



# 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
TES (Mtoe) <sup>2</sup>	N/A
Energy intensity (toe/10 <sup>3</sup> 2015 USD) <sup>2</sup>	N/A
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>3</sup>	1.0

There is no data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO<sub>2</sub> Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.

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

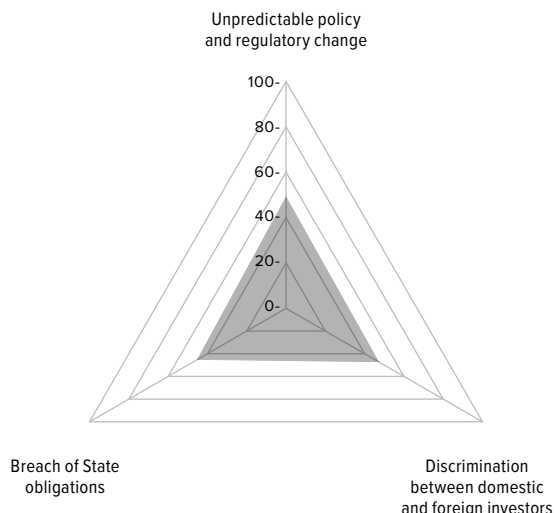
Of the three risks assessed in EIRA, *breach of State obligations* is lower compared to *discrimination between domestic and foreign investors* and *unpredictable policy and regulatory change*.

Sierra Leone has a moderate performance on all the EIRA indicators. The highest-scoring indicator is *regulatory environment and investment conditions* at 56. Compared to EIRA 2020, its score on the indicator *rule of law* has improved by two points, from 53 to 55. Its score on *foresight of policy and regulatory change* has also increased from 44 to 50. On *management of decision-making processes*, its score is the same as in EIRA 2020 (48).

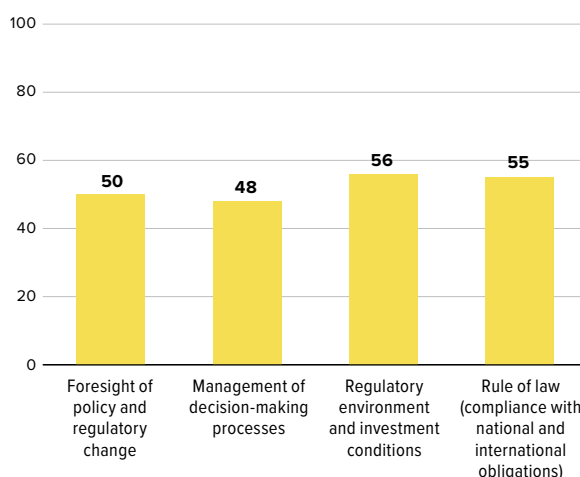
On a more detailed level, Sierra Leone’s overall sub-indicator performance is moderate. The highest-scoring sub-indicators are *restrictions on FDI* and *management and settlement of investor-State disputes* at 60. Following these is *regulatory effectiveness* at 52. Its score on the sub-indicator *robustness of policy goals and commitments* has improved by 11 points to reach 50, the same as *communication of vision and policies*, *institutional governance*, and *respect for property rights*. This year *transparency* is the lowest-scoring sub-indicator with a moderate score of 46.

While there are some improvements in Sierra Leone’s performance compared to EIRA 2020, further steps must be taken to build on the work done. Particular attention should be given to improving transparency within the country.

