Sierra Leone

It's Time to Think Again

SLIEPA
Improving Investment and Facilitating Export.

Sierra Leone is a Vibrant Nation...

With a great tradition of tolerance, education and achievement

Where peace and stability are fully restored

Democracy is alive and thriving

Economic stability has been achieved

Corruption is being tackled

The investment climate is being transformed

Where opportunities for investment are significant

Blessed with Significant Natural Assets

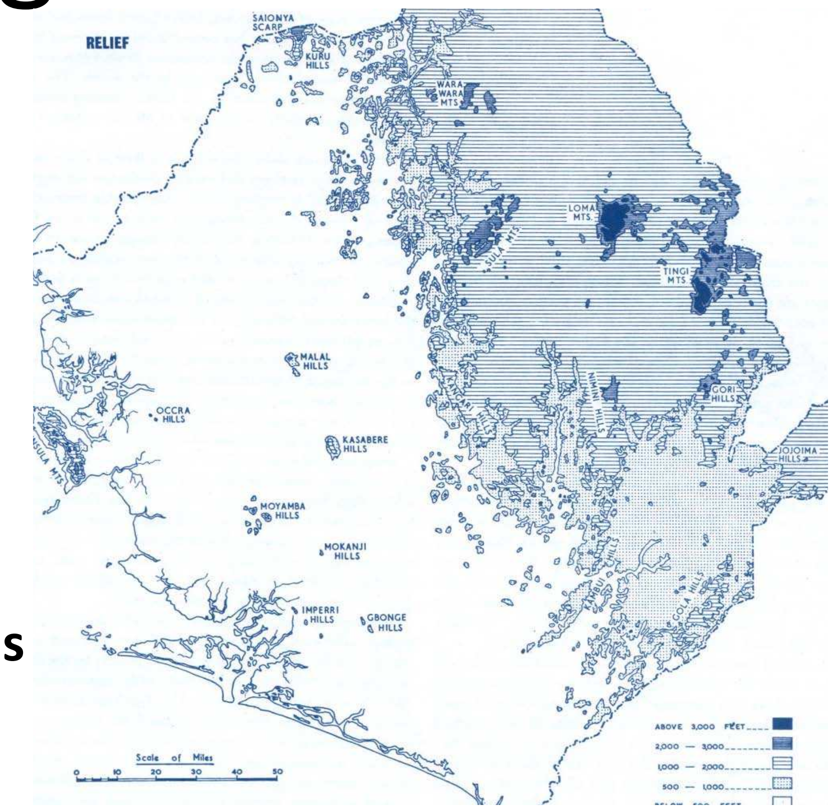
Most land is **arable** but uncultivated

Amongst highest levels of **rainfall** on earth

Solar power and **bio-fuels** expanding rapidly

West Africa's premier **tourism assets**

Wealth of **minerals**, **metals** and **hydrocarbons**



...and with Strategic Access to Markets

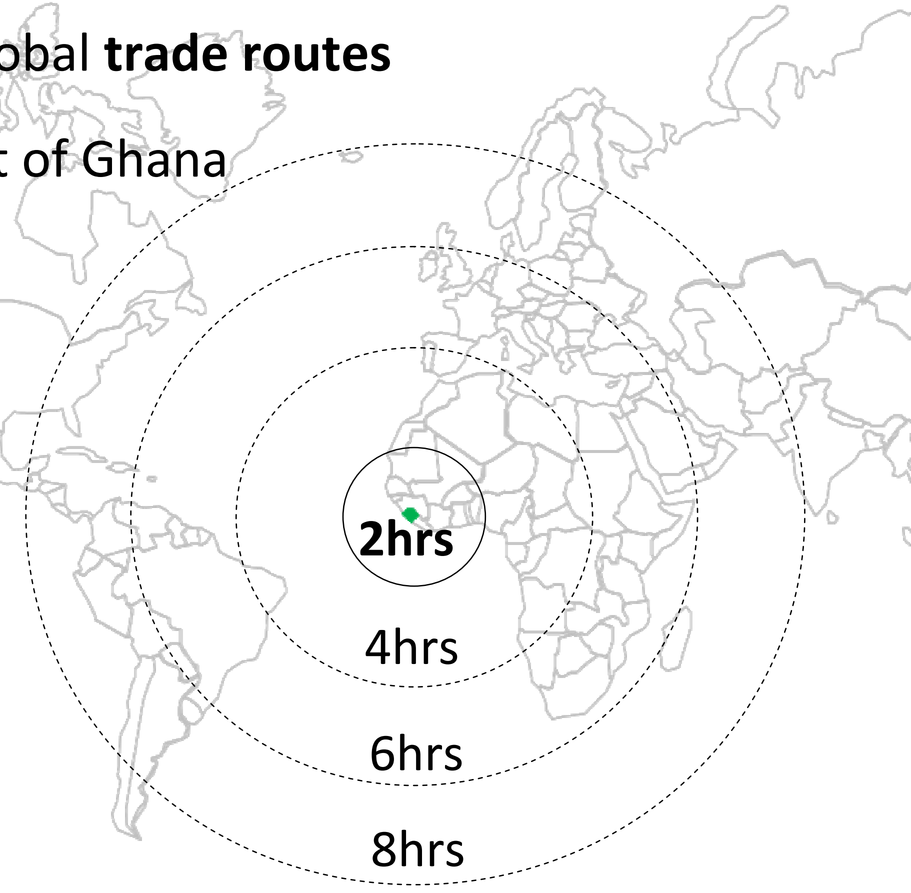
Natural deepwater **harbour** at nexis of global **trade routes**

Largest **English-speaking** population west of Ghana

Closest African country to **Latin America**

Duty-free & preferred access to:

- **ECOWAS** – 225 million people
- **EU** via EBA
- **USA** via AGOA

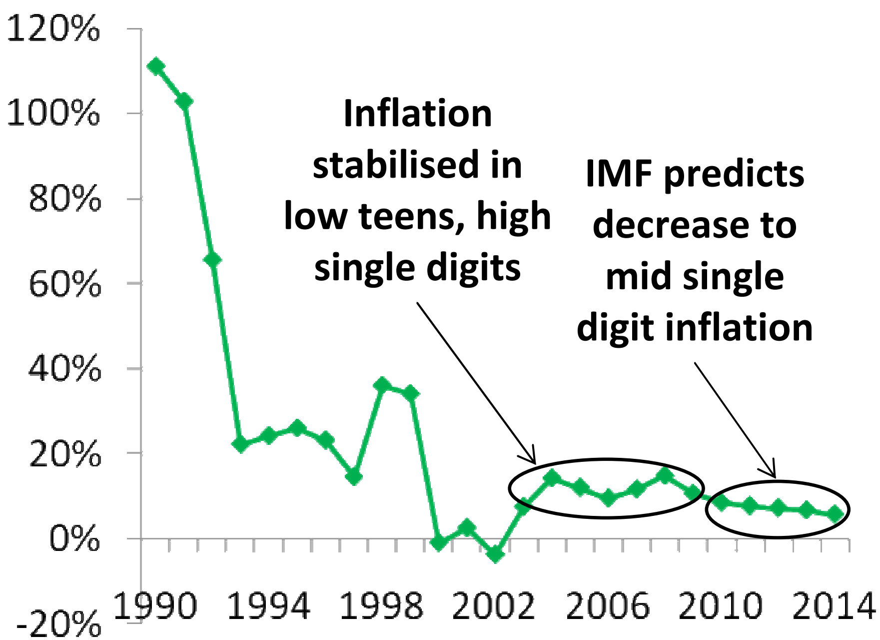


Led by a Fiscally Responsible Government...

