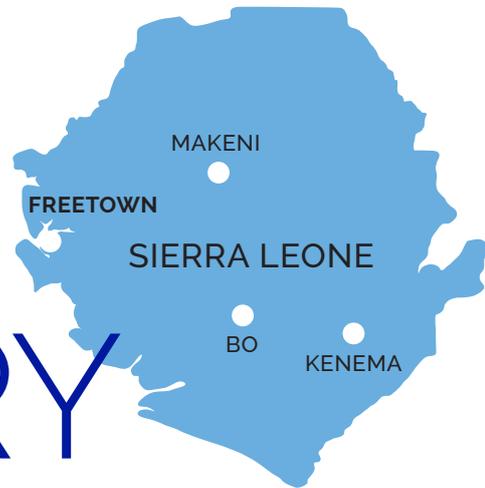


INVEST IN SIERRA LEONE

OPPORTUNITIES IN
AGRICULTURAL INPUTS

2016



COUNTRY PROFILE

Bordering the Atlantic Ocean, in the Western region of Africa, Sierra Leone is rich in history and culture. The country is home to 6.9 million people (2015) with roughly 1.2 million living in the country's capital city of Freetown.



Sierra Leone is comprised of four geographic regions: The Northern Region with its main city being Makeni; the Southern Region with Bo as its primary city; the Eastern Region with Kenema as its main city; and the Western Area, where the capital city of Freetown is located. These regions are further broken down into 149 different chiefdoms.

Sierra Leone was one of Britain's first colonies on the continent until it gained its independence in 1961.

For several decades after its independence, the country experienced a period of political instability and strife that culminated in a devastating civil war. However, Sierra Leone is now renowned for its tolerance, including tolerance between religions and tribes.

On the 2015 Global Peace Index, Sierra Leone ranks 59 out of 162, outperforming the United States.



**SIERRA LEONE'S ECONOMY IS
FORECASTED TO REACH DOUBLE
DIGIT GROWTH BY**

2020

FREETOWN

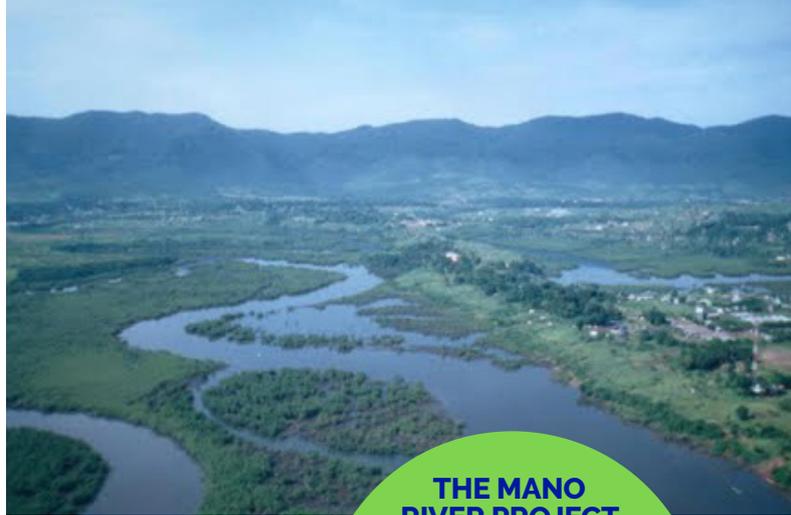
The capital city of Freetown is Sierra Leone's largest city and is the country's main economic, financial, political and cultural centre. Freetown is also a major port city and is home to the largest natural port in Africa and the third largest in the world.

The Sierra Leone Port Authority projects strong growth moving forward and aims to be the preferred route for shipments between Asia and the Americas.¹

POLITICS AND RELIGION

Sierra Leone's ruling political party is the All People's Congress (APC) and the current president is Ernest Bai Koroma. The religious breakdown is approximately 60% Muslim, 30% Christian, and 10% indigenous.





ECONOMIC OVERVIEW

THE MANO RIVER PROJECT WILL INCREASE THE AVERAGE RATE OF ACCESS TO ELECTRICITY

TO 33%

Sierra Leone's economy is getting back to growth. After the war, Sierra Leone's economy surged, making strides toward gaining a middle income country status. Growth rates in GDP were 15.2% in 2012 and 20.1% in 2013. Poverty was reduced from 66.4% in 2003 to 52.9% in 2011.

During the global economic crisis in 2009, Sierra Leone's economy showed impressive resilience and maintained a stable environment while maintaining growth.

In 2010, Sierra Leone created the Financial Sector Development plan to reform the country's financial sectors in support of the Government's Agenda for change. The plan, according to the Governor of the Bank of Sierra Leone, Sheku S. Sesay, will improve access to finance by building and sustaining a responsive financial sector.