### RISK LEVEL



### INDICATOR PERFORMANCE



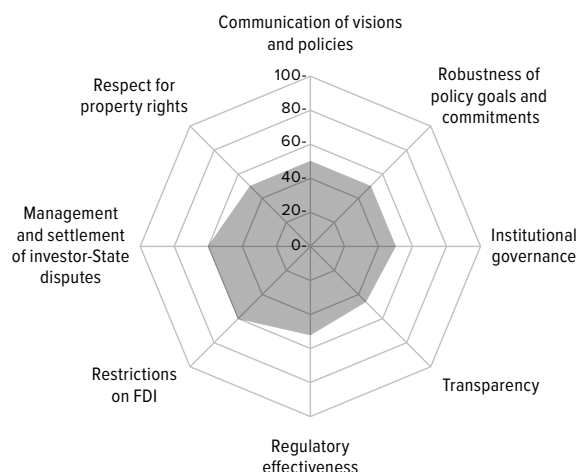
### YEAR-ON-YEAR COMPARISON

RISK AREAS	2020	2021
Unpredictable policy and regulatory change	52	49
Discrimination between domestic and foreign investors	48	47
Breach of State obligations	48	45

INDICATORS	2020	2021
Foresight of policy and regulatory change	44	50
Management of decision-making processes	48	48
Regulatory environment and investment conditions	56	56
Rule of law	53	55

### 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 Paris Agreement since 2016, and it has submitted its first NDC.

### STRENGTHS

By the end of 2020, the energy access rate in Sierra Leone improved from 22% in 2019 to 22.9%. The Ministry of Energy plans to increase this further to 28% in 2021. It also aims to expand in 2021 the power generation capacity from 260 MW to 360 MW and the transmission and distribution infrastructure from 450 km to 700 km. To implement these targets, the Electricity Distribution and Supply Authority (EDSA), with support from international agencies, is currently rehabilitating and expanding the 33kV Bo – Kenema distribution network and constructing two substations in the cities. Additionally, the landmark 1,300 km cross-border transmission line that connects Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) to the West Africa Power Pool regional energy network is expected to commence operations in 2021. The double high voltage 225kV transmission line, traversing seven districts of Sierra Leone. Additionally, a 40 MVA sub-station at Kenema and an 80 MVA sub-station at Bumbuna/Yeiben has been constructed as part of the CLGS project. The Government has also successfully procured a USD 78 million loan to develop the 225 kV Bumbuna/Yeiben-Waterloo transmission network.

In 2021, the Ministry of Energy prepared its performance tracking plan, which lists the outputs expected from 2021 to 2023, the planned activities to achieve these outputs, the lead agency, the funding source and the budget description. Moreover, in December 2020, the Audit Service Sierra Leone (ASSL) submitted to the Parliament the country's accounts for the preceding financial year. The report summarises the financial and compliance audit of local councils and audits the annual financial statements of State-owned enterprises and commissions, donor-funded projects and MDAs. The energy-related MDAs audited in the report are EDSA, the Electricity Generation and Transmission Company (EGTC) and the Ministry of Energy.

### AREAS FOR IMPROVEMENT

The Government should adopt a dedicated renewable energy strategy, which describes the actions and activities required to achieve 70% renewable power generation by 2023. In particular, the strategy should set the policy framework for developing, de-risking, and financing mini-grid electrification.

The Ministry of Energy should ensure that gaps highlighted in the ASSL's report, especially the lack of proper documentation relating to the procurement of goods and services and their payment, should be addressed to improve accountability.

## Management of decision-making processes

### QUICK FACTS

Sierra Leone has a local governance system 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.

### STRENGTHS

The central and local government institutions work closely in various areas, including energy, investment and environment. In July 2020, the PPP Unit in the Vice President's Office conducted training workshops for the Western Area Rural District Council and other stakeholders on the Unit's mandate, scope, and functions. It also trained the Council on how to develop infrastructure projects in the districts using the PPP approach. In June 2020, the Government published the country's Climate Change Communications Strategy under the National Adaptation Plan (NAP) drafted through the collaborative efforts of various MDAs and international agencies. The NAP aims to create awareness, influence behaviour change and facilitate the exchange of information within MDAs, the private sector, citizens and communities on measures to address climate change.

