



## **Doing Business In Sierra Leone: A Country Commercial Guide for U.S. Companies**

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# Chapter 1: Doing Business In Sierra Leone

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## Market Overview

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Sierra Leone, rich in mineral, agriculture and fisheries resources, is an extremely poor African nation, with tremendous inequality in income distribution. Since its independence from the British in 1961, it has had a steady downward economic trend. Destruction from the eleven-year war (1991-2002) combined with decades of pre-war economic mismanagement left the country in total ruin.

There has been a concerted effort by the international donor community to rebuild Sierra Leone's devastated infrastructure and improve democratic governance, and these efforts are starting to bear fruit. In 2005, Sierra Leone moved up one spot on the UN Human Development Index, the first time it had not been ranked last since 1998. In 2004, Sierra Leone held its first local government elections in 32 years.

Two-thirds of Sierra Leone's population engages in agriculture, which is still mostly subsistence, and the bulk of Sierra Leone's economic activity is in the informal sector (petty trading, informal manufacturers and black market). Approximately two-thirds of government revenue is derived from customs (mostly import) taxes. Sierra Leone is highly dependent on foreign assistance, and major donors include the United Kingdom, the European Union, and multilateral lending agencies.

Sierra Leone's primary exports have traditionally been in the mining sector, which has at times hindered the country's development. The country's rich alluvial diamond fields have always been poorly controlled, which led to high levels of smuggling. The diamond fields also served as a source of revenue for rebel forces that fuelled the country's civil war.

Since the war, much progress has been made in increasing the transparency of the diamond trade in accordance with the Kimberley Process, and in 2006 Sierra Rutile, a company that once supplied 25 percent of the world's supply of rutile and represented the largest source of government revenue, began exporting once again -- the first time since 1995. Rutile exports are expected to reach 10,000 MT per month, approximately \$50 million worth per year. Bauxite exports have also resumed at a level of 100,000 MT per month. A recovering agricultural sector is now exporting cocoa, coffee, sugar and ginger and should expand soon to other products, including cashews and piassava. Between March 2005 and March 2006, Sierra Leone exported approximately 3,512 metric tons of cocoa and 1,143 metric tons of coffee.

As a way of encouraging investors, the government for the first time in Sierra Leone's history promulgated a law that will guide investment in the country. The Investment Promotion Act of 2004 establishes the Sierra Leone Export Development and

Investment Corporation (SLEDIC) as the central point for registration and promotion of businesses. <http://www.sledic-sl.org>

The Act sets up SLEDIC as the focal point for business development. It is responsible for providing information to potential investors, facilitating business registration, assisting investors in obtaining permits and identifying joint venture partners. SLEDIC also has an export development division that promotes and facilitates export industries (primarily agriculture). SLEDIC is to be restructured with assistance from Multilateral Investment Guarantee Agency (MIGA) and the International Trade Center (ITC). The restructuring is meant to make SLEDIC more responsive to Sierra Leonean exporters and to both domestic and foreign investors.

#### **Economic Statistics:**

Sierra Leone's estimated GDP (2005): \$1.1 billion.

Sierra Leone's estimated GDP growth rate (2005): 7.5%.

Sierra Leone's estimated GDP per capita income (2005): \$209.

Sierra Leone's estimated inflation rate (2006): 11.7%.

**Sierra Leone's natural resources:** diamonds, rutile, bauxite, gold, iron ore, ilmenorutile, platinum, chromite, manganese, cassiterite, molybdenite, as well as forests, abundant fresh water, and rich offshore fishing grounds.

**Sierra Leone's agricultural products:** coffee, cocoa, ginger, palm kernels, cassava, bananas, citrus, peanuts, cashews, plantains, rice, sweet potatoes, vegetables. *Land--* 30% potentially arable, 8% cultivated. *Industry: Types--* diamonds, bauxite, and rutile mining; forestry; fishing; beverages; cigarettes; flour; cement and other construction goods; plastics; tourism.

**Sierra Leone's Trade (Oct. 2004-Oct. 2005):** *Exports--*\$158 million: rutile, diamonds, bauxite, coffee, cocoa, fishes. *Major destinations of exports--*Belgium, Germany, U.S., and India. *Imports--*\$330 million: foodstuffs, machinery and equipment, fuel and lubricants, chemicals, pharmaceuticals, building materials, light consumer goods, used clothing, textiles. *Main origins of imports--*Germany, Cote d'Ivoire (fuel), U.K., U.S., China (manufactured goods).

#### **U.S. Trade with Sierra Leone:**

2006 (January – May) \$14.7 million in exports, \$8.7 million in imports

2005 \$37.8 million in exports, \$9.3 million in imports

2004 \$40.6 million in exports, \$10.9 million in imports

2003 \$28.2 million in exports, \$6.5 million in imports

#### **Market Challenges**

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Sierra Leone's economic, physical and social infrastructure has improved since the end of the war, but is still poorly developed. There is little manufacturing capacity - manufacturing consists mainly of the processing of raw materials and of light manufacturing for the domestic market. Although some of the nation's best human capital has returned to the country, many remain abroad. Many government institutions still lack capacity and continue to be plagued by corruption and an aversion to transparency.

## Market Opportunities

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Rural Development: High priority is given to investments that make major contributions to increasing agricultural production through investments in irrigation or introduction of new crops or technologies that improve small farmer output.

Non-agricultural sectors with the best prospects for U.S. exports in the short and medium term include the following:

Consumer goods (i.e. foodstuffs and provisions);

Technological inputs to add value to gold and diamonds (e.g. machinery for cutting, polishing and making jewelry from raw materials);

Energy sector in terms of independent energy/power providers;

Oil exploration and exploitation, and petroleum products;

Marine resources in terms of development of industrial fishing fleets that conform to international handling and equipment sanitation standards;

Telecommunications equipment and services;

Transportation;

Pharmaceuticals and medical equipment;

Engineering (civil, electrical and mechanical);

Garbage collection, disposal, recycling;

Tourism.

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Generally speaking, the best way to enter the Sierra Leone market is to partner with knowledgeable local representatives. It is advisable to travel to Sierra Leone in person to meet relevant contacts, including Sierra Leone government officials, to better understand the business environment and to ensure success.

## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Country Background Notes. <http://www.state.gov/r/pa/ei/bgn/5475.htm>

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### Using an Agent or Distributor

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No special laws have been enacted to regulate foreign agency or distributorship agreements. The principal-agent relationship is governed by the will of the parties as expressed in the agreement. Accordingly, parties may agree on the territorial extent of the representation, remuneration of the representative, nature of the representation (whether exclusive or not) as well as the terms and conditions governing the termination of the contract. Each industry has its own policy and network for sales and distribution. Sales of products of mass consumption usually occur through wholesalers who import in bulk for resale to small traders or distributors in the interior.

U.S. exporters should identify a local agent or distributor to assist in market penetration. The Political/Economic Office of the U.S. Embassy can provide suggestions and make preliminary contacts.

### Establishing an Office

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The initial step in forming a company in Sierra Leone is to register the proposed company name with the Registrar of Companies at the Registrar General's office. The Memorandum and Articles of association should be filed with the Registrar of Companies who issues a Certificate of Incorporation. The Sierra Leone Export Development Investment Corporation (SLEDIC) <http://www.sledic-sl.org>, under the Ministry of Trade, provides a one-stop shop and assists investors in this process. An overseas company wishing to open a branch in Sierra Leone should, within thirty days of opening, deliver the following to the Registrar of Companies:

- A certified copy of the charter, statutes and articles of the company, or other instrument defining the constitution of the company.
- A list of the directors and the secretary of the company giving full names, nationality and other directorships held in companies in Sierra Leone.

