



SIERRA LEONE BUSINESS FACT SHEET



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Contents

Business Opportunities	3
Agricultural sector	3
Agri-Processing.....	3
Fruit canning.....	3
Fishing.....	3
Fisheries processing.....	3
ICT sector.....	4
Tourism.....	4
Mining sector	4
Why invest in Sierra Leone.....	5
General information.....	5
Foreign relation.....	10
Country facts.....	6
Economy facts.....	6
Economic situation.....	7
Resent reforms(developments)	7
Real GDP growth per capita	8
Political situation	8
Foreign aids.....	9
Foreign investment.....	10
Trade	10
Fishery sector	11
Trends in Fish Exports	13
Export Potential	14
Export Strategy	14
Agricultural sector	14
Regulatory framework	15
Policies and strategies.....	15
Opportunities.....	16
Benefits of investing in agriculture.....	17
Mining sector	18
Regulatory Framework	18
Policies and Strategies	19
Opportunities.....	19
Tourism sector	20
Opportunities.....	21
ICT sector.....	22
Conclusion	22
Appendix.....	22
Useful contacts.....	24

Business Opportunities

Sierra Leone has enormous potential for attracting foreign direct investors. although 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 some new foreign investment, levels are still well below their potential based on unmet local demand, access to markets, and availability of opportunities.

Agricultural sector

- ✓ Sierra Leone remains predominantly an agricultural economy. In 2008, agriculture comprising crops, livestock, forestry and fisheries, accounted for 46.29% of GDP. (Based on Bank of Sierra Leone, Annual Report 2008).
- ✓ Only 20% of total arable land (5mn Ha) is under cultivation. Traditional crops include rice, cassava, palm fruit, cocoa and coffee Robusta. Coffee production is well below pre-war levels and there is scope to increase local production and export. Cashew and Ginger production is growing and we have begun to see some exporting taking place

Agri-Processing

- ✓ There is little processing of any produce. Cassava and Ginger offer strong opportunities. Cocoa processing led to exports of cocoa powder and cocoa butter prior to the war. Plant is now defunct and is reduced to land and building. Only one fully mechanized palm kernel oil mill in operation. SL also produces high quality Red Palm Oil.

Fruit canning

- ✓ There is an opportunity in production and canning of mango juicing and Purees. This sector is not well invested on.

Fishing

- ✓ In the past years, fishing was a \$300 million industry during its height's. Recent reinvestment by Sierra Fisheries has lifted regulatory and opened up the EU market opportunity in Shrimps and Tuna opportunities.

Fisheries processing

There are opportunities at fisheries in Refrigeration, Mealing, and also canning.

- ✓ This was backed with 100Mn under World Bank Project for the establishment of a fisheries harbour. There is also a need to marine surveillance and fisheries protectio.
- ✓

ICT sector

- ✓ There are a number of critical issues regarding information and communication technology in Sierra Leone which need to be looked up on, these include; determining the appropriate number of operators in the industry, poor infrastructure especially electricity supply, the relatively weak institutional framework, human resource constraints and the future of the Sierra Leone Telecommunications (Sierratel) company, which is the state-owned monopoly of fixed-line telephony.
- ✓ This and the inadequacies of previous legislation has prompted the government to cease issuing new licences until the regulatory body National Telecommunications Commission, NATCOM, can “regularise certain anomalies of previous registration procedures”. Some of these anomalies refer to frequencies and spectrum allocations.

Tourism

- ✓ The World Travel & Tourism Centre projections suggest that the Travel & Tourism Economy in Sierra Leone is expected to grow by 5.8% per annum in real terms between 2010 and 2019. In 2009, Travel & Tourism is expected to post SLL455.7bn (US\$152.9 mn) of economic activity (Total Demand), growing to SLL1, 432.4 bn (US\$403.9 mn) by 2019.
- ✓ Freetown is unfortunately one of the very few worlds’ capitals with no international hotel operator despite a buoyant economy. Sierra Leone offers significant opportunities with a first mover advantage in the business hotel segment plus there is only one holiday resort, which specialized in tarpon fishing, a locally operated establishment.
- ✓ Significantly based upon our canter’s feasibility study conducted recently, CADS Global Network recognizes the profitability of constructing an entertainment and recreational complex to comprise of a club, a bar, swimming pool with saunas and hot baths, gym area and indoor basket ball area, along the Lumley Beach stretch.
- ✓ If such a facility is constructed, the return on investment will be highly, highly profitable running into millions of dollars. Sierra Leone does not have such facility in the whole country. It will be a unique venture that will generate huge daily income that will be generated for as long as forever.

Mining sector

- ✓ With recent stability, mining output has started to recover, reflecting the country’s substantial and relatively easily exploited mineral resources.
- ✓ Diamond production rose from 35,1859.40 in 2002 to 40,399.86 In June 2008. Kimberley Process certification has seen official mineral exports increase from US \$10 million in 2000 to about US \$140 million in 2007 consistent of a greater production level.

Why invest in Sierra Leone

✓ **First-mover advantage**

Because of the relatively low numbers of current investors in some sectors, your company may enjoy the benefits of a first-mover advantage. However, with the government focused on improving the investment climate and removing administrative barriers for doing business, this advantage will be available only to those who act now.

✓ **Favourable tax rates for key sectors:**

In addition to boasting beautiful, undeveloped beaches, historical sites, and attractive flora and fauna, Sierra Leone also has favourable tax rates for tourism investments. They are exempted from corporate income tax for the first five years and exempted from Pay as You Earn (PAYE) income tax for up to six employees with "non-available skills" for the first three years of employment.

Investors in agriculture also enjoy favourable tax rates. For example, investments in tree crops and rice are exempted from corporate income tax for the first 10 years.

✓ **Duty-free access to large markets:**

Sierra Leone provides duty free access to large markets under treaties such as African Growth and Opportunity Act (AGOA) with the United States, and the Continuo Agreement with the European Union. Your company can capitalize on this access by establishing itself to supply these markets. In addition, regional and domestic demand is high for certain agriculture products, fresh or processed fish, and meat.

