SIERRA LEONE

INVESTMENT CLIMATE STATEMENT

2015

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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 the U.S. African Growth and Opportunity Act (AGOA).

Sierra Leone's Gross Domestic Product (GDP) in 2014 is USD 4.9 billion. The World Bank estimates Gross National Income (GNI) per capita for Sierra Leone was USD 660 in 2014. This translates to over 72 percent of the population living on less than USD 1 per day, in extreme poverty.

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

The United Nations Development Program Human Development Index for 2014, which incorporates assessments of health, education, and living standards, ranks Sierra Leone 183rd of the 187 nations assessed.

Sierra Leone continues to face challenges in improving its investment climate. The World Bank ranked Sierra Leone 140th among 183 countries in its 2014 "Doing Business" report. Yet, among the subcategories in the report, Sierra Leone ranks 57th globally in protecting investors, 91st in ease of starting a business, and 151st in ease of 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, particularly the drop in global iron ore prices, the International Monetary Fund (IMF) estimated that the inflation rate dropped from 18.5 percent in 2011 to 11.5 percent in 2013 and 7.78 percent in 2014. The IMF report also shows that Sierra Leone's real GDP growth rate increased from 5.3 percent in 2011 to 35.9 percent 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. Favorable GDP growth in 2014 has been revised to 4.0 percent with the onset of Ebola Virus Disease (EVD) and a further decline to -2.0 percent is projected for 2015. The revision is due largely to falling global iron ore prices that led to the eventual closure of the African Minerals operations, London Mining filing for bankruptcy, increased government spending on Ebola response, and reduced local revenue generation due to internal travel restrictions to combat the disease.

Support for Foreign Direct Investment (FDI) is a stated priority for the government. Investment is increasing and the government has demonstrated a 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

Attitude toward Foreign Direct 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 affect almost all aspects of Sierra Leone society. 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, including a peaceful transfer of power, means Sierra Leone is moving beyond the status of a "post-conflict country" to one of nascent self-sufficiency. The government's stated goal is to transform Sierra Leone into a Middle Income country by 2030. This is a difficult transition for institutions fundamentally funded 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 emergence of Ebola in Sierra Leone has placed enormous strains on national systems and on the resources and capacities of the host government to cope with the public health crisis. The rapid spread of Ebola, from isolated outbreaks in Kailahun and Kenema, to all thirteen districts of the country has resulted in the introduction of extraordinary measures to contain the epidemic, including the declaration of a State of Emergency and special security powers to quarantine affected areas, restrictions on internal movement, closed markets and schools, and prohibitions of public gatherings.

The effect that Ebola is having on daily life and on the economy is being felt at all levels of society. The quarantine and other restrictions have had a marked effect on economic activity, including lost output, higher fiscal deficits, rising consumer prices, depreciation of the national currency, loss of employment and livelihoods and greater poverty. In some areas, agriculture, the backbone of the local market economy, has suffered a significant decline in production and disruptions in the planting cycle that may take many years to fully recover.

On the social front, the death of health care workers, the strain on existing health care infrastructures and the generalized fear among the public to seek medical attention for non-Ebola ailments, have resulted in a significant increase in fatalities and morbidity from otherwise treatable ailments and childbirth and are reversing the hard-won gains achieved in preventive and curative health care. The closure of schools will have negative results for literacy and for an education system that is still recovering from the devastating effects of the 1991-2002 civil war. Other social effects include diversion of efforts aimed at improving water and sanitation and reduced social cohesion that harms especially vulnerable groups (people living with disabilities etc.) that are dependent on community support for daily survival. The recent emergence of Ebola orphans is a particularly tragic consequence of this terrible disease.

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 the last ten years the percent of Sierra Leoneans who live on less than USD 1 per day is about 70 percent. The life expectancy in 2015 is estimated at 45 years of age. The prime labor demographic 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 to improve the integration of the private sector to advance modern technologies into its mining and agricultural development strategies as well as to continue to build the industrial base to create more jobs. Although 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 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.