- Names and postal addresses of one or more persons resident in Sierra Leone authorized to accept service of process and notices required to be served on the company.
- Full address of the registered or principal office of the company in its home country.
- Full address of place of business in Sierra Leone.

There is no legal limitation on the percentage of foreign ownership. Typical forms of business conform to the United Kingdom practice and legislation. Commonly used entities include: Corporation, Limited Liability Company, Partnership, and Individual Proprietorship.

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There is little, if any franchising. The Coca Cola brand is an exception -- its products are ubiquitous.

## **Direct Marketing**

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Some companies employ direct marketing from offshore, but selling through representatives or agents is far more common.

## **Joint Ventures/Licensing**

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There are few joint ventures in Sierra Leone.

## **Selling to the Government**

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The Government of Sierra Leone procures via a tender and bidding system. There have been many reports that the Government has not met payment obligations in a timely manner, so advance payment is strongly recommended. For smaller quantities or smaller valued purchases, there have been frequent reports of corrupt procurement practices. For example, government officials have requested sellers to draw up invoices of amounts greater than the actual cost - refusal to comply usually results in undue delays.

The Government launched a procurement reform action plan in 2003 in an attempt to make the awarding of government contracts more transparent. There is now a public procurement board that oversees the tendering process. Many of the bilateral and multilateral donors contract for services directly, such as the UK's Department for International Development (DfID), the World Bank and the European Union. Tender notices are published in local newspapers. Procurement notices for African Development Bank-funded projects can be found on the Bank's website:  
[http://www.afdb.org/portal/page?\\_pageid=473,969522&\\_dad=portal&\\_schema=PORTAL](http://www.afdb.org/portal/page?_pageid=473,969522&_dad=portal&_schema=PORTAL)

The European Delegation's mission to Sierra Leone posts procurement notices online here: <http://www.delsle.cec.eu.int/en/index.htm>

Although not specific to Sierra Leone, DfID posts procurement notices online as well: <http://www.dfid.gov.uk/procurement/contractopportunities.asp>

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Formal wholesale and retail channels are reasonably well developed. Informal channels of distribution are also common, especially outside Freetown.

## **Selling Factors/Techniques**

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Foreign companies and their local agents typically advertise heavily using electronic media and sometimes popular music artists. Radio is widely listened to by Sierra Leonean audiences. Attractive payment/financing arrangements may be crucial in selling consumer products and services, since Lebanese, European and Nigerian competitors who offer some incentives dominate the market. Competitive pricing often determines purchasing decisions in a low per capita income country.

## **Electronic Commerce**

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Electronic commerce has little utility in Sierra Leone. However, some customers in the major cities may use the Internet to research or to communicate with suppliers.

## **Trade Promotion and Advertising**

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Advertising plays a pivotal role in Sierra Leonean business. Newspapers in the country carry a large amount of advertising copy. The most popular form of advertising, however, is radio. Radio advertisements often use local comedians or artists.

The print media is free and flourishing in Sierra Leone. There are some 40 registered newspapers of which about 15 are published regularly. The government-run newspaper is the Sierra News and the ruling SLPP party's newspaper is Unity. Press reports sometimes bear little or no relationship to reality, but the quality of journalism is slowly improving. There is one government-run TV station and one privately owned TV station.

Newspapers:

Awareness Times: available online at

<http://awarenesstimes.com/drwebsite/publish/index.shtml> 24 Garrison Street, 076-622-501, 030-321-001

Concord Times (daily except weekends): 51 Krootown Road, 229199, 076-610-442, email: [concordtimes100@yahoo.com](mailto:concordtimes100@yahoo.com)

The New Storm (twice weekly): 1 Sani Abacha Street, 077-855-794, 033-312-691

UNITY (ruling political party - irregular): 29 Rawdon St., Freetown, tel: (232) 22 240916, 076-609-964, 076-671-830

For Di People (daily except weekends): 25 Pademba Road, 228869, 076-638-025, email: [fordipeople@hotmail.com](mailto:fordipeople@hotmail.com)

Independent Observer (daily except weekends): 29 Rawdon Street, 033-362-128, 076-608-194, email: [observerpress@yahoo.com](mailto:observerpress@yahoo.com)

The Democrat (daily except weekends): 14A George St., F/T, tel: (232) 22 228103, 030-237-848, 030-266-894

The New Citizen (Mondays - Thursdays): 7 Wellington St., F/T. Tel: (232) 22 228693, 076-659-073, 076 656-037, 030-235-166

Standard Times (daily except weekends): 2 Ascension Town, F/T, Tel: (232) 240064, 076-783-479, 076-706-232, 030-205-375, email: [standardtimes@hotmail.com](mailto:standardtimes@hotmail.com)

Awoko (daily except weekends): 47 Percival St., F/T, Tel: (232) 22 224927 email: [awoko71@hotmail.com](mailto:awoko71@hotmail.com) Web site: [www.awoko.com](http://www.awoko.com)

Salone Times (daily except weekends): 16 Upper Brook St., F/T, tel: (232) 22 226800, 076-679-096, email: [salonetimes@yahoo.com](mailto:salonetimes@yahoo.com)

New Vision (three times a week): 29 Rawdon St., F/T, tel: (232) 22 229845 email: [visionnewspaper@hotmail.com](mailto:visionnewspaper@hotmail.com)

Sierra News (government - three times a week): 15 Wallace Johnson St., F/T, tel: (232) 229982, 231955, 076-609-280, email: [slena@sierratel.sl](mailto:slena@sierratel.sl)

Peep (twice a week): 28 Savage St., F/T, tel: (232) 22 240066

The African Champion (three times a week): 1 Short St., F/T, tel: 076-610-870, 077-855-755, email: [Africchamps@yahoo.com](mailto:Africchamps@yahoo.com)

NEWS (two/three times a week): 29 Rawdon St., F/T, tel: (232) 22 227466 email: [unity\\_nowsl@yahoo.com](mailto:unity_nowsl@yahoo.com)

#### Radio and Television

Sierra Leone Broadcasting Service (Radio/Television): New England, (232) 22 240 123, (232) 22 241 919

Capital Radio: 49 Wilkinson Road, (232) 22 234 434, (232) 76 601 176

Sierra Leone Radio: <http://www.sierraleoneradio.net/aboutus.php>

Radio Democracy FM 98.1: Signal Hill, Wilberforce 230036. OR 7 Small Waterloo Street 229464



SKYY 106.6: 159 Circular Road, 223-136

Radio UN: Mammy Yoko Hotel, Aberdeen 295-241

Voice of the Handicapped FM 96.2: Mends Street, 076 645 677

SLBS FM 96.5: Bo 076-638-420

SLBS Eastern Radio FM 101.3: Kenema, 046-607-060

Radio Gbafth: Mile 91, 076-697-718

SLBS FM: Kono, 076-697-762, 076-694-502

SLBS FM 95.1: Kailahun, 076-643-323

SLBS / TV: New England, 240123, 241919

SLBS / TV: Kenema 076-638-420

ABC / TV: Kissy House, 222 880

## **Pricing**

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Price is a very important factor in selling in Sierra Leone; this is followed closely by generous trade terms/financing packages.

