



Agreement

Between

**The Government of the Republic of
Sierra Leone**

And

IMS GROUP (SL) LIMITED

December 2022

THIS AGREEMENT is made on theday of
....., in the Year of Our Lord Two
Thousand and Twenty Two (2022) .

BETWEEN

The Government of the Republic of Sierra Leone represented by the Ministries of Finance (MoF) and Trade and Industry (MTI) (hereinafter referred to as GoSL) on the one hand (hereafter referred to as **“the GOSL”**).

AND

IMS Group (SL) Limited, a Limited Liability Company established under the Companies Act of 2009 and registered under the laws of Sierra Leone with company Certificate of Incorporation Numbered **SL160621IMSGR11303** and with its registered head office at 11 Sani Abacha Street and operations site located at 3 Mile, Western Rura District, Freetown, Sierra Leone (hereafter called **“the Company”**).

IMS Group (SL) Limited, is acting in its own name and that of all the present or future affiliates, represented by the Chief Executive Officer, Mr. Ali Ibrahim Mohsen.

Proponents of the Agreement shall individually be referred to as **“the Party”** and Collectively **“the Parties”**

Recitals

And Whereas **IMS Group (SL) Limited**, is a wholly Sierra Leonean Company, operating in merchandise including but not limited to selling imported products such as flour, rice, biscuits, fruit juice, carbonated fizzy drinks tobacco, vegetable oil, sugar,

spice seasoning, detergents, soap, building materials and household electrical appliances among others.

And Whereas **IMS Group (SL) Limited** has six (6) warehouses situated at Cline Town Community and each has capacity ranging from 2,000 to 3,000 metric tonnes.

And Whereas **IMS Group (SL) Limited** seeks to establish the following ventures in Sierra Leone:

- A. Ultra-modern factory called **IMHA Flour Mill (SL) Ltd** for the flour production of flour used for making bread and other confectioneries with capacity of 120 metric tonnes per day.
- B. Ultra-modern beverage factory named **American beverages (SL) Ltd** for producing carbonated soft drinks in various sizes for Sierra Leone also for regional market
- C. **ZEIN Foods Industries (SL) Ltd** for producing fresh fruit juice, purees and smoothies from locally grown fruits.
- D. **Havana Tobacco (SL) Ltd** for producing cigarette targeting the local and regional market.

And Whereas the Company proposes to invest **US Dollars 45 million (US \$45 million)** and is expected to complete and commission all these factories within 24-36 months from the date of ratification.

And Whereas the Company is desirous to register with all relevant Ministries, Departments and Agencies (MDAs) who will continue to encourage, attract and coordinate private sector investments in the manufacturing sector in Sierra Leone.

And Whereas GoSL seeks to promote private sector investment, business growth and development in the country, especially in the manufacturing sector in both flour and natural juice grown locally and to provide employment, promote growth and development, boost exports and balance of trade.

And Whereas GoSL agrees that the company investment portfolio meets the country's private sector development policy objectives and recognizes the expected benefits the investment would bring in terms job creation, training employees; knowledge and technology transfer; value addition from the country's local raw materials.

And Whereas it is the policy objective of GoSL to attract large-scale private sector investments in value addition in the manufacturing sector.

And Whereas GoSL recognizes the expected benefits of the project in terms of job creation, stable income, and infrastructure development, as well as the positive indirect effects of an economic centre in the Project operational areas, especially as it will improve the livelihood of the rural population.

An Whereas GoSL will review the proposal to ensure conformity with requirements and quality standards and Laboratory best practices as determined by the Sierra Leone Standards Bureau. GoSL seeks to promote the integration of local Content Policy using local materials and local expertise where available.

And Whereas GoSL considering the level of investment to be undertaken, the challenge to raise funds and the potential Socio-economic impact on the economy and the employment opportunities, agrees to provide the enabling environment in terms of providing friendly investment incentives as well as permissible duty concessions and tax Considerations.

NOW THEREFORE, the GOSL and the Company hereby agree as follows:

ARTICLE 1
INTERPRETATION

The following bolded terms wherever used in this Agreement shall have the respective meanings and interpretations set forth below:

“Agreement”– This Investment Concession Agreement with GoSL and **IMS Group (SL) Limited** and any further amendments made pursuant to its terms as well as all its appendices.

“Applicable Laws” – means the Laws of the Republic of Sierra Leone, and all orders, rules, regulations, executive orders, decrees, policies, judicial decisions, notifications, or other similar directives made pursuant thereto, or other similar directives as may be amended from time to time.

