



MEMORANDUM OF UNDERSTANDING

Between

THE GOVERNMENT OF THE REPUBLIC OF SIERRA LEONE

And

SIERRA AKKER AGRICULTURAL COMPANY LIMITED

JUNE, 2013

THIS MEMORANDUM OF UNDERSTANDING is made the day
of 2013

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. **Sierra Akker Agricultural Company Limited (SAACL)**, a Limited Liability Company established and registered under laws of Sierra Leone and with its registered office at Sumbuya Village, Koya Chiefdom, Port Loko District hereafter called Sierra Akker Agricultural Company Limited SAACL.

Recitals

- A. Sierra Akker Agricultural Company Limited (SAACL) is currently operating a Poultry Farm and also intends to develop a meat production plant which uses modern (and up to date) processing techniques that satisfy the highest health standards.
- B. SAACL is building an import –substitution facility and substantial value addition to the output of the livestock farms and which conserves the country's foreign exchange from the huge importation of eggs and frozen meat annually.
- C. SAACL is already operating a poultry farm at Sumbuya in the Koya Chiefdom and also in the process of leasing the abattoir at Kossoh Town belonging to the Ministry of Agriculture Forestry and Food Security.
- D. SAACL will rehabilitate and manage the Kossoh Town Abattoir which has the capacity to slaughter and process 100 heads of cattle under strict hygienic conditions.
- E. SAACL intends to establish a successful marketing plan in order to penetrate the meat market.
- F. SAACL has negotiated lease agreement covering the project area with MAFFS, MLCPE and the Community to do so in order to secure sufficient concession areas for its development plan.

- G. This Memorandum of Understanding and agreement shall be renewed after every five (5) years.

Whereas

- H. It is the policy objective of the GOSL to encourage the Private Sector to invest in the agricultural sector of Sierra Leone.
- I. GOSL seeks to promote the use of local raw materials and the establishment of value adding transformation industries.
- J. GOSL welcomes industries which provide job opportunities, stable income and training of the work force.
- K. GOSL promotes the establishment of sustainable economic centres in rural areas.

Considering

- L. GOSL has agreed the proposed investment meets policy objectives of GOSL.
- M. GOSL recognizes the expected benefits of the investment in terms of job creation, staff training, stable income and infrastructure as well as the effects of an economic centre in the Western Rural District.
- N. GOSL wants to improve on the health of the citizenry by providing hygienic finished livestock products.
- O. GOSL recognizes the investment will be based on:
i. The provisional business plan attached to this memorandum and
ii. The environmental and social sustainability criteria to be evidenced in the Environmental Social and Health Impact Assessment(ESHIA)
- P. GOSL recognizes the benefits of additional agricultural production and processing capacity.
- Q. 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.
- R. GOSL recognizes a readiness to grant investment incentives in the form of tax holidays and exemption of duties to SAACL in connection

with the project. This will be based on the relevant provisions in the acts, laws, regulations and policies of the GOSL.

- S. GOSL and SAACL have agreed to enter into the Memorandum of Understanding and Agreement which is intended to have legal effect.

It is agreed as follows:

1. GOSL in regarding the investment as a pioneer in the area of adding value to livestock products and taking into consideration its investment promotion policy, GOSL supports SAACL's development of the investment by:
 - 1.1. Recognising the requirement of SAACL to secure additional funding from investors and lenders.
 - 1.2. 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. SAACL in consideration of the representations and agreements in this Memorandum agrees to implement the project according to its Business Plan and to meet all project-related infrastructure capital costs anticipated in the Business Plan including but not limited to fencing the compound, rehabilitating the abattoir, installation of power, water systems and all other infrastructure as outlined in the proposed operations.
3. SAACL agrees to permit tendering by local suppliers of relevant ancillary services from time to time on such terms and conditions SAACL shall reasonably specify.
4. This Memorandum is governed and shall be constituted in accordance with the laws of the Republic of Sierra Leone and is intended to be legally binding on both parties.
5. This clause applies to any claim, dispute or difference of any kind between the parties arising out of or in connection with this Memorandum. That includes without limitation, any question about the Memorandum's existence, validity or termination.
 - i) All disputes shall be referred to and finally resolved by arbitration internally (between both parties) within Sierra Leone.
 - ii) All proceedings shall be conducted in the English language. All documents submitted in the arbitration shall be in English I or,

if in another language be accompanied by a certified English translation.