Ranked in the **top 7% for fiscal policy** by the Millenium Challenge Corporation

Inflation Brought Under Control

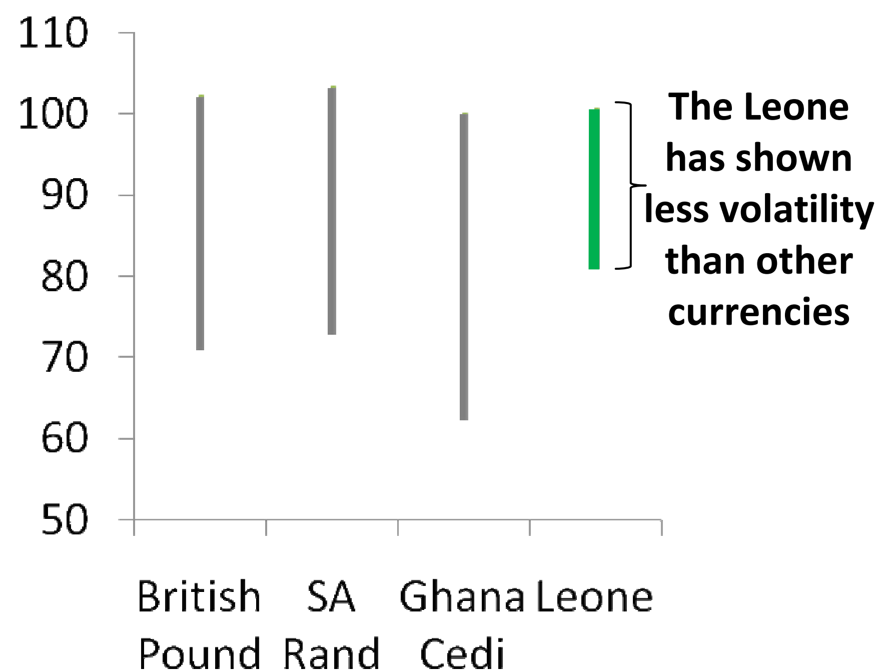
Average Annual Consumer Price Inflation



Currency Holding Strong During Volatile Time

Indexed Trading Range - Currencies vs. USD

100 = Rate vs. USD at June 30, 2007

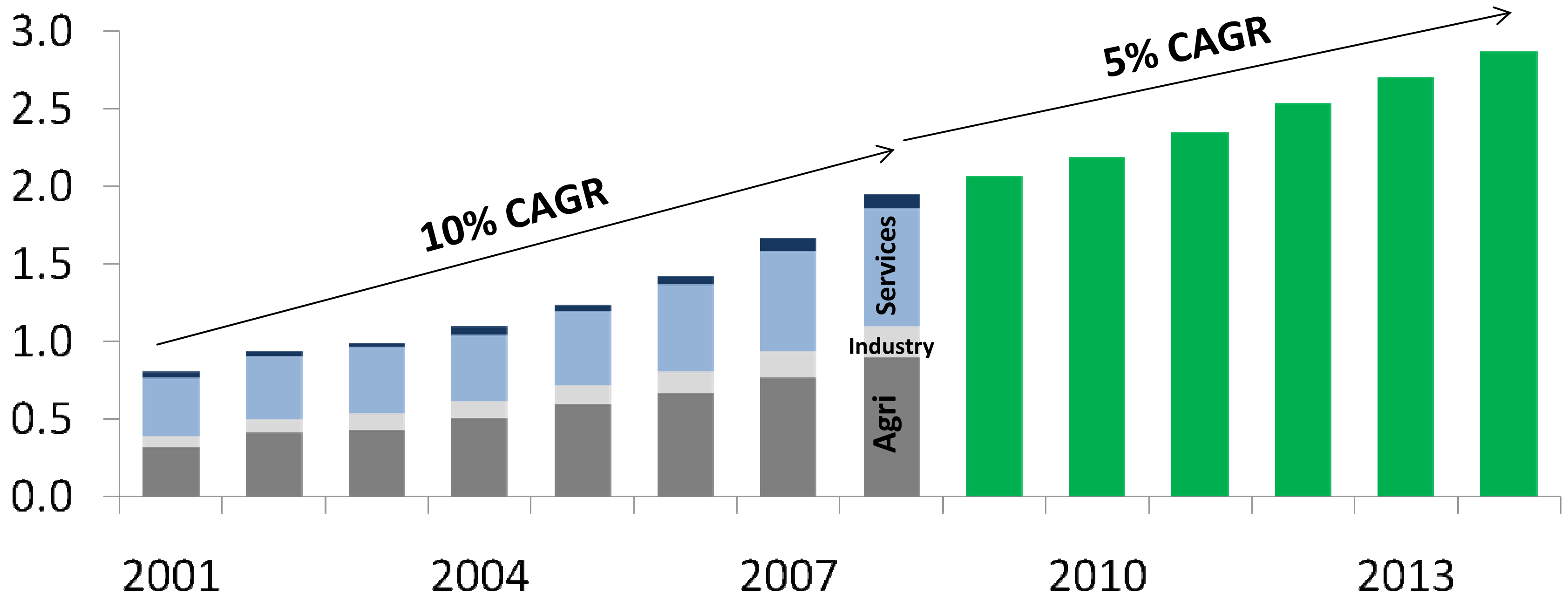


Overseeing a Stable, Growing Economy

GDP projected to grow at **2x** the **African average**, according to the IMF

Growth Across Sectors, Unaffected by Economic Cycle

GDP in USD Billion – By Sector and Projected (IMF Estimates)



Stability

It’s Time to Think Again

Plagued by Myths of Instability…

Violent and War Torn

Politically Unstable

Poorly Governed

Unfettered Corruption

Not Conducive to Business

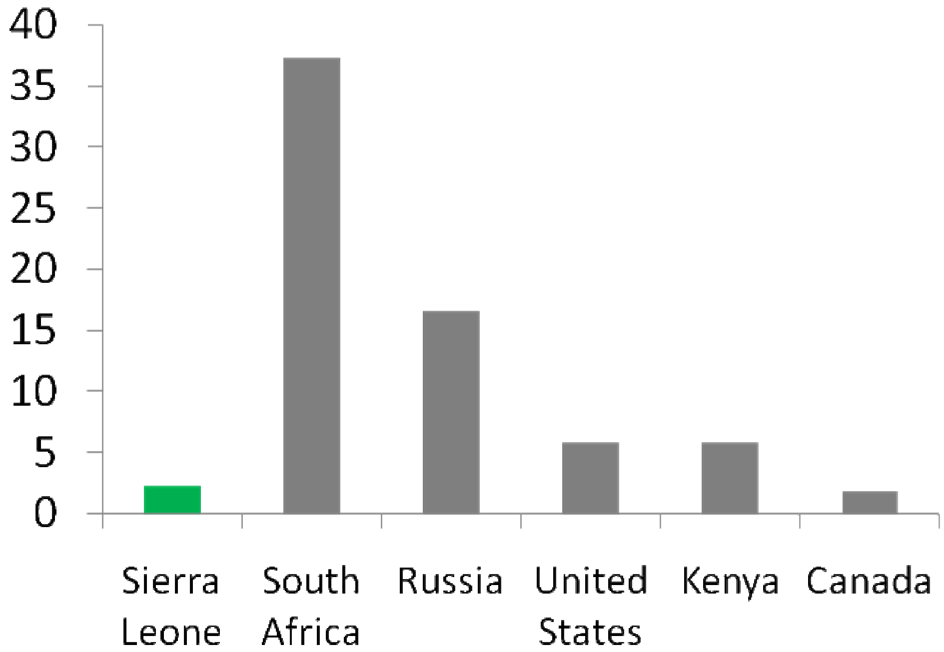
Land Ownership System a Deal-Killer

Not Investor Friendly

That Do Not Reflect **Reality**

Myth: Violent and War Torn

Crime Rate Lower than Many Developed Nations
Homicides per 100,000 People



Civil **conflict** ended **seven years ago**

All **UN Peacekeepers** have **left**

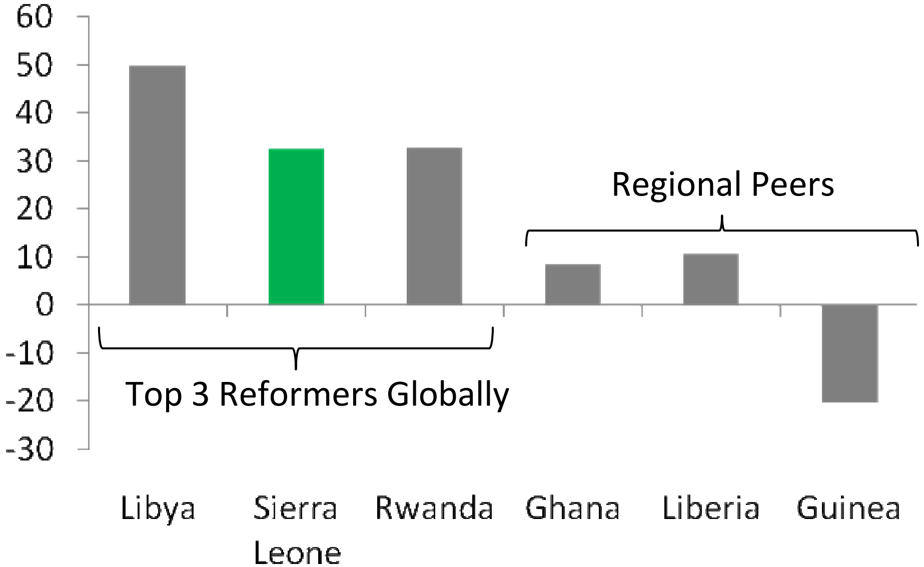
One of the **lowest crime rates** in **Africa**

