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Ministry of Finance
Secretariat Building
George Street, Freetown
SIERRA LEONE

10 May 2022

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MP/REV 62/100/01/05-22

Dear Colleagues,

**PURCHASE OF PETROLEUM PRODUCTS BY MINING COMPANIES
AND OTHER COMMERCIAL END-USERS**

As you are aware, it is undoubtedly known that the current global crisis is having adverse effect on economies around the world, of which Sierra Leone is not an exception. As the world continues to proffer solutions for the on-going economic challenges, the petroleum downstream sector is adversely affected by the ensuing Russia/Ukraine crisis as Russia is one of the largest oil producing countries; supplying an estimated 53% to Sub-Saharan Africa. Therefore, following series of discussions with key stakeholders in the Petroleum Industry and the Mining Sector as well as with our Budget Support development partners, we need to take strategic decisions regarding the importation of petroleum products and the provision of foreign exchange to the market.


So far as the record reveals, in 2022 (Q1, 2022), forex support by the Bank of Sierra Leone for the importation of petroleum products is estimated at US\$24.0 million and the Bank is considering further request of over US\$35.0 million. However, despite the regular Government support to the sector by providing foreign exchange to facilitate importation of fuel, it had been realised that mining companies and other major commercial users with concessions are the largest beneficiaries. Furthermore, our records show that from January to March 2022 alone, of the total uplift of Diesel fuel of 61,545,694 liters from Oil Marketing Companies (OMCs), Mining companies and other commercial users uplift was 32,539,167 (53%). This implies that while Government provides concessions to these agencies, and they also enjoy non-pass-through cost as they are also heavily subsidized by the meagre resources of foreign support provided by the Bank of Sierra Leone with the aim of cushioning the retail market. This situation is potentially getting serious as there are evidence that mining companies are stockpiling diesel fuel, constraining supply to the ordinary citizenry and small businesses.

As a measure to curtail this adverse effect on the market, effective June 1, 2022, all companies with fuel concessions and/or are large commercial uplifters should either directly import their fuel requirement or enter into foreign currency denominated contract agreement, for which all such payments should made in the contract currency into an account of the importer in Sierra Leone.

By this measure, the Petroleum Regulatory Agency will regularly monitor the importation of fuel by mining companies and other commercial end-users for the implementation of foreign exchange-based contract with OMCs. This policy is effective 1st June 2022.

By copy of this letter, the Commissioner General, NRA is directed to ensure local uplift of fuel to commercial categories are upheld until the directive is complied with by relevant agencies.

Yours sincerely,


Dennis K Vandi
Minister of Finance

ADDRESSED TO:

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Minister of Trade and Industry
6th Floor, Youyi Building
Brookfields
FREETOWN

Mr. Timothy Musa Kabba
Minister of Mines and Minerals Resources
5th Floor, Youyi Building
Brookfields
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Copied to: The Chief Minister, State House
 The Deputy Minister of Finance I
 The Deputy Minister of Finance II
 The Secretary to the President (FAO H.E. the President)
 The Secretary to the Vice President (FAO, Hon Vice President)
 The Governor, Bank of Sierra Leone
 The Financial Secretary
 The Commissioner General, National Revenue Authority (NRA)
 The Commissioner, Customs and Excise Department, NRA
 The Executive Chairman, Petroleum Regulatory Agency (PRA) ✓
 The Chief Executive Officers, Oil Marketing Companies (OMCs)