



It attained independence on the April 27, 1961. The capital, Freetown, lies on the North side of the peninsula, facing the enormous estuary, which is eight kilometers broad at the ferry crossing linking the city and the airport.

Its recent history is characterised by a decade-long civil war, which is believed to have witnessed some of the worst human rights abuses in the world. Less well known is the destruction of every facet of its formal economy: infrastructure, telecommunications, among others.

However, following the conclusion and execution of the Lome Peace Accord in June 1999, the guns were silenced and peace, security and tranquillity is gradually returning to Sierra Leone. It has a functioning democracy with a presidential system of government.

### Economy

Rich in minerals, Sierra Leone has relied on the mining sector, in general, and diamonds, in particular, for its economic base. In effect, mineral exports remain Sierra Leone's principal foreign exchange earner as it is a major producer of gem-quality diamonds. In addition, it has one of the world's largest deposits of rutile, a titanium ore used as paint pigment and welding rod coatings.

Agriculture provides a livelihood to about 70 percent of the population, accounting for 42 percent of the national income.

Manufacturing is mainly confined to import substitution, such as cigarettes, alcoholic beverages, confectionary, footwear, paint, among others. With the advent of the war in 1991, there was a drastic decline in Sierra Leone's economic activities and this decline was exacerbated by weak local demand, rampant power shortages, shortage of foreign exchange and low investment. Except for the Freetown area, tourist facilities are either under-developed or non-existent.

PROFILE	
Population:	5.4 million***
GDP (Current US\$):	1.1 billion***
Per Capita Income: (Current US\$)	200 (Atlas method)*** 548 (PPP)**
Surface Area:	171,740 sq. km
Life Expectancy:	37.4 years**
Literacy (%):	29.6 (of ages 15 and above)**
HDI Rank:	176***
Sources: - World Development Indicators Database, World Bank, 2004 - Human Development Report Statistics, UNDP, 2004 (**) For the year 2002 (***) For the year 2003	

### Competition Law and Institutions

Sierra Leone does not have a competition law. However, it is signatory to a couple of regional instruments touching and dealing with competition law and policy. Therefore, it is expected that it is going to adopt a competition law very soon. The regional instruments are:

#### *The Economic Community of West African States (ECOWAS)*

ECOWAS may be defined as a sub-regional organisation formed by West African states mainly to promote cooperation and development in all economic field and of contributing to the progress and development of the African continent. The aims and objectives of ECOWAS as enshrined in Article Two (2) of the 1975 Abuja Treaty are as follows: It states that ECOWAS is aimed at:

1. Promotion of Cooperation and Development: promoting co-operation and development in all fields of industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial questions and social and cultural matters for

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the purpose of raising the standard of living of its peoples, of fostering close relations among its members and of contributing to the progress and development of the African continent.

2. Encourage competition in the economies of its member states through the elimination of anticompetitive practices, UTPs, the elimination of customs duties and other charges in respect of the importation and exportation of goods between member states and the abolition of trade restrictions, among others.

### ***The Cotonou Agreement***

Article 45 of the Cotonou Agreement incipiently regulates competition and Sierra Leone is a contracting party to the above instrument. In summary, the aforesaid statutory provision aimed at the introduction and implementation of effective and sound competition policies and rules by member states with a view to creating a sound business and investment environment, among others.

### **Anticompetitive Business Practices**

There is no reported or tangible evidence of any mode of anticompetitive practices by corporate entities operating in Sierra Leone. However, it noteworthy that restrictive, tedious and cumbersome licensing procedures could be implied to stifle competition in the economy. For example, laws regulating the formation and operation of corporate entities are generally considered as one of the most important part of the legal environment necessary for attracting foreign investment.

Formation of companies is regulated principally by the Companies Act 249 of the laws of Sierra Leone complemented by the Business Names Registration Act of 1972, the Non Citizens (Restriction on Trade and Business) Act 30 of 1965, Income Tax Act, Conveyancing and Real Property Act 1881 and the Land Provinces Act 122 of the laws of Sierra Leone.

A significant restriction to the inflow of FDI in Sierra Leone is the tedious and cumbersome procedures to be complied with the formation of a business entity. This is particularly so when most of the FDI inflow therein takes the form of wholly owned business entities. Business registration involves successively filing of the company formation documents with the office of the Administrator and Registrar-General; followed by an application to the Central Bank for an exchange control permission; an application to the Income Department for an income tax certificate and a certificate from the Department of Social Security.

These procedural steps enunciated by Act 249 last for about 26 days and it cost over thirteen times the income per capita in Sierra Leone to start a business. This is worsened by the fact that the Office of the Administrator and Registrar-General like the other departments, responsible for the

formation of business entities is ill equipped, understaffed and inefficient to deliver a proper service to the commercial community.

