



# Sierra Leone

Population <sup>1</sup>	7,650,154
Area (km <sup>2</sup> ) <sup>1</sup>	72,300
GDP per capita (USD) <sup>1</sup>	533.99
TPES (Mtoe) <sup>2</sup>	N/A
Energy intensity (toe/10 <sup>3</sup> 2010 USD) <sup>2</sup>	N/A
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>3</sup>	N/A

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2020

Sources:

1. The World Bank 2018
2. ©IEA, World energy balances, 2020, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), [webstore.iea.org/key-world-energy-statistics-2019](http://webstore.iea.org/key-world-energy-statistics-2019)
3. ©IEA 2020, CO<sub>2</sub> emissions from fuel combustion, [www.iea.org/data-and-statistics](http://www.iea.org/data-and-statistics), [webstore.iea.org/key-world-energy-statistics-2019](http://webstore.iea.org/key-world-energy-statistics-2019)

Sierra Leone’s overall risk level against the assessed areas is **moderate**.

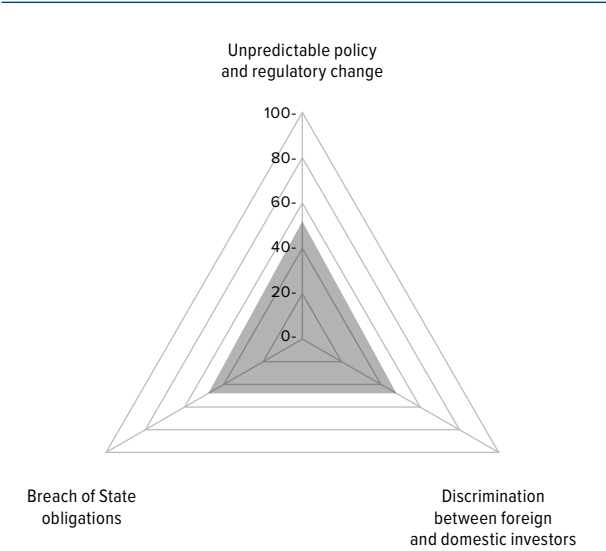
Among the three risks assessed in EIRA, *discrimination between foreign and domestic investors* and *breach of State obligations* are lower compared to *unpredictable policy and regulatory change*.

Sierra Leone has a moderate performance on all the EIRA indicators. The highest-scoring indicator is *regulatory environment and investment conditions* at 56. On *rule of law*, it has a score of 53, followed by *management of decision-making processes* at 48, and *foresight of policy and regulatory change* at 44.

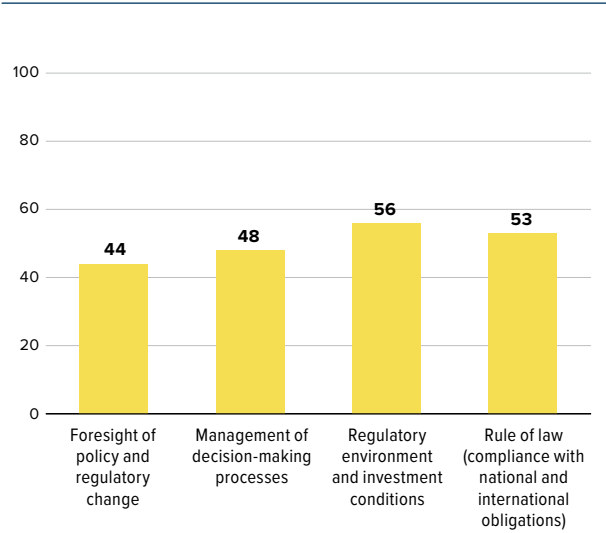
On a more detailed level, Sierra Leone’s overall sub-indicator performance is moderate. The highest-scoring sub-indicator is *restrictions on FDI* at 60. On *management and settlement of investor-State disputes*, it has scored 55, followed by *regulatory effectiveness* at 52. It has a score of 50 on the sub-indicators *communication of vision and policies*, *institutional governance*, and *respect for property rights*. Its performance on *transparency* is moderate, at 46. The lowest-scoring sub-indicator is *robustness of policy goals and commitments* at 39.

While there are some policies and measures in place, more concrete steps must be taken to strengthen Sierra Leone’s performance across all indicators and underlying sub-indicators. Particular attention should be given to reinforcing the robustness of policy goals and commitments.