Other Investment Policy Reviews

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

Telecommunications Act, 2015: Amends the Telecommunications Act, 2006. Telecommunications Amendment Act 2015 is an Act to terminate the monopoly enjoyed by the Sierra Leone Telecommunication Company (SIERRATEL) in the operation of the International Gateway and for other related matters. Sierra Leone's Government approved the Telecommunications Amendment Act 2015, which intends to liberalize the country's international gateway.

The country's telecoms regulator, the National Telecommunications Commission (NATCOM) is said to have identified an international gateway monitoring system (IGMS) for the operation of the newly liberalized gateway, which 'will provide a robust management, security, fraud detection and a transparent system of revenue collection from voice and data traffic.

Finance Act, 2015: The Act would amend revenue laws, align them to the strategic objectives of the government, as well as streamline tax administration, improve compliance, stimulate the business environment and increase revenue generation.

The Borrowers and Lenders Act, 2014: This Act is intended to provide a legal framework for credit agreements, to improve standards of disclosure of information in credit agreements, and to promote a consistency in the enforcement of credit agreements.

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 intermediate 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 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: This Act provides for the imposition of a broad-based tax on the consumption of goods and services in Sierra Leone.

Bankruptcy Act, 2009: This 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.

Mines and Minerals Act, 2009: This 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.

Investment and Export Promotion Agency Act, 2007: Establishes the Sierra Leone Investment and Export Promotion Agency (SLIEPA). SLIEPA 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: http://www.oecd.org/investment/countryreviews.htm

Laws/Regulations of Foreign Direct Investment

See above for laws and regulations of FDI.

Industrial Promotion

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 criticism of any venture that might appear to exploit Sierra Leone's natural resources without adequate compensation to the country. This results 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 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).

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 government department, the National Commission for Privatization 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. The establishment of the Corporate Affairs Commission in 2013 was also an initiative to ease the process of registering companies and ensure that investors are protected in accordance with the Companies Act of 2009. The Corporate Affairs Commission in Sierra Leone will soon take over the function of re-registering of all companies in the country from the Registrar General's Office in an automated version.

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

The government of Sierra Leone continues to open its doors to both local and foreign investors. The establishment of the SLIEPA in 2007 and the review of several investment policies in recent times have clearly shown government commitment to encourage investment. The mining sector has attracted the largest investment in recent times especially in its rapid growth in iron ore production. Sierra Leone is the sixth largest iron ore deposits in the world. Other sectors that are also open to investments are the Energy, Marine and Fisheries, Oil and Gas, Agriculture, Tourism, Transport, Manufacturing and Infrastructure. A number of reforms have also been instituted such as streamlining the business registration processes from 14 steps to 6 steps and from an average duration of 32 days to 3 days, eliminating the issuance and the need for annual renewal of business license and also avoiding the need for payment of taxes in advance as a precondition for registering a business.

Another reform in the business environment is the formation of the Corporate Affairs Commission, which was primarily set up to supervise the incorporation and regulation of all companies and regulating their operations. This is seen as a step to protect investors.

Sierra Leone's energy sector constantly experience unreliable power supply. This will create a difficult environment for economic development, especially foreign investment. The National Energy Strategy aims to generate and distribute 1000MW of power by 2017. The Minister recently announced tax breaks and other incentives to encourage independent power producers (IPPs) to participate in the country's power sector.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	119 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	140 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	Not rated	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 660	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Millennium Challenge Corporation Country Scorecard

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 per capita gross national income (GNI) of USD 4, 125 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/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015.

2. Conversion and Transfer Policies

Foreign Exchange

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 in accordance with the Kimberley process and other minerals rather than financial flows. Cash inflows are mostly for physical capital expenditures.

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 USD 300, 000. Additional foreign exchange is available through the banking system, but banks will provide cash only to customers who have deposited cash. Customers who have deposited transfers can obtain only transfers. The law requires that money transfers over USD 10, 000 be sent through the banking system to ensure transparency and provide records of all transactions. The first international ATMs and point of sale terminals opened and began operating in Sierra Leone in 2011. Credit cards are not used widely in Sierra Leone largely due to poor internet connectivity and rampant fraud.

