in Sierra Leone provides many opportunities and need for construction equipment. Currently, the country is in the midst of the biggest road construction program in its history—a $900 million program managed primarily by the Chinese company, the State-owned China Railway Seventh Group Co. Ltd.

Energy

The Government has set the goal of developing between 700 and 1,000 MW of power within the next five years. This will include second phases of Bumbuna Hydro and Bekongor Hydro projects which will deliver another 350 MW and 100 MW respectively. Construction of a United Nations-supported hydro power plant in north-west Sierra Leone commenced in April 2012. The plants expected capacity will be three MW. The UN Industrial Development Organization is conducting a feasibility study for a ten MW power plant. An increasing number of foreign companies looking at solar energy options in Sierra Leone, including an American company, Sun Trough Energy, which has reportedly entered into a $250 million Energy Power Purchase Agreement for a 130MW thermal power plant and upgrade of the Freetown transmission network.

Finance

In Sierra Leone private equity firms face challenges such as gaining information to conduct due diligence on management teams and finding opportunities that meet their needed rate of return. The U.S. private equity firm Joule Investments finalized an agreement on a $650 million project to build phase two of the Bumbuna hydroelectric power project.

Mining

Mining in Sierra Leone has known deposits of rutile (a major source of titanium), bauxite (used as an abrasive and catalyst), titanic iron ore, diamonds, gold, chromite (a major source of chromium), platinum, lignite (brown coal), clays, and base metals such as copper, nickel, molybdenum (used to strengthen and harden steel), lead and zinc.

African Minerals is the largest iron ore Production Company in Sierra Leone, the developer and operator of the Tonkolili iron ore mine in northern Sierra Leone. The current operations are expected to produce 20 million tons of iron ore per annum at full capacity. London Mining is the second largest iron ore mining company in Sierra Leone. London Mining is developing the Marampa mines in Sierra Leone where it commenced production in 2011 and produces around 5Mtpa by the end of 2013.

Petroleum

Three years ago, a consortium led by U.S. oil company Anadarko found a significant potential for oil off the coast of Sierra Leone. Further exploration by Anadarko, African Petroleum, and Talisman are ongoing to assess the full commercial potential of oil deposits off the coast. The highest estimates of Sierra Leone's offshore petroleum deposits are 500-700 million barrels.

The Government awarded offshore licensing blocks in July 2012. In several cases it granted licenses to several bidders, forging partnerships. In one case a licensing block was awarded to African Petroleum and U.S. Company Kosmos Energy. Two blocks were awarded to Chevron Sahara and Noble Energy with an added partner ODYE Limited. Kosmos pulled out of its awarded block. Chevron, Noble, and Odye signed deals in late 2012.

Seaports

Sierra Leone's Freetown area harbor is strategically located making it a strong potential candidate as a trans-shipment trade hub. Foreign businesses routinely cite the port as the most significant factor that discourages private sector investment. However, mismanagement, inefficient operations, high financial loses, and lack of investment at the port prompted the Government to engage a foreign firm to take over these responsibilities. The Sierra Leone Ports Authority signed a concession agreement and transferred its container terminal management and stevedoring activities to the private sector company, Bollore Africa Logistics, for a 20 year concession period. Bollore, a French registered company, operates eight container terminal concessions in Africa, offers stevedoring in ten African ports, and also operates in North and South America, Europe, the Middle East, Asia and Oceania. The infrastructure at the ports is outdated and cannot handle modern vessels resulting in a recent reduction in traffic volumes. Bollore's efforts to date are resulting in some positive changes.

Telecommunications

The Government is participating in the Africa Coast to Europe submarine fiber optic cable project. The fiber optic cable reached Sierra Leone shores in September 2011 and is now operational. The fiber optic cable is managed as a public-private partnership between the Government and participating licensed telecoms providers.

Limits on Foreign Control

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activities. Foreigners are free to establish, acquire and dispose of interests in business enterprises. There are limits to land ownership by foreign entities and individuals. These restrictions vary depending on location of the land being used.

Privatization Program

The Government's privatization program includes 24 publicly owned enterprises. A separate department was established to focus on the privatization of these institutions. It is looking for investors, especially foreign and expatriate investors, who will bring significant capital and expertise on how to improve the financial performance of those institutions.