- ✓ Attractive fiscal and non-fiscal incentives
- ✓ Significant Hydro and irrigation potentials
- ✓ Easy access to land with smooth facilitation process
- ✓ Significant untapped mineral deposits
- ✓ 5.5% GDP growth rate – 2008
- ✓ Natural harbour and a reputation for friendliness and hospitality of the Sierra Leonean people
- ✓ Strong privatization and divestiture program scheduled

General information

Sierra Leone, lays on the Atlantic Ocean in West Africa, where it borders Guinea, in the north and east, and Liberia, in the south, are its neighbours. Mangrove swamps lie along the coast, with wooded hills and a plateau in the interior while the eastern region is mountainous. Sierra Leone's 350-mi (560-km) Atlantic coastline is made up of a belt (average width 30 mi/50 km) of low-lying mangrove swamps, except for the mountainous Sierra Leone Peninsula (on which Freetown is situated). The coastline is broken by numerous estuaries and has some wide, sandy beaches. Behind the coastal belt is a wooded plateau (average elevation; 1,000 ft/300 m). The eastern half of the country is mostly mountainous and includes Bintimane Peak, Sierra Leone's loftiest point (6,390 ft/1,948 m), located near the

Guinea border. Several rivers, including the Great Scariest (which makes up a section of the boundary with Guinea) and the Mano (which forms part of the border with Liberia), flow through the country to the Atlantic. Sierra Leone became an independent nation on April 27, 1961. A military coup overthrew the civilian government in 1967, which was in turn replaced by civilian rule a year later. The country declared itself a republic on April 19, 1971.

Country facts

Area	Total: 71,740 sq km Land: 71,620 sq km Water: 120 sq km
Coastal line	402 km
Terrain	coastal belt of mangrove swamps, wooded hill country, upland plateau, mountains in east
Land use	Arable land: 7.95% Permanent crops: 1.05% Other : 91% (2005)
Irrigation	300 sq km (2003)
population	6,440,053 (July 2009 est.)
Population growth	2.282% (2009 est.)

Economy facts

Subject	Units	2004	2005	2006	2007	2008	2009	2010	2014
GDP constant prices	Annual Percent change	9.7	7.1	5.1	6.4	5.5	4.0	4.0	5.4
GDP, current price ¹	Billion, U.S Dollars	1.073	1.215	1.424	1.665	1.955	2.11	2.23	2.671
Inflation Rate, consumer price	Annual percent Change	11.7	14.8	10.6	8.5	5.7	12.2	9.0	8.0
Current Account Balance	U.S Dollars	-0.02	-0.085	-0.05	-0.063	-0.163	-0.10	-0.11	-0.1
GDP per capital, current price	US Dollars	480.393	627.126	917.417	938.556	1,150.4	1,019	1,175	1,463.7
Current Account, balance	Percent of GDP	-5.7	-7.0	-3.5	-3.4	-9.0	-9.1	-8.6	-5.5

¹ http://www.economywatch.com/economic-statistics/egypt/GDP_Per_Capita_Current_Prices_US_Dollars/

Economic situation

Sierra Leone has posted relatively strong growth in 2008 with GDP increasing by an estimated 5.4 per cent despite high oil prices. GDP is projected to rise by 6.3 per cent in 2009 and by 5.5 per cent in 2010. The country is still reconstructing following the 1991-2001 civil wars and while recent positive performances may in part reflect catch-up growth they are to be commended given Sierra Leone's dependence on food and oil imports in a time of global price increases. The challenge going forward will be to consolidate growth and to address the enduring risk factors for conflict such as widespread unemployment and poverty. Reining in inflation, which was 13 per cent in 2008, is also important.

Sierra Leone has substantial mineral, agricultural and fishery resources. Agriculture employs about two-thirds of the working population, with subsistence agriculture dominating the sector. The mining of diamonds, bauxite and rutile provides the major source of hard currency. Manufacturing consists mainly of the processing of raw materials and of light manufacturing for the domestic market.

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.

Agriculture: *Products*--coffee, cocoa, ginger, palm kernels, palm oil, cassava, bananas, citrus, peanuts, cashews, plantains, rice, sweet potatoes, vegetables, cattle, fish, pigs, poultry, sheep. *Land*--30% potentially arable, 8% cultivated.

Industry: Types--diamonds, bauxite, and rutile mining; forestry; fishing; beverages; cigarettes; flour; cement and other construction goods; petroleum refining; plastics; small commercial ship repair; tourism.

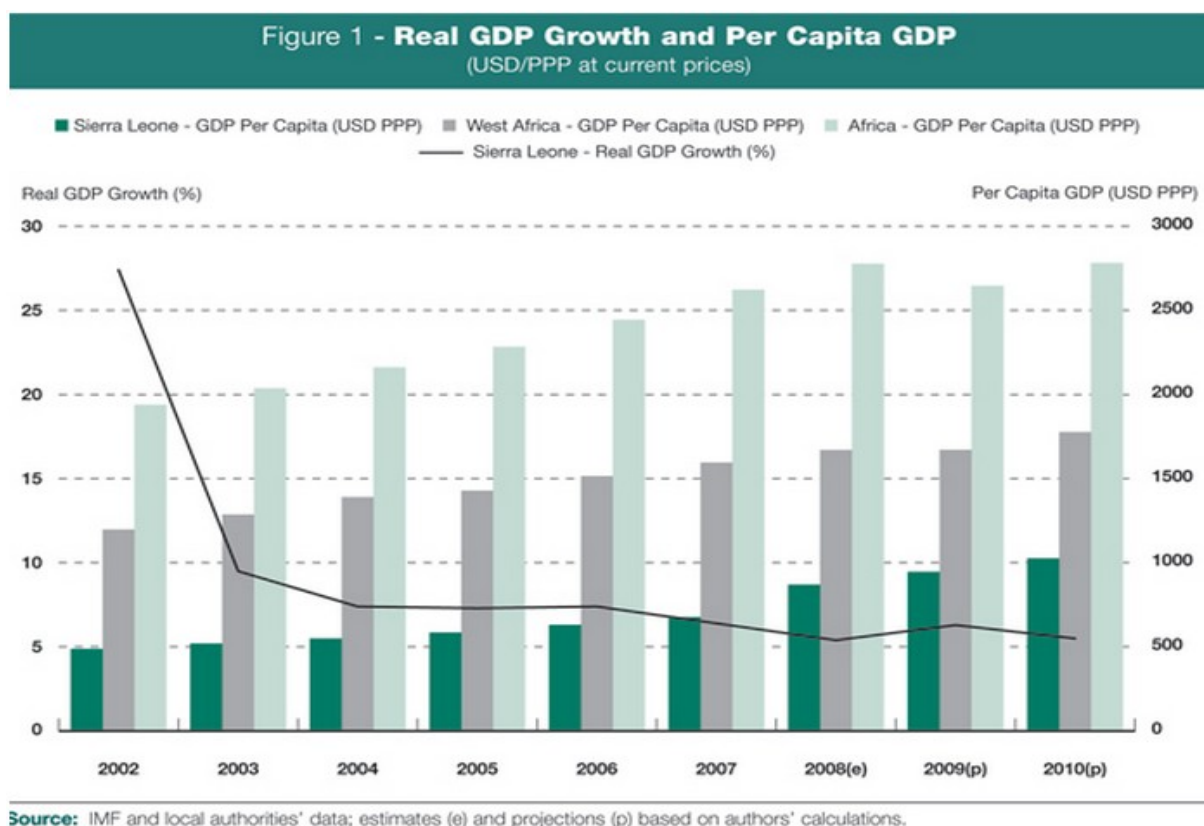
Recent reforms (developments)