“Authorizations” - any or all licenses, permits, visas, consents, approvals, waivers, notifications, applications, orders, grants, confirmations, clearances and all extensions required to permit the transactions contemplated by this Agreement, including the instructions required by Law from Government, any relevant third parties and officials of Government.



“Business Day” – Any day other than weekends or an official public holiday.

“Change of Control” – Any assignment, sale, or transfer of interest of any type as a result of which the person that holds a majority of the economic interest in the Company as of the Effective Date, ceases to hold a majority of the economic interest in the Company.

“Company” means a group of individuals with a common purpose or provides services as a commercial venture including its successors and assigns where the context permits

“Commercial Production”- In any period, following the Effective Date, where the production of processed and finished products as envisage in the Business Plan, reaches 40% or more of the installed production capacity of the factory.

“Commercial Production Date” – The date upon which the company reaches a target of 40% of the installed factory production capacity.

“Contractors” – Any person or organization that contracts directly or indirectly with the company for the supply of goods or services causally related to the company’s operations.

“Effective Date” – The date on which this Agreement is signed by all Parties upon ratification by the Sierra Leone House of Parliament.

“Employee” – An employee, whether long-term or short-term of the company in Sierra Leone



“Encumbrances” – Any pledges, liens, charges, assignments, assessments, security interests, title retention, mortgages, restrictions, title defects, rights of ways, options or adverse claims from any person or organization claiming any rights to the lands assigned by the Government of Sierra Leone for the development of the factories.

“Environment Protection Agency (EPA)” – the Government agency tasked with the responsibility to provide for the effective protection of the environment and for other related matters.

“Extension of Term” – means to add to the length of time specified in this Agreement to continue with its existing terms, or any modifications of such terms.

“Force Majeure”- are unforeseeable events, circumstances or causes beyond the reasonable control of either party to this Agreement with sustained disruption of the operations and performance of the Company.

“Investment” – means any annuity, trust, or custodial account holding regulated investment company stock or assets, established in accordance with the laws of Sierra Leone, in which the assets are held for investment purposes.

“Investment Plan” – The Plan, herein included as Appendix – to this Agreement, which provides details of the factory construction, machinery installation, staffing and production targets of the company.

“Parties” - GOSL and IMS Group (SL) Limited



“Production” – Any or all the following, when carried out by or on behalf of the company: processing, distributing, marketing and selling of flour, soft and natural juice and its derivatives; and all other operations of the company incidental to, arising from or directly related to the design, installation, operation and maintenance of factory infrastructure.

“Subcontractor” - Any person or organization contracted directly or indirectly by a contractor of the company to cause to provide some portion of the supply of goods or services causally related to the company’s operations.

“Taxes and Duties” – references to "tax" and “duty” includes all present and future taxes, charges, import duties, levies, excise, or withholdings of any kind whatsoever or any other imposition by GoSL, having the effect of a tax.

The Company – refers to undertaking activities/services pursuant to this Contract Agreement including its successors and assigns and where the context so permits any company or person sub-contracted by the Company to provide undertakes activities/services.

“Work Plan” – The defined activities and indicative timelines (hereinafter referred to as the “WORK PLAN”) as attached in Annex A for achieving the Construction and installation Production and distribution processes in accordance with the terms of this Agreement.

ARTICLE 2

PARTIES TO THE AGREEMENT

2 Parties

The parties to this Agreement shall be the Government of Sierra Leone (GOSL) and IMS Group (SL) Limited.

ARTICLE 3

TERM OF AGREEMENT

3.1 Term

The term of this Agreement shall begin as of the Effective Date and shall remain in effect for a period of ten years, unless sooner terminated as hereinafter provided. Thereafter, this Agreement shall continue in effect with respect to renewal provided for under Article 3.2, and shall be subject to the termination provisions and all other terms and conditions hereof;

3.2 Extension of Term

Six months prior to the expiration of this Agreement, unless earlier terminated, the Company may apply to the GoSL for an extension of this Agreement for such additional period and on such terms and conditions as both parties may agree.

Where the term of this Agreement is not extended pursuant to this Article, the company shall continue its commercial production at targeted levels for remaining term period. Notwithstanding any extension that may be agreed upon by both parties to the Term of this Agreement, this Agreement is, and will always be interpreted as, a fixed term agreement and not an indefinite term agreement.

ARTICLE 4
GRANTING OF CONCESSIONS AND RIGHTS

4.0 The GOSL's Obligations

4.1 No Unhealthy Competition and Protection from Foreign Competition

To support the "Made in Sierra Leone" Concept in line with the Local Content Policy, Government shall apply all reasonable endeavours to provide the conducive environment to support the Company's efforts, especially protection from unhealthy competitions with foreign dumped products through some measures that include tariff protection.