Sierra Leone's economy stalled in 2014-2015 as a result of economic ramifications associated with the battle to end Ebola Virus Disease (EVD) as well as the closure of two of the country's leading mining companies. In 2014, the GDP growth was at 7% with inflation at 7.3%.

Now that the country has made tremendous strides in the fight against Ebola, the country is poised to turn around. Sierra Leone's economy is forecasted to reach double digit growth by 2020.⁵

Increased economic activity and potential in Sierra Leone also coincides with significant international and government investment to accelerate the nation's recovery and to spur widespread growth – with significant commitments made to continue to increase the ease of doing business in the country.

BANKING & FINANCE

According to the Sierra Leone Investment Guide³, Sierra Leone's banking system is overseen by the Bank of Sierra Leone. 13 commercial banks operate in the country and they are all located in Freetown. The two largest commercial banks in terms of customers and assets are the Sierra Leone Commercial Bank and Rokel Commercial Bank. The guide also states that accounts can be held in foreign and domestic currencies. Credit cards are not widely used in the country. However there are ATM machines. For issues of transparency, transfers of more than \$10,000 in value must be sent through the banking system.

While the informal sector is very large, formally registered companies have access to services and institutions from courts and banks.

OPPORTUNITY FOR REGIONAL INVESTMENTS

Sierra Leone's geographic location provides ample opportunities for regional investments. Organisations like the African Trade Hubs in West Africa and ongoing support by the international community to improve the import/export climate makes Sierra Leone's investment opportunities more attractive. Investing in Sierra Leone means access to a larger network of opportunities.

ECOWAS

Sierra Leone is a member of the Economic Community of West African States (ECOWAS). ECOWAS is a 15-member regional group with a mandate of promoting economic integration in all fields of activity of the constituting countries.² ECOWAS has market potential of some 215 million people.⁷

In 2014, the United States and ECOWAS signed a Trade and Investment Framework Agreement to expand trade and investment between the US and ECOWAS member states and the entire ECOWAS region.⁴

THE MANO RIVER UNION

Sierra Leone is a part of the Mano River Union, an intergovernmental institution comprising of Sierra Leone, Guinea, Liberia, and Cote D'Ivoire which provides access to a market of 30 million people. Since its establishment in 1973, the Mano River Union has set out to "support, promote and enhance the sustainable socio-economic development and integration of the sub region".

In late 2015, the African Development Bank Group approved the Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) electricity networks interconnection project. The bank financed 145 Million EUR to address existing energy issues by securing a supply of power for the four Mano River Union member countries. The project will increase the average rate of access to electricity from 28% per cent to 33%; electrifying 125 locations along the transmission line as well as 70 schools, 30 health centres and nearly 1,500 small commercial and industrial craft enterprises, of which 25 per cent are held by women.⁶

RISKS AND CHALLENGES

In March of 2014, Sierra Leone, Guinea and Liberia began its battle with EVD. Thousands of people died while quarantine measures limited movement in and around Sierra Leone and hampered trade and economic activity broadly. The outbreak also coincided with the iron ore price fall that ultimately shuttered two major mining operations.

Determined to make a full recovery, the GoSL crafted the National Ebola Recovery Strategy for Sierra Leone in July of 2015; a comprehensive strategy planned for implementation from July 2015 – June 2017. The plan focuses on several key areas and highlights in particular private sector-led recovery and growth and as well the country's agricultural potential.

Another challenge is that foreign investors can't own land outright in the country. But they can take leases for terms up to 99 years. These lease agreements involve entering into a joint venture with the local chief.

AGENDA FOR PROSPERITY

In 2013, the GoSL launched the Agenda for Prosperity, a 216 page document detailing the countries commitment to becoming a middle income country by:

- Devising and applying policies to enable a business environment that is conducive to inclusive growth.
- Improving the private sector climate.
- Promoting investment in small – and large-scale business.
- Improving the ability of private entrepreneurs to link value-added activities in agro-business, manufacturing, fisheries and tourism, to sustainable management of the natural capital.

Over the past five years the country has seen improvements across the energy, transport, and financial sectors. The establishment of the Sierra Leone Investment and Export Promotion Agency (SLIEPA) has also played a role in driving progress. The country's commitment to forging ahead and tackling the challenges it faces in order to further establish a more dynamic and prosperous economic environment is steadfast. Thus, it has never been a better time to invest in Sierra Leone.



INVESTING IN AGRI-INPUTS

Agriculture is currently one of the country's leading economic drivers. It accounts for 42.5% of GDP and employs nearly two thirds of the population.



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 neighboring countries and Sierra Leone should have preferential access to ECOWAS markets.⁸

Not only is agriculture a primary target for economic growth in the country, it also presents an incredible investment opportunity. **There are currently no major players in the market at the moment and the largest agricultural companies are importing themselves.**

The country has 5.4 million hectares of fertile agricultural land and forestry and 75% of this remains under-cultivated.³

The government has created several incentives to attract private investment in this sector. These include:

- Tax incentives available to certain agribusiness include a complete exemption from income tax for up to 10 years from the time of investment and 50% exemption from withholding taxes on dividends
- Complete exemption from import duties on agricultural inputs; farm machinery, agro-chemicals etc.
- The country does not charge agribusinesses for water utilisation.