One of the **only countries** in the world where police **do not** carry **guns**

We are **at Peace**

Myth: Politically Unstable

Political Stability and Absence of Violence
World Bank Governance Indicators
Change in Rank '98-'08



#2 reformer **globally** in political stability and absence of violence over the past decade – *World Bank*

Two **internationally acclaimed** elections since 2002 including a **peaceful transition** of power

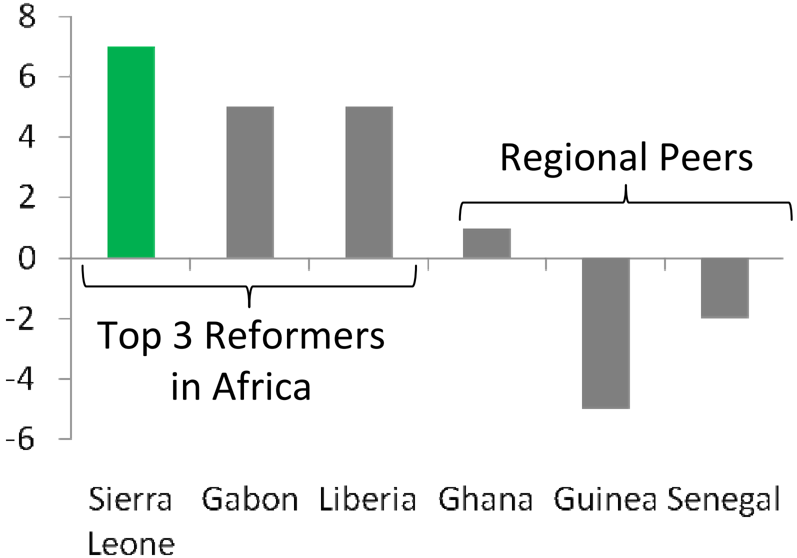
Ongoing **cooperation** and **dialogue** between political parties

We are **Politically Stable**

Myth: Poorly Governed

Mo Ibrahim Africa Governance Index

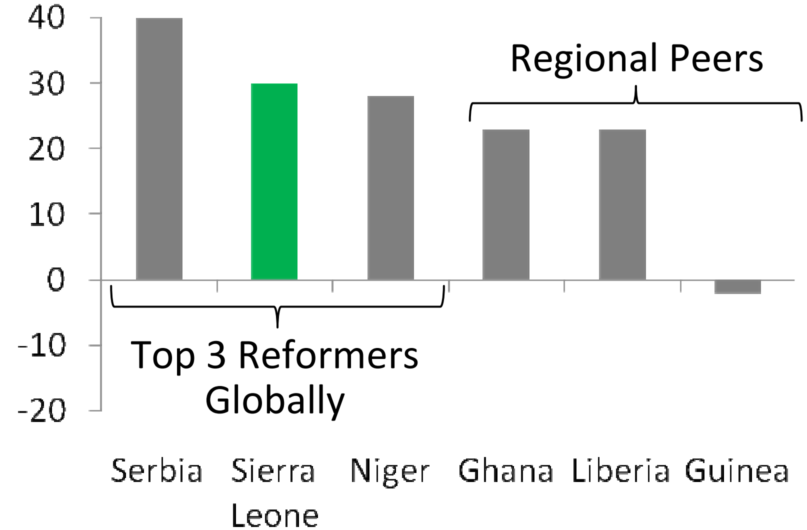
Change in Rank Over Past 2yrs



#1 reformer in **Africa** for **Governance**

Voice and Accountability: ∆ in Rank '98-'08

World Bank Governance Indicators



#2 globally in government voice and accountability reform

We are **Improving Governance**

Myth: Unfettered Corruption

Climbed 12 places in the Transparency International Rankings in 2009

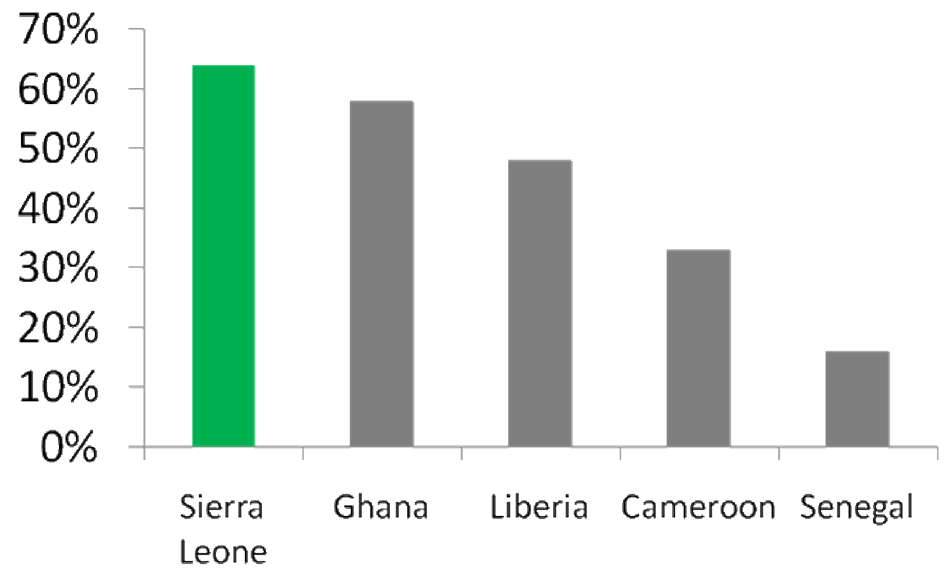
Passed one of Africa's **toughest Anti-Corruption** laws

All **public servants** must **declare assets**

Established the independent **Anti-Corruption Commission** to **prosecute** corruption in country

% of People Who Think Their Government's Fight Against Corruption is Effective

Transparency International 2009 Report

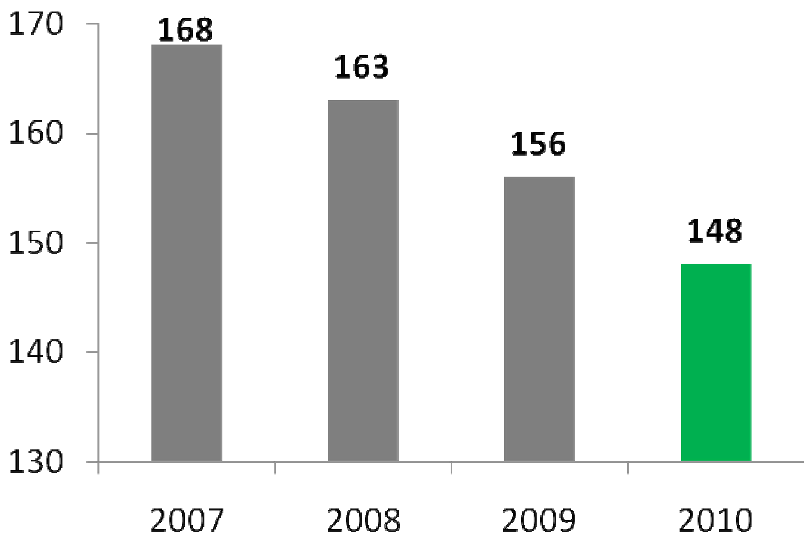


Aggressively **Tackling Corruption**

Myth: Not Conducive to Business

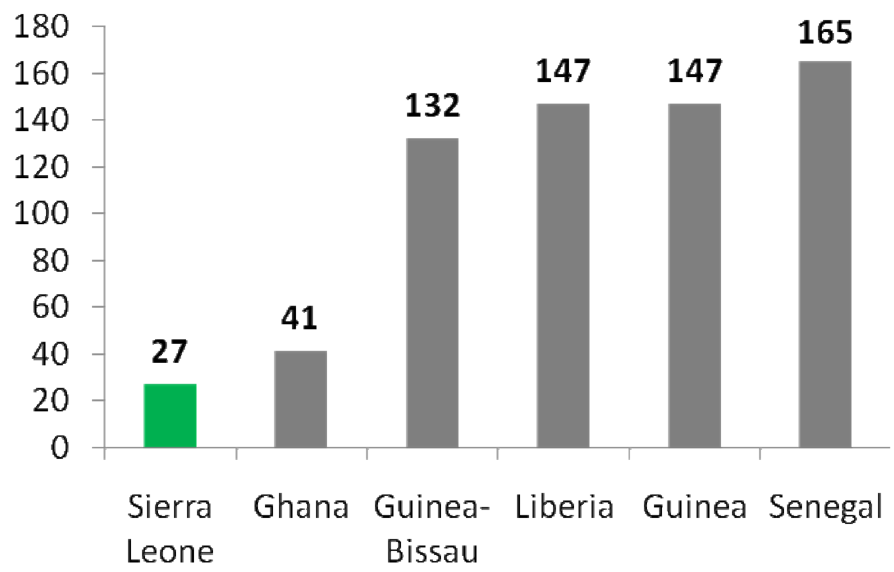
DB Rank Increased 20 Spots in Only 3 Years