Screening of FDI

Sierra Leonean authorities do not screen investments. Companies have to register, but private investors generally do not consider the business registration process as a major impediment to investment in Sierra Leone.

Competition Law

When private enterprise competes with public enterprise, Sierra Leone law dictates that the same terms and conditions apply with respect to access to markets, credit, and other business operations. State-Owned Enterprises can be found in the power, water, transport, and construction sectors.

Investment Trends

TABLE 1:

Measure	**Year**	**Rank or value**	**Website Address**
TI Corruption Perceptions index	2013	**119 of 177**	**http://cpi.transparency.org/cpi2013/results/**
Heritage Foundation's Economic Freedom index	2013	**148 of 178**	**http://www.heritage.org/index/ranking**
World Bank's Doing Business Report "Ease of Doing Business"	2013	**140 of 189**	**http://www.doingbusiness.org/~/media/GIAWB/Doing%20Business/Documents/Annual-Reports/English/DB13-full-report.pdf**
Global Innovation Index	2013	**not rated**	**http://www.globalinnovationindex.org/content.aspx?page=gii-full-report-2013#pdfopener**
World Bank GNI per capita	2012	**$580**	**http://data.worldbank.org/indicator/NY.GNP.PCAP.CD**

TABLE 1B - Scorecards The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a 2012 per capita gross national income (GNI) or $4,085 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: http://www.mcc.gov/pages/selection/scorecards. Details on each of the MCC's indicators and a guide to reading the scorecards, are available here: http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf

MCC Government Effectiveness	**FY2014**	**31 %; -0.29 score (median 0.00)**
MCC Rule of Law	**FY2014**	**55 %; 0.04 score (median 0.00)**
MCC Control of Corruption	**FY2014**	**47 % -0.03 score (median 0.00)**
MCC Fiscal Policy	**FY2014**	**23% -4.9 score (median -3.1)**
MCC Trade Policy	**FY2014**	**54% 70.2 (Median 69.0)**
MCC Regulatory Quality	**FY2014**	**56 %; 0.04 score (median 0.00)**
MCC Business Start Up	**FY2014**	**64%; 0.913 score (median 0.880)**
MCC Land Rights and Access	**FY2014**	**30%; 0.55 score (median 0.63)**
MCC Natural Resource Protection	**FY2014**	**45%; 34.6 score (median 55.5)**

http://www.mcc.gov/documents/scorecards/score-fy14-english-sl-sierra-leone.pdf

2. Conversion and Transfer Policies

The Investment Code guarantees foreign investors the right to repatriate earnings and the proceeds of sales of assets and allows expatriate employees to repatriate earnings. There are no restrictions on converting or transferring funds associated with investments, including remittances of investment capital, earnings, loan repayments, and lease payments. Investors can withdraw and remit any amount from a commercial bank and, subject to availability of the currency, have it transferred into any freely convertible currency and at legal market clearing rates. U.S. businesses in rural areas have occasionally reported challenges repatriating earnings with local banks, but it appears the challenges are logistical and the central bank policies adhere to the new Investment Code. Outflows of wealth are most often in the form of diamonds and other minerals rather than financial flows. Cash outflows are mostly for physical capital expenditures.

Foreign Exchange

Sierra Leone has a floating exchange rate. The Leone fluctuates, but overall has depreciated slowly over recent years, mainly due to increasing demand for financing current consumption and a decrease of inflows of foreign currency resulting from decreased mineral exports and decreased foreign remittances. Nevertheless, the Leone has been relatively stable in 2012 and 2013 fluctuating from 4311 Leones/$ to 4405 Leones/$.

