

SIERRA LEONE

Riding on Change

With

Sierra Leone's long civil strife behind it, the country is poised to usher in a new era of economic growth and prosperity. After successful democratic elections, economic recovery has begun, and increasing attention is being paid to creating the policies and developing the infrastructure needed to support economic development and create jobs.

A country that has been hailed "a rare success story for West Africa" by the U.K.'s Minister for Africa, Henry Bellingham, Sierra Leone has huge growth potential. Rich in diamonds, titanium ore, bauxite, iron ore, gold and chromite, the country has the potential to reap the benefits of agriculture, tourism and natural resources and attract the best business, Bellingham says, adding: "The U.K. looks forward to standing with Sierra Leone over the next 50 years to make this a reality."

Through his "Agenda for Change", President Ernest Bai Koroma is making sure his country has the best possible infrastructure and productivity levels to guarantee sustainable growth. The Bumbuna Hydro-Electric Project was completed as a priority, ensuring electricity supply to Freetown and other cities, and a second hydro-electric project is under way.

The government has also unveiled the largest road-building plan in the country's history, with roads being constructed or upgraded in every region and district, while the Smallholder Commercialization Program will see 150 agricultural business centers built in 2011 alone. So far, the program has brought training, machinery and tools to around 10,000 farmers and is expected to benefit more than 80,000 farmers and their families over the next five years.



Having been awarded full concessional rights to SL 5-11 block, comprising offshore oil and gas reserves that span approximately 4,022 sq. km, Oranto Petroleum looks set to produce Sierra Leone's first barrel of oil within five years.



Oranto Petroleum Sierra Leone, Freetown, Republic of Sierra Leone



President Ernest Bai Koroma with former U.K. Prime Minister Tony Blair

"When these structural facilities are in place, we will be able to advance the improvement of social services, particularly health and education," says the President, who has already introduced free healthcare for pregnant women, lactating mothers, and children under 5.

Koroma has taken a tough stance against corruption. "We have some of the toughest anticorruption laws in Africa," he says. "We know corruption will continue to be a problem, but if you send out very strong signals that it is not going to be business as usual, it will be a departure from the past."

The President, who was elected in 2007, has received international praise for his "ready for business" attitude from institutions like the World Bank. "We are leading in the protection



Working together, growing together

Sierra Leone Commercial Bank Ltd. is proud to support retail businesses and SMEs growth. We know that the stronger these businesses, the better the economy.



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of investors' capital and the time it takes to open a company. Investors know the difficulties, but they also know the gains we have made and are making in terms of infrastructural development, improving the economic environment and transparency.

"Added to the attraction is our comparative advantage in terms of natural resources, agricultural and tourism potential—and now we have the oil prospects. We inherited a bad situation, but we could not wait and simply blame it on the world economy. We started doing things on our own."



Samura Kamara
Minister of Finance and
Economic Development

FINANCE: Financial Sector Development

Sierra Leone continues to make progress in the implementation of sound economic management, with Minister of Finance and Economic Development Samura Kamara at the helm. The economy has grown at around five per cent year on year, underpinned by the recovery in mining and increased activities in agriculture, manufacturing, construction and services.

Inflation has been contained, while exports jumped from 2.9 per cent in 2007 to 33.5 per cent last year. Imports have also been high, reflecting the higher imports of machinery and transport equipment.

"The prospects for the economy in the medium term are bright," Minister Kamara says. "It is projected to grow by 51

per cent in real terms in 2012, reflecting the expansion in mining activities, especially iron ore, increased agricultural productivity and electricity generation, and an improved business climate. Exports will increase several-fold and the increased export will support exchange rate stability.

"Following the development of the Financial Sector Development Plan in 2009, the Bank of Sierra Leone, under my supervision, has established a Credit Reference Bureau to reduce the incidence of non-performing loans in commercial banks," Kamara says. "The Bank of Sierra Leone Act and the Banking Act have also been revised to meet international standards."

In the meantime, the Sierra Leone Commercial Bank Ltd. (SLCB) is positioning itself to reach those sectors of the population currently underserved by a banking network. SLCB is a dynamic organization that is committed to improving customer service through improved ICT.

"We believe that in spite of the competition, we have the confidence of Sierra Leoneans," Chrispin Bishop Deigh, SLCB's Managing Director and CEO, says. "We continue to have the largest percentage of deposits in the economy and also a significant share of the loans market."

Strategic business units have also been set up to help small and medium enterprises, Deigh says: "The SME sector is becoming buoyant and we are giving it special attention as we extend our coverage and expand throughout the country."