The new government's priorities include furthering development, creating jobs, and stamping out endemic corruption. Sierra Leone's reform efforts started in 2005. From the report released recently, the country has improved its overall ranking climbing four spots to 156 from 160 since the last annual survey that ranks 181 economies on the overall ease of doing business. Overall, Sierra Leone ranks ahead of its neighbours: Liberia (157), Guinea (171), and Cote D'Ivoire (161) in the Mano River Basin. On starting a business, one of the 10 indicators of the *Doing Business* index, Sierra Leone is the top performer in West Africa. The report identifies Sierra Leone making reforms in four key areas:

- ✓ Starting a business
- ✓ Dealing with construction permits
- ✓ Registering property and
- ✓ Trading across borders.

Government authorities drastically cut costs and sped up the process of starting a business by making the use of a lawyer optional and abolishing other registration formalities, including requirements to pay taxes up front and obtain permission for registration to start a business. Sierra Leone has also improved the organization of the building approval process and reinstated phased inspections, cutting 24 procedures for obtaining a construction permit. The country sped property registration from 235 days to 86 by lifting a ban it had previously imposed requiring the director of survey to authenticate the cadastral map before each transfer.

Real GDP growth per capita



Political situation

Sierra Leone is a republic with an executive president and a multi-party system of government with a 124-seat parliament (112 elected members and 12 paramount chiefs). On August 11, 2007, Sierra Leone held nationwide presidential and parliamentary elections for the first time since the departure of UN peacekeepers. In addition to their peaceful administration, the 2007 parliamentary elections were notable for the return to a constituency-based system, as called for in the 1991 constitution. In preparation for the elections, Sierra Leone redrew parliament's constituency boundaries for the first time since 1985.

At the end of the conflict, a disarmament, demobilisation and reintegration (DDR) programme was launched under which some 72 490 combatants were disarmed and 71 043 demobilised by February 2002, of these, 56 000 participated in reintegration activities. Security sector reforms have also been undertaken and civilian-led security co-ordinating architecture has been established. The police and military have been restructured, retrained, and re-equipped with UK assistance, with the military diminishing from a force of over 13,000 at the end of the war, to a projected 8 500 troops by 2010.

The DDR provided people with transportation to their community and a resettlement package, including food and shelter items. Tractors and free seedlings were made available to farmers. Hundreds of schools and health units were constructed or reconstructed and free basic education was introduced.

A decentralisation process was launched and elections for newly established local councils were first held in 2004, and then again in 2008. Service-delivery responsibilities – for agriculture, feeder roads and small bridges, rural water and sanitation, urban traffic and solid waste management – have been transferred to the councils.

The Anti-Corruption Act adopted in September 2008 greatly boosted the powers of the Anti-Corruption Commission (ACC). The new law integrates both local and international statutes on fighting corruption, including those enshrined in the UN Convention against Corruption and the African Union's Convention on Preventing and Combating Corruption. The government has recently announced that an inquiry will be conducted into the financial malpractices committed by the previous regime.

Foreign aids

A joint country strategy paper elaborated by the EC, UK Department for international development DFID and Sierra Leone was signed in December 2007. The new strategy covers the period of the 10th European Development Fund (2008-2013) and provides € 242 M of assistance to Sierra Leone.

The EC-Sierra Leone cooperation will concentrate on two focal areas: good governance and institutional support (€ 37 M) and rehabilitation of priority infrastructure (€ 95 M). The EC will also provide general budget support of € 90 M. The remaining € 20 M will support Sierra Leone's endeavours in the areas of trade, agriculture and regional programmes.

The AfDB is one of the 4 donors involved in MDBS, it contributed 16m USD to MDBS in 2006 and is also involved in financing other projects through a mixture of loans and grants, although the majority of this came as grants rather than loans. World Bank is also a big contributor in aiding Sierra Leone.

Foreign investment

Since independence, the Government of Sierra Leone has encouraged foreign investment, although the business climate has been hampered by a shortage of foreign exchange, corruption, and uncertainty resulting from civil conflicts. Foreign investors are protected by an agreement that allows for arbitration under the 1965 World Bank Convention. Legislation provides for transfer of interest, dividends, and capital. The government passed the Investment Promotion Act in August 2004 to attract foreign investors and has been working with international financial institutions to lower its administrative barriers to trade. In 2007, the Sierra Leone Investment and Export Promotion Agency was created to assist investors by creating a "one stop shop" for starting a business. In 2008, the International Finance Corporation's "Doing Business" guide ranked Sierra Leone **7th out of 15** West African countries in terms of ease of doing business. Sierra Leone is top-ranked in West Africa in terms of starting a business, but issues with licenses, contract enforcement, and high tax rates are still impediments to investment.