Following the adoption of the Anti-Corruption (Amendment Act) 2019, the Anti-Corruption Commission (ACC) is liaising intensively with MDAs to ensure its implementation. In May 2021, it distributed to over 33 MDAs the new Compliance Sanctions Management and Enforcement Procedure Handbook that guides public institutions on ensuring integrity and accountability in their activities and provides best practices to reduce incidents of corruption. Furthermore, the MDAs are regularly organising public consultations on policy and regulatory matters. For example, in May 2021, the Ministry of Planning and Economic Development consulted the National Assembly, civil society organisations, and the ACC on the country's third Voluntary National Review Report on SDG implementation. The Environmental Protection Agency also concluded consultations on the guidelines to develop small renewable and mini-grid projects. In addition, the Electricity and Water Regulatory Commission (EWRC) held public consultations in January 2021 on the proposed tariff calculations for eight locations. In 2020, it published, for the first time since its inception in 2011, its annual report for 2019.

### AREAS FOR IMPROVEMENT

Foreign investors may find themselves engaging with a single ministry in the initial stages of an energy project but face delays and challenges in conducting proper due diligence when other public authorities and ministries become involved. The Government could provide, through the Sierra Leone Investment & Export Promotion Agency (SLIEPA), guidance to energy investors 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 established investments.

## Regulatory environment and investment conditions

### QUICK FACTS

The EWRC regulates electricity and water services.

The Petroleum Directorate (PD) monitors upstream petroleum operations.

### STRENGTHS

The EWRC is improving the energy sector's regulatory framework and service delivery. It has provided the Ministry of Justice with 13 electricity regulations that will subsequently be submitted to the Parliament for ratification. Moreover, in October 2020, it conducted public consultations on regulations concerning electricity licencing and service provider reporting, complaint handling procedures, tariff rules and uniform accounting system, and captive electricity generation permits. It is also drafting an Interim Electricity Grid Code, which defines rules on network planning, power system operations and demand forecasting, metering and dispute resolution. Discussions are ongoing on the technical requirements to ensure the safety and reliability of network operations and the reciprocal obligations of participants on planning, operation and maintenance of the distribution network. It is anticipated that the Grid Code will also include measures to integrate higher shares of variable renewable energy into the grid.

Over the last years, Sierra Leone has successfully attracted international investors in its solar and oil and gas resources. After concluding the Fourth Offshore Petroleum Licensing Round in February 2020, the PD provisionally allocated 15 offshore blocks to the UK-headquartered Cluff Energy Africa. In April 2021, the Parliament ratified the petroleum licence granting Nigerian-based Innoson Oil & Gas Ltd. exploration and production rights to nine offshore blocks. On 19 April 2021, the UK-based Netoil Oil and Gas Trading Company commenced discussions with the PD to acquire offshore petroleum exploration rights via direct negotiation modalities. Moreover, in January 2021, the off-grid utility provider Winch Energy (jointly owned by Total Eren, Itochu Corporation, Al Gihaz Holdings and Winch Partners) closed funding for solar mini-grid projects in 49 villages across Uganda and Sierra Leone. Apart from Winch Energy, the investment comes from NEoT Offgrid Africa, a platform established by Meridiam, EDF and Mitsubishi Corporation.

### AREAS FOR IMPROVEMENT

The criteria and process of selecting the EWRC's board members should be competitive and publicly announced. In addition, the Government's role in appointing board members should be limited, and that of the Parliament increased.

The EWRC should re-consider the electricity tariff subsidies it offers and introduce cost-reflective tariffs to increase investment in the sector. Moreover, it should reduce reliance on thermal power and direct 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 2014 protects domestic and foreign private investment from unlawful expropriation, whether direct or indirect.

### STRENGTHS

The Government is taking proactive measures to improve investor-State dispute resolution mechanisms available to foreign investors operating in the country. In line with the EIRA 2020 recommendation, Sierra Leone acceded to the Convention for the Recognition and Enforcement of Foreign Arbitral Awards on 28 October 2020. The Convention became effective for the country on 26 January 2021 and will apply to all arbitration agreements and awards delivered from this date. Accession to the Convention is a positive development that signals the State's commitment to promoting dispute resolution through international arbitration and its support to the enforcement and recognition of foreign awards within its territory.