Remittance Policies

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3. Expropriation and Compensation

There is no history of expropriation in Sierra Leone. The 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

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The legal system inherited from the UK 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.

Bankruptcy

Sierra Leone passed into law Bankruptcy Act in 2009, this act provides for declaring as bankrupt any person who cannot pay his debts of a specified amount and to disqualify him from holding certain elective and public offices or from practicing any regulated profession and for other related matters. World Bank's Doing Business Report for 2015 shows that Sierra Leone has not made much improvement over the past two years, the score remains the same for both years 2014 and 2015, respectively. The report shows that Sierra Leone is ranked 143 out of 189 countries. Bankruptcy in Sierra Leone has legal penalties and therefore, it is criminalized as enshrined in the Sierra Leone Companies Act of 2009. Investors who become insolvent are expected to follow the due process by declaring bankruptcy and make necessary provisions for the payments of debts within a specified period of time. If the liquidator is at any time of the opinion that the company will not be able to pay its debts in full within the period stated in the directors' declaration under section 407, "he shall forthwith summon a meeting of the creditors and shall lay before the meeting a statement of the company's assets and liabilities"

Investment Disputes

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International Arbitration

Please see below.

ICSID Convention and New York Convention

Since 1985, Sierra Leone has been member of the International Center for Settlement of Investment Disputes (ICSID). Although no specific reference is made to the ICSID Convention, the current provision of the 2004 IPA allows recourse to arbitration under this mechanism for foreign investors. As of now, no international dispute involving the Government of Sierra Leone and foreign investors had been submitted for international arbitration.

Duration of Dispute Resolution

Court rulings on investment matters have been generally slow in Sierra Leone. The government established a Fast Track Commercial court in 2010 to take elevate issues to a higher level. It is hoped that the time it takes to complete commercial and admiralty cases will be greatly reduced from 2-3 years to 6 months. The new Commercial Court Rules make provisions for alternative dispute resolution. The court is fully automated to ensure speed, efficiency and transparency.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Sierra Leone has been a member of WTO since July 23, 1995 and a member of GATT since May 19, 1961. Sierra Leone has no report of violation on trade related investment measures. Sierra Leone's Trade Policy is designed in line with WTO and the World Customs Organization. Sierra Leone has always been a party to trade facilitation agreements.

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 to 30 percent depending on income.
- 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 USD 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 carry 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 are 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, 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 by government 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 USD 160 and the process to issue a full validity 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 USD 85. A foreigner also must have a residence permit. There is an application fee of USD 1.15 and the permit costs USD 829.49 for entrepreneurs and USD 692.24 for employees.

Research and Development

Sierra Leone has no specific policy on Research &Development. However, Statistics Sierra Leone is the national institution that collects, analyze and interpret data. The Freedom of Information Act 2014 establishes the right to access public information and requires ministries, departments and agencies to make records publicly available. The legislation also imposes a penalty for willful obstruction of its provisions. Note: most institutions have their own records and research units or departments.

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 establish a "Local Content Policy" into law. The Local Content Policy would require that a certain percentage of jobs be held by nationals depending on the job classification and requirements to use local suppliers where available.

Data Storage

The government of Sierra Leone does not have any specific policy or requirement on data storage.

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 livelihoods 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 at 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 party 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 CDs and videos are illegally copied and sold.

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.

Resources for Rights Holders

Contact at Post:

Charles Neary
Economic and Commercial Officer
Hill Station, Southridge, Freetown, Sierra Leone
+232 76 515 120
nearyc@state.gov

Local list of credible lawyers will be made available upon request from post's Economic Section

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

8. Transparency of the Regulatory System

Excessive delays and inefficient enforcement are common in Sierra Leone regulatory systems. SLIEPA views regulatory systems as 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" at SLIEPA 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 17-22 percent. The Government’s bonds earn about 8-15 percent interest. Interest rates can be as low as 14 percent based on an individual’s relationship with the bank in terms of the volume of business transacted.