## **Sales Service/Customer Support**

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The offer of after-sale services is not common so could represent a valuable marketing tool.

## **Protecting Your Intellectual Property**

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The Office of the Administrator and Registrar-General (OARG) carries out administration of IPR registration and is responsible for industrial property (patents, industrial designs and trademarks) under the supervision of the Ministry of Justice. The Sierra Leone Intellectual Property Organization (SLIPO) has responsibility for administration of copyright under the supervision of the Ministry of Tourism and Culture. Sierra Leone's current intellectual property laws are generally based on UK laws and have not been significantly amended since 1972. The Copyright Act of 1965, Chapter 248 of the Laws of Sierra Leone 1960, provides the legal framework in Sierra Leone for original works, sound recordings, cinematograph films and broadcast.

The Ministry of Trade and Industry has dedicated a good deal of effort toward the development of an intellectual property protection strategy and is working on legislative reforms necessary to allow Sierra Leone to comply with the World Trade Organization's TRIPS agreement.

## **Due Diligence**

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Due diligence is required at every stage of establishing a business in Sierra Leone. It will be advisable to crosscheck with the Political/Economic Office at the U.S. Embassy any information that transactions that look doubtful.

## **Local Professional Services**

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A local attorney is recommended for establishing a business, and is essential for resolving business disputes and certainly if litigation ensues. The Embassy Consular Section can provide a list of local attorneys.

## **Web Resources**

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Sierra Leone Chamber of Commerce: <http://www.cocsl.com/>

Sierra Leone Export Development and Investment Corporation: <http://www.sledic-sl.org/>

WTO Trade Policy Review for Sierra Leone (2005):

[http://www.wto.org/english/tratop\\_e/tpr\\_e/tp243\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp243_e.htm)

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## **Chapter 4: Leading Sectors for U.S. Export and Investment**

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## Manufacturing

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GOSL policy is aimed at the development of export-oriented light manufacturing industries, given the small size of the domestic market. Most enterprises are in light manufacturing and produce consumer goods such as plastic footwear, small items of furniture, clothing, beer, soft drinks, candles, matches, travel bags etc.

Major manufacturing companies include Sierra Leone Brewery Limited, Sierra Leone Match Factory, Magbass Sugar Complex, Henan Guoji Group, Freetown Cold Storage, Chanrai Chemicals, Sierra Leone Paint Factory, Sierra Leone Distillery and Shankerdas & Sons plastic materials factory.

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Sierra Leone Chamber of Commerce: <http://www.cocsl.com/>

Sierra Leone Export Development and Investment Corporation: <http://www.sledic-sl.org/>

## Fisheries

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Sierra Leone has 485km of coastline rich in fish, lobsters, shrimps and shark providing vast scope for marine fishing and related industries. Part of the production is for export and part is for local consumption. There is great industrial potential in this sector as a well-organized fishery fleet for deep-sea resources would be a good earner of foreign exchange for the investor. The impact of uncontrolled fishing in Sierra Leone's waters during the war years has not yet been calculated, but the current potential yield of the fisheries resources has been estimated at around 200,000mt annually.

Sierra Leone has been working closely with the European Union to improve phytosanitary standards necessary to export fish to Europe. The European Union is also providing assistance in developing a fisheries management plan to establish annual sustainable allowable catch levels as well as a mechanism to enforce limits fishing limits.

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Sierra Leone Chamber of Commerce: <http://www.cocsl.com/>

Sierra Leone Export Development and Investment Corporation: <http://www.sledic-sl.org/>

European Commission Fishery Support activities in Sierra Leone:  
[http://www.delsle.cec.eu.int/en/ec\\_cooperation/rural\\_4.htm](http://www.delsle.cec.eu.int/en/ec_cooperation/rural_4.htm)

## Mining

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The major minerals in Sierra Leone are diamonds, iron ore, bauxite, rutile and gold, although iron ore is not currently mined. Other minerals include ilmenorutile, platinum, chromite, manganese, cassiterite, and molybdenite.

This sector is the chief earner of foreign exchange, a major source of government income and an important provider of employment. The policy objective for mining development is to encourage the intensification of exploration for mineral resources, encourage both foreign and local investment in mine development, and ensure security of tenure for those who participate in this sector. The rehabilitation of mined-out land and the importance of mining in a way that benefits local communities are two subjects that have gained increasing prominence in the country since large-scale mining has resumed.

The history of diamond mining in Sierra Leone has not always been a positive one. Because most of Sierra Leone's diamonds have traditionally been mined from alluvial diamond fields rather than kimberlite pipes, output has been notoriously difficult to control. Smuggling used to be commonplace, and during the war years, rebel forces captured alluvial diamond fields and used diamonds to finance the war.

Since the end of the war, Sierra Leone has put controls in place to comply with the Kimberley Process and to end what was once ubiquitous child labor in the mining fields. International donors, particularly the United States, have worked with the government and industry to increase the transparency of the diamond trade and help Sierra Leoneans keep a larger percentage of diamond revenues.

The diamond industry in Sierra Leone is now starting to change – after a post-war surge in (legal) alluvial exports, alluvial mining output is starting to level out and an increasing percentage of diamond exports come from kimberlite pipes. Alluvial mining is becoming more mechanized. The Government of Sierra Leone has been talking with potential investors hoping to establish a cutting and polishing industry to add value to diamond exports, but discussions have not gone past the planning stage.

### DIAMOND EXPORTS 1992 TO 2005

YEARS	CARATAGE	VALUE \$	P/CT	CERTIFICATION
1992	331,800.11	31,290,012.91	94	NO CERTIFICATION SCHEME
1993	157,996.58	20,167,283.83	128	
1994	255,107.88	30,196,365.42	118	
1995	213,775.91	22,002,272.49	103	
1996	270,452.32	28,307,188.73	105	
1997	114,438.84	11,802,844.78	103	
1998	15,818.04	1,780,337.41	113	

<b>1999</b>	9,320.00	1,244,825.34	<b>134</b>	<b>CERTIFICATE OF ORIGIN</b>
<b>2000</b>	77,372.39	10,066,920.81	<b>130</b>	
<b>2001</b>	222,519.83	26,022,492.27	<b>117</b>	
<b>2002</b>	351,859.23	41,732,130.30	<b>119</b>	
<b>2003</b>	506,723.37	75,969,753.32	<b>150</b>	<b>KP CERTIFICATION SCHEME</b>
<b>2004</b>	691,756.92	126,652,634.26	<b>183</b>	
<b>2005</b>	668,709.15	141,940,243.71	<b>212</b>	

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Ministry of Mines and Mineral Resources

<http://www.mmr-sl.org/>

[http://www.daco-sl.org/encyclopedia/1\\_gov/1\\_2mmr.htm](http://www.daco-sl.org/encyclopedia/1_gov/1_2mmr.htm)

Peace Diamond Alliance

[http://www.usaid.gov/sl/sl\\_democracy/news/030203\\_peacediamonds/index.htm](http://www.usaid.gov/sl/sl_democracy/news/030203_peacediamonds/index.htm)

European Commission assistance to extractive industries:

[http://www.delsle.cec.eu.int/en/ec\\_cooperation/infra\\_mining.htm](http://www.delsle.cec.eu.int/en/ec_cooperation/infra_mining.htm)

## Construction

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Major construction programs are still underway as part of the rehabilitation of the country's devastated infrastructure. Opportunities exist in the construction of pre-fabricated low-cost houses, roads, and other infrastructure outside of major urban centers.