4.2 Production Rights

The GoSL hereby grants the company the right, in accordance with all applicable Laws of Sierra Leone, to engage in:

- i. The purchase and processing of wheat flour, soft drinks natural juice and other related food products;
- ii. The development of agent networks for the purchase and sales of wheat,
- iii. The wholesale distribution of wheat (only) in the domestic market and, where necessary, to export to other countries.
- iv. Market, distribute and sale of varieties of soft drinks, fruit juices and cigarettes and where necessary to export to other countries.

4.3 Tariff Protection

Government shall implement a tariff regime conducive to provide comparative advantage to the Company from foreign products dumped locally.

5.0 The Company's Obligations

5.1 IMS Group (SL) Limited shall exclusively undertake and own as property, the project to construct, develop and establish

the infrastructure and install and operate a facility for cement production, packaging and distribution.

5.2 **IMS Group (SL) Limited** shall undertake to comply with provisions of all laws, especially Labour and Social Security Laws for the recruitment and employment of staff. The Company is also committed to employ a greater proportion of Sierra Leonean staff for jobs not requiring high level technical expertise, whilst providing the requisite on the job training of personnel.

5.3 **IMS Group (SL) Limited** shall develop a policy and set up a system to protect workers against occupational hazards, accidents at work and other health risks in consonance with applicable laws.

5.4 The Company shall undertake to comply with the provisions of the Labour, Social Security and Local Content Regulations in recruitment and employment of staff.

5.5 **IMS Group (SL) Limited** shall undertake to have an Insurance Policy to cover Management and Staff treatments for occupational hazards and accidents.

5.6 **IMS Group (SL) Limited** shall undertake to import a modern and state-of-the-art machines, equipment and assembly production lines for industrial operations, and remain obligated to GOSL under the Terms of this Agreement.

5.7 **IMS Group (SL) Limited** shall fully comply to undertake and complete all Environmental Assessments and other related obligations required by the GoSL.

5.8 **IMS Group (SL) Limited** shall be entirely committed to its investment bonds, and funding of its projects, with its own capital using bank loans where necessary.

5.9 **IMS Group (SL) Limited** shall ensure conformity to hygiene and safety regulations whether subcontracted or with designated Agents working on site.

ARTICLE 6
TAXES TO THE COMPANY

6.0 GoSL agrees that the following tax treatments shall apply to and in respect of **IMS Group (SL) Limited**, provided that they shall only apply and remain to be the direct benefit of the Company, and not its related or other companies, Contractors and Subcontractors, unless the goods or consignments on which such tax treatments shall apply are consigned in the name of the Company for use exclusively for its manufacturing purpose.

6.1 Personal Income Tax for Local Employees

All local employees of the Company are subject to Pay-As-You-Earn (PAYE) Tax consistent with **Part I of the First Schedule** of the Income Tax Act 2000 (as amended).

6.2 Personal Income Tax for Foreign Employees

Income earned from a source in Sierra Leone by foreign nationals shall be subject to the requirements for residency provided for in Sections 10-13 of the Income Tax Act 2000 (as amended), for which the tax shall be at the rate of **25%** (Part II of the Second Schedule of the Income Tax Act 2000), provided the foreign national is in employment for a period of 183 days or less, but in cases where the employment exceed 183 days, the normal PAYE schedule will be applied in computing the

Personal Income Tax liability, consistent with Sections 116 to 123 of the Income Tax Act, 2000 (as amended).

6.3 Corporation Tax

Pursuant to Section 48 of Finance Act, 2013, the Company shall be entitled to a corporate tax relief for a period of 5 (five) years, starting upon ratification of this Agreement by Parliament.

Loss incurred by the Company each year shall be offset and carried forward for adjustment against any future income for a period not exceeding Ten (10) years

6.4 Withholding Taxes on Payments to Contractors

The Company shall withhold taxes from payments to its suppliers and other contractors in accordance with the Income Tax Act 2000 as amended

However, upon written application to the Commissioner-General, the company shall be granted a withholding tax exemption for the services of highly skilled experts whose services are not readily available in Sierra Leone subject to an approved scheme for skills transfer to Sierra Leoneans, consistent with the provision of Section 49 of Finance Act 2022.

6.5 Withholding Tax on Dividend Payments

The company shall withhold tax on dividends paid to shareholders in accordance with the Income Tax Act 2000.