World Bank Doing Business Rankings



Legislated Tough Shareholder Protection Laws

WB DB 2010 Rank – Shareholder Protection



We are making **Business Easier**

Myth: Land Ownership System is a Deal-Killer

Land Ownership Laws Add Some Complexity to Investments…

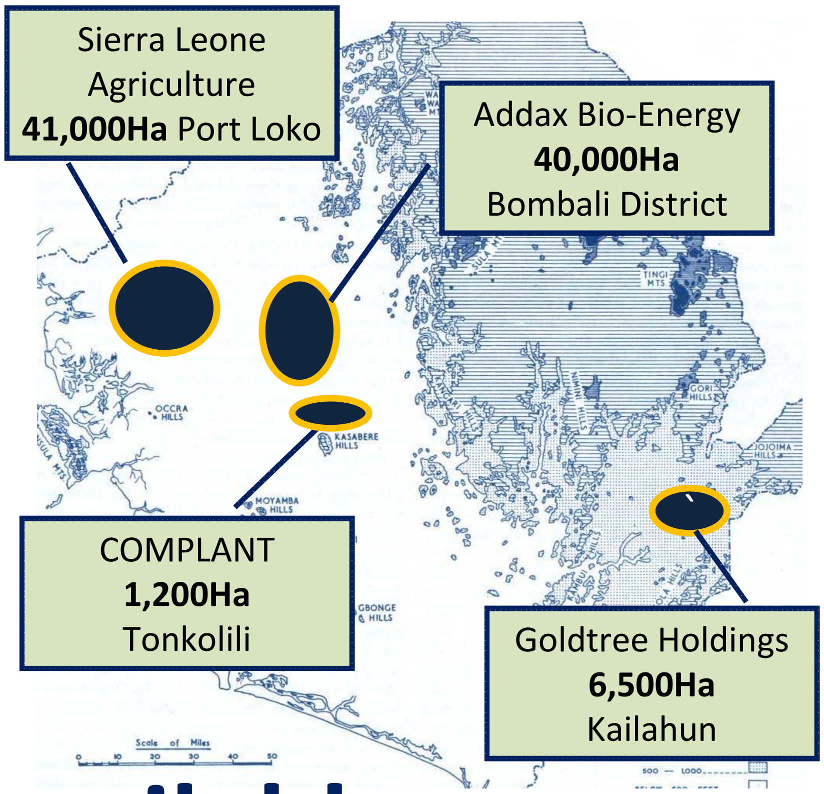
Freehold is available in the Western Area

Communal land tenure system Upcountry

Leasing is accepted, common and supported by law

GoSL willing to lease land from communities and then sublet to foreign investors

…But Investors Can Still Successfully Negotiate Long Term Land Leases



Land is **available** for investors

Myth: Not Investor Friendly

Passed

- ✓Streamlined Business Registration Process
- ✓Mortgage Finance Act
- ✓Goods & Services Tax
- ✓Anti-corruption Act
- ✓Companies Act
- ✓Bankruptcy Bill
- ✓Payment Systems Act
- ✓ Minerals Act
- ✓ Finance Act

Approved by Cabinet

- ✓Fiscal Incentives Policy
- ✓Energy Policy
- ✓ICT Policy
- ✓Public Private Partnership Policy
- ✓Intellectual Property Rights Legislation
- ✓Credit Reporting Legislation

In Process

- Financial Sector Reforms
- Leasing Finance Framework
- Collateral Registry
- SEZ Policy
- Double Taxation Treaties
- Model Bilateral Investment Treaty

We have **Reformed for Investors**

Opportunity

It's Time to Think Again

Myth: No Opportunities for Investors

Agri-Business
Vast Amount of Cultivable Land Available

Extractive Industries
Reformed, Re-Opened

Energy
Power to Meet Unmet Demand

Tourism
Step Change Growth to Peer Markets

Infrastructure
Building a Billion $ Market

Fisheries
Regional Demand to Capture

Our country is **Rich in Opportunity**

Energy: The Power to Meet Unmet Demand

Significant domestic and regional **demand** for power

Wealth of **hydro-power** potential

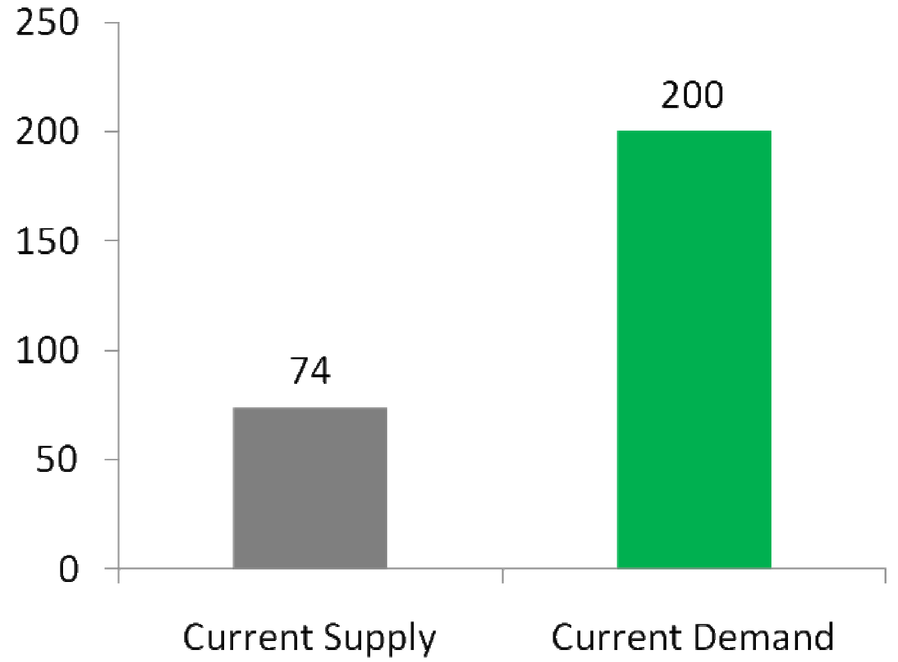
Significant international capital driving burgeoning **bio-fuels** sector

Abundant sunshine for 6 months underpins **solar** generation potential

Government dedicated to becoming the region's **Green Energy** capital

Unmet Existing Domestic Demand for Power

Installed Power and Estimated Demand (MW)



Infrastructure: Building a Billion $ Market

$1bn+ infrastructure construction and management market

Significant **committed** donor **funding**

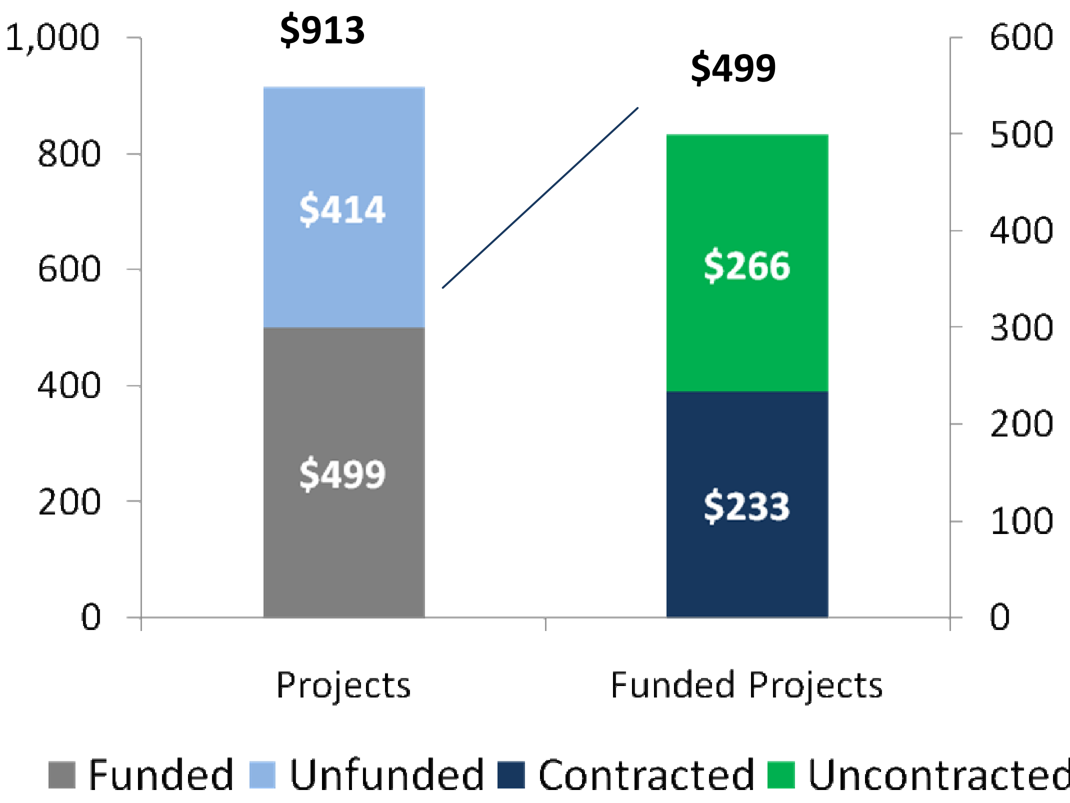
- *Over $900mm allocated to road construction projects alone*
- *Funding already committed for $499 million of projects*