Foreign relation

Sierra Leone has maintained cordial relations with the West, in particular with the United Kingdom. It also maintains diplomatic relations with China, Libya, Cuba, and Iran.

Trade

Sierra Leone is a member of the UN and its specialized agencies like; Commonwealth, the African Union (AU), the Economic Community of West African States (ECOWAS), the African Development Bank (AFDB), the Mano River Union (MRU), the Organization of the Islamic Conference (OIC), and the Non-Aligned Movement (NAM).

Exports--\$216 million f.o.b. (2006, CIA World Factbook): rutile, diamonds, bauxite, coffee, cocoa, and fish. *Major destinations of exports*--Belgium 49.3%, U.S. 20.5%, **Netherlands 4.5%**, Canada 4.1% (2007, CIA World Factbook). *Imports*--\$560 million f.o.b. (2006, CIA World Factbook): foodstuffs, machinery and equipment, fuel and lubricants, chemicals, pharmaceuticals, building materials, light consumer goods, used clothing, textiles. *Main origins of imports*--Cote d'Ivoire 10% (fuel), China 10% (manufactured goods), U.S. 9.5%, U.K. 6.2%, Netherlands 5.1%, India 4%.

Export product

Top Products Exported by Sierra Leone		Market Value: 791 (millions)		
Product	Trade Value	Share	Growth	
	(thousands)	(%)	(% 5yr)	
7102 - Diamonds	111,151	14.05	154.78	
2606 - Aluminum Ores	31,446	3.98	NA	
1801 - Cocoa	21,379	2.70	501.17	
2614 - Titanium Ores	21,335	2.70	NA	
8451 - Washers & Dryers	9,003	1.14	197,822.44	
6810 - Articles of Cement	4,465	0.56	NA	
8504 - Transformers, Converters & Power Supplies	3,817	0.48	227.70	
2710 - Non Crude Oil	3,679	0.47	101,004.34	
1701 - Cane Sugar	3,675	0.46	NA	
0901 - Coffee	3,656	0.46	109.01	

Import product

Top Products Imported by Sierra Leone		Market Value: 1,183 (millions)		
Product	Trade Value	Share	Growth	
	(thousands)	(%)	(% 5yr)	
2710 - Non Crude Oil	60,409	5.11	588.93	
1006 - Rice	22,556	1.91	1,485.49	
3004 - Medicines in Doses	18,202	1.54	108.44	
8525 - Cel Phones, Video Recorders & Radio Transceivers	15,824	1.34	640.78	
1701 - Cane Sugar	11,129	0.94	369.64	
8703 - Passenger Vehicles	10,995	0.93	(35.20)	
8429 - Heavy Construction Equipment	8,872	0.75	483.52	
2701 - Coal	7,236	0.61	NA	
8704 - Trucks	7,175	0.61	(21.82)	
8430 - Moving & Grading Machinery	6,036	0.51	3,887.15	

Fishery sector

Sierra Leone has a coastline of about 250 miles, giving rise to an EEZ (Exclusive Economic Zone) of over 50,000 sq. miles. Due to a variety of reasons the waters are nutrient rich and Sierra Leone is blessed with highly productive fisheries.

Several efforts have been made to estimate the fishing potential of Sierra Leone marine fisheries. The Government of Sierra Leone and the Soviet Union entered into fishing Agreement in 1976, which among other things provided for marine fisheries research to be undertaken jointly by Scientists from the two countries. Two surveys were carried out under these arrangements in 1982 and 1984.

The 1984 Survey provided data that led to estimates of a stock of biomass of 1,000,000 tons with a maximum allowable annual catch of 300,000 tons. Drawing from another source, studies by an FAO expert provided estimates of a biomass of coastal pelagic of 317,000 to 574,000 metric tons with an annual sustainable yield of 100,000 to 150,000 metric tons.

These pelagic stock companies mainly of three species: the bonga, sardinella and lati (*Ilasha Africana*) which can be harvested in two seasons; February - May and July - September. For demersal species, the Food and Agriculture Organization (FAO) studies estimated a biomass of 47,000 to 105,000 metric tons. From this stock it is estimated an annual catch of 300,000 tons can be sustained. The species in the demersal category include croakers, threadfins, tongue soles, skates, rays, catchfish and barracuda which can be harvested at all times.

Sierra Leone waters also contain several species of shrimps including guinea shrimp, prawn and the southern pink shrimp, which is the most abundant shrimp species in these waters. It is estimated that this fishery can sustain an annual catch of 3,000 tons of shrimp which can be harvested at all times but peak seasons are (I) March - May (Dry Season) and (II) August - October (Rainy Season).

The fishery also has a considerable stock of tuna. It has been estimated an annual tuna catch of 14,000 tons is sustainable. The tuna season is between February and June. The depth these species can be caught between 25m and 60m, and the approximate catch in tons per vessel of LOA 14 - 35m per day is between 1000 and 5000kgs.

Limitations and Restrictions as to Areas and Vessel Sizes

- Limits on Volume of Catch for by catch: There are no restrictions on volume of by catch.
- Distance from shore: The legal distance from shore is 5 miles from landward, and which has been reserved for artisanal and recreational fishing.
- Depth for catching: With its exception of the 5 miles area, this depends on the area you are fishing.
- Mesh Size: No trawl-net shall be carried or used for fishing unless the meshes forming the cod-end of the net have a minimum size of 60 millimetres unless:
 - ✓ The net is primarily used for catching shellfish, and;
 - ✓ Has a mesh in the cod end of not less than 42 millimetres.

Regulations and Price of License per Vessel per One Year

Two types of licenses:

1. Local
2. Reign Licenses.

Fees for license are worked out by gross registered tonnage (GRT) of vessels.

Landing Obligations: Shrimpers: 8% fish, 3% shrimp. All other vessels 60% of representative catch.

Ports of Bunkering with Fuel, Oil, and Water: These are available at the following costs:

Bunkering fees

- ✓ The prices vary according to the world market prices of fuel oil and other factors. Present rate fluctuates between US\$ 200 and US\$300 per ton.
- ✓ Lubricating oils depend on the type and the locally available types are: (a) SAE 40 Marine: US\$332.00 per drum (b) SAE 30 Marine: US\$332.00 per drum (c) HD 40 which varies but is at a minimum of US\$358.00 per drum.