The Investment Code stipulates that no private investment, whether domestic or foreign, can be expropriated directly or indirectly, except in reasons outlined in the Constitution and upon the payment of prompt and adequate compensation. The domestic laws, such as the Petroleum (Exploration and Production) Act 2011, promote the transfer of advanced technological know-how and skills from foreign companies to the local workforce and operations. Land reform is high on the Government's agenda, and albeit at a slow pace, it is working to finalise the Land Commission Bill. In December 2020, the Ministry of Lands, Housing and Country Planning along with international organisations and donor agencies, conducted a two-day roundtable discussion with Members of Parliament, civil society organisations and other stakeholders on various issues, including gaps in land management, democratic decision-making in land administration, responsible investment in land and conflict resolution procedures.

### AREAS FOR IMPROVEMENT

The Law Reform Commission of Sierra Leone should finalise as soon as possible the Arbitration Bill to implement the obligations of the Convention for the Recognition and Enforcement of Foreign Arbitral Awards in domestic law. The Bill's adoption by the Parliament will also strengthen the legal basis for commercial arbitration in the country and promote its utilisation by investors.

# IMPLEMENTATION STATUS



## Sierra Leone

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2021
<b>Indicator 1</b>		
2020	Develop a dedicated renewable energy strategy that describes the actions and activities required to meet the target of 70% renewable power generation by 2023.	<b>Work ongoing.</b> The Ministry of Energy has developed the Renewable Energy Policy of 2016 and the Energy Efficiency Policy of 2016. However, these need to be revised in line with the Medium-term National Development Plan (2019-2023).
	Frame adequate demand response schemes that can contribute to reducing the overall energy consumption and shifting peak demand.	<b>Pending</b>
2021	Create a policy and regulatory framework for developing, de-risking, and financing mini-grid electrification.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
	Address the gaps highlighted in the Audit Service Sierra Leone's report, particularly on maintaining proper documents related to the procurement and payment of goods and services.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
<b>Indicator 2</b>		
2020	Help investors gather information on all the State authorities involved in energy activities and support them in approaching these authorities in a coordinated manner.	<b>Pending</b>
	Set clear guidelines for investors to consult and engage with local communities on large-scale energy projects.	<b>Pending</b>
<b>Indicator 3</b>		
2020	Set a competitive criteria and process to select the Electricity and Water Regulatory Commission's (EWRC) board members and publicly announce the information.	<b>Pending</b>
	Increase the Parliament's role in appointing the EWRC's board members and reduce the Government's role in this respect.	<b>Pending</b>
	Introduce cost-reflective electricity tariffs and phase out subsidies to improve cost recovery for private investors.	<b>Pending</b>
	Reduce reliance on expensive thermal generation and direct investment and donor assistance into transmission and distribution infrastructure to minimise electricity losses.	<b>Work ongoing.</b> The Electricity Distribution and Supply Authority is currently rehabilitating and expanding the 33 kV Bo-Kenema distribution network and constructing two substations in the cities. Additionally, the landmark 1,300 km cross-border transmission line that connects Cote d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) to the West Africa Power Pool regional energy network is expected to commence operations in 2021. Sierra Leone has almost completed the construction of a 40 MVA substation at Kenema and an 80 MVA substation at Bumbuna/Yeiben as part of the CLGS project. The Government has also succeeded in procuring a USD 78 million loan to develop the 225 kV Bumbuna/Yeiben-Waterloo transmission network.
<b>Indicator 4</b>		
2020	Deposit Sierra Leone's accession instrument to the Convention on Recognition and Enforcement of Foreign Arbitral Awards as soon as possible.	<b>Fully implemented.</b> Sierra Leone acceded to the Convention on Recognition and Enforcement of Foreign Arbitral Awards on 28 October 2020. The Convention became effective for the country on 26 January 2021 and will apply to all arbitration agreements and awards delivered from this date.
	Adopt and enact as soon as possible the Arbitration Bill to implement the obligations of the Convention on Recognition and Enforcement of Foreign Arbitral Awards.	<b>Pending</b>