Privatisation of Freetown **port** on one of the world's **largest natural harbours**

- *Strategically located at nexus of global trade routes*
- *No pinch-points*
- *Enormous potential as trans-shipment hub*

$266m of Funded Road Projects Not Yet Contracted

Value of Road Construction Projects ($MM)



Tourism: Step Function Growth to Peer Markets

One of **Lonely Planet's Top 10** Worldwide Destinations in 2009

Significant **unmet demand** for business hotel accommodation in Freetown

West Africa's most **stunning and undeveloped** beaches

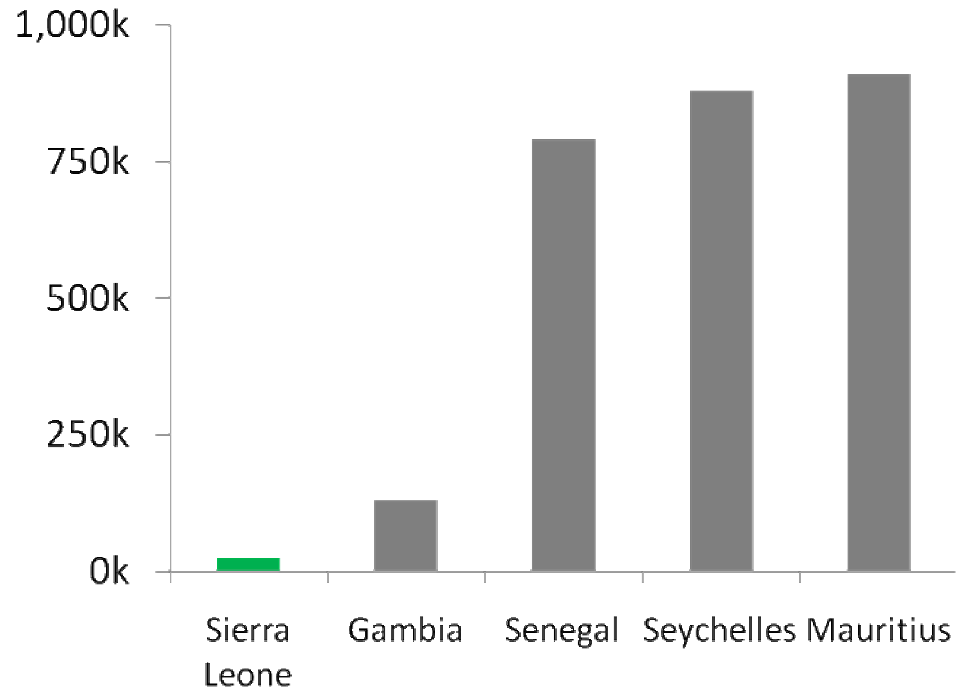
Wealth of **eco-tourism** sites across 31 protected areas

Heritage sites linked to **rich cultural past**

Easily accessed by European and West African tourists

Underdeveloped vs. Peer Destinations

Annual Tourist Arrivals (2007)



Extractive Industries: Reformed, Re-Opened

Plentiful resource base and potential that remains **underexplored and underdeveloped**

Characterized by security of tenure, respect for the **rule of law**

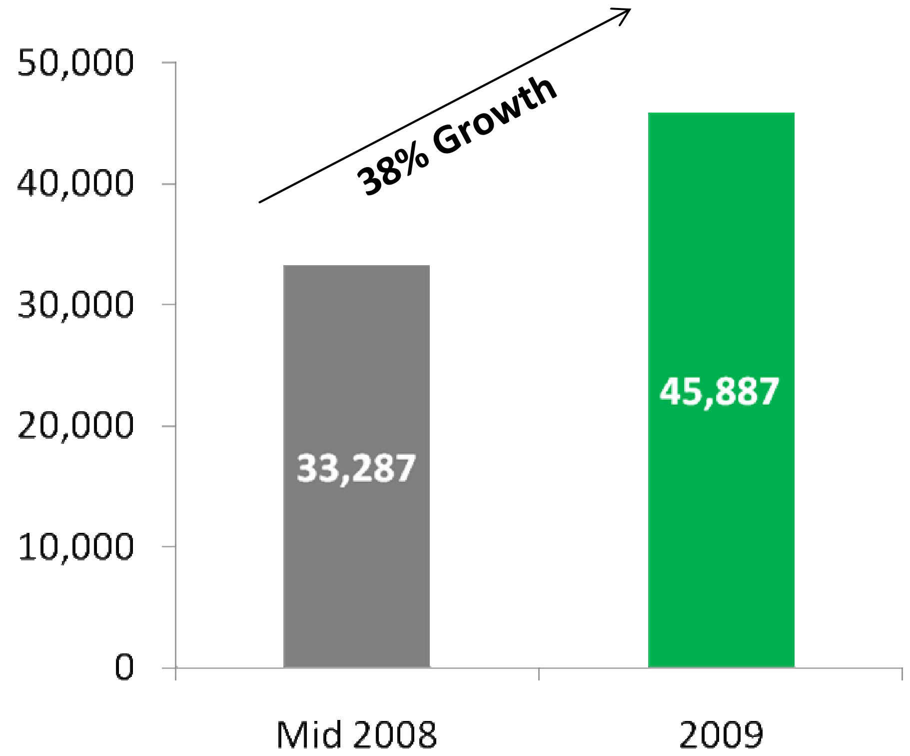
Significant amounts of **land recently made available** via license expirations and scheduled relinquishments

Strong commitment from GoSL to employ **international best practices** in governance and policy

Ambitious legal / regulatory **reforms**

Relinquishments Driving Access to Resources

Area Available for License (km^2)



Fisheries: Regional Demand to Capture

Significant regional **demand** for fish

Amongst the most **productive** oceans in West Africa

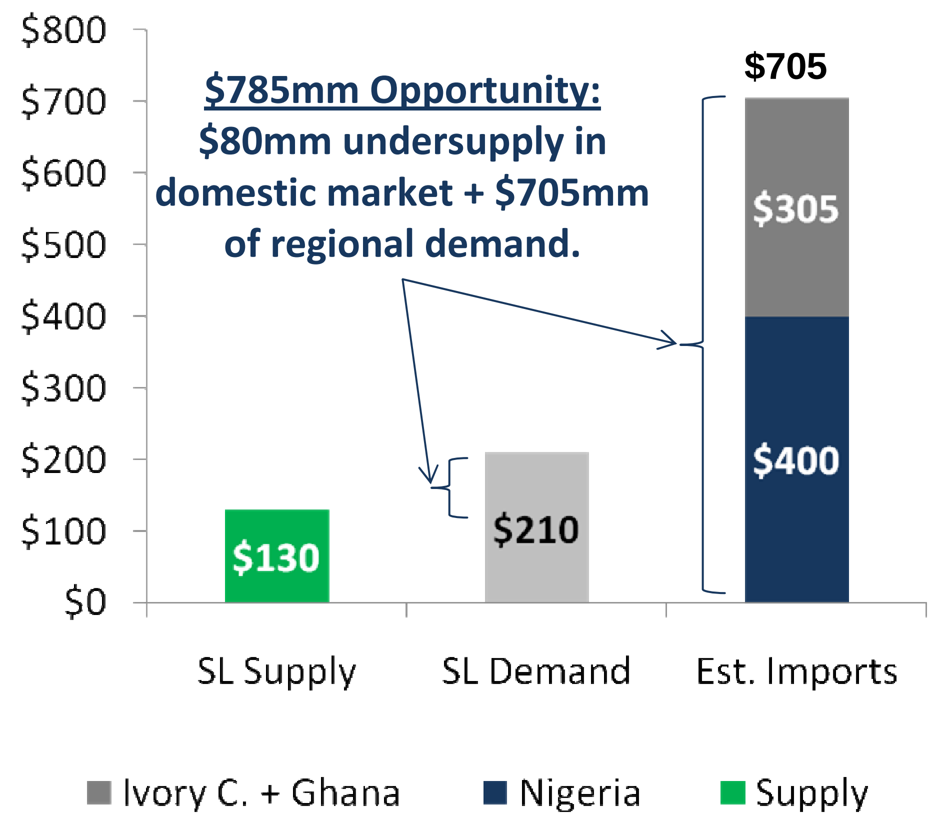
Consequences of **illegal fishing** still repairable