As the bank prepares for privatization, Deigh says: "I would like to see a strategic partner take the bank to another level,

Bank of Sierra Leone—Reforms for a Robust Financial System

The potential for investors in Sierra Leone as a developing country is huge. Sheku S. Sesay, Governor and Chairman of the Bank of Sierra Leone says:

"Banking and the financial sector still have to be fully exploited and we are creating a good environment and making our laws investor-friendly so that business people can come in and feel their resources can be repatriated at any time.

"We have 13 banks in the country, some of them with origins in the U.K. and Nigeria, and local banks. When international banks arrive, competition increases because of the improved services. This is then reflected in the development of branch networks, whereas before, access was limited to the facilities of the bank in the city. Now you can see institutions establishing a presence in other areas of the country—this way, we can significantly increase the number of account holders.

"At the moment, trust in the financial system is quite low but the sector is becoming more sensitized to what a bank can do for people.

"It's about improving financial intermediation," Sesay says. "Instead of transacting business through cash, you can do it through checks and also, with the use of credit cards, improve payment systems. But the level of education is important. When you have people doing business that are not literate, it is very difficult, so the level of education must be improved. The government is addressing this and I believe a lot will be done in the financial sector as a result."

Last year, the bank introduced a financial-sector-development plan. This earned it a grant from the World Bank that



Sheku S. Sesay
Governor and Chairman
Bank of Sierra Leone

will go a long way to developing a sound financial system.

"We lack specialized banks, such as agricultural development banks," the Governor says. "We need banks that provide medium-to-long-term loans. I will encourage any well-known banks to come and establish themselves here, but my preference is to look for the specialized ones that will address our development problems. We need banks

that can take the initiative to open branches or even have their headquarters in one of the provincial towns."

The bank is working to address the issue of inflation, which is currently fluctuating between 16 and 18 per cent. As the Governor explains: "We were down to single digits in 2009. It moved up in 2010 because the introduction of the GST took us to a new platform. Now that platform has neutralized.

"We also removed some of the fuel subsidies, which increased the price of fuel. We are letting the market conditions prevail while we see how we can manage the situation by creating safety nets. We are working to develop a very tight monetary policy to further reduce inflation rates."

The Governor is delighted at the shift in the number of big companies now doing business in his country. "People are slowly gaining confidence in the system we've created and having an "Agenda for Change" telling you what the priorities are is very helpful," he says.



Pristine beaches along the Freetown peninsula

in terms of ICT, risk management and the like, to ensure differentiation and continuity in the control of the majority of accounts and businesses in Sierra Leone. I would like to see local participation as well."

TRADE AND INVESTMENT: Attracting High-Quality FDI

With the President's call for continued foreign investment, Richard Konteh, Minister of Trade and Industry is working hard to rebrand Sierra Leone to a worldwide audience.

"We want to let people come and meet in Freetown and have a first-hand opinion of the realities on the ground," he says. "We believe in partnership and want to allow the domestic private sector to engage with international organizations.

"We have gone through a range of reforms and are actively trying to improve the "Doing Business" rankings published annually by the World Bank. Over the past few years, we have moved up 25 places to 143, and are now among the top reformers in developing countries.

"We have a "one-stop shop" that allows business to be registered in one day. We are digitalizing the whole land-registration process, we have introduced the GST, we have also streamlined the processes for clearing and export of goods. We have passed laws on payment systems. These are the steps we are taking to improve the environment.

"We are also working to make sure that we have reliable trade-industry data that we can publish on a monthly basis.

Since 2007, the number of pipeline projects dealt with by the rapidly evolving Sierra Leone Investment and Export Promotion Agency (SLIEPA)—the country's official agency to assist and inform investors and exporters—has increased by 200%, something Konteh attributes to President Koroma's strong leadership.

"The President made it clear from the outset that he was going to run the country like a business and that the private sector has to be the engine for



Freetown-Conakry Highway

economic growth and prosperity. He opened the doors of Sierra Leone to investors. If you look at the Finance Act 2011, you will see we have one of the most attractive investment regimes in Africa."

The government is also committed to a bilateral trade agreement with the U.K. "We have now established a U.K.-Sierra Leone Chamber of Commerce," the Minister says. "Through

"The time is ripe for concrete financial investment. Investing in road infrastructure will guarantee quality of life for Sierra Leoneans, and quality partnerships."

Munda Rogers, Director General, Sierra Leone Roads Authority

that framework, we will be able to engage with the private sector in the U.K. We want credible investors to come in."

SLIEPA is doing a sterling job in increasing investments that are high in both quality and scale.