There are no legal restrictions on obtaining foreign exchange. The Central Bank conducts frequent foreign exchange auctions, typically on a weekly basis, but limits a single bidder to $100,000. Additional foreign exchange is available through the banking system, but banks will provide cash only to customers who have deposited cash and customers who have deposited transfers can obtain only transfers. The law requires that money transfers over $10,000 be sent through the banking system to ensure transparency and provide paper trails for all transactions. The first international ATMs and point of sale terminals opened and began operating in Sierra Leone in 2011. Similarly, credit cards are not used in Sierra Leone largely due to poor internet connectivity and rampant fraud**.**

3. Expropriation and Compensation

There is no history of expropriations in Sierra Leone. World Bank indices indicate that Sierra Leone's laws on investment protection are strong. Investors' rights are covered across a range of areas such as:

- Open access to all sectors of the economy to foreign investment
- Rights to 100 percent foreign ownership of companies
- Freedom to use foreign managerial, technical and unskilled workers
- No exchange restrictions
- Guarantees on capital repatriation, loan remittance, and against expropriation

4. Dispute Settlement

The legal system inherited from the U.K. protects property and contract rights. There have been few notable disputes with property or contract rights affecting U.S. or other foreign investors. Investors have access to the judicial system, but the system is slow and is often subject to financial and political influence. Arbitration clauses in contracts and foreign judgments are respected. The Law Reform Commission is considering a new Commercial Law, but progress has been slow. Sierra Leone is also a party to the Convention on Settlement of Investment Disputes between States and Nationals of Other States (The Washington Convention), which it ratified and put into force in October 1966.

5. Performance Requirements and Investment Incentives

Investment Incentives

Among the incentives available to investors are:

General:

- Three year exemption on import duty for plant, machinery and equipment
- Reduced duty rate of three percent on the import of raw materials
- Corporate tax rate of 30 percent
- Goods and services tax rate of 15 percent
- Income tax of 15 – 30 percent depending on incomes

- Social security contribution of 15 percent of gross salary
- 100 percent tax loss carry forward can be utilized in any year
- 125 percent tax deduction on R&D and training spending
- 125 percent tax deduction on expenses for export promotion activities
- Three year income tax exemption for skilled expatriate staff, where bilateral treaties permit

Agribusiness:

- Exemption on import duty for farm machinery and equipment, and agrochemicals.
- Income tax exemption to 2020 for companies, individuals and partnerships.
- 50 percent of dividends paid from companies engaged in agricultural activity are exempt from withholding taxes

Infrastructure:

- Projects in excess of $1,000,000 will be exempt from income taxes for the earlier of ten years from start-up or the year 2020
- Additional incentives are also available for investments in what government considers pioneer industries, such as pharmaceuticals and solar energy.

Mining:

- Tax rate reduced from 35 to 30 percent for all companies with audited accounts
- Losses can carried forward for ten years following the date of initial production
- Capital allowance of 100 percent in the first year for prospecting and exploration expenses. For production rights and other expenditures, investors will be allowed an initial allowance of 40 percent in the year of expenditure followed by an annual allowance of 20 percent a year for the next three years following the date of initial production
- Reclamation, rehabilitation, and mine closure costs can be deducted in the year incurred

Travel

Investments in hotels meeting certain eligibility criteria will attract the following benefits:

- Income tax exemption that expires in five years, 2015, or when the amount qualifying under the tax holiday exceeds 150 percent of original invested capital
- Three year exemption from import duties for key building materials and other inputs
- Technology Transfer: There are no requirements for technology transfer. There are no requirements that major procurements are approved only if the foreign supplier invests in manufacturing, R&D, or service facilities in Sierra Leone (no technology “offset” requirements).

Visa Incentives

The Government provides preference regarding visa, residence, and work permit requirements to nationals of other countries in ECOWAS. U.S. citizens must have a visa to enter Sierra Leone, obtainable from the Sierra Leonean embassy in Washington or at other Sierra Leonean embassies. Airport visas are available, but cost $160 and the process to issue is very slow. Foreign investors must have a self-employment/work permit from the Ministry of Labor, which takes six weeks to four months or longer to obtain and costs $85. A foreigner also must have a residence permit. There is an application fee of $1.15 and the permit costs $829.49 for entrepreneurs and $692.24 for employees.

Performance Requirements
The Government has established no performance requirements prescribing mandatory percentages of exports, domestic content, required domestic inputs, or limiting access to foreign exchange. However, there has been a recent push to make the "Local Content Policy" in to law. The Local Content Policy would place requirements that certain percent of jobs be held by nationals depending on the job classification and requirements to use local suppliers where available. However, the enforcement of these requirements are not currently in place as the local content requirements are still a "policy" of Government where they try to encourage new investors to commit to use local content.

6. Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activities. Foreigners are free to establish, acquire and dispose of interests in business enterprises.

7. Protection of Property Rights

Real Property
There are two legal types of land tenure in Sierra Leone. Freetown and the Western Area, the former British colony of Sierra Leone, operate under a freehold system. Outside the Western Area, land is governed under a leasehold system. Foreigners cannot own land under either system, but can lease land for terms of up to 99 years. Officially there is complete and open access to the court system if an individual or enterprise thinks its interests to be compromised, but judicial practice is open to political or financial influence.

The rule of law is fragile and uneven across the country. In the absence of an effectively functioning legal framework, property rights and contracts are not secure. There is no land titling system, and judicial corruption is significant. Traditional tribal justice systems still serve as a supplement to the central government's judiciary, especially in rural areas. Corruption remains pervasive in all branches of government.

Sierra Leonean citizens can acquire private land in Freetown and the Western Area only. State lands are obtained from the State Lands Committee and the Ministry of Lands via a bureaucratic process that typically takes 65-70 business days. In the past, State Land has been appropriated by government officials for personal use without proper sale or procedures. Under the Customary Land system, an investor can lease land by entering into a joint venture for economic purposes with the local paramount chief who controls the land in his district. This system is designed to protect the livelihood of indigenous and local communities or the traditional users of the land: householders, subsistence farmers, herders, and small producers.

The Ministry of Lands placed a moratorium on selling land in November 2008 because of a variety of abuses. While the government has lifted the ban on the sale of private land, the sale of public lands remains prohibited. The government is receiving support from external donors to redesign the land tenure system.

Mortgages exist in Sierra Leone, but the real estate market is minimal and mortgages are not common. When they are given, mortgages can carry long terms, but are more commonly of short duration and high interest. Short-term bank loans for new construction are more common. Many Sierra Leoneans and businesses will enter into construction projects with whatever funds they have amassed, and halt construction when the money runs out. The project starts again when the owners gets more money. In this way, a single-family home can take a lifetime to build, but remains in families for generations.

Intellectual Property Rights

Sierra Leone has been a member of the World Intellectual Property Organization (WIPO) since its inception. As a result, Sierra Leone also is bound to implement the international standard for intellectual property, the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). Sierra Leone is also a member of the common Intellectual Property (IP) organization for English-speaking Africa, the African Regional Intellectual Property Organization (ARIPO) and parties to its main instruments: the Harare (patents) and the Banjul (marks) protocols which establish a common system for obtaining and maintaining protection for patents, trademarks and industrial designs.

In Sierra Leone, only the most basic elements of an IP regime are in place and functioning. Generally, IP rights are poorly understood as a tool for protecting innovation, brands, and creative works to create wealth. IP law in Sierra Leone is outdated and incomplete. Since 2005, the Government has been making efforts to modernize the IP system, but protection is not a high Government priority and progress has been limited due to limited financial, personnel, and institutional capacities. Customs screening for counterfeit or pirated goods coming from China, Nigeria, Dubai, and other centers of illegal production is weak. When goods are confiscated, they often re-appear in the market. Popular music and films are illegally copied and sold in Sierra Leone. This practice mostly affects local and regional music as well as popular Nigerian films. Some American music and videos are affected.

The Government has been working with the International Centre for Trade and Sustainable Development (ICTSD), ARIPO, and London-based Saana Consulting in developing projects to meet Sierra Leone's needs in developing a TRIPS compliant IP regime.

For additional information about Sierra Leone's treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en/.

List of local attorneys is at: http://freetown.usembassy.gov/local_attorneys.html.

The Embassy point of contact is: Todd Unterseher untersehertw@state.gov or Matthew Kanu kanumm@state.gov

8. Transparency of the Regulatory System

Excessive delays and inefficient enforcement are common in Sierra Leone regulatory systems. SLIEPA views regulatory systems as inherently important to business growth and is in the process of trying to streamline procedures. Licenses, contract enforcement, and high tax rates remain problems. One notable effort to improve clarity is the Government's establishment of a "one stop center" where investors can obtain all required permits and licenses.

The Government does not specifically use tax, labor, environment, health and safety or other laws and policies to distort or impede investment, but corruption exists relative to all these issues. There is no codified discrimination against foreign investors within any regulatory processes. There are no private sector or government efforts to restrict foreign participation in industry standards-setting consortia or organizations.