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World Bank Activities in Sierra Leone

[http://www.daco-sl.org/encyclopedia/4\\_part/4\\_1wb.htm](http://www.daco-sl.org/encyclopedia/4_part/4_1wb.htm)

African Development Bank Activities in Sierra Leone

[http://www.daco-sl.org/encyclopedia/4\\_part/4\\_1adb.htm](http://www.daco-sl.org/encyclopedia/4_part/4_1adb.htm)

UK Department for International Development (procurement notices):

<http://www.dfid.gov.uk/procurement/contractopportunities.asp>

The European Delegation's mission to Sierra Leone posts procurement notices online here: <http://www.delsle.cec.eu.int/en/index.htm>



## Tourism

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Sierra Leone's coast has considerable potential tourist attraction, but little infrastructure to support it. Investment opportunities exist in hotels, restaurants, beach resorts along the coast and other related tourist services.

There is the potential for ecotourism in Outamba-Kilimi National Park, Tiwai Island, and the Gola Forest Preserve, among others.

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National Tourist Board of Sierra Leone: <http://www.welcometosierreleone.org/>

Ministry of Tourism and Culture:  
[http://www.daco-sl.org/encyclopedia/1\\_gov/1\\_2motc.htm](http://www.daco-sl.org/encyclopedia/1_gov/1_2motc.htm)

Visit Sierra Leone: <http://www.visitsierreleone.org>

Tacugama Chimpanzee Sanctuary: <http://www.tacugama.com>

Environmental Foundation for Africa: <http://www.efasl.org.uk/>

Royal Society for the Protection of Birds (Sierra Leone activities):  
<http://www.rspb.org.uk/international/conservation/sierreleone/rspb.asp>

## Financial Services

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Financial Services: The liberalized financial system offers opportunities for profitable investment in the provision of new financial products and services in banking and insurance.

The National Insurance Company is government-owned, and private insurance companies are overseen by the Ministry of Finance.

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The Bank of Sierra Leone (Central Bank):

<http://www.bankofsierraleone-centralbank.org/index.html>

Financial Service Regulations:

[http://www.bankofsierraleone-centralbank.org/fin\\_serv\\_regulations.html](http://www.bankofsierraleone-centralbank.org/fin_serv_regulations.html)

The Insurance Act of 2000

<http://www.sierra-leone.org/Laws/2000-5.pdf>

## Telecommunications services and Equipment

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There has been a boom in Sierra Leone's telecommunications industry, and there are currently five cellular phone service providers and five internet service providers, including high speed internet.

Cellular coverage is not yet complete throughout the country, and the price of internet service is still high. There are ample opportunities to offer competitively priced services in this sector.

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Summary of Cellular phone operators in Sierra Leone:  
<http://www.visitsierraleone.org/sierraleonebusiness.asp>

CelTel (Cellular phone service provider): 42 Main Motor Road, Wilberforce.  
(232) 076 600 114 <http://www.sl.celtel.com/en/get-connected/coverage/index.html>

## Agricultural Sectors

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Agriculture is the mainstay of the economy. Export items include coffee, cocoa, palm oil, palm kernels, cassava and ginger. The following products provide opportunities for new investors in both the growing and processing of raw materials: cocoa, coffee, sugar cane for sugar production, fruits such as pineapple, mango, banana and oranges for juices, jams and canning; oil seeds such as groundnuts, sunflowers and soya beans for oil extraction; and cotton for spinning and weaving.

There are large tracts of land yet to be exploited which may be available on a long-term lease basis, or as part of a joint venture arrangement. It is estimated that only a third of available arable land is currently cultivated. Most farmers grow rice, but the quantity is not sufficient for domestic consumption. There have thus been large imports of rice since the late 1970s.

The Sierra Leone Export Development and Investment Corporation (SLEDIC) has been working closely with farmers' cooperatives throughout the country to develop cash crops. The recent commencement of ginger exports is one success story. Other areas targeted for development include cashews, cocoa, and beeswax.

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SLEDIC: <http://www.sledic-sl.org/>

Government of Sierra Leone National Medium Term Investment Program (Joint NEPAD-FAO paper, March 2005)

[http://siteresources.worldbank.org/INTSIERRALEONE/Resources/NEPAD\\_NMTIP.pdf](http://siteresources.worldbank.org/INTSIERRALEONE/Resources/NEPAD_NMTIP.pdf)

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## Chapter 5: Trade Regulations and Standards

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### Import Tariffs

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Sierra Leone subscribes to the Customs Cooperation Council Nomenclature (CCCN) and tariffs are based on a single column tariff schedule. Imports from other Mano River Union (MRU) members enter duty free as part of the first phase of the MRU agreement, once it has been established that these goods are produced and manufactured in one of the MRU member states.

Duties on non-MRU goods are levied on the Cost, Insurance and Freight (c.i.f.) value of the good. Duties range from zero to 30% on luxury goods, but most average around 20%. Duty free items include textbooks, medical equipment, agriculture inputs and machinery. In addition to the customs tariff, all imports are subject to 20% sales tax. Alcohol and tobacco are subject to a 30% import duty, 20% sales tax and 30% excise duty.

### Trade Barriers

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The Ministry of Trade and Industry has been working with the UN Conference Trade and Development (UNCTAD) to create an enabling environment for foreign investment. The National Coordinator of the Administrative Barriers project is, among other things, working to simplify administrative procedures and reduce costs of doing business in Sierra Leone, both of which act as administrative barriers to trade.

Check with the National Coordinator of the Administrative Barriers project for the state of progress toward these reforms: [http://www.daco-sl.org/encyclopedia/1\\_gov/1\\_2mti.htm](http://www.daco-sl.org/encyclopedia/1_gov/1_2mti.htm)

### Import Requirements and Documentation

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There is no licensing requirement for imports except for items restricted for health reasons. However, importers need to complete an Application Pre-Shipment Inspection (API) form to be inspected by INTRATEK

### U.S. Export Controls

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Sierra Leonean "listed" items are those that appear on the Department of Commerce Control List. These require a license to be exported to Sierra Leone based on the Export Control Classification Number and the Country Chart. These items are detailed on the following U.S. Department of Commerce's Bureau of Industry and Security website: [www.gpo.gov/bis/ear/ear\\_data.html](http://www.gpo.gov/bis/ear/ear_data.html)

The Country Chart, which includes Sierra Leone, is in Part 738. The Commerce Control List is in Part 774; there are 10 categories that can be pulled up as separate files.

### **Prohibited and Restricted Imports**

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Prohibited imports include ammunition of any sort, army uniforms, police uniforms, military equipment, and narcotics.

### **Customs Regulations and Contact Information**

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All shipping documents must arrive before the consignment of goods, and must be presented by the import agent for delivery of goods and customs processing. Air cargo documents should arrive with the consignment of goods.

Exporting to Sierra Leone requires four copies of the certified and legalized commercial invoice, three copies of the packing list, a bill of lading, airway bill and four copies of a certified and legalized customs invoice. The commercial invoice should have a statement of origin, a list of itemized expenses, the cost of the good in the home market, and the c.i.f. value of the goods.