"The continuity of the government will guarantee the continuity of SLIEPA's programs," CEO Patrick Caulker maintains. "We will go on looking to facilitate access to Sierra Leone to high quality and large-scale investments, trying to bring in the big players around the globe."

Meanwhile, the Sierra Leone Roads Authority (SLRA) is playing a key development role by rebuilding and upgrading the country's roads.

"Our vision is simple: to provide well-maintained road access to all communities," says Director General Munda Rogers. "If we can achieve more than 2,000 km of tarmacked roads to major towns and communities, and a network of secondary and feeder roads connecting them, then we will have done a good job.



"The greatest asset for any nation is a road asset and the roads sector continues to be one of the most important factors in achieving the development goals of Sierra Leone.

"In the next five years, we would like to see 60-70 per cent of our trunk roads as

paved roads and a properly coordinated feeder-road system to take agricultural produce from the villages to the cities.

"The time is ripe for concrete financial investment in the system. Investing in road infrastructure will guarantee a good quality of life for Sierra Leoneans, and quality partnerships. I would tell potential investors to put their money into SLRA because it can change the lives of people for the better, and this country is a stable nation moving forward."

Voted one of the top 10 destinations in **Lonely Planet's Best Places 2009**, Sierra Leone's tourism sector also has considerable investment potential, with 360 km of pristine beaches. Prime sites are unexploited and offer a myriad of opportunities, for example, in the development of niche tourism and expansion in all segments.

Sheka Forna, chairman of SPLASH, a pioneering mobile-payment service, notes: "Sierra Leone's geographical position also offers opportunities to the far-sighted investor. With a natural harbor and membership of the Mano River Union and ECOWAS, the country is well-placed to serve the region."

ENERGY: Economic Empowerment

As the government strives to reach its Millennium Development Goals, one of which is to halve the proportion of people living on less than one dollar per day by 2015, access to



John Sisay
Chief Executive
Sierra Rutile Ltd.



Abie Haruna
Country Manager
Oranto Petroleum

affordable energy services is a prerequisite. The country's constitution says that "the State shall harness all natural resources of the nation to promote national prosperity and an efficient, dynamic and self-reliant economy."

Energy policy is a key factor within the "Agenda for Change" and with the discovery of oil in the country, development is likely to be accelerated.

As Tomah J. Nhabay, Acting Director General of the Petroleum Resources Unit (PRU) says: "We have been very lucky that the first two deepwater explorations have been successful. We still need to work out the commerciality of the discovery, however. We cannot say how many millions of barrels will be produced until the geophysical and geological work has been done. We had two large roadshows in London and Houston, which were well attended, and we advertised in the local and international press.

"We have given the blocks to the first companies that applied to undertake the work. We have other good players now coming in; now that people know us, it will be easier. In fact, more than 36 companies have expressed interest. We are working closely with Ghana and Angola and can see they are sharing the risk and that the companies are very progressive in their exploration. We want to encourage partnerships."

Abie Haruna is country manager of Oranto Petroleum, which has been awarded full concessional rights of one of the blocks, known as SL-5. "We have done a reassignment and Lukoil has 70 per cent of the block and will be the full operator," she says. "The appraisal results are very positive. I believe that in five years' time, Sierra Leone is going to have a very bright outlook in its petroleum sector."

AGRICULTURE: Toward Sustainable Economic Growth

Sierra Leone's investment opportunities in agriculture are among the best in West Africa. The country has a diverse climate, plentiful rainfall, good soil and abundant land. In Eastern Sierra Leone, 79 per cent of citizens work in agriculture, but since most of the employment is at household level, there are opportunities to expand production.

Only 15 per cent of the country's 5.4 million hectares of cultivable land was being farmed as recently as 2003; growing seasons in most parts of the country exceed 260 days a year; annual rainfall averages 3,000 millimeters (118 inches); and the irrigation potential of the country's nine major and three minor rivers is largely untapped.

As Minister of Agriculture, Forestry and Food Security, Joseph Sesay, explains: "Sierra Leone's industrialization is being triggered by agriculture. Most of the raw materials used for industry are from agriculture. It plays a very important role in terms of creating wealth and employment.

"At the end of 2008, I succeeded in passing through a policy document called the Private Sector Investment Incentive For Agriculture. There is a package for duty waiver for imported

Sierra Leone: From Resource to Restoration

Petroleum Resources Unit has been an effective on-the-ground partner and promoter for various international oil and gas exploration and production companies currently operating in Sierra Leone. Join us and make history in our oil exploration journey!



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The future of Sierra Leone

agriculture items—machinery, agrochemicals, equipment related to agriculture—and we established an interim measure in which the government will lease the land from landowners.