Improved **sector regulation** will facilitate the entry of responsible industrial fishing operations

Hygiene standards being upgraded to facilitate **direct export** to the $100bn+ EU market

Unmet Regional Demand for Fish

Est. Current Domestic Supply of Fish ($MM)



Agri-Business: Vast Cultivable Land Available

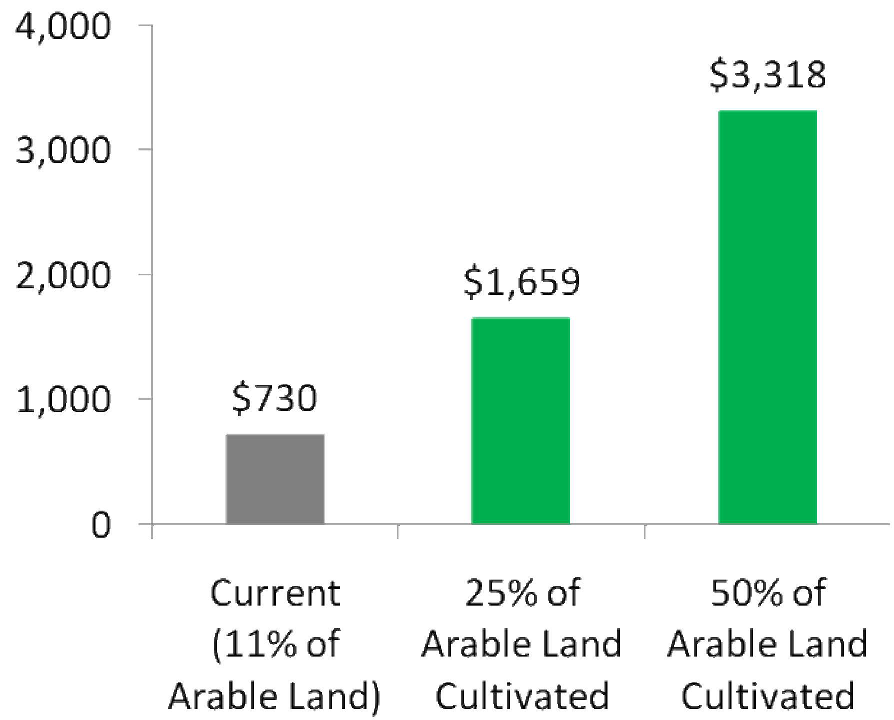
Most of **5.4 million hectares** of cultivable land is undeveloped

Ideal **growing conditions** for a wide range of **staple** and **cash crops**

A **top priority** for Government

Focus on increasing **commercialisation** and private sector **investment**

Potential for Dramatic Sector Growth
Est. Ag. GDP Given Increased Land Use
Same Productivity – US$ milions

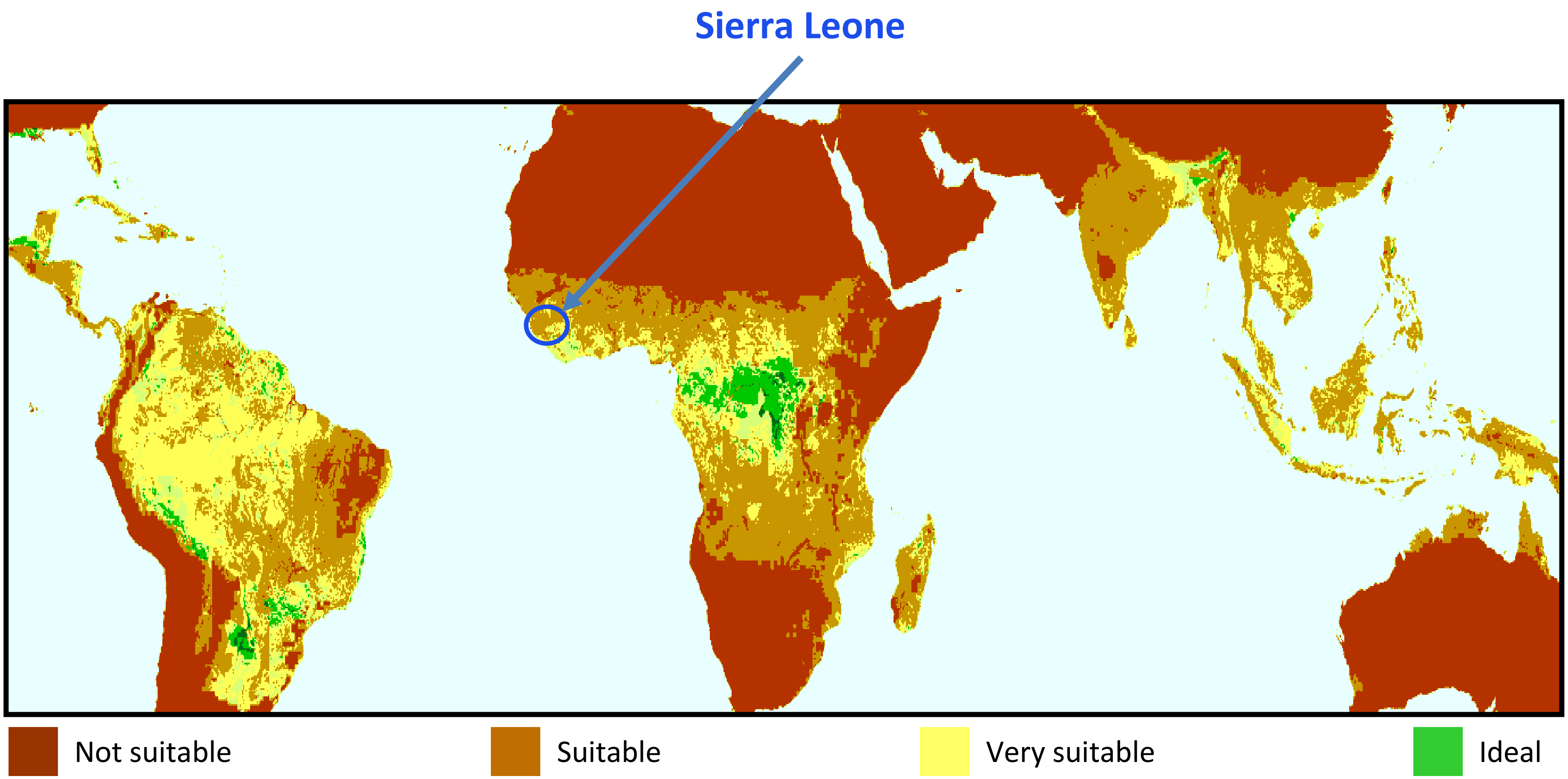


Opportunities for Investors in the Sugar Sector

Sierra Leone's Assets: executive summary

- **Agro-climatic conditions**
  - Humid tropical conditions: year-round sunshine and warm temperatures; very high rainfall
  - 9 major river systems, with year-round flow and large, gently rolling valleys
- **Land availability**
  - 7.2 million hectares total; 5.4 million hectares suitable for agriculture; less than 1 million used
  - Main food crop, rice, grown primarily in swamp areas along coast and low-level "boliland" pockets and inland valley swamps in river flood plains; livestock grazing mainly in highlands in North; cash crops (oil palm, coffee, cocoa) concentrated in South; very little forest cover, mainly along borders
  - The ideal zones for cane, elevated areas in the central plains and river valleys, can be managed so that operations do not restrict food cultivation or displace important natural ecosystems
  - Foreign companies are able to lease land for up to 71 years, and lease terms are being further improved; a process has been established, with active government support, that is fair to both the investor and local communities
- **Factor costs**
  - Leases on good land range from $5 to $20 per hectare per year; basic labour costs of $2-3 per day; flexible labour regulation, permitting productivity-linked payment structures; attractive tax rates, with 0% taxes and duties for qualified investors
- **Logistics and Infrastructure**
  - Location on West Coast of Africa – closer to Europe and Americas than other locations in Africa
  - Only natural deep-water port in West Africa, in process of being privatized; all target cultivation areas are less than 150km from the port on good roads
- **Local support**
  - President and Cabinet have identified agribusiness as key to development of the country and are ready to work with investors to assist with land leases and other requirements
  - International agencies are eager to support rural development and may be able to assist with project financing, small-holder training and outreach, supporting infrastructure and more