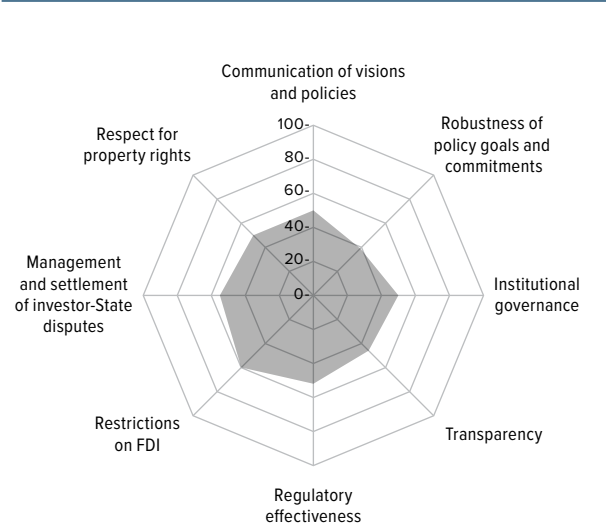
RISK LEVEL



INDICATOR PERFORMANCE



SUB-INDICATOR PERFORMANCE



## Foresight of policy and regulatory change

### QUICK FACTS

The main strategy document of Sierra Leone is the Medium-term National Development Plan (2019-2023).

Sierra Leone is a party to the UNFCCC Paris Climate Agreement, and it has submitted its first NDC.

### STRENGTHS

Sierra Leone's strategic objective for 2019-2023 is to produce and distribute adequate electricity from renewable sources. The Government intends to scale up electricity access from the current 15% to 44% by 2023. It aims to increase the installed generation capacity from 167.62 MW to 650 MW for the same period, and reduce the transmission and distribution losses from 38% to 20%. Promoting energy-efficient practices and clean technologies is also a national priority. There are plans to increase the percentage of the population with access to improved cookstoves from 18% to 45% by 2023. The Government is also preparing a strategic vision to make Sierra Leone Africa's first zero-carbon middle-income economy by 2040. In 2019, the Government entered into a number of agreements with private companies for the construction of mini-hydro plants and solar mini-grids, on a PPP basis. The West Africa Power Pool Project is on track, and three of the five stations that are to be in Sierra Leone are complete.

Sierra Leone's Medium-term National Development Plan (2019-2023) introduces an implementation and result tracking mechanism that distinguishes it from previous plans. There is a dedicated activity cluster for financing, actor mapping, and defining the roles and responsibilities of MDAs in implementing, monitoring, and evaluating projects and programmes. There is an accompanying results framework, which sets the parameters for measuring progress. The Plan requires that by 2021 Public Expenditure Reviews (PERs) must be prepared by the energy-related MDAs.

### AREAS FOR IMPROVEMENT

The mismatch between the generated electricity and the demand load, as well as the congested transmission and distribution network, pose significant hindrances to doing business in the country. Grid reliability is substantially compromised during the dry season because a large share of generated electricity comes from hydropower. The further integration of variable renewable energy into the grid will intensify system unreliability so the Government should devise adequate demand response schemes that can reduce the overall energy consumption and shift peak demand.

The Government should develop a legal and regulatory framework to support the development and implementation of renewable energy. It should also create support instruments on pricing and tariff structure, which promote renewable power generation.

## Management of decision-making processes

### QUICK FACTS

Sierra Leone has a system of local governance, comprising five city councils, one municipal council, and 13 district councils.

The Ministry of Energy of Sierra Leone formulates and implements energy policies, projects, and programmes.

The Sierra Leone Import Export Promotion Agency (SLIEPA) is responsible for policies to improve the investment climate.

### STRENGTHS

The Government is taking steps to promote decentralisation. In 2020, the President of Sierra Leone launched a EUR 10 million programme to finance development projects in the Bombali, Kenema, Pujehun and Kambia districts. In 2020, it officially launched the EU funded "Support to Civil Society and Local Authorities for Local Development" programme, which will also facilitate the decentralisation plan. To coordinate actions on climate change, the Government intends to establish, by 2023, mechanisms for the National Climate Change Secretariat to organise stakeholders and streamline the use of scarce resources. The Government has announced that it will soon introduce a "single application point" within SLIEPA, which will provide one-stop shop services to investors and exporters seeking project approvals.

Per the Medium-term National Development Plan (2019-2023), the Government intends to increase the number of anti-corruption policies related to the public sector from six in 2018 to 26 in 2023. In December 2019, the President of Sierra Leone assented the Anti-Corruption (Amendment Act), 2019. Compared to its predecessor, this new law increases the minimum term of imprisonment and the fine amount for major corruption offences. It enhances the enforcement powers of the Anti-Corruption Commission, which can now prosecute corrupt public officers or recover from them all monies they misappropriate plus a minimum of 10% interest. It can also impose a mandatory exclusion from holding public office for at least three years.

