Oil & Gas (Downstream Petroleum Sector)
2025

Strategic Petroleum Stock (SPS) Project

Project description

The Strategic Petroleum Stock (SPS) Project is a high-impact, investment-ready initiative designed to ensure Sierra Leone's energy security, price stability, and supply resilience in the petroleum sector. With Sierra Leone importing 100% of its petroleum products, the country remains vulnerable to supply chain disruptions, price volatility, and foreign exchange risks. The SPS project seeks to eliminate these vulnerabilities by establishing a government-controlled fuel reserve with modern storage infrastructure, advanced monitoring systems, and strategic procurement of petroleum reserves.

This project offers a compelling investment opportunity with government backing, assured market demand, and long-term revenue potential. Investors will benefit from secure lease agreements, fuel supply contracts, and operations management opportunities, ensuring stable financial returns.

Figure 1. Tank Farm



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Key Project Components

✓ Development of High-Capacity Storage Infrastructure:

- Construction of **state-of-the-art petroleum storage terminals** in **strategic locations** near ports and major distribution hubs.
- **Scalable capacity** to meet Sierra Leone's growing fuel demand while accommodating future regional expansion.

✓ Procurement of Strategic Fuel Reserves:

- Government-managed stockpile of **diesel, petrol, jet fuel, and fuel oil** to ensure at least **three months of uninterrupted national supply**.
- Reduces dependency on emergency fuel imports, ensuring price stability.

✓ Advanced Monitoring & Security Systems:

- **AI-powered inventory tracking** and **automated safety mechanisms** for real-time monitoring and risk mitigation.
- **Leak detection and fire suppression systems** to meet **international safety standards**.

✓ Integration with Sierra Leone's National Energy Policy:

- Ensures compliance with **international regulatory and environmental standards**.
- Aligns with **government initiatives** to expand petroleum storage infrastructure and energy security.



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Key Highlights

✓ Guaranteed Market Demand:

- **Government-backed project** with assured **off-take agreements**.
- **Critical national infrastructure** securing long-term policy and financial support.

✓ Attractive Returns & Financial Security:

- **Predictable lease payments** for storage and **O&M contracts**.
- Opportunity for investors to **lease excess capacity** to private oil marketers and regional markets.

✓ Strong Government Commitment & Policy Support:

- **Government incentives** to encourage private sector participation.
- Supported by the **Petroleum Regulatory Agency (PRA)** and aligned with Sierra Leone's **National Energy Strategy**.

✓ Scalability & Regional Expansion Potential:

- Potential to **serve ECOWAS regional markets**, expanding beyond Sierra Leone.
- Future integration with **commercial storage & distribution networks** enhances investor value

Technical Specifications

Product	Capacity (Metric Tons)
Diesel (AGO)	30,000
Petrol (PMS)	20,000
Jet A1 (Aviation Fuel)	5,000
Fuel Oil (MFO)	5,000
Total Capacity	**60,000**

The reserve will be stored in **bonded petroleum terminals** with automated monitoring systems.

Investment proposition

The project is currently in the pre-feasibility stage.

Market Size & Demand Analysis
Market Overview

- Annual Fuel Consumption (2023): ~500,000 metric tons
- Projected Growth: ~5-7% CAGR due to increasing industrialization and energy demand.
- Current Storage Capacity: Less than 150,000 metric tons, leading to frequent supply disruptions.

Competitive Landscape

The petroleum market in Sierra Leone is highly concentrated with limited refining capacity. Major industry players include:

- Oil Marketing Companies (OMCs) – NP-SL, Total Energies, LeonOil
- Private storage operators providing logistics services

A government-backed strategic reserve will stabilize fuel supply and enhance market efficiency.



Investment Model Options

Option 1: Private Sector CAPEX with Government Lease Agreements

Structure:

1. Private investors finance, build, and own the storage infrastructure.
2. Government leases the facilities under long-term agreements.
3. Government owns and manages the petroleum stock.
4. Private sector operates and maintains the facility under service contracts.

Revenue Model:

- Government pays lease fees to the private sector for storage use.
- Private companies generate revenue from O&M service contracts.
- Excess capacity may be rented to OMCs for additional revenue.

Option 2: Government-to-Government (G2G) Investment Partnership

Structure:

1. Partner country funds and builds storage infrastructure through concessional financing.
2. Partner country offers preferential fuel supply contracts to Sierra Leone.
3. Revenue-sharing model: The government leases storage capacity back to the partner country.
4. Technical expertise transfer to local operators.

Revenue Model:

- Government leases part of the storage facility to the partner country.
- Preferential supply agreements reduce Sierra Leone's import cost volatility.
- Storage rental revenues offset infrastructure costs.

6. Estimated Project Cost & Financing Requirements

Component	**Estimated Cost (USD)**
Purchase of Petroleum Stock	$50,000,000
Storage Infrastructure	$30,000,000 (Private or G2G investment)
Operations & Maintenance	Approximately 30% of Capex
Total Investment Required	**$80,000,000+**

7. Risk Analysis & Mitigation Measures

Risk	**Mitigation Strategy**
Oil price volatility	Secure long-term supply agreements
Forex fluctuations	Hedge currency risks and maintain forex reserves
Supply chain disruptions	Diversify supply sources and establish regional stockpiles
Infrastructure risks	Use private sector expertise for storage facility management
Regulatory concerns	Ensure policy alignment with national energy strategies