“When investors express interest, in order to provide incentives, we also want to see their 45-year investment plans, and also their corporate social responsibility schemes.”

Addax Bioenergy is just one of the many international players giving Sierra Leone the thumbs up. Nikolai Germann, Managing Director, explains why:

“The industrial model can be replicated elsewhere, but we chose Sierra Leone for a couple of reasons. First of all, the climate is conducive to good growth. There is land available that is underutilized, water, access by road to an export terminal, and the proximity of a power line from Bumbuna.

“You have a whole set of logistical and infrastructure requirements for such a project. We can export duty-free into the E.U., which is a competitive advantage. We came with a project—the people and the government welcomed it—and we were able to implement it.”

MINING: Fueling Local Economies

Mining is also proving to be a magnetic sector for investors. Despite being famous for diamonds, the country has large, proven reserves of columbite, iron ore, rutile and other important minerals.

As Minister of Mines and Mineral Resources, Minkailu Mansaray says: “Mineral deposits are exploited and utilized prudently as a vehicle for economic recovery, so we always put systems and structures in place that will allow us to generate more revenues from the extractions, and develop laws that allow us to have the resources to address social issues.”

The Minister describes the Mining Act as “a friendly law, and extremely balanced in favor of the investors, the government and the people of Sierra Leone. There is clarity and stability in the law and it is clear who owns the land and the minerals. Any investor can see how the law protects their interests.”

Minister Mansaray points to African Minerals Ltd. as a leading investor in iron ore mining in the country. The company is listed on the Alternative Investment Market (AIM) of the London Stock Exchange, and headquartered in London.

African Minerals’ Tonkolili project is a prime example of the development of a world-class iron ore deposit and its related



Sierra Leone has one of the largest rutile deposits in the world

rail and port infrastructure, and is set to become the largest employer and contributor to GDP in Sierra Leone. The wholly owned project has a mine-life in excess of 60 years and is being developed in three phases.

For Alan Watling, CEO of African Minerals, Sierra Leone is a great place to do business.

“I found in all instances the government to be flexible but fair,” he says. “You cannot cut corners here. The thing I always look for when I come to a developing country is whether corruption is under control because if it isn’t it will be too hard to get projects off the ground. In Sierra Leone, the government is working actively to eradicate it. They have the right tools and the right attitudes to deal with it.”

As Watling observes, Sierra Leone was exporting iron ore



Sierra Rutile Limited

Rutile is one of the world’s most valuable minerals and SRL one of its most valued producers. We seek to maximize long-term shareholder value through sustainable and efficient operations.



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Meeting the needs of the people

well before Australia and Brazil, and he is committed to using his considerable experience to working with the country to build effective synergies, while making a positive impact.

"I have seen enormous good coming out of mining projects," he says. "Our intention is good. Investment in this country is absolutely necessary. People start to decentralize when you build important infrastructure like a railway. For every one person I employ into operations, we create around seven to 10 support jobs. Sierra Leone will be significantly different in five years' time. You will see an enormous amount of tourism.

"We employ over 5,000 Sierra Leoneans and are continuously upscaling our employees. We create revenue for the government and we have a process where we commit 0.1 per cent of gross revenues, in addition to royalties, both to the environment and social projects. The advantage is that we are setting the standards and the benchmark; this is a great opportunity to build something, leave a legacy, and give back. Our capacity to positively change people's lives is enormous."

Sierra Rutile Ltd., one of the country's largest private-sector employers, produces ilmenite, rutile and zircon and on a grand scale. The company's mine is located in the southwest of Sierra Leone, some 30 km from the Atlantic Ocean on low-lying coastal plains about 135 km southeast of Freetown.

Sierra Rutile holds mining leases over a land area of 580 sq. km., in which 19 separate rutile deposits have been identified, one of the largest rutile deposits in the world.

John Sisay, Chief Executive of Sierra Rutile Ltd. describes how he brought the company back from the brink. "Sierra Rutile almost went under with the 2008 downturn. It was heavily invested in a new dredge which capsized in July of that year," he says. "When I took over, we were trading at 3p per share. It took me about a year to stabilize the company, which was worth £20 million. Now we are worth £140 million.

"We produce natural rutile at the highest grade. Our plan within the next two-to-three years is to double production to reach the 200,000-ton level."

The importance of minerals in a child's growth

With an unwavering commitment to the socioeconomic development of the communities in which we operate, African Minerals is the engine of economic growth in Sierra Leone. With over 80% of our people drawn from local communities, we empower, train and develop our workforce so that we may grow as one while fostering environmentally and socially responsible behaviour.



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