- iii) None of the parties may appeal to any court on a question of law arising out of an award made in the arbitration. The parties irrevocably waive any rights of appeal they might otherwise have had.
- iv) The award shall be final and binding on the parties or anyone claiming through or under them and judgement rendered on the award may be entered in any court having jurisdiction or application may be made to such court for judicial acceptance of the award and an order of enforcement as the case may be.
- v) GOSL irrevocably and unconditionally:
 - a) Acknowledges that the execution, performance and delivery by each party of this Memorandum shall constitute a private commercial transaction entered into entirely in its commercial capacity.
 - b) Agrees that should any other party bring legal proceedings against it or its assets in relation to this Memorandum, no immunity from such legal proceeding (which shall be deemed to include without limitation, suit, attachment prior to judgement, other attachment, the obtaining of judgement, execution or other enforcements) shall be claimed by or on behalf of itself other than in respect of government buildings located in Sierra Leone or buildings forming part of a diplomatic or consular mission (except to the extent necessary to effect service of legal process), and
 - c) Consents generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including the making enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement which may be made or given in such proceedings.
 - d) Agrees to help the project in all ways on a best effort basis to have access to long term development funding.
 - e) SAACL agrees to provide electricity and necessary grid connection to the project if available presently or in future.

- f) Agrees to confer all benefits including but not limited to granting of duty waivers and other investment incentives as detailed in the required laws, regulations and policies enacted and/or approved by GOSAL within a particular timeframe which will not cause undue delays to implementing the project.

Investor's Obligations:

1. SAACL shall develop a Corporate Social Responsibility (CSR) plan based on an assessment of community needs in collaboration with local government officials, Traditional leaders, and the community representatives.
2. SAACL shall provide feasible timeframes for implementation of its agreed upon CSR responsibilities which will be agreed upon by all stakeholders.
3. SAACL shall submit quarterly progress reports on its obligations based on pre-determined monitoring plan; GoSL representatives (including but not limited to the Livestock/Veterinary services Division of the Ministry of Agriculture Forestry and Food Security) will conduct periodical monitoring visits.
4. SAACL shall develop a mechanism to purchase livestock and other raw materials from local producers for processing. The price for such livestock shall be market determined.
5. SAACL shall provide the government with a detailed Human Resource plan which includes projections for the hiring of Sierra Leonean staff at all management, middle cadre and junior levels (direct employment). Included in this Human Resource Plan should be information on internship or apprenticeship opportunities and a detailed training and succession plans.
6. Consistent with the policy objectives and strategic framework of the Local Content Policy, SAACL is obliged to among others:
 - Promote the utilization of locally available Sierra Leonean goods in the industrial and manufacturing sectors.
 - Facilitate the development of indigenous services providers by promoting linkages with more advanced and experienced domestic and foreign firms.

- Support the growth of small and medium enterprises through targeted procurement.
- Promote employment of Sierra Leoneans.
- Develop the human and institutional capacity of Sierra Leoneans through training and transfer of knowledge and technology.

7. SAACL shall adhere to the Environmental Protection Agency Act (as amended) 2008 and other environment regulations developed by GoSL and in line with international best practices.