On the energy sector, as hitherto mentioned the National Power Authority is the sole provider and as a result because of the absence of competition in that sector, it has not been rendering effective and efficient services to its numerous customers, while levying exorbitant taxes at the end of the month. On the issue of Sierratel as relates to the telecommunications sector of the economy, it is noteworthy that it alone can grant license to other operators in that sector of the economy. Thus, there are a lot of procedures to be followed so as to obtain the said license and consequently, it could be averred that that this dominant power had always been subjected to abuse as a result of these bureaucratic red tapes.

The above could be corroborated by a study recently undertaken by the Foreign Investment Advisory Service on 'Administrative Barriers Study: Sierra Leone Phase 1' dated March 2005.

### **Sectoral Regulation**

#### ***Telecommunications Sector***

The Sierra Leone Telecommunications Company (Sierratel) is the national terrestrial provider, providing about thirty thousand (30,000) lines, half (50 percent) of which are business lines. There is no enabling legislation save that the current statute regulating the same provides a *de jure* monopoly for Sierratel and a highly restrictive licensing regime. Against this background, it is worth mentioning that there are four competitors providing mobile services: Celtel, Comium, Africell and Millicom.

Terrestrial access line penetration is extremely low, that is less than one percent. Thus, in an attempt to make the above sector competitive, it is recommended that Sierra Leone develop a sector strategy, thereby culminating in the codification of the legal basis for private sector participation; develop a regulatory framework and the subsequent establishment of a regulator thereof, this in turn, would establish a framework for competition and facilitate the inflow of much needed private investment.

#### ***Water Sector***

The Guma Valley Water Company (GVWC) is the sole provider that is tasked and charged with the responsibility for the provision of piped water supply services in Freetown and its surrounding areas. It is a creature of the Water Control Act (Chapter 168) of the Laws of Sierra Leone 1960 and the Guma Valley Water Company Act.

Thus, in an attempt to make the above sector competitive, it is recommended that Sierra Leone should develop a medium and long term sector strategy, thereby improving

short term financial management through the commencement of an analysis of long term options, definition of market structure and tariff study, among others. In addition, the country should strive to develop an enabling legislation through the review of the above statute with a view to encourage private sector participation in the same. In this regard, this would lead to the development of a regulatory framework and the subsequent establishment of an independent regulator.

### **Energy Sector**

The Energy Sector, both electricity and transport, provides an essential underpinning of Sierra Leone's economic, environment and social goals. Competitively priced and reliably energy services are a key to international industry competitiveness and standard of living. Energy services are also essential for the development of Sierra Leone.

It is an open secret that the development, production and export of energy commodities, technologies and services will contribute immensely to Sierra Leone's national wealth and job creation. Sierra Leone's energy demand is growing rapidly (for example, electricity use has grown by 60 percent between 1961 and 2004 and is forecasted to grow by at least that much again by the end of the century).

The National Power Authority (NPA), which is a creature of the Electricity Light and Power Act (Chapter 166) of the Laws of Sierra Leone 1960, which empowers the Government of Sierra Leone to establish and maintain overhead transmission lines or underground cables throughout Sierra Leone. In effect, the said NPA is a vertically integrated sole electricity provider. In addition, it imposes restrictions on supply of electricity in Section 11. However, it has not been performing as expected due to poor financial and operational management and hence

is in dire need for significant investment in generation, transmission and distribution capacity. Notwithstanding, it is noteworthy that the enabling legislation for private sector participation is in its preparatory stage.

### **Consumer Protection**

Consumer protection in Sierra Leone is regulated principally by the Consumer Protection Act, 2004 ably assisted by the Sale of Goods Act, 1893. It is noteworthy that the latter is a re-enactment of the 1893 United Kingdom Sale of Goods Act, which has been revised in a comprehensive fashion since its passage. There are numerous consumer groups in Sierra Leone to help the consumers. Among these are, the Sierra Leone Consumer Protection Association. Sierra Leone Standards Bureau is working towards ensuring quality and safety of goods and services sold to consumers.

### **Concluding Observations and Future Scenario**

Sierra Leone does not have a competition law. However, it is worth mentioning that the Ministry of Trade and Industry is mandated to regulate anticompetitive business practices. Thus, in its quest to modernise its economy, it is recommended that the enactment of a competition law and the subsequent establishment of a competition agency will help in controlling RTPs and limitation of monopoly powers.

It will also ease market entry barriers and guarantees equal opportunities to market participants. Thus, while competition should be allowed in the country, it must be checked to ensure that unfair competition, which could kill local industries, does not arise. However, it is worth mentioning that the Government is desirous and striving for the enactment of a competition law and policy in the near future.

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