### AREAS FOR IMPROVEMENT

Foreign investors may find themselves engaging with a single ministry in the initial stages of a project, but face delays in conducting a proper due-diligence when other public authorities and ministries become involved. Therefore, it is advised that SLIEPA should give energy investors information on all the relevant State authorities involved in energy activities, and set mechanisms to approach them in a coordinated manner. SLIEPA can also be instrumental in providing "investor aftercare" to support established investments. The Government should also set clear guidelines for investors to consult and engage with local communities on large-scale energy projects throughout the implementation cycle.

## Regulatory environment and investment conditions

### QUICK FACTS

The Sierra Leone Electricity and Water Regulatory Commission (EWRC) regulates electricity and water services.

The Petroleum Directorate monitors upstream petroleum operations, while the Petroleum Regulatory Agency (PRA) supervises downstream operations.

### STRENGTHS

Establishment of the EWRC and the PRA by acts of Parliament gives them credibility. The President appoints the PRA's board members, subject to the Parliament's approval. In October 2019, the EWRC held its first public hearing on a tariff application from the Electricity Distribution and Supply Authority (EDSA). This application aims to minimise the EDSA's operational losses by allowing it to sell power at a higher rate. At the hearing, the EWRC also outlined other plans to mitigate the losses of power utilities, and how it will use the gains to enhance the quality and quantity of utility services. To catch up with its West African neighbours in attracting international oil companies, the Government opened up the country's entire offshore acreage to potential explorers in the Fourth Offshore Petroleum Licensing Round. It concluded the Round on 28 February 2020, and the six bids received are currently undergoing preliminary assessment by a multi-sectoral Bid Evaluation Committee.

The Government is making efforts to reduce reliance on foreign aid and diversify investment opportunities beyond the mining sector. As per official records, FDI has considerably increased over the last years, reaching USD 560 million in 2017. Carbon capture storage, particularly in forestry and plantation activities, is receiving attention from foreign investors. The Government is granting incentives to infrastructure projects of over USD 20 million, including tax exemptions for 15 years from start-up, duty-free imports on plants, equipment and other inputs required for project execution, and tax relief on costs incurred in training the local staff.

### AREAS FOR IMPROVEMENT

The EWRC can be made more independent, particularly in terms of recruiting its board members and administrative staff. The criteria and process of selecting the board members should be competitive, and publically announced. The Government's role in appointing board members should be limited, and that of the Parliament increased.

The EWRC should reconsider the electricity tariff subsidies it offers. Cost-reflective tariffs should be introduced at the earliest to reinforce the EWRC'S credibility, and ensure the Government's plans to increase energy investment are successful. Other measures that can improve sector regulation are reducing reliance on expensive thermal generation and directing investment and donor assistance into transmission and distribution infrastructure.

## Rule of law

### QUICK FACTS

Sierra Leone has a two-tiered legal system based on English common law.

Sierra Leone ratified the Convention on the Settlement of Investment Disputes between States and Nationals of Other States in 1966.

The Investment Promotion Act protects foreign and domestic private investment from unlawful expropriation, whether direct or indirect.

### STRENGTHS

In 2010, the Government established Fast Track Commercial Courts (FTCC) to reduce the time taken to resolve commercial disputes. Currently, two FTCCs are running with three full-time judges. The Government has made it a priority to establish an effective and efficient justice delivery system. In the Medium-term National Development Plan (2019-2023), the Government has set a target that by 2023 it will ensure the number of cases awaiting judgement for six months or more is considerably lower than in 2018. The courts of Sierra Leone generally recognise foreign judgements coming from jurisdictions with whom they have reciprocity arrangements, such as Ghana, Nigeria, Guinea and Gambia.

Historically, there are no cases of unlawful expropriation concerning the property of foreign investors. Per the Constitution, a State authority can compulsorily acquire private property only in the interest of defence, public safety, public order, public morality, public health, town and country planning, and for any project that promotes the public benefit or welfare of the citizens. The Government is trying to streamline land administration. According to the Medium-term National Development Plan (2019-2023), it intends to enact, by 2020, a Land Commission Bill for establishing a three-tier decentralised National Land Commission. It also plans to set up an Administrative Land Tribunal by 2022. There are no technology transfer requirements applicable to foreign investments in Sierra Leone. Investors are not required to invest in manufacturing, research and development, or service facilities in Sierra Leone to secure approval for major procurements.

### AREAS FOR IMPROVEMENT

The Parliament of Sierra Leone has approved the country's accession to the New York Convention, but it has not yet deposited its instrument of accession with the United Nations. The Government should conclude all pending actions in this respect, including the enactment of the draft arbitration bill, as soon as possible. Accession to the Convention will send a strong signal to foreign investors that the State is committed to promoting dispute resolution through international arbitration, rather than domestic means, and that it will support the enforcement and recognition of foreign awards within its territory.