Appendix

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| 1. Government support of The Project | GOSL supports the Project and agrees to provide such assistance and enter into such agreements to ensure the successful implementation of the project and its funding as SAACL, its shareholders or the funders may reasonably require from time to time. |
| 2. Permits | GOSL confirms that SAACL will be granted all required permits and other authorizations in connection with the project and its funding provided that SAACL complies with all published requirements of the Laws of the Republic of Sierra Leone in relation to such permits or authorizations, the details of which are generally available to the public in Sierra Leone. |
| 3. Further Permits | GOSL undertakes that should SAACL (or any other person taking part or participating in the project or its funding), at any time, be required to obtain any further permit or other authorization in connection with itself, its activities or the project (or any part of the project) or its funding, it shall take all necessary steps to ensure such permit or other authorization is issued forthwith provided that SAACL or, as the case may be, such other person complies with all published requirements of the laws of the Republic of Sierra Leone in relation to such permits or authorizations, the details of which are generally available to the public in Sierra Leone. |
| 4. Revocation of permits | GOSL agrees that any permit or other authorization will only be cancelled, terminated or revoked, or amended or changed, in accordance with its terms and conditions only (which include the laws and published regulations, the details of which are generally available to the public in Sierra Leone, pursuant to which it was issued). |
| 5. Breach of permit | If SAACL or other person to whom it was issued fails to abide by any terms of any permit or authorization, GOSL (or any relevant official or public authority) may exercise any power pursuant to the Laws of the Republic of Sierra Leone in respect of such failure. However, GOSL agrees it will not (and will procure that no official or public authority will exercise any such power unless SAACL and such other person(s) it shall |

specify for this purpose have first been given no longer than two weeks and any minimum statutory period of notice(the notice) of such failure and given the opportunity, and failed within a reasonable period of time after receipt of such notice, to rectify, remedy or cure such failure unless in the opinion of GOSL acting reasonably, there is a significant risk to life or the environment. If there is a significant risk to life or the environment. GoSL shall be entitled to suspend the relevant permit or authorization for the minimum period of time which could be anticipated as being reasonably necessary for an organization which is competent, experienced and efficient to prevent such risk occurring. For the purpose of this paragraph, 'reasonable period' means at a minimum period of six weeks from date to delivery of the notice.

6. Environmental and Social Assessment

The Environmental License for the project will be granted to SAACL, subject to conditions only which are typical for an Environmental Licence, no later than six (6) weeks after the application is lodge unless (a) it is withheld for one or more lawful reasons which are objectively reasonable for withholding such Environmental License under the relevant laws of the Republic of Sierra Leone or (b) SAACL's environmental management plan (including the ESIA) is not being implemented to a material extent.

7. Fiscal Concessions for the Agricultural sector

7(a) Personal Income Tax for Local Employees:

All local employees are subject to Pay As You Earn Tax (PAYE) consistent with the provisions of the Income Tax Act 2000 as amended [Part V of the first schedule]. This includes rules relating to Benefit -in- Kind [sections 23 and 176(9)] subject to the provisions of the National Social Security and Insurance Trust Act of 2001.

7(b) Personal Income Tax for Foreign Employees:

Income earned from a source in Sierra Leone by foreign nationals is subject to tax at the rate of 25% [part ii of the Second Schedule]. This will be based on the requirements for residency as provided for in sections 10-13 of the Income Tax Act 2000 as amended.

7(c) Corporation Tax

The Chargeable Business income of agricultural activities shall be exempt from corporation tax for a period of 10 years. This includes all activities such as

rice farming, tree crop farming such as cocoa, coffee, rubber, and palm oil etc. from the date of commencement of such activity.

7(d) Dividend Tax Exemption

50% of dividend paid during the qualifying period will be exempt from withholding and other taxes.

7(e) Exemption from export sales

5% of total income derived from export sales will be exempt from corporation tax after the qualifying period.

7(f) Capital Allowance

All Fixed Assets shall be subject to capital allowance up to 40% as provided for in the Income Tax Act 2000 (as amended).

7(g) Investment Allowance

An additional 5% investment allowance will be given on the procurement of any new qualifying asset and investment in each year of assessment.