6.6 Withholding Tax on Interest Payments

The Company shall withhold taxes on interests at the rates prescribed in Part IV of the First Schedule or Part II of the Second Schedule of the Income Tax Act, 2000 (as amended).



6.7 Advance Withholding Tax on Imports

The Company shall be entitled to exemption from the payment of five-and-a-half (5.5%) withholding tax on the CIF value of their imports subject to Section 114 of the Income Tax Act, 2000 (as amended)".

6.8 Capital Allowances

The Company shall be entitled to capital allowance deductions for depreciation at a rate of forty percent (40%), twenty percent (20%), twenty percent (20%) and twenty percent (20%) for the first, second, third and fourth years respectively on all plant, machinery, and equipment, consistent with Section 39 of the Income Tax Act, 2000 (as amended).

6.9 Import Duty on Plant Machinery and Equipment

The company shall, for a period of (5) years, commencing the Effective Date of this Agreement, be exempt from import duty on plant, machinery, and equipment, and other high end construction materials required for set up and development of the project, subject to submission of Bill of Quantity to Ministry of Trade and Industry and Ministry of Finance"

6.10 Importation of raw material and packaging Material

Company shall be entitled to an exemption of raw materials and packaging materials for a period of three (3) years and thereafter to a reduced import duty rate of five (5) percent for raw and packaging materials commencing the effective date of this Agreement.

6.11 ECOWAS Levy

Commencing the effective date of this Agreement, IMS shall pay ECOWAS levy on its imports, as applicable.

6.12 Goods and Services Tax

The company shall be subject to Goods and Services Tax in accordance with the Goods and Services Tax Act 2009.

6.13 Other Allowable Deductions

The Company shall claim deductions against chargeable income in an amount equivalent to the following percentage expenditure:

- a. Actual expenses incurred in respect of environmental and social impact mitigation and/or environmental protection and restoration – one hundred percent (100%).
- b. Cost of educating and/or training citizens of Sierra Leone and who are full time employees of IMS Group and part time employees of IMS Group but bonded to the Company on completion of such training and/or education. Education or training shall not include primary or secondary school education and shall be relevant to the employment of the trainee concerned and include on-the-job training and shall include one hundred percent (100%) of the wages of an employee serving an apprenticeship course approved by GoSL.
- c. Any expenses incurred on research and development by the Company up to the extent of profits of the same year the expenditure is made – one hundred percent (100%); but any unclaimed amount shall not be available for future deductions.

- d. Any expenses incurred on the training of local staff in an approved training course conducted by the Company up to the extent of profits of the same year the expenditure is made – one hundred percent (100%); but any unclaimed amount shall not be available for future deductions.
- e. Any expenses on social services, such as the building of schools and hospitals, and any investment that is outside the scope of the original investment and which would be also available to the general public for use free of charge, up to the extent of profits for the purposes of the Income Tax Act 2000 – one hundred percent (100%);
- f. The actual cost of the remuneration payable to any physically or mentally disabled employees, up to the extent of the profits of the year in which the expenditure is made; but any unclaimed amount shall not be available for future deductions (200%)”.
- g. 100% of any expenses on promoting export of the Company’s products.

6.14 Non-stabilization

The company shall, from time to time, pay all other taxes not covered by this Agreement”.

6.15 Pension and Social Security Contributions

All local employees of IMS Group shall be subject a pension contribution in accordance with the National Social Security and Insurance Trust Act, 2001.

ARTICLE 7
CONDUCT OF OPERATIONS

7.0 Production Activities

Subject to the Terms of this Agreement and applicable Laws of Sierra Leone, the Company shall engage in the purchase of raw materials for flour, soft drinks and natural juice and other food products and operate its business in accordance with established production standards and prudent business practice.

7.1 The Company shall engage in the production, packaging, distribution and whole sale of flour, soft drinks and natural juice and other food related products domestically, and shall export to other countries where domestic needs have been met.

7.2 Performance of Initial Investment Obligations

Within 6 months of the Effective Date, the Company shall invest in full industrial manufacturing plant that has the capacity to produce the range of products listed in this Agreement, and in the respective targeted volumes. For clarity purpose, the factory is expected to process up to **200-300** tons of flour, soft drinks and natural juice and other food per business day.

7.3 If within **12-18 months from the Effective Date**, the Company fails to use reasonable efforts to have a full functional manufacturing plant operating in the country; it should notify the GoSL why it failed to meet such performance obligations. If within **24-30 months** the Company fails to achieve commercial production levels of output, the Government may by notice in writing to the Company, inform the Company of its intention to terminate this Agreement.

7.4 Domestic Sale of Products