Additional documentation is required for the import of live animals, and animal products, or plants and plant products (i.e., sanitary or health certificates). The importer must also obtain a permit from the Chief Agriculturalist in Freetown for import of vegetables or soils. Proper export documentation and inspection clearance is available from the U.S. Department of Agriculture, Animal and Plant Health Inspection Service (APHIS). Documents for legalization are charged a fee of 1.5 % of the f.o.b value of the consignment.

### **Standards**

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The Drug Regulatory Unit of the Pharmacy Standards Board is beginning to enforce quality standards of imported pharmaceutical products after it was discovered that there was a large influx of substandard and illegal drugs entering the country.

### **Trade Agreements**

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Sierra Leone is a member of the World Trade Organization (WTO). It is also a member of the Mano River Union (MRU), which creates a customs union among Guinea, Sierra Leone and Liberia. It is also a member of the Economic Community of West African States (ECOWAS). Since October 2002, Sierra Leone has been fully eligible for participation in the African Growth and Opportunity Act (AGOA). Other free trade

agreements include those under EU/ACP Lome Convention and the EU Everything but Arms Initiative.

## **Web Resources**

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Ministry of Trade and Industry: [http://www.daco-sl.org/encyclopedia/1\\_gov/1\\_2mti.htm](http://www.daco-sl.org/encyclopedia/1_gov/1_2mti.htm)

Ministry of Health and Sanitation: <http://www.health.sl/index.html>

Ministry of Health and Sanitation National Health Policy  
[http://www.daco-sl.org/encyclopedia/3\\_strat/3\\_2/MOHS\\_health\\_policy.pdf](http://www.daco-sl.org/encyclopedia/3_strat/3_2/MOHS_health_policy.pdf)

WTO: <http://www.wto.org/>

ECOWAS: <http://www.ecowas.int/>

AGOA: <http://www.agoa.info/>

Everything But Arms Initiative:  
<http://ec.europa.eu/comm/trade/issues/global/gsp/eba/ug.htm>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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The Government of Sierra Leone (GoSL) Ministry of Trade and Industry is actively working to increase trade and investment.

Investment Laws: A new Investment Code went into effect in 2005. It is designed to put Sierra Leone at par with western countries concerning the protection of companies. The Ministries of Trade and Industry, the Finance Ministry, and others are working on an annex to the code, which will detail the specific investment incentives to be offered in specific sectors.

The GoSL is working to develop the industrial base in order to help develop the country and create jobs. Sierra Leone is starting from a low level. Officials point especially to the need for foreign investment and value added activity in a number of sectors, but they highlight agricultural production and processing and fisheries production and processing.

The sanctity of contracts is upheld in law. In practice, the judicial system is slow and inefficient and is widely reported to be corrupt. The UK Government is undertaking a multi-million dollar judicial reform program.

There are no laws or regulations restricting remittances or repatriation of profits. Outflows are largely for physical capital expenditures and to make payments abroad for things like school fees. Outflows of wealth from Sierra Leone are dominated by the export of diamonds, not financial flows.



There is no industrial policy that discriminates against foreigners nor are there sectors where there are limits or prohibitions on foreign investment or the denial of national treatment. Sierra Leonean authorities do not screen investments.

Late in 2005, the parliament passed an Anti-Money Laundering Law aimed at regularizing and controlling capital inflows so as to help protect against efforts to destabilize the country or to meddle in politics or political party affairs. In putting the law into effect, the GoSL underscored its desire for “the right kinds of investment.” The law allows the importation of \$10,000 in cash. Amounts beyond that must be transferred through the banking system to insure transparency and to make sure that there is a paper trail. Several foreigners have been stopped at the Freetown airport with large amounts of cash, in one case \$500,000. The police temporarily confiscated the amount beyond \$10,000 and asked the carrier to arrange for its placement in normal banking channels.

Acquiring Land: There are two types of land tenure inherited from colonial times. Colonial Land is a freehold system existing in Freetown and the Western Area. Customary Land is a leasehold system, which prevails throughout the rest of the country. There is no land titling system to validate property rights. Because it can be difficult to verify ownership, land is often sold or leased illegally, thus restricting and complicating investment. Furthermore, foreigners cannot own land under either system but can lease land up to 99 years.

Sierra Leonean citizens can acquire private land (in Freetown and the Western Area only) in a fairly straightforward fashion. State lands can be obtained from the State Lands Committee and the Ministry of Lands via a bureaucratic process that typically takes 65-70 business days. 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 traditional users of the land – householders, subsistence farmers, herders, and small producers.

Mortgages exist but since there is only a small stock of modern housing and other buildings, the real estate market is minimally active and mortgages are not common. When they exist, 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.

Privatization: In its privatization program of 24 publicly owned enterprises, the GoSL is looking for investors, especially foreign investors, who will bring significant capital, but also know-how on how to improve the productive and financial performance of the company to be privatized. Foreign investors are invited to participate in every stage of the privatization process. However, the GoSL wants to avoid asset stripping, especially in the banking sector, which has attracted the most international investor attention. The privatization of Rokel Bank, for example, was halted in early 2005 as the Government came to consider the suitors “not serious.” Rokel is reportedly now not open to foreign investors. The bank may end up being privatized through a buy-out (probably partial) by the national social security system, NASSIT, which has expanded rapidly.

The following parastatal companies are scheduled for divestiture under the Privatization Commission:

1. Sierra Leone Housing Corporation
2. Sierra Leone Produce Marketing Board
3. Mining and General Services Limited
4. Sierra Leone Road Transport Corporation
5. Sierra Leone Postal Services
6. Sierra National Airlines
7. Sierra Leone Telecommunications Company Limited
8. Sierra Leone Airport Authority
9. National Power Authority
10. Sierra Leone Ports Authority
11. Guma Valley Water Company
12. Sierra National Shipping Company Limited
13. Forest Industries Corporation
14. National Insurance Company
15. Sierra Leone State Lottery Company Limited
16. Sierra Leone Commercial Bank Limited
17. National Development Bank Limited
18. Sierra Leone Roads Authority
19. Rokel Commercial Bank Limited
21. Sierra Leone Daily Mail
22. National Workshop
23. Government Printing Department
24. Sierra Leone Broadcasting Service

Contact information for the National Privatization Commission:

The Commissioner, National Commission for Privatization, Lotto House, OAU Drive, Tower Hill, Freetown. Phone: 232 22 227759/290447/290448 Fax: 232 22 227935

Visas: US 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 \$100 and are not issued quickly. 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 that can be obtained in a few days, but often takes longer. There is an application fee of \$100 and the permit costs \$1,000 for entrepreneurs and \$1,660 for employees.

Registry and Licenses: Companies have to register but private investors generally do not consider the business registration process as a major impediment to investing. Registration takes 2-4 weeks and costs about \$200 plus legal fees that range from \$400-\$5,000, making registration among the most costly in the world, according to recent research. There is a shortage of reliable information on procedures and fees and there are bothersome redundancies. The high cost of business registration combined with lax enforcement results in a high rate of non-compliance and contributes to flourishing informal economic activity.

There are also three types of mandatory business licenses: general licenses for every business, special activity licenses for executing certain activities (hotel, supermarket, restaurant, factories, construction), and licenses for specific sectors like tourism,

telecommunications, and mining.