9. Efficient Capital Markets and Portfolio Investment

Policies generally facilitate the free flow of financial resources, and are improving. Citizens and foreigners have access to credit under the same market terms. Foreign investors typically bring in capital from outside the country and have well-established banking relationships that enable them to obtain working and trading capital. Credit is much more difficult to obtain in the indigenous private sector because the land tenure system makes collateral very difficult to establish. The lack of a titling system makes it difficult for a lender to identify the true owner of land. Foreigners may lease, but not own land.

Most private businesses in Sierra Leone use overdraft on bank accounts as their only form of revolving credit. Portfolio investing has not taken hold in Sierra Leone, as it is just now advancing from being a cash-only economy to one with electronic transactions. Sierra Leone created a stock exchange in 2007, but it remains small with only one traded stock.
There is no evidence of cross-shareholding and stable shareholder arrangements in Sierra Leone. There is no history of hostile takeovers in Sierra Leone.

A current challenge for the Central Bank is the borrowing-lending gap for commercial banks. Interest rates have risen to as high as 30 percent in 2011 while banks borrow at single digit rates. The Central Bank is addressing this problem by promoting the interbank market and strengthening supervision of the banking system. Interest rates are decreasing with the addition of new banks and other financial institutions. They now range between 17-25 percent. The Government's bonds earn about 20 percent interest. Interest rates can be as low as 14% based on an individual's relationship with the bank in terms of the volume of business transacted.

10. Competition from State-Owned Enterprises

When private enterprise competes with public enterprise, Sierra Leone law dictates that the same terms and conditions apply with respect to access to markets, credit, and other business operations. State-Owned Enterprises can be found in the power, water, transport, and construction sectors. These SOEs are sometimes the result of the unique limitations of physical infrastructure which does not allow competition. Each SOE is managed uniquely, though most report through an office to a cabinet minister. Through the national privatization process, SOE boards of directors are beginning to be established. Sierra Leone does not have a Sovereign Wealth Fund.

Energy
National Power Authority

Finance
National Development Bank, National Insurance Company, Rokel Commercial Bank, Sierra Leone Commercial Bank, Sierra Leone Housing Company, Sierra Leone State Lottery Company Limited

Information & Communication
Sierratel, Sierra Leone Broadcasting Corporation, Sierra Leone Daily Mail, Government Printing Department

Mining
Mining and General Services Limited

Services
Mechanical Services Unit, Forest Industry Corporation, Guma Valley Water Company, National Workshop

Transportation
Sierra Leone Airports Authority, Sierra Leone National Shipping Company, Sierra Leone Ports Authority, Sierra Leone Roads Authority, Sierra Leone Road Transport Corporation, Sierra National Airlines, Sierra Leone Maritime Administration

11. Corporate Social Responsibility

Businesses that come to Sierra Leone are often quickly put under enormous pressure from the government, civil society, and NGOs to undertake Corporate Social Responsibility (CSR) projects. This pressure occasionally distracts businesses from their core commercial activities and delays the business from becoming viable enterprises. Large firms, including SOEs, are more often including CSR programs that address the Government's Agenda for Change goals or Millennium Development Goals in areas such as education, health, environmental management, sports, and Small and Medium Enterprise (SME) development. Firms operating in the mining sector have CSR programs that focus on education, community resource management and environmental sustainability, SME development, and health. Telecom companies in particular have demonstrated a willingness to fund community projects in exchange for sponsorship credit. Sierra Leone consumers seldom make distinct choices to trade with or purchase from businesses based on their CSR programs. A U.S oil company called Chevron has also showed great interest in committing themselves to CSR activities in Sierra Leone which will be directed towards

Developing and capacitating Human Capital rather than just the usual construction of water wells, markets, houses etc.

12. Political Violence

Political violence remains minimal in Sierra Leone. The run-up to national elections in November 2012 was free and fair with 97% participation. There have been no significant incidents in recent years of politically motivated damage to projects or private installations. The United Nations Peace Consolidation Mission in Sierra Leone (UNIPSIL) is ending its operations this year as the country moves out of its conflict phase. Although Sierra Leone is a "fragile state," the country is calm so insurance costs and risk premiums should not reflect the earlier realities of the 1990s.