Possibility of dry docking and Repair Vessels with LOA up to 36m: Sierra Leone has adequately maintained dry dock and repair of vessel services for vessels with LOA up to 36m and even more.

Below is the type and Amounts of Port Charges for Using Fishing Resources, etc.

Fees

- ✓ **Pilot age fees:** These depend on gross registered tonnage (GRT) but the minimum is US\$355.00.
- ✓ **Light dues:** US\$0.10 cents per GRT.
- ✓ Quay Fees: US\$0.05 cents per GRT.
- ✓ **Waste Disposal dues:** These vary depending on the size of the vessel but minimum rate is US\$30.00.
- ✓ **Import/Export harbour dues:** US\$2.50 per ton.
- ✓ **Stevedore dues:** This is the same as pilotage fees but any overtime work by stevedoring gang is US\$95 per hour. g) Port rate: 5% of catch.
- ✓ Vessel registration (To fly Sierra Leone Flag): Temporary registration with renewable duration of one year is less than US\$100.00. Possibilities and Processing of Sale of Fish and Fish Products in the Local Market: Fish is an important source of protein to the population, estimated at contributing between 60 -- 80% of the nation's demands.

With the price of meat, chicken, pork and other allied products gradually getting out of reach to a number of Sierra Leoneans, there has been a considerable increase in the demand for fish. Dardanelle constitutes the bulk of frozen fish demanded by the population.

Trends in Fish Exports

Shrimp continues to be the single most important fish commodity, in terms of both volume and value of exports. Over the last three years, shrimp have been accounting for over two - thirds of the volume of total fish exports. Besides shrimp, frozen tuna also has the potential of generating substantial foreign exchange earnings.

So far only few Soviet and Korean vessels are actively exploiting the resource and catch which peaked to 5,300 metric tons worth US\$5 million. Other frozen fish, notably sardinella, tongue sole, croakers, threadfin and barracuda have been featuring quite prominently in the country's fish export trade. While sardinella species have been traded in the West African

market particularly Liberia, Las Palmas and Senegal, the high valued tongue sole are usually destined for France.

There is also a progressive cured fish export trade supplying smoked dried fish notably bonga, catfish, skates and rays to neighbouring Guinea, and Liberia, Koindu, a distributing centre located in the East close to the Guinea and Liberia borders, is reported to be an important supply source but little is known about the regularity and quantities involved as this trade occurs unrecorded.

Export Potential

- ✓ ***African market for small Pelagic Fish:*** The major fish importing countries have traditionally been Nigeria and Cote D'Ivoire. Fish imports are also important in countries like Cameroon, Congo, Zaire, Ghana, Gabon and Liberia. The Ivorian market in particular continues to be strong. With a population of 10 million people, growing at a rate of 3% per year and annual domestic fish production of between 70,000 and 90,000 metric tons, the demand for fish in Cote d'Ivoire will continue to grow. The country imports over 50% of its fish demand.
- ✓ ***European market for high value fish:*** Recognizing that the purchasing power of a typical African consumer is usually low, there is the need to focus on the European Market as an outlet for the country's high valued fish notably frozen shrimp, sole fillets, tuna, lobster tail and other demersal fish. The close proximity to Europe, well established sea and air connections, makes it a more favourable market than American and Asian markets. For shrimp and other exotic fish, the European market offers competitive prices.

Export Strategy

To optimize revenue generated from fish exports, it is essential that prospective investors should diversify and produce more value-added products. Some of the value added products could be developed includes cooked shrimp, cocktail shrimp, shrimp kebab and frozen high value fish. These products can be exported directly to supermarkets and restaurant chains in Europe. For possible cooperation with CADS contact:

Agricultural sector

Sierra Leone has strong underlying agricultural potential which, in the past, enabled the export of significant quantities of agricultural commodities such as coffee, cocoa and oil palm.

The country has abundant land resources in relation to its population. Approximately 5.4 million hectares of land are potentially cultivable of which only less than 20% is currently cropped. The topography varies considerably, with both upland and lowland farming, providing opportunities to grow a wide range of crops. Annual rainfall is high, averaging about 3,000 mm, (2,000 mm in the North to a high of 4,000 mm in the South). There are two seasons-a rainy season from June to November and a dry season from December to May.

The predominant form is extensive, bush-fallow, rotational farming carried out by smallholders. There are estates, both government and privately owned, particularly in the Eastern part of the country, which grow coffee, cocoa, kola nut, rubber and oil palm. Agricultural exports for 2008 was US\$185,149,000, including the main commodities (cocoa, coffee, fish & shrimps and piassava) Bank of Sierra Leone, Annual Report 2008.

In general, yields are low, even by African standards, though they can be much higher when more intensive cultivation methods are employed using improved seeds, agro-chemicals and fertilizer.

The current performance of agriculture represents a fraction of the underlying potential of the country. More intensive farming of existing cropped area, together with increased utilization of potentially cultivable land, could accelerate agricultural growth from current levels. The improvements in infrastructure planned by Government should open up substantial new areas for profitable agricultural use.

The sector is attracting investment and the track record shows that, with even modest investment to rehabilitate estates and the introduction of more intensive farming, it is possible to earn attractive returns on agriculture.

Regulatory framework

Domestic agricultural markets are liberalized and the liquidation of the Sierra Leone Produce Marketing Board (SLPMB) has resulted in the removal of subsidies and price controls in the domestic market.

Rice is subject to 10% import duty. Specialty machinery (tractors and appliances, harvesters, veterinary drugs and implements) can be imported at relatively low import duty rates of 5%. A duty-draw back system exists for imported inputs that are used for all agricultural exports. In much of the country, the dominant form is customary tenure under communal ownership whereby land is controlled by traditional rulers on behalf of their communities. Land is also owned privately under freehold and under leases granted by the state. The Protectorate Land Ordinance of 1927 provides for “non-natives” to acquire leasehold interests of up to fifty (50) years duration with the option to renew for further periods.