Mining and Fisheries: The mining sector is open to foreign investors. The cost of mining licenses depends on the type of activity and citizenship. Non-exclusive prospecting licenses are \$10-50 per square mile. Exclusive prospecting license \$50-200 per square mile, depending on the mineral. Exploration licenses are \$100-400 per square mile for three years. Mine leases are for a maximum of 25 years (renewable for 15 added years) and cost \$500-5,000 per square mile, depending on the mineral.

For mining investment over \$100 million the conditions, fees, and taxes can be negotiated with the Minister of Mineral Resources on behalf of the Government.

Some other important fees in the mining sector are as follows:

Alluvial Diamond Exporters license: \$40,000/year (\$25,000 half year).  
Alluvial Diamond Exporter Agent's certificate: \$5,000/year (\$3,000 half year).  
Alluvial Diamond Dealer's license: Non-Citizen \$5,000/year (\$3,000 half year).  
Gold Exporter's license: \$3,000 per year.  
Gold Exporter Agent's certificate: \$ 1,000/year.  
Gold Dealers license: Non-Citizens \$1000/year.  
Gold Mining Company Manager Certificate: Non-Citizen \$167/year.

In fisheries, vessels must be registered and a fishing license obtained. Obtaining an industrial fishing license requires an offshore account in Sierra Leone and the operator must employ 45% Sierra Leoneans as crew members. The licensing process is speedy after the vessel is inspected.

The following license fees pertain. For vessels over 250 tons, a shrimp license costs \$60,000 for a year plus royalties of \$18,000 per vessel. Fish trawlers over 250 tons pay \$40,000 per year with royalties of \$15,000. Tuna purse seiners pay \$18,000 per year; tuna long liners pay \$12,000 per year; and purse seiners for small pelagics pay \$15,000 per year. Fish processing ships pay \$20,000 per year.

Impact of policies and economic trends on FDI: With the end of the war in January 2002, massive infusions of outside assistance helped Sierra Leone to recover and rebuild. GDP growth rates immediately rose to six percent and higher as agriculture recovered, legal diamond production and exports grew, manufacturing showed modest gains, and construction expanded.

FDI inflows reached \$32.5 million in 1990 before the outbreak of the violent civil strife in 1991, then declined rapidly for a decade. FDI spiked again in 2000 at \$39 million. It declined again in subsequent years, coming back up in recent years but to only \$5 million in 2004. The latter figure does not include, however, more recent large investments in rutile and bauxite mining or the \$6 million in new milling equipment the U.S.-owned flour mill installed in the past year.

Important impediments to foreign investment remain. There is a shortage of skilled workers and professionals. Many judges, lawyers, doctors, civil servants, engineers, and other professionals left the country and those who remain often lack the means to carry on their duties properly. Corruption is a problem and the independent Anti-Corruption Commission created in 2000 has yet to have a large impact on the higher

levels.

Sierra Leone's trade policies are relatively open and non-tariff barriers have been eliminated. Tariff rates are converging with those of its neighboring ECOWAS (Economic Community of West African States) and WAEMU (West African Economic and Monetary Union – CFA Franc zone) countries. Import and export licenses have been abolished for all but a small number of products. However, importing and exporting problems have less to do with policy than with practice. Customs clearance is slow, cumbersome, costly, and opaque. The average 14 days for import clearance is among the world's worst. All goods are subject to lengthy and complicated customs procedures, although the GoSL is reportedly considering reducing its customs registration and documentation requirements. Tariff schedules are not always transparent which allows arbitrary assessments that can be challenged only with difficulty as appeals processes are ill defined and lengthy. Sierra Leone continues to use the Brussels Declaration of Value, as it has not yet adopted the WTO Agreement on Customs Valuation. Sierra Leone uses minimum or reference values for rice, flour, sugar, cement, used clothing, and clothing accessories and not having adopted the WTO Agreement leaves customs agents with excessive power and increases the costs of imports.

Improved economic conditions since the civil war ended in January 2002 along with greater political stability and a more forward-looking government policy have led to important new foreign investment. The telecommunications sector has seen rapid expansion in mobile telephones. In banking, Malaysian investors have opened the International Commercial Bank and Nigerians investors have opened the First International Nigerian Bank and Guaranteed Trust. Standard Bank closed during the war but has reopened. Mining has expanded greatly with increased legal diamond exports conforming to the Kimberley Process. The reinvestment in rutile and bauxite mining in the southwestern part of the country will put Sierra Leone again among the world's top producers. OPIC provided a \$25 million investment guarantee for Sierra Rutile and the European Union provided \$12 million in start up capital. There are also large iron ore deposits, but it is not yet clear whether they can be economically exploited.

With the aid of the World Bank and key international donors, the GoSL developed its Poverty Reduction Strategic Paper (PRSP). It is putting its PRSP plan into effect and international donors -- the World Bank, UK, US, EU, and other donors -- are assisting. The PRSP's three pillars are good governance, security and peace; pro-poor, sustainable economic growth, food security, and job creation; and human resource development. International donors are contributing several hundred million dollars to turn these programs into realities. This simultaneously will clarify and strengthen the investment climate.

Formal sector employment is largely governed by collective bargaining agreements between employers and unions. Such agreements cover various sectors: tourism, commerce, petroleum, manufacturing, media, entertainment, financial services, general services, and public utilities. The statutory minimum monthly salary is \$15, but under the collective agreements, the minimum throughout the formal sector is \$24. The minimum figure goes up with qualifications so that a machine operator in manufacturing must be paid a minimum of \$43, rising to \$55 for a senior operator.

The workweek is 40 hours with two consecutive days off mandatory. Work beyond 40 hours is paid at 50% overtime and required work on rest days is 100% overtime.

## **Conversion and Transfer Policies**

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There are no restrictions on converting or transferring funds associated with an investment. Investors can withdraw and remit any amount from a commercial bank and have it transferred into any freely convertible currency and at legal market clearing rates. Sierra Leonean banks are well connected with the international banking network. There are no plans to change remittance policies.

Sierra Leone has a floating exchange rate. The Leone has depreciated slowly over recent years, mainly due to demand for financing current consumption, especially of imported petroleum products, and for national reconstruction.

Estimated exports in 2005 (Economists Intelligence Unit - EIU) were \$200 million while imports were \$330 million. Diamond exports increases from an estimated \$126 million in 2003, to \$158 million in 2004, and \$230 million in 2005 (EIU). The current account balance was a negative \$105 million, or about eight percent of GDP.

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. The auctions are far from sufficient to meet the needs of importers. 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 new Investment Code guarantees foreign investors the right to repatriate earnings and the proceeds of sales of assets, and also allows expatriate employees to repatriate earnings.

## **Expropriation and Compensation**

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There is no history of expropriations in Sierra Leone.

## **Dispute Settlement**

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Sierra Leone imported the UK's legal system and common law system. The traditional and Islamic Law systems employed decide many personal property and inheritance issues outside the capital of Freetown. The legal system inherited from the UK protects property and contract rights in the modern sector and there have been few notable issues with property or contract rights affecting US investors. Investors have access to the judicial system, but the system is slow and is widely reported to be subject to financial and political influence. Arbitration clauses in contracts and foreign judgments are respected. Officials point to arbitration and judicial findings in Europe against the Government with which it complied.

The Law Reform Commission is considering a new Commercial Law, but its progress has been slow on this and other matters.