There are no nascent rebel threats or neighbors aiming to destabilize Sierra Leone. Understandably, Sierra Leoneans and the Government are very sensitive to the political and security conditions in bordering Guinea and Liberia as well as within the region. Neighbors have successfully resolved recent electoral problems and are all now at peace. Disruption of cross border trade with Guinea would have a direct effect on availability and cost of foodstuffs and other goods. U.K., U.S., and U.N. training and new equipment have helped the Sierra Leone Police increase capacity to handle such events. The police performed well during the 2012 national elections.

13. Corruption

Sierra Leone signed the U.N. Convention against Corruption in December 2003 and ratified it in September 2004. Sierra Leone established its independent Anti-Corruption Commission (ACC) in 2000 and significantly strengthened it in the Anti-Corruption Act of 2008. The Anti-Corruption Act is not used disproportionately against foreigners. The ACC is charged with investigating cases and educating the public to reduce corruption in its many forms. The ACC has many pending investigations, and several indictments. Joseph Kamara, the current ACC Commissioner, has widened the scope of the office and in 2012 pursued 21 cases, the highest number of cases in the ACC's history. Kamara's actions indicate both that the ACC seems determined to continue to pursue corruption, but also confirms that there are corrupt officials at many levels of the Government. Bribes, kickbacks, extortion, and skimming remain a problem specifically in government procurement, transfers, dispute settlement, and taxation. Giving or accepting a bribe is a criminal act, both within Sierra Leone and from a local company or individual to a foreign official, and is to be prosecuted by the ACC. Penalties vary based on the magnitude of the bribe.

Sierra Leone was certified as being an Extractive Industries Transparency Initiative (EITI) compliant country in April 2014.

Sierra Leone's score on Transparency International's 2013 "Corruption Perception Index" has improved for the fifth year to a score of 30, ranking Sierra Leone 119 out of 177 countries globally. This year, Sierra Leone passed five of the six Ruling Justly indicator criteria for Millennium Challenge Corporation Compact eligibility and 11 of 20 overall indicators. Along with TI, the Campaign for Good Governance and Transparency Alert are other corruption watchdog organizations in Sierra Leone.

14. Bilateral Investment Agreements

The U.S. Embassy in Freetown, the U.S. Department of Commerce, and the Office of the U.S. Trade Representative are exploring a potential framework trade agreement with the regional organization, the Mano River Union (comprising Guinea, Ivory Coast, Liberia, and Sierra Leone. Sierra Leone does not have a bilateral investment treaty (BIT) or taxation treaty with the U.S., but has BITs with the U.K. and Germany.

15. OPIC and Other Investment Insurance Programs

Currently the Overseas Private Investment Corporation (OPIC) is not providing any finance to or insure for projects in Sierra Leone.

16. Labor

The Right of Association

The law allows workers to join unions of their choice without prior authorization or excessive requirements. However, it prohibits civil service employees, police, and members of the armed services from joining unions. The law allows unions to conduct their activities without interference, and the government generally protects this right; however, in some private industries employers were known to intimidate workers to prevent them from joining a union. According to the Ministry of Labor, approximately 35 to 40 percent of workers in the formal economy were unionized, including mainly agricultural workers, mineworkers, and health workers. Unions have the right to strike, although the government requires 21 days’ notice.

The Right to Organize and Bargain Collectively

The law provides for collective bargaining if it takes place in trade group negotiating councils, each of which must have an equal number of employer and worker representatives. Collective bargaining is widespread in the formal sector and most enterprises are covered by collective bargaining agreements on wages and working conditions. The law does not prohibit anti-union discrimination against union members nor employer interference in the establishment of unions.

Prohibition of Forced or Compulsory Labor

The law prohibits forced and compulsory labor, including by children. However, the Government does not effectively enforce the law and the practice of forced labor still occurs particularly in agriculture and diamond mining. Under the law, individual tribal chiefs may impose forced labor as punishment and often require villagers to contribute to the improvement of common areas as punishment.