Money and Banking System, Hostile Takeovers

Sierra Leone has a growing banking sector which is home to more than a dozen commercial banks that provide common services. The Bank of Sierra Leone was established over five decades ago to primarily formulate and implement monetary and supervisory policies to foster a sound economic and financial environment. To this end, the Bank aims at building and maintaining a strong and efficient organization with highly motivated professional employees working in the best interest of Sierra Leone". (There is generally no stiff restrictions on foreigners ability to establish a bank account other than having an identification document (passport) and a valid proof of address preferably a utility bill or driver's License). This is in line with the Anti-Money Laundry Act 2012. Sierra Leone's Banking Act 2011 does not allow hostile-take overs.

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: In January 2015, the National Power Authority which is the country's only institution charged with the responsibility of generating and distributing electricity was renamed as two separate entities as Electricity Distribution and Supply Authority (EDSA) and Electricity Generation and transmission company (EGCT).
The government believes that the reform would allow the entry of new players in the power generation function, referred to as Independent Power Producers (IPP's). Power generated can be sold to EDSA in bulk for distribution and supply. The objective of the unbundling of the Sierra Leone energy sector was to separate the policy from the regulatory and commercial functions.

This is intended to enhance overall operational efficiency of the power sector by separating the core business units of the generation, transmission and distribution into legally and operationally distinct and independent entities and to lessen or eliminate the inefficiency in the electricity sector.

The energy sector was propelled by the insufficient electricity supply, persistent power outages, low generating capacity, and high technical and non-technical losses characterizing the electricity sector. To address the problems of electricity supply, in September 2014 the ministry launched the Sierra Leone National Energy Strategy in London to deliver 1000 MW by the year 2017. This process will go alongside the development of the transmission and distribution lines throughout the country.

Finance: 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, 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 Safety Authority, Sierra Leone Road Transport Corporation, Sierra National Airlines, Sierra Leone Maritime Administration.

OECD Guidelines on Corporate Governance of SOEs

Foreign investors are often put under pressure from the government, civil society, and NGOs to undertake Responsible Business Conduct (RBC)) projects. This pressure occasionally distracts businesses from their core commercial activities and delays the business from becoming viable enterprises. Firms operating in the mining sector have RBC 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 RBC programs. Chevron has also expressed interest in committing themselves to RBC 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.

Sovereign Wealth Funds

Sierra Leone has no Sovereign Wealth Funds at the moment. The president in one of his campaign speeches said he intends to impose "optimal taxation on mineral assets" to boost state revenues, and would set up a sovereign wealth fund to manage some portion of the proceeds. The proposed sovereign wealth fund would "support economic infrastructure, agricultural productivity, human capacity development as well as poverty reduction.

11. Corporate Social Responsibility

Foreign investors are often put under 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.

OECD Guidelines for Multinational Enterprises

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. Chevron has also expressed 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 87percent 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) ended its operations in 2014 as the country moves out of its conflict phase. Sierra Leone has moved from a “fragile state” to a “post-conflict state.” The country is calm so insurance costs and risk premiums do not reflect the insecurity of the 1990s.

There are no nascent rebel threats or neighbors aiming to destabilize Sierra Leone. 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. UK, U.S., and UN training and new equipment have helped the Sierra Leone Police increase capacity to handle such events

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 and convictions. 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 may 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 2014 "Corruption Perception Index" has improved for the sixth year to a score of 31, ranking Sierra Leone 119th out of 174 countries surveyed in 2014. In recent times, Sierra Leone has made steady progress in the fight against corruption. The country has moved 39 spaces upwards in the TI rankings within the last six years, from 158th in 2008 to 119th in 2014.

In 2014, Sierra Leone passed five of the six Ruling Justly indicator criteria for Millennium Challenge Corporation Compact eligibility and 11 of 20 overall indicators. Sierra Leone has been committed to improving policy performance and remains a strong partner of MCC, but has not met MCC's eligibility scorecard criteria for two years in a row. In 2014, Sierra Leone narrowly missed a passing score on the key Control of Corruption criteria despite an improved raw score. Along with TI, the Campaign for Good Governance and Transparency Alert are other corruption watchdog organizations in Sierra Leone.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

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 government remains committed to the fight against corrupt practices. Recently, President Dr. Ernest Bai Koroma on launches a "Pay No Bribe Campaign" which would primarily ensure that Service Charters for key institutions and agencies nationwide are printed and disseminated so that citizens are aware of services provided with costs and expected service delivery time.