Sierra Leone is 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.

An important US investor has claimed repeatedly that its competitors are routinely allowed to undervalue its imports, thus paying less in duties and underselling the U.S. firm. The investor's complaint has gone unresolved for several years. Other investors complain that undervaluing goods bound for retail is necessary to reduce what many believe are exorbitant customs duties.

### **Performance Requirements and Incentives**

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The GoSL has established no performance requirements prescribing mandatory percentages of exports, domestic content, required domestic inputs, the transfer of technology or proprietary knowledge, or limiting access to foreign exchange.

The annex to the Investment Code law will define the investment incentives to be offered and in various sectors but has not yet been released. Key areas for incentives include agro-processing and value-added activity in fisheries. Both sectors represent important potential in Sierra Leone.

No performance requirements are in place to require maintenance or expansion of a foreign investment. There are likewise no requirements that nationals own shares, that the share of foreign equity is reduced over time, or that technology is transferred under certain terms. There are no "offset" requirements.

### **Right to Private Ownership and Establishment**

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

### **Protection of Property Rights**

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Mortgages exist but are not common as property rights are difficult to secure, given the complexities of the land tenure system. Officially there is complete and open access to the court system if an individual or enterprises thinks its interests to be compromised, but judicial practice is widely reported to be open to political or financial influence.

The GoSL is taking steps to develop policy and laws that will bring it into compliance with TRIPS. So far, these measures do not include amendments to the copyright law, which is 40 years old. Per WTO agreements, Sierra Leone had until 2006 to fully implement TRIPS but extensions were recently granted to all Least Developed Countries until July 1, 2013.

Popular music and films are illegally copied and sold on a substantial scale. While some

recorded American music and films are affected, this practice mostly affects local and regional music and Nigerian films.

## **Transparency of Regulatory System**

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Red tape and excessive delays are problematic. Sierra Leone in the bottom quintile of the World Bank “Doing Business” ranking, on par with most of the other countries in West Africa. The World Bank ranking cites licenses, hiring and firing workers, registering property, and enforcing contracts as problems.

The GoSL recognizes the need for greater regulatory clarity and efficiency. The Law Reform Commission is working in that direction, but once updated laws are promulgated, the Government often is slow to develop the administrative rules for their application.

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 Sierra Leone Export Development and Investment Corporation (SLEDIC) is to incorporate the one stop center and is in the process of reorganization to better serve its customers.

The Government does not use taxes or labor, environmental or other standards to inhibit foreign investment.

## **Efficient Capital Markets and Portfolio Investment**

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The commercial banking sector is sound. Citizens and foreigners have access to credit under the same market terms, although interest rates usually exceed 30%. Because of the Government’s feeble tax revenue generation, the Central Bank holds frequent (generally weekly) bond auctions. The Government’s bonds pay about 25 percent thus crowding out credit flows to production or factor markets.

As a rule, banks do not invest in equity projects. The land tenure system makes it difficult for a lender to identify the true owner of a property and makes most property useless as loan collateral. An inefficient judicial system and the lack of bankruptcy laws make it very difficult for a lender to recover collateral in the event of a default.

Credit is rarely a problem for foreign investors as they typically bring in capital from outside the country and have well-established banking relationships that enable them to obtain working and trading capital.

As of November 2005, the Bank of Sierra Leone (national bank) estimated the assets of the largest banks as follows:

Rokel Commercial Bank: \$52 million.

Sierra Leone Commercial Bank: \$67 million.

Standard Chartered Bank: \$53 million.

Total assets of the banking sector: \$173 million.

There is no evidence of cross-shareholding and stable shareholder arrangements in Sierra Leone.

## Political Violence

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There have been no incidents in recent years of politically motivated damage to projects or installations. During the widespread violence that occurred from 1991 to 2002, mining installations and a great deal of physical infrastructure was destroyed. After the war ended in January 2002, a successful demobilization, disarmament, and reintegration (DDR) program followed and a large UN peacekeeping mission guaranteed security. The UN peacekeepers departed in December 2005 and security responsibilities are in the hands of the Sierra Leonean army and police, which the UK government has done much to train and equip. The UN retains a robust development mission in Sierra Leone. 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 insurrections or belligerent neighbors aiming to destabilize Sierra Leone. In the run up to presidential and parliamentary elections scheduled for July 28, 2007, political parties are competing for voter attention. There is the potential for political rallies to snarl traffic and damage property. With extensive UK training and new equipment, the Sierra Leone Police have increased capacity to handle such events.

## Corruption

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International companies identify corruption as an obstacle to investment, ranking Sierra Leone near other West Africa countries for corruption. Bribes, kickbacks, extortion, and skimming on contracts and payments are common forms of corruption.

Sierra Leone signed the UN Convention Against Corruption in December 2003 and ratified it in September 2004. The GoSL established the independent Anti-Corruption Commission (ACC) in 2000. It is charged with investigating cases and educating the public to reduced corruption in its many forms. Per the Anti-Corruption Act, giving or accepting a bribe is a criminal offense that carries a penalty of two years imprisonment or \$340 (Le 1,000,000), or both.

The ACC has investigated and brought cases against several low- to mid-level public servants. To date, the only high-level official convicted on corruption charges had his case overturned on appeal. In general, the ACC has yet to be very successful in halting corruption. In late 2005, it came under parliamentary criticism after the Commissioner criticized certain members of the legislature and was subsequently dismissed. His replacement has yet to move aggressively against corruption. The judicial system, which must try the cases the ACC develops, is inefficient and itself widely believed to be corrupt.

The Anti-Corruption Act is not used disproportionately against foreigners.

Transparency International's 2005 “Corruption Perception Index” ranked Sierra Leone 124th of 159 countries (tied with Russia). Sierra Leone is thus on par with many other countries in Africa and Asia. In Sierra Leone, TI operates the National Accountability Group (NAG), an important local NGO. The Campaign for Good Governance is another local watchdog organization.



## **Bilateral Investment Agreements**

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Sierra Leone does not have a bilateral investment treaty or taxation treaty with the U.S.

## **OPIC and Other Investment Insurance Programs**

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OPIC is providing a \$25 million investment guarantee to Sierra Rutile for the restart and expansion of its mineral sands mine in southwestern Sierra Leone. The company is also exploiting nearby substantial bauxite deposits. The European Union provided \$12 million in start up funding. Phase one will generate about 110,000 tons of rutile (titanium oxide), which is an important ingredient in paints, paper, and plastics. Before violent civil strife destroyed the mine's equipment in the 1990s, Sierra Leone was the world's largest rutile producer.

Sierra Leone is a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank.

## **Labor**

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Sierra Leone suffers from a shortage of educated and skilled workers and professionals. Brain drain to Europe and North America has been a significant drag on the economy for some years.

Companies can fine an employee redundant for commercial or financial reasons after trying and failing to find alternative employment, in consultation with the union. The employer can discharge workers only on the basis of seniority, with more junior workers being dismissed first. Employers must give two months notice and pay redundancy compensation according to a steeply rising schedule. For example, the employer must pay a worker with 14 years seniority more than two years salary as compensation while the employer owes twenty-year employee more than three and a half years salary as compensation.

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. The Industrial Court hears dismissal cases and other disputes and heard 170 cases between 2000-2003.

Contributions to the national pension plan, NASSIT, are mandatory. The employer pays 10 percent of the worker's salary and the worker contributes five percent.)

