

THIS MEMORANDUM OF UNDERSTANDING is made the 24<sup>th</sup> day of September 2012

**Between**

- (1) **The Government of the Republic of Sierra Leone (GOSL)** acting by each of the Ministries of Agriculture, Forestry and Food Security, Finance and Economic Development, and Trade and Industry;

**And**

- (2) **SOCFIN AGRICULTURAL COMPANY (S.L) LIMITED** Liability Company, established and Registered under the laws of Sierra Leone with company certificate of Incorporation number C.T. 626/2010 and with its registered office Hurley Beach Road, Freetown Sierra Leone hereafter called S.A.C.

**Recitals**

- A. **SAC** proposes to set up large scale oil palm plantations, and an oil extraction mill, in the Sahn Malen Chiefdom in the Pujehun District, Bum Chiefdom in the Bonthe District, Bagbo and Lugbu Chiefdoms in Bo the District, Southern Province (hereinafter referred to as "the project areas")
- B. That these investment projects must be registered with all relevant GoSL Ministries, Departments and Agencies, whose business is to encourage, attract, coordinate, and actualize private sector investments in the agriculture sector in Sierra Leone.
- C. **SAC** intends to distribute the bulk of its future palm oil production to the local Sierra Leone market until such time that local marketers can no longer absorb the produced quantities at market conditions
- D. It is intended by SAC that the first phase of the project is implemented over a 5 years period 2011 to 2016

Cultivated plantation size: 12,000 hectares

Oil mill capacity: 30 tons of FFB/hr, extended to 60 tons by 2018

Estimated new investment: 111 million US Dollars (2011-2019)

Estimated labour and contractors force: 2,414 by 2020

- E. SAC will seek to improve the livelihood of the local population by





providing transportation for the movement of fruit, building and improving social infrastructure, employing and/or contracting staff and training its workforce;

- F. **SAC** has elected to set up its project in Sierra Leone because of its favorable climatic conditions, the opportunity to improve the efficiency of production, local and regional market demand, and GOSL's commitment to improve the investment climate, the track record of the SAC's shareholders and directors and their experience of doing business in West Africa and in the palm oil sector worldwide;
- G. **SAC** has finalized the technical and environmental studies which confirm the feasibility of the project from the perspective of soil quality, climate and environmental conditions, and transport logistics.
- H. **SAC** has negotiated land lease agreements covering the project area with GoSL, the Chiefdom Councils and landowners of the Chiefdoms of Malen, Bagbo, Lugbu and Bum and will continue to do so with the help of the GoSL in order to secure sufficient concession areas for its development plan;
- I. This Memorandum of Understanding and Agreement shall be renewed after every five (5) years in line with the land lease agreements

**And whereas,**

- J. It is the policy objective of GoSL to attract large-scale foreign investments to the Agricultural sector of Sierra Leone;
- K. **GOSL** seeks to promote the expansion of local agricultural production for the local and export markets;
- L. **GOSL** seeks to increase the established production capacity of palm oil as to alleviate its dependency on imported products and boost its exports;
- M. **GOSL** welcomes labour-intensive industries which provide stable income and training to its workforce;
- N. **GOSL** promotes the establishment of sustainable economic centers in rural areas;

**Considering:**

- O. **GOSL** has agreed the project meets the policy objectives of GoSL
- P. **GOSL** recognizes the expected benefits of the project in terms of





job creation, education, stable income, and infrastructure, as well as the positive indirect effects of a large economic center in Bo, Bonthe and Pujehun Districts.

- Q. **GOSL** wants to improve the livelihood of an impoverished rural population which still suffers from the consequences of the civil war and recognizes that the project will contribute to this;
- R. **GOSL** recognizes the project will be based on
- (i) the comprehensive business plan attached to this Memorandum, and
  - (ii) the Environmental and Social Impact Assessment (ESIA) report based on the forthcoming GoSL Environmental and Social Performance Standards for Agribusiness Investments attached to the Memorandum;
- S. **GOSL** recognizes the benefits of additional agricultural production and processing capacity;
- T. **GOSL** recognizes the contribution the project is intended to make to the agricultural and other economic sectors in Sierra Leone and that it will indirectly help attract other foreign investments into the agricultural and other economic sectors,
- U. **GOSL** recognizes a readiness to grant investment incentives in the form of tax holidays and exemption of duties to SAC in connection with the project. This will be based on the relevant provisions in the Acts, Laws, regulations and policies of the GoSL
- V. **GOSL** and SAC have agreed to enter into the Memorandum of Understanding and Agreement, which is intended to have legal effect;

**It is agreed as follows;**

1. In regarding the project as a pioneer and priority investment in the agricultural sector in Sierra Leone and taking into account its investment promotion policy; GoSL supports SAC's development of the project by;
  - (i) recognizing the requirement of SAC to secure sufficient funding (capital and loans)
  - (ii) and in view of that status, to support the project by hereby agreeing to the main incentives, exemptions and rights as set out in the Appendix below,
2. **SAC** in consideration of the representation and agreements in this Memorandum agrees, to implement the project according to its business plan and to meet all project-related capital expenditures

The bottom of the page features several handwritten signatures and initials. On the left, there is a large, stylized signature that appears to be 'A'. To its right, there are smaller initials, possibly 'KOS'. Further right, there is a large, cursive signature that is difficult to decipher. On the far right, there is another signature, possibly 'S'. The signatures are written in black ink on a white background.