Ongoing collaboration between the government and private sector programmes such as Sierra Leone Opportunities for Business Action (SOBA), are driving further growth.

Sierra Leone also benefits from the USA's Africa's Growth and Opportunity Act (AGOA), which guarantees access to the US market and also has preferential access to the European markets. The Investment Promotion Act has removed the need for the acquisition of any license for export out of Sierra Leone for all goods produced locally.⁷

EMERGING MARKET POTENTIAL SEEDS:

Sierra Leone has a thriving horticulture market. However, nearly all "improved" variety of seeds in Sierra Leone is imported. These seeds are often low in quality and not necessarily appropriate for the country.

Most farmers also purchase or attempt to purchase improved seeds during the year, but availability and accessibility is also a major constraint. Investors interested in the agricultural sector can step in and service this gap.

The seed industry in the country is an early stage market with little competition. Thus compared to other African countries, Sierra Leone offers an opportunity for higher margins. Commercial seed multiplication to address poor seed quality and the importation of higher quality seeds are more specific examples of opportunities waiting for the right investor.

IRRIGATION:

There are two seasons in Sierra Leone, the dry season that runs from about December to March and the wet season from about April to November. Sierra Leone's rainfall is abundant and averages around 3,000 mm every year. The country also has major rivers that can be used for irrigation during the dry season but are currently not being used.⁸

Investment opportunities include drip irrigation, treadle pumps and the modernisation and rehabilitation of existing irrigation systems.

FERTILISERS:

According to the report titled *A rapid appraisal of the agri-inputs markets in Sierra Leone*⁹, "the supply of fertiliser, improved seeds, and agro-chemicals, is below current demand and far



STARTING A BUSINESS IN SIERRA LEONE

Starting a business in Sierra Leone is straightforward process. The current time required to start a business according to the *Doing Business Project* is currently 12 days and includes an average of six independent procedures:

1. Check the uniqueness of the company name and pick up a company registration form.
2. Register with the Registrar of Companies and Obtain Tax Identification Number (TIN) from the single window at the Office of the Administrator and Registrar General (OARG).
3. Pay the fees and obtain the certificate of incorporation from OARG.
4. Request a business license from the Municipality of Freetown.
5. Register with the National Social Security and Insurance Trust (NASSIT).
6. Make a company seal.

below potential demand. The import and distribution of these inputs provides an opportunity for small and large investors". Farmers are aware of the benefits of chemical fertilisers in their crops. However, the lack of reputable fertiliser is a major hindrance to increase productivity in the country.

ABOUT SOBA

Sierra Leone Opportunities for Business Action is a private sector development programme that uses a market systems approach to facilitate pro-poor economic growth in Sierra Leone. The programme collaborates with a breadth of private sectors partners within agriculture, light manufacturing, sustainable energy and financial service sectors to trial and to scale innovative and inclusive business practices that reduces poverty and improves economic opportunities and outcomes for poor women and men.

Funded by DFID and implemented by Adam Smith International, SOBA has provided ongoing technical support, capacity building, and market systems change in Sierra Leone since its inception in 2013. In 2015, the programme was awarded an A+ Review scored by DFID as a result of its work in designing and implementing interventions which have resulted in ongoing improvements to market systems that enable poor people to participate more effectively in the markets, increase their incomes, and create jobs.

If you are interested in investing in Sierra Leone's Agricultural Sector, please contact info@sobasl.org for more information or to arrange an initial discussion on how SOBA can assist you in the investment process.



1. The European Times, Sierra Leone,- <http://www.european-times.com/publications/sierraleone.pdf>
2. Economic Community of West African States (ECOWAS) website, <http://www.ecowas.int/>
3. Sierra Leone: An Investor's Guide A Private Sector Perspective on the Investment Landscape, July 2015
4. Office of the United States Trade Representative- <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2014/August/US-ECOWAS-Sign-Trade-and-Investment-Framework-Agreement>
5. Trading Economics: Sierra Leone Forecast <http://www.tradingeconomics.com/sierra-leone/forecast>
6. The Standard Times: Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG) electricity networks interconnection project <http://standardtimespress.org/?p=4596>
7. MACAULEY, BANGURA & Co. Law Firm <http://www.mbclegal.org/investments.html>
8. Sierra-Invest Investment for the Future of Sierra Leone <http://www.sierra-invest.com/>
9. A rapid appraisal of the agri-inputs markets in Sierra Leone- http://www.eds-sl.com/docs/IFDC_FINAL_REPORT_ON_SIERRA_LEONE_REVISIED_ER_SF_DT_New_Complete3.pdf