## **Foreign-Trade Zones/Free Ports**

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Sierra Leone does not operate a duty free zone, but plans are under way to establish an export-processing zone with duty free status for re-exports.

The GoSL and Chinese company Henan Guoji Group are working under a joint venture to develop an industrial and trade zone. The GoSL is providing the land and existing buildings (the old National Workshop facility long slated to be privatized) and preferential conditions, while the Chinese company is supplying capital, know-how, and some workers.

### **Foreign Direct Investment Statistics**

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According to the latest UN figures (UNCTAD World Investment Report, 2005) Sierra Leone attracted \$5 million in direct foreign investment in 2004. That figure was up from \$2 million in 2002, but does not reflect the large new investment in Sierra Rutile.

### **Web Resources**

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Overseas Private Investment Corporation (OPIC): [www.opic.gov](http://www.opic.gov)

Investment Promotion Act, 2004:

<http://www.sierra-leone.org/Laws/investmentpromotionact2004.pdf>

Sierra Leone Anti Corruption Commission: <http://www.anticorruptionsl.org/>

GOSL Progress Report on Implementation of Program of Action for Least Developed Countries 2001-2010 (January 2006):

<http://www.un.org/special-rep/ohrls/ldc/MTR/Sierra%20Leone.pdf>

UN Conference on Trade and Development (UNCTAD) World Investment Report:

<http://www.unctad.org/Templates/Page.asp?intItemID=1465>

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## Chapter 7: Trade and Project Financing

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### How Do I Get Paid (Methods of Payment)

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Sierra Leone is still a cash economy, and the vast majority of transactions are still made in cash.

### How Does the Banking System Operate

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The Central Bank and the Ministry of Finance regulate monetary policy and interest rates within Sierra Leone. Repatriation of profits, dividends, and interest is subject to review by the Central Bank Convention but regulations on repatriation are liberal.

Sierra Leone's financial systems consist of the Bank of Sierra Leone and seven commercial banks: Rokel Commercial Bank, Standard Chartered Bank, Sierra Leone Commercial Bank, Union Trust Bank, First International Bank, Guaranty Trust Bank and International Commercial Bank.

### Foreign-Exchange Controls

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Sierra Leone operates under a flexible exchange system.

### U.S. Banks and Local Correspondent Banks

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Commerz Bank, USA	- First International Bank (SL) Ltd.
CITI Bank NA, New York, NY	- Guaranty Trust Bank (SL) Ltd.
CITI Bank NA, New York, NY	- Rokel Commercial Bank (SL) Ltd.
HSBC, New York NY	- Union Trust Bank
HSBC, New York, NY	- Sierra Leone Commercial Bank Ltd.
Standard Chartered Bank, New York	- Standard Chartered Bank

### Project Financing

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Lending from domestic commercial banks is available but interest rates are high, averaging 30 percent. There is a developing micro-credit environment that is beginning to make financing available to small and medium sized businesses. OPIC has provided financing to past projects in Sierra Leone.

## Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

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## Chapter 8: Business Travel

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- [Visa Requirements](#)
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## Travel Advisory

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Before traveling, please consult the Embassy's Consular Information Sheet for Sierra Leone, available at [www.travel.state.gov](http://www.travel.state.gov).

## Visa Requirements

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A passport and visa are required for entry and visitors should obtain in a visa in advance. The latest information can be obtained from the Embassy of Sierra Leone

1701 19<sup>th</sup> Street, NW,  
Washington, DC, 20009.  
Tel.202-939-9261.

Or the nearest overseas Sierra Leonean Embassy. There is a charge of 100 USD for tourist passport holders. Sierra Leone also maintains a permanent mission to the United Nations in New York at:

245 East 49<sup>th</sup> Street,  
New York, NY, 10017  
Tel.212-688-1656.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Freetown Consular Section:  
[http://freetown.usembassy.gov/consular\\_affairs.html](http://freetown.usembassy.gov/consular_affairs.html)

## **Telecommunications**

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Sierra Leone's landline network is run by SierraTel, a state-owned company, and landline services can be intermittent, especially during the rainy season. Cell phone service is more reliable and is widely used. Cellular phone coverage is not complete throughout the country, but covers most urban areas. If you are dialing from a landline, you will not be able to call a cell phone number.

The country code for Sierra Leone is 232  
The city code for Freetown is 22 (not required for cell phone numbers)

## **Transportation**

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Public transport (group taxi) is not very organized or coordinated and is sometimes unsafe and not generally recommended. U.S. government employees are prohibited from using public transportation except for taxis that work in conjunction with an approved hotel. Car rental companies include the following:

IPC Travel 22 Siaka Stevens Street  
Tel 232- 22- 221481/2/3  
Email:ipctrav@sierratel.sl  
Fax

KAMTECH LIMITED  
28, Signal Hill Road  
Freetown Sierra Leone  
Tel: (+232) 22-233791/ (+232) (0) 76- 602-558/076-602-399

The airport is located across a large body of water from Freetown. Helicopters, ferries and a hover craft are available in connection with most International and major regional flights to transport passengers to the capital.

## Language

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English is the official language, but Krio is the lingua franca. Temne and Mende are the two major indigenous languages, but 15 other indigenous languages are also spoken.

## Health

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Medical facilities in Sierra Leone fall critically short of U.S. standards. Presently the only reliable facility is located 45 minutes outside Freetown. All visitors traveling to Sierra Leone must have their vaccinations current to include, but not limited to tetanus, yellow fever, polio, meningitis and rabies (for those staying longer than 30 days). The cholera vaccine is not required. Visitors should begin taking malaria prophylaxis two weeks prior to arrival. It is mandatory that visitors bring their own supply of medications, as local pharmacies in Freetown are usually unable to fill prescriptions. The International Certificate of Vaccination yellow card should be hand carried as proof of yellow fever inoculation.

## Local Time, Business Hours, and Holidays

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The local time in Sierra Leone is tagged to the Greenwich Mean Time (GMT) year round. Business Hours for government offices and most businesses start at 0900hrs and end at 1700hrs. The following official holidays are observed in Sierra Leone:

New Years Day	- January 1
Good Friday	- Variable
Easter Monday	- Variable
Independence Day	- April 27
Prophet Mohammad's Birthday	- Variable
End of Ramadan	- Variable
Tabaski	- Variable
Christmas Day	- December 25
Boxing Day	- December 26

## Web Resources

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Department of State Travel Web Site: <http://www.travel.state.gov/>  
Ministry of Travel and Culture: <http://www.welcometosierrealeone.org/>

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## Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
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### Contacts

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U.S. Embassy Freetown, Sierra Leone:

[http://freetown.usembassy.gov/offices\\_department.html](http://freetown.usembassy.gov/offices_department.html)

U.S. Department of Commerce International Trade Administration:

<http://trade.gov/index.asp>

Corporate Council on Africa:

[http://www.africacncl.org/\(lguff43fkvupddjpbp5ng555\)/Default.aspx](http://www.africacncl.org/(lguff43fkvupddjpbp5ng555)/Default.aspx)

Ministry of Trade and Industry:

[http://www.daco-sl.org/encyclopedia/1\\_gov/1\\_2mti.htm](http://www.daco-sl.org/encyclopedia/1_gov/1_2mti.htm)

### Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

### Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

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## Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/home/>

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website:

<http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.