Enterprises engaged in rice cultivation and tree crop farming are exempt from corporate tax for 10 years.

Policies and strategies

In its Draft Agricultural Policy Statement, Government has set out a framework for support to agriculture. The key aim is to promote sustained growth of agricultural output, food security and the reduction of poverty. The strategy stresses:

- ✓ The importance of diversifying crop production, expanding exports of traditional products to the extent that they can be competitive in the world market, while improving quality and diversifying the export base.
- ✓ Maximizing food production to assure food security for the Sierra Leonean population and to exploit the country's comparative advantage in producing food for import substitution.
- ✓ Creating opportunities for rural employment to reduce the income gap between urban and rural areas and to stem the rural exodus.
- ✓ Public expenditure on agriculture has increased sharply. Government policy is to increase spending on feeder roads, particularly in areas producing export crops, which should help to increase the amount of land that can be profitably used for growing export crops and the profitability of such cultivation.

Opportunities

A growing population and recovery of incomes in Sierra Leone is causing a rapid increase in the domestic demand for food crops. Demand for food is also increasing in neighbouring countries and Sierra Leone should have preferential access to ECOWAS markets. The country already has a very small presence in key international export markets such as coffee, cocoa, kola nut and oil palm which could be increased substantially.

The opportunities in the main crops are described below;

Rice

This is the major crop accounting for 75% of agricultural GDP. Rice output has recovered to 637,983 Metric tonnes in 2007, compared to 446,000Mt in 2003. Per capita consumption of rice amongst the highest in sub-Saharan Africa, so current production represents only 60% of total domestic demand. Yields vary between 1.3 tons/ha and 2.5 tons/ha with improved inputs. Local rice fetches a 15% to 20% premium over comparable grades of imported rice. There are opportunities to invest in domestic rice production and in the marketing and processing of domestic rice produced by smallholders. The World Bank and FAO have confirmed that Sierra Leone has a comparative advantage in supplying its domestic market.

Oil palm

Oil palm has been an important cash and export crop. Production has rebounded to around 289,000MT in 2007 despite the fact that Government plantations were neglected, comprising mainly of aged, low yielding trees. The small-scale traditional system relies mainly on wild plants for production. Overall, yields are about 1.5 MT oil/ha. Exports remain modest compared with the past: 1,500 MT of palm oil was exported in 2003. There are opportunities to invest in oil palm estates and in the production of palm oil for domestic production and export.

Cocoa and coffee

These products have the potential to become major cash and export crops. Most production (355,000 MT for cocoa and 884,000 MT for coffee in 2007) is under smallholder farming on plots of 1 to 6 ha. Average yields are 410 kg/ha for cocoa, 390 kg/ha for coffee beans, very low even by African standards. There are opportunities to invest in the rehabilitation of existing plantation or establishing new plantations. With the use of improved technologies that are already available in the country, recent FAO projections shows that Sierra Leone should have comparative advantage and compete successfully on international markets. There are opportunities also to participate in the export of these commodities.

Groundnuts, cassava and pepper

Cassava has become the second food crop in terms of importance and area cultivated has increased five-fold since 1991. Production stood at 1,237,000Mt in 2007, considerably higher than in the past. Groundnut production has reached 119,000Mt in 2007. All three (3) crops have the potential to generate higher net profits compared with rice. There are favourable opportunities in growing all three (3) crops and in their processing.

Fruits and vegetables

This sector growth is regaining importance. Between 2000 and 2003 production of plantains averaged 30,000 Mt, citrus fruits 80,000 Mt and mangoes 6,500 Mt respectively. However, these levels are far below levels of demand. There is scope to facilitate the regeneration of the nucleus-estate activity that existed before the war, stimulating also growing by smallholders and in developing the marketing infrastructure for these high value crops.

Livestock

This sector contributes 6% of agricultural GDP. Animals are kept mainly in the North. Poultry is the most widely owned form of livestock. Overall, livestock birth rates are low (45%), mortality is high and off take is only 7%. Cattle numbers in 2004 were estimated to be about 100,000 heads, sheep about 80,000, goats 45,000, and 900,000 poultry. Total domestic production is not sufficient to meet the needs of the growing population which is gradually recovering purchasing power and so consuming more meat. There is scope to invest in animal rearing, slaughter facilities and developing a more efficient marketing chain.

Inputs

The supply of fertilizer, improved seeds, agro-chemicals, animal feeds and veterinary inputs is well below potential demand. The import and distribution of these inputs provides an opportunity for a variety of small and large investors.

Benefits of investing in agriculture

Agriculture Sector is highly beneficial to Private investors as there are a lot of opportunities that can be attained from this sector. These basically include:

- ✓ Labour force is relative cheaper comparative to other countries.

- ✓ A private investment undertaken in the Agricultural Sector will earn a high return in the long run depending on how well it is administered.
- ✓ Private investment in Agriculture will boost employment, reduce import and improve international and foreign exchange.

Mining sector

Mining, particularly of diamonds, gold, rutile and bauxite, has a proven track record of viability in Sierra Leone. General geology suggests that reserves exceed what is known and being explored. Other known mineral deposits include iron ore, platinum, chromite, lignite, clays and base metals (copper, nickel, molybdenum, lead and zinc).

Estimates of annual alluvial diamond production are for five to 10 years of production at a rate of 250,000-400,000 carats per annum, and these figures are already being exceeded.

The mining sector can be divided into three sub-sectors:

- ✓ Large-scale production of non-precious minerals (rutile and bauxite);
- ✓ Large-scale production of precious minerals (diamonds); and
- ✓ Artisanal and small-scale production of precious minerals (mainly diamonds, gold to a lesser extent).

The industry comprises a combination of a few large operations, more numerous small to medium-sized companies and a very large number of artisanal mines. One of the established large operations is Sierra Rutile Limited, which accounted for about 33 percent of the world's rutile.

Other private sector players in this sector include: *African Minerals, London mining*, etc. As of April 2008, 129 companies have registered and licenses granted to them. A few medium-sized companies participate in artisanal mining, financing diggers and marketing their outputs.