Sierra Leone lies at the heart of the equatorial sugar cane belt



Source: sugarcanecrops.com

Access to key Global Markets

Producers in Sierra Leone have favoured access to key global markets

US Market

- Under the Africa Growth and Opportunity Act (AGOA), since Sierra Leone is a Least Developed Country (LDC) in Africa, producers in Sierra Leone are permitted to export eligible products to the US duty-free
- At present, all cane products (sugar, molasses, ethanol, etc.) are classified as eligible products (although the US can change the list of products unilaterally and does so regularly)
- The current act remains in force until September 2015

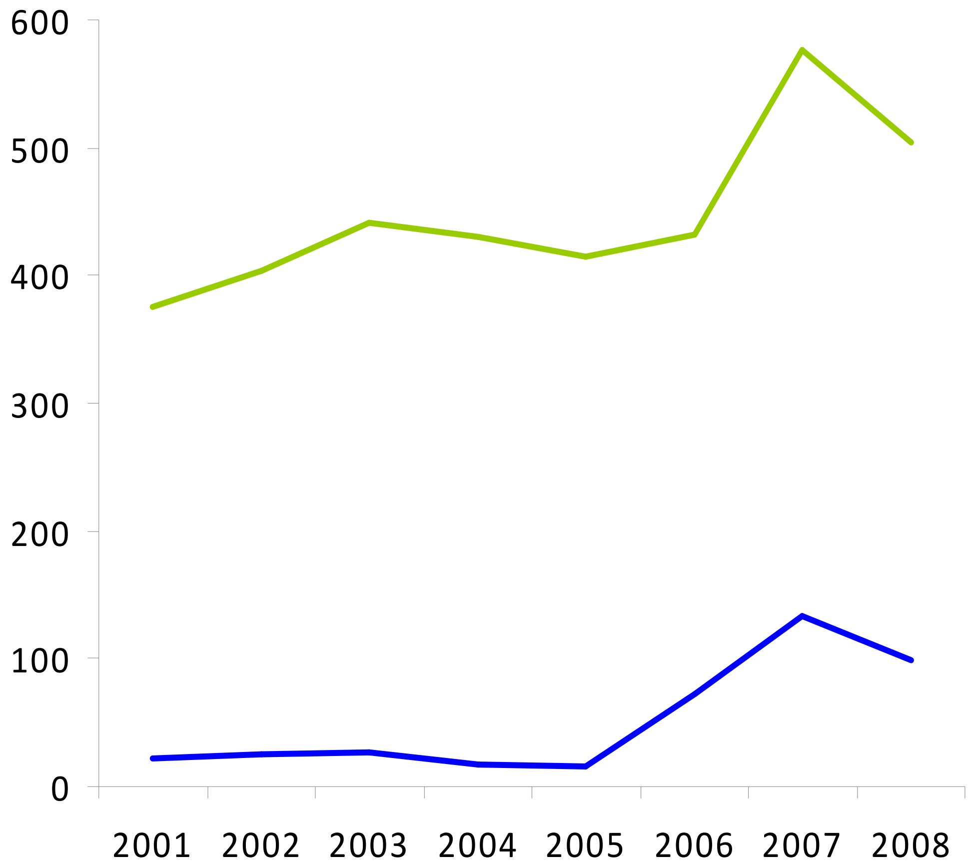
EU Market

- Sierra Leone is one of 49 LDCs covered by the EU's Everything But Arms (EBA) agreement: producers in Sierra Leone are permitted to export all products (except arms) to the EU duty-free and quota-free
- All cane products (sugar, molasses, ethanol, etc.) are eligible for unlimited duty-free access to the EU
- Until 2012, as an LDC, Sierra Leone will still benefit from transitional price arrangements which guarantee a price of €300/tonne ($450) for sugar imports from qualified Africa-Caribbean-Pacific (ACP) countries, even if market prices fall below this level

Source: Official US and EU documents on AGOA and EBA/EPA rules

Producers in SL also have free access to the growing regional market

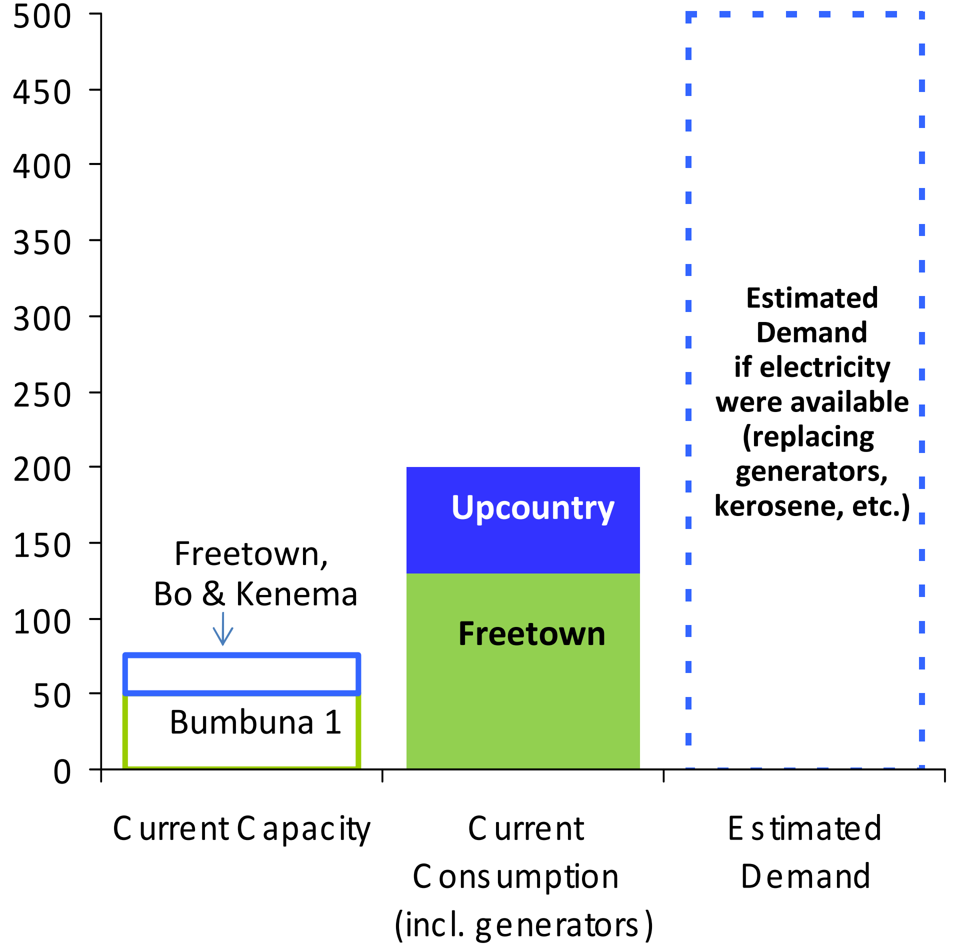
Imports to Economic Community of West African States (ECOWAS), 2001-2008 (US$ millions)



- Combined imports to the 15 countries of ECOWAS from 2001 to 2008:
  - Sugar: up from $375 to $500 million
  - Ethanol: up from $20 to $100 million
- With improving economic and political conditions in the region, consumption is expected to continue rising
- Imports of both products to Sierra Leone and its immediate neighbors (Guinea and Liberia) are growing at particularly fast rates – more than 10% per year
- Under ECOWAS, sugar and ethanol produced in Sierra Leone have unrestricted duty-free access to all countries in the region