Prohibition of Child Labor and Minimum Age for Employment

Child Labor is widespread. Almost half of children aged 14-15 years were engaged in some form of child labor. The rate varied from 27 percent in urban areas to 57 percent in rural areas. The law limits child labor, allowing light work at age 13, full-time work at age 15, and hazardous work at age 18. The law states that children under 13 should not be employed in any capacity. However, enforcement was not effective.

Children aged 15 may be apprenticed (provided they have finished schooling) and employed full-time in nonhazardous work. The law sets health and safety standards and requires school attendance through the age of 15.

In rural areas, children often work seasonally on family subsistence farms. Children also routinely assist in family businesses and work as petty vendors. Adults often engage street children to sell, steal, and beg. Due to the high adult unemployment rate, few children are involved in the industrial sector or elsewhere in the formal economy.

Acceptable Conditions of Work

Formal sector employment is largely governed by collective bargaining agreements between employers and unions. Such agreements are common in sectors such as tourism, commerce, petroleum, manufacturing, media, entertainment, financial services, general services, and public utilities. The national minimum wage, covering all occupations including in the informal sector, was is now set at 480,000 Leones ($110.60) per month effective January 2014. This level does not provide a decent standard of living for a worker and family but comparatively better to previous years.

The Ministry of Labor is responsible for enforcing the minimum wage, but lacks the resources to do so effectively. Compliance is difficult to monitor in the informal business sectors. Most workers support an extended family and it is common to pool incomes and to supplement wages with subsistence farming and child labor. A controversial aspect of Government policy regarding foreign investment is that foreign companies are permitted to import any labor they require. This includes unskilled workers.

Although not stipulated by law, the standard work week is 40 hours (60 hours for security personnel). Two consecutive days off per work week is mandatory. Work beyond 40 hours is paid at 50 percent overtime and required work on rest days is 100 percent overtime. Employers negotiate work hours with employees at the time of hiring. There is no prohibition on excessive compulsory overtime.

Workers can be dismissed for incompetence, inefficiency, violation of rules, or serious offenses in a reasonably straightforward manner. After two written warnings, an employee can be dismissed without compensation. There is an appeals process via employer-union consultations and possible intervention by the Commissioner of Labor.

17. Foreign Trade Zones/Free Ports

In 2003, the Government and Chinese company Henan Guoji Group launched a joint venture to develop an industrial and trade zone. The Government was to provide the land and existing buildings while Henan Guoji Group would supply capital, expertise, and some labor. The venture was not completed reportedly because the two parties could not finalize agreement on incentives and exemptions to be provided by the Government.

Today, First Step, a subsidiary of the non-profit international development agency World Hope International (WHI), has established a Special Economic Zone (SEZ) in Sierra Leone on 50 acres near the country's principal seaport in Freetown. First Step will lease space to partner firms and assist them with networking, logistics support, and establishing their operations. Among the incentives provided to the SEZ by the Government are: import and export duty exemptions; three year corporate tax holidays; and expedited government services including customs, immigration, and registration.

18. Foreign Direct Investment and Foreign Portfolio Investment Statistics

TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Host Country Statistical source*		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP)(*Millions U.S. Dollars)*	2012	$3.80	2013	$4.521billion	http://data.worldbank.org/country/sierra-leone http://www.economywatch.com/economic-statistics/country/

* Provide sources of host country statistical data used.
http://www.heritage.org/index/country/sierraleone

TABLE 3: Sources and Destination of FDI

From Top Five Sources/To Top Five Destinations ***(US Dollars, Millions)***					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	369	100%	Total Outward		
Nigeria	320	87%			
Sweden	25	7%			
Mauritius	17	5%			

Italy	3	1%			
Hungary	2	1%			

http://elibrary-data.imf.org/public/FrameReport.aspx?v=3&c=11666797&pars=Country,724

TABLE 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			**Equity Securities**			**Total Debt Securities**		
All Countries	369	100%	All Countries	10	100%	All Countries	15	100%
Nigeria	320	87%	Nigeria	320		Sweden	15	52%
Sweden	25	7%	Sweden	10		Mauritius	14	48%
Mauritius	17	5%	Italy	3				
Italy	3	1%	Mauritius	3				
Hungary	2	1%	Hungary	2				

http://elibrary-data.imf.org/public/FrameReport.aspx?v=3&c=11666797&pars=Country,724

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