Foreigners and resident Lebanese play key roles in these companies. Diggers mine alluvial diamonds for holders of mining licenses, who sell to dealers, who then sell the diamonds to licensed exporters. The prospects for the continued recovery and future expansion of the mining sector are favourable. Proven reserves of existing precious and non-precious minerals are sufficient to allow increased production for the foreseeable future. Proven reserves of rutile are sufficient for producing 150,000 tonnes per annum for the next 14 years.

Regulatory Framework

The Ministry of Mineral Resources formulates national mineral policy and is divided into the Mines Division, which is responsible for technical matters relating to mining in Sierra Leone, and the Geological Survey, which supervises prospecting and exploration activities. The Government Gold and Diamond Office certify all diamonds for export, in line with the Kimberley Process. A Chamber of Mines with representatives from the diamond mining companies currently operating in Sierra Leone has been established.

Mineral Rights are issued by the Mines Division on recommendation of the Mineral Advisory Board. There are five types of industrial mining activities in Sierra Leone:

- ✓ Reconnaissance exclusive prospecting license;
- ✓ Exclusive prospecting license;
- ✓ Exploration license;
- ✓ Mining lease; and
- ✓ Small scale mining license

Policies and Strategies

It envisages an enabling legal and fiscal regime for large to small-scale operations and is intended to enable the private sector to lead in exploration, mine development, mineral beneficiation and marketing. The policy also stresses socially and environmentally responsible mineral development.

The Government's goal is to restore the mining sector to its former economic importance. Strategies for the large-scale sector include:

- ✓ Reactivating existing rutile, bauxite, and diamond mines;
- ✓ Promoting the development of an existing pipeline of identified promising deposits; and
- ✓ Promoting exploration of favourable geological target areas to develop and maintain adequate pipelines of promising prospects that can be proposed to potential investors

The strategy for the small-scale and artisanal sub-sectors is to improve standards of living by:

- ✓ Modernizing licensing, improving monitoring, administration, enforcement of rights.
- ✓ Facilitating mechanization through establishment of credit or revolving fund schemes.
- ✓ Providing extension services to assist miners with choosing mining sites, planning activities, processing and meeting safety and environmental conditions.
- ✓ Creating a level playing field for license holders and diggers through training to improve their product evaluating capabilities.

Opportunities

The opportunities in sierra leone can be categorised and approached in two perspective;

- ✓ Development of existing deposits; and
- ✓ Mineral exploration.

The first type of opportunity should be realized shortly, through allowing continued increases in mining output. Attention is now turning to the second and third types of opportunity.

Considerable additional potential has been identified at Rotifunk, outside Sierra Rutile's concessions, for the expansion of rutile production. Potential for alluvial gold exists and investigations in the 1960s also identified very favourable geological conditions for existence

of hard rock gold minerals (presence of abundant greenstone strata). However, due to the lack of systematic exploration, the quantitative potential for gold is largely undetermined.

Key developments that have significantly improved the prospects of the Sierra Leonean mining sector include:

- ✓ The successful implementation of an IMF-supported economic reform programme, which has established a sound macroeconomic environment. Inflation has been kept under control, the exchange rate has stabilized, and access to foreign exchange has improved;
- ✓ The introduction of the certificate of origin scheme and implementation of the subsequent Kimberley Process, which has facilitated a rapid return of diamond exports to official channels. This has drawn the attention of the international community, which has increasingly shown its willingness to support wider sector reforms; and
- ✓ Strong global demand for minerals, underpinned by rapid growth in emerging economies such as China, which has fuelled an investment boom in the mining sector. Worldwide exploration budgets have quadrupled from US\$1.9 billion in 2002 to an estimated US\$7.5 billion in 2006, an increasing proportion of which is being spent in Africa. Of particular interest to Sierra Leone is the dominance of junior exploration companies in this revival, since they will be most likely to underpin the exploration investments needed to establish Sierra Leone's mineral potential, and the increasing appetite of major mining companies to make large investments in high-risk, emerging economies.

Tourism sector

The tourism industry in Sierra Leone has a multiplier effect in terms of potential linkage with other productive areas such as the agriculture and handicraft sector of Sierra Leone's national economy. Therefore, it is now envisaged that the government's long and medium term development policy for tourism will aim at both consolidating and transforming the country into an up-market tourist paradise and a major destination, particularly for investors for the US and European markets.

In recognition therefore of the dynamic nature of tourism and even emerging new trends and product variations, as well as the constant demand of the international travel trade for new packages to attract other market segments and satisfy consumer demands, the government of Sierra Leone has decided to set aside an area of land within the tourism development area along the Freetown - Tokey beach stretch for the promotion and development of high class 4 or 5 star all inclusive hotel facilities and entertainment complexes. This all inclusive resort will certainly bring the benefits that accrue from the all inclusive business to Sierra Leone.

CADS Global Network therefore seeks potential investors to invest in the tourism sector of Sierra Leone. Sierra Leone was once called "Province of Freedom", intended for a "race of men supposed to be uniformly open to the persuasion of reason"! Here you will see the breathtaking landscapes, thunderstorms and coastline, as unspoilt now as on the day of creation.

CADS Global Network is ready, willing and able to closely work with investors to conduct feasibility studies intended to provide a clear idea of the investor's plans - studies that will indicate the class or category of hotel or entertainment complex to be constructed.

Opportunities

The project which are now in the progress and open for both domestic and foreign investors are as follows:

1. Beach Resorts: *Brief description of this project.*

- ✓ *Lakka Beach Resort:* Fantastic beach location; popular with local expatriates. Potential for 2, 3 or 4 star international standard hotel. Local joint venture partners available.
- ✓ *Tokeh Beach Resort:* Spectacular beaches and variety of sports and activity

2. Tour Operators: *Brief description of this project.*

- ✓ Business travel is currently the most frequent purpose of visit to Freetown but there are no international tour operators.