Each Service Charter shall have the ACC hotline numbers to report incidences of corruption and administrative decadence/ bottlenecks, he noted, and vowed that as a nation, we will not relent in the fight to tackle corruption in the country.

The President admitted that although there are still challenges, government's determination and dedication to meeting these challenges is stronger than ever before. He also maintained that the hosting of the Mo Ibrahim State of Governance Seminar in Africa by government demonstrates its continued commitment to promoting democratic good governance, transparency and accountability.

Resources to Report Corruption

Contact at government agency or agencies are responsible for combating corruption:
Joseph Fitzgerald Kamara
Commissioner
Anti-Corruption Commission Sierra Leone
3 Gloucester Street, Freetown, Republic Of Sierra Leone
232 77 985 985 / +232 77 985 985
info@anticorruption.gov.sl

Contact at "watchdog" organization (international, regional, local or nongovernmental organization operating in the country/economy that monitors corruption, such as Transparency International):
Lavina Banduah.
Senior Program Manager
National Accountability Group
18 Dundas Street, Freetown, Sierra Leone
+232 76 661 8348
lavinabanduah@accountabiliti.sl

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, Cote d'Ivoire, Liberia, and Sierra Leone. Sierra Leone does not have a bilateral investment treaty (BIT) with the U.S., but has BITs with the UK and Germany.

Bilateral Taxation Treaties

Sierra Leone does not have a bilateral taxation treaty with the United States.

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 is not effective.

Children aged 15 or older 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. Diamonds are included on the U.S. government's Executive Order 13126 List of Goods Produced by Forced and Indentured Child Labor. Cocoa, coffee, palm oil, granite, and diamonds are included on the U.S. government's List of Goods Produced by Child Labor or Forced Labor.

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, is now set at 500,000 Leones (USD 100.00) per month effective January 2015. This level does not provide a decent standard of living for a worker and family but is 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 sector. 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. The Trade Ministry is working on a local content bill which is intended to give more opportunities to locals to be employed and work at different levels rather than foreigners performing work that Sierra Leoneans can do.

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/Trade Facilitation

In 2003, the government and the Chinese 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.

First Step, a subsidiary of the non-profit international development agency World Hope International (WHI), established a Special Economic Zone (SEZ) in 2012 on 50 acres near Sierra Leone'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: BEA; IMF; Eurostat; UNCTAD, Other**
Economic Data	**Year**	**Amount**	**Year**	**Amount**	
Host Country Gross Domestic Product (GDP) ($M USD)	2013	4.136	2014	5.411	www.worldbank.org/en/country
Foreign Direct Investment	**Host Country Statistical source***		**USG or international statistical source**		**USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other**
U.S. FDI in partner country ($M USD, stock positions)	2013	N/A	2013	N/A	http://bea.gov/international/factsheet/factsheet.cfm?Area=434
Host country's FDI in the United States ($M USD, stock positions)	2013	N/A	2013	N/A	http://bea.gov/international/factsheet/factsheet.cfm?Area=434
Total inbound stock of FDI as percent host GDP	2013	N/A	2013	N/A	

No data shown for Sierra Leone

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data					
From Top Five Sources/To Top Five Destinations *(US Dollars, Millions)*					
Inward Direct Investment			**Outward Direct Investment**		
Total Inward	369	100%	Total Outward	N/A	100%
Nigeria	320	87%			
Sweden	25	7%			
Mauritius	17	5%			
Italy	3	1%			
Hungary	2	1%			
"0" reflects amounts rounded to +/- USD 500,000.					

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	338	100%	All Countries	15	100%
Nigeria	320	87%	Nigeria	320	95%	Sweden	15	52%
Sweden	25	7%	Sweden	10	3%	Mauritius	14	48%
Mauritius	17	5%	Mauritius	3	1%			
Italy	3	1%	Italy	3	1%			
Hungary	2	1%	Hungary	2	<1%			

19. Contact for More Information

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