The Government is also eager to promote biomass energy projects

Electricity: Installed Capacity vs. Estimated Demand
MW, 2009

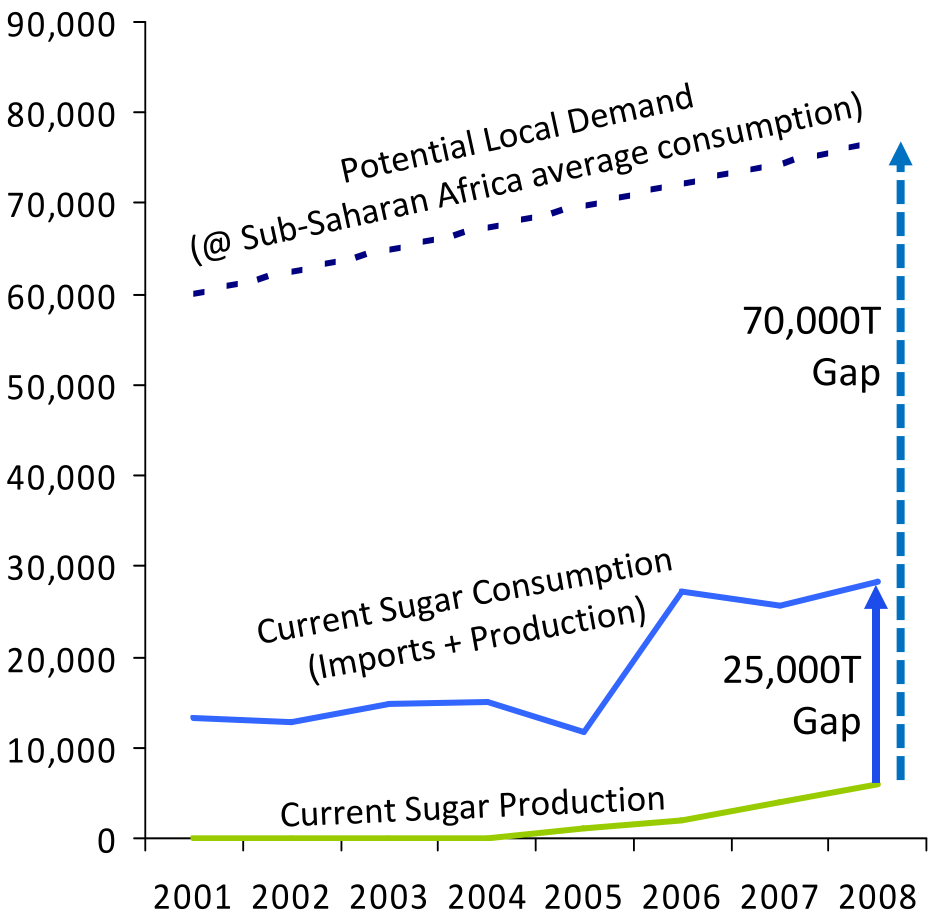


- Current generation capacity, even after launch of Bumbuna 1, meets less than half current electricity needs (complemented by private diesel generators)
- 3 major mining projects are also slated to begin operations, each needing between 100 and 300MW of power – promoters are interested in securing power from local biomass sources, rather than importing fuel
- Cabinet recently approved comprehensive new energy policy that explicitly encourages Independent Power Projects (IPPs) from renewable sources, establishes an independent board to ensure fair and reliable payments, and establishes a framework for Clean Development Mechanism (CDM) credits
- The current electricity tariff is 47c/kWh; the government aims to reduce the tariff to 25c/kWh over the next few years, but this still leaves ample room for very attractive wholesale pricing for biomass-based IPPs

Source: Government of Sierra Leone Ministry of Energy; interviews with mining companies

The market for Sugar, fuel & feed in Sierra Leone is small but growing

Sierra Leone Sugar Production vs. Consumption
Tonnes per year



- Despite good conditions for cane cultivation, local sugar output currently meets less than 20% of local demand: over the last 5 years, annual imports have risen from around 10,000 tonnes to more than 25,000 tonnes
- The only existing mill in the country, has capacity of only 12,000 tonnes per year; current output is less than 7,000 tonnes
- With rising population and increasing consumption, local demand for sugar is expected to exceed 100,000 tonnes per year within the next 10 years
- After import & duty costs, local sugar prices are 25% or more above world market prices
- In addition to unmet demand for sugar, there is also a small local market for molasses and ethanol – Sierra Leone imports all of its fuel and animal feed, and demand for both is growing rapidly

Source: UN Comtrade, ITC Trade Map. Interview with Complant Magbass Sugar Complex

Sugar cane yields are projected at 80-120 tonnes per hectare

- Swiss firm Addax is in the final stages of securing land and financing for a sugar cane to ethanol project in Bombali District:
  - The firm planted an initial 7 hectares of cane in early 2009 to test conditions and begin seed multiplication
  - After 9 months, the yield has been found to be 89 tonnes per hectare (with rows spaced at 1.5 meters), suggesting potential yields in 100 tonne range
  - The experienced team managing operations state they are very satisfied with the solar radiation, precipitation and soil conditions for cane cultivation
- The only existing commercial sugar plantation is the COMPLANT Magbass Sugar Complex:
  - At the request of the Sierra Leone Government, the Government of China asked the firm that built the plant in the 1970s to restart operations in 2005
  - The firm is experienced in the sugar industry but has encountered teething problems: the cane plantation has stem-borer infestation; old boilers have limited power generation for satisfying irrigation demand in the dry season; the original fields are prone to water logging; and the farm equipment is not as advanced as expected
  - Despite these hurdles, management has achieved yields of 70 tonnes per hectare; after addressing the equipment and stem-borer problems, they expect to achieve at least 100 tonnes per hectare

Source: Interviews with Addax and Complant management

Quality of life for local and expatriate management is high

- 500 miles of beautiful unspoilt beaches, with numerous offshore islands
- Highest mountains in West Africa
- Dozens of national parks with mountains, forests and wildlife
- Golf courses, tennis courts, deep-sea fishing, sailing, diving and more
- Very friendly and courteous people
- Low cost of living
- Very low crime rates

In sum, Sierra Leone offers a competitive location for sugar production

	Sierra Leone	Top 4 Global Exporters				Top 4 Africa Producers				Top 4 West Africa Producers			
		Brazil	Thailand	Australia	India	South Africa	Egypt	Sudan	Kenya	Cote d'Ivoire	Nigeria	Came-roon	Senegal
Availability of useable, unforested land	4	3	2	5	2	2	1	4	2	4	4	3	2
Year-round heat & solar radiation	4	5	5	5	5	4	5	5	5	5	5	5	5
Ample rainfall / irrigation sources	5	5	5	4	5	3	5	5	3	5	5	5	3
Low land leasing costs	5	3	2	1	4	2	3	5	3	4	2	4	2
Low labour costs	5	3	3	1	4	2	3	4	3	4	3	5	3
Distance from main sugar area to port	5	3	5	5	3	5	5	2	3	5	4	3	5
Local market sugar deficit	5	1	1	1	3	1	5	1	1	3	5	3	5
Regional trade-area sugar deficit	5	1	5	1	5	3	3	3	3	5	5	1	5
Duty-free access to EU	5	1	1	1	1	1	1	1	5	5	5	5	5
Duty-free access to US	5	1	1	1	1	1	1	1	5	1	5	5	5
Distance to EU / Distance to US	5	4	1	1	1	1	3	2	1	4	3	3	5
Political stability	5	5	3	5	5	5	4	1	1	1	4	2	5
Low crime	5	2	4	5	5	1	5	3	2	2	1	2	3
Economic growth	5	4	5	3	5	3	5	5	5	3	5	4	5
Business environment	3	3	5	5	3	5	3	3	4	2	3	2	3
Evaluation Key	5 = Very positive			4 = Positive		3 = Neutral			2 = Negative		1 = Very negative		

Source: FAO, Aquastat, Worldclimate.com, World Bank, ILO, AGOA and EBA regulations, UN Comtrade, ECOWAS, COMESA, SADC, ASEAN, SAARC, EIU

Growth

It’s Time to Think Again

Myth: No Track Record of Growth

Balmed Holdings

Turnover expected to double this year as UK/Dutch markets absorb products

Rainbow Tours

UK's 'Best Small Tour Operator' added Sierra Leone as destination in 2008

Addax Bio-Energy

20 year history of operating in Sierra Leone. Developing €200mm+ sugar-ethanol project

Anadarko Consortium

Consortium of internationally recognized firms including Repsol, Tullow & Woodside

SBTS Group

Global ICT firm, operating in Sierra Leone since 2004. Exploring ICT outsourcing, fibre optic submarine connectivity

Sierra Fisheries

Plans to triple production in partnership with private equity backers

Sierra Leone is **Rich in Growth**

Myth: No Facilitation of Growth

SLIEPA is the country’s official agency to **assist investors and exporters**

Informed experienced professionals who guide companies through doing business in Sierra Leone

Information, intelligence and connections, which lead to opportunities for investors

SLIEPA

Improving Investment and Facilitating Export.

Investors have a **Partner in SLIEPA**

For further information:

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Updated versions of this presentation and additional information on the sugar sector can be found on the SLIEPA website: www.sliepa.org