3. Business Hotel Opportunities: *Brief description of this project*

- ✓ Cape Sierra Hotel in Aberdeen, on lease to NASSIT (GoSL's pension fund). IFC hired to structure transaction.
- ✓ Mammy Yoko in Aberdeen (formally site of Sofitel)

4. Beach Scenes: *Brief description of this project*

- ✓ Lumley beach, Goderich beach, Lakka beach, River No.2, Hamilton beach, Sussex beach, York & Bureh Town beach, Kent beach, Mamah beach, Tombo Fishing Village, Russell –A virgin beach.
- ✓ These totals up to a coastal line of nearly 360 kilometres fringed with beautiful and unspoilt white sand beach along the Atlantic Ocean.
- ✓ They are also a great game fishing (tarpons), 18 national heritage sites.

5. Historical Landmarks/ Islands: *Brief description of this project*

- ✓ Bunce Island, Tacaguma Chimp Sanctuary, Banana Island Chalets, Outamba-Kilimi National Park, The Gola forest Reserve, Tiwai Island Wildlife Sanctuary, and Turtle Island.
- ✓ All these add up to 31 protected areas with unique wildlife including pygmies' hypos, chimpanzees, jungle elephants and many species of birds.

NB: Basically there are five specific sub-sectors within the tourism sectors which have been defined for investment. These include;

- ✓ Beach resort
- ✓ Tour operators

- ✓ Business hotel opportunities
- ✓ Beach scenes
- ✓ Historical land marks/ islands

Current offering in high end beach tourism lodges is currently inadequate, providing prospective investors with a first mover advantage.

ICT sector

There are four mobile telephony providers operating in 2008, with some offering wireless broadband Internet services. Four additional licensed mobile telephony providers were not yet operative and about 50 privately installed VSAT (very small aperture terminals) exist across the country. The quality of mobile phone services varies widely across the four providers which all use second generation technology. For some, coverage is mainly limited to Freetown, the national capital.

Sierratel, the state-owned monopoly fixed-line telephony provider, has had its share of problems as much of its infrastructure was damaged during the war and has not been replaced. Although Sierratel has been slated for privatisation for several years, progress has been slow. Contentiously, since 2006 Sierratel has held a monopoly on the international gateway channelling calls into and out of the country.

This was extended for five years in October 2008 even though critics argue that Sierratel lacks the capacity to administer the monopoly (which is subcontracted to a private company), and that it only serves to create rents. They also point to a high degree of illicit trafficking of calls into and out of the country. Zain, the leading mobile phone provider, has cited its inability to operate its own gateway as the major factor hindering the launch of its pan-African One Network service in Sierra Leone. Sierratel meanwhile, plans to introduce a CDMA (Code Division Multiple Access) wireless land and mobile telephony service for 100 000 customers in Freetown and 13 major provincial towns in 2009.

Until recently, the government had an open-door market-access policy for mobile telephony providers. Unfortunately, some contracts were negotiated when the country was emerging from conflict and there was a pressing need to attract foreign investment, often on very unfavourable terms to the country. The licence fee is just USD 50 000 and the comparatively low entry costs could account for the presence of a relatively large number of service providers. Existing mobile phone providers argue that the market is highly liberalised and profit margins are tight or negligible. This and the inadequacies of previous legislation has prompted the government to cease issuing new licences until the regulatory body National Telecommunications Commission, NATCOM, can “regularise certain anomalies of previous registration procedures”. Some of these anomalies refer to frequencies and spectrum allocations.

Conclusion

Sierra Leone’s economy has long been a one-trick pony revolving around diamonds, but other mining and donor-funded infrastructural development are also driving economic growth estimated at about 6 percent in 2009 and 2010. Gold and bauxite exploitation are on the uptick, as mining firms take advantage of internal (and regional) stability to stake new

claims. Other sectors, however, show little promise—agriculture is largely subsistence in nature despite some new small-scale commercial projects, manufacturing is moribund, and the government lacks the resources to invest in infrastructural investment. Human capacity also is very low.

Appendix

Ease in doing business

Sierra Leone has made key improvements in regulatory reforms that make it easier to do business, according to Doing Business 2010. In this year, the country improved its overall ranking by climbing 8 spots to 148 (from 156 in 2009) in the annual survey that this year ranked 183 economies on the overall ease of doing business.

Overall, Sierra Leone emerged ahead of its neighbours: Liberia (149), Cote D'Ivoire (168) and Guinea (173) in the Mano River Union. "The IFC is pleased with Sierra Leone's performance. The improved ranking demonstrates that the country is increasingly committed to reform agendas that make it easier to do business," said Mary Agboli, IFC Operations Officer, Investment Climate Team, Sierra Leone.

Sierra Leone made reforms in five key areas: closing a business, paying taxes, getting credit, protecting investors and starting a business.

Despite successful efforts, Sierra Leone faced challenges in two areas: trading across borders and registering property. Although strides were made to reduce the time to trade in Sierra Leone, some fees were increased, making trading across borders more costly. Reinstatement of a moratorium on the authorization of property transfers delayed property transfers.

General etiquette

English is the official language of Sierra Leone, though local languages, in particular Mende (in the north) and Temne (in the south), are widely spoken. In Freetown there is also a kind of Creole called Krio. Useful Krio greetings are *Kou-shay* (Hello), *Eh bo* (Hi), *Howdee bohdee?* (How are you?) and its reply *Bohdee fine* (I'm fine). *Tenk-kee* is thank-you.

There are both Muslims and Christians in Sierra Leone as well as followers of traditional and animist religions. Muslim influence over customs is widespread, particularly in the north of the country. Same gender handshakes are fine but a man should wait for a woman to extend her hand. A particularly respectful handshake, for an elder or senior, involves supporting your right elbow with your left hand while shaking.

If you visit a contact or friend in Sierra Leone, he or she will almost certainly invite you to stay and eat. Men and boys generally eat separately from women and girls. Water is brought round for you to wash your hands and then people gather round a central dish of food. Eat

from the area in front of you, making sure you only use your right hand and don't reach over. People often don't talk while eating so don't be embarrassed if there is silence.

Business etiquette

Wear a lightweight suit for business meetings. Make appointments well in advance and confirm nearer the time. Be punctual yourself but don't expect punctuality. Business cards are essential and it's good to include relevant titles. A personal relationship is the key to doing business here so make sure you take time to develop this.

Swot analysis

Useful contacts

Chamber of Commerce, Industry and Agriculture

Guma Building
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National Tourist Board

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