X YX 7(h) Customs duty

All plants, equipments and machinery shall be imported free of any duty and taxes (except for ECOWAS levy currently at 0.5% of CIF value) for any five years selected by the taxpayer (FA 2011)

7(i) Importation of Agricultural inputs

Importation of all agricultural inputs shall not be subject to import duty for a period of five years from the date of commencement of business (FA 2013). For the purpose of this MOU, Agricultural inputs include the following:

- (i) Fertilizers;
- (ii) Pesticides;
- (iii) Insecticides;

- (iv) Seeds and seedlings;
- (v) Hybrid Tree Seeds;
- (vi) Seed Animal for feeding purpose;
- (vii) Day-old-chicks; and
- (viii) Animal semen

7(j) Importation of Feed, Vaccine and Veterinary Drugs for livestock and Poultry

Importation of Feeds, Vaccine and Veterinary Drugs for livestock and Poultry shall attract import duty free concession for a period of five years from the date of commencement of business (FA 2013).

7(k) Other concessions on expenses incurred in trade.

The following allowable deductions shall be granted in respect of the following expenses in any year of assessment:

- (i) Research and development cost – 100%
- (ii) Training expenses for local staff – 100%
- (iii) Social and development expenses – 100%
- (iv) Expenses on promoting exports – 100%
- (v) Expenses incurred in engaging disable persons including salaries – 200%

Note: Allowable deductions are only effective in a current year of assessment. Unclaimed charges for current year are disallowable in future year of assessments.

7(l) Trading losses.

Trading losses can be recouped for a maximum period of 10 years.

7(m) GST

GST shall be administered consistent with the GST Act of 2009. Chemicals used as agricultural inputs, including all forms of fertilizers, acaricides, fungicides, rematicides, growth regulators, pesticides, veterinary drugs, vaccine and animal feed unfit for human

consumption shall be exempt supply for the purpose of GST.

8. Exchange Control

8 (a) Inflows and Outflows of Foreign Exchange

All inflows and outflows of foreign exchange shall be done through the banking system in compliance with the Exchange Control Act, 1965 and the Anti-Money Laundering/Countering the Financing of Terrorism Act, 2012 (AMT/CFT).

8(b) Export Revenue

All revenue derived from export must first be channelled through Sierra Leone Banking System before they are repatriated to any other bank of the investors' choice. This is just a way to improve the country's Balance of Payment position.

9. Water and Utilities

GOSL agrees to enter into a water rights agreement with SAACL and SAACL shall be charged at fixed rate of 0% per cubic metre of water extracted from rivers and other courses. There will be no restriction on the volume of water extracted by SAACL from rivers, other water courses, wells and boreholes.

10. Change in law

If any law applied in Sierra Leone comes into effect or is amended, modified, repealed, withdrawn or replaced (a change in Law) which has a material adverse effect on the ability of SAACL, its contractors, sub-contractors, any shareholder or funder to perform their respective obligations under any document relevant to the development, operation or funding of the project or the cost of or return from so doing after taking into account the effects associated directly and expressly with any such Change in Law, then GoSL undertakes to grant to the project, SAACL, its contractors, sub-contractor, the shareholders and the funders any exemption or license or other authorization necessary or desirable to ensure that such interest, rights, obligations and economic return are not materially adversely affected. If there is a dispute between the parties in relation to whether the Change in Law has the effect described above, it shall be referred to the arbitration procedure as agreed and set out in the Memorandum.

11. Nationalization or Expropriation

GOSL agrees that it will not, nor attempt to expropriate or confiscate all or any of the assets or rights of SAACL, its sub-contractors or their respective contractors or any other party to the document relevant to the development operation and funding of the project

or the share capital of SAACL other than on the basis of full compensation (including loss of profit) to the affected parties, including an amount not less than that required to repay all principal interest, fees, costs and expenses, amounts outstanding to the funders under or pursuant to the funding documents.

12. Compliance with Laws

Each party confirms that it does not intend and will not engage in any illegal activity and SAACL agrees to take reasonable steps that its shareholders, affiliates and its expatriate employees also do not do so. SAACL agrees that it will comply with all national and international standards in relation to food safety, health and environmental protection.

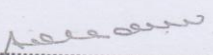
SAACL agrees that it will take reasonable steps to ensure that itself and none of its partners will enter into, without the prior written consent of GoSL (which shall not be unreasonably withheld), the business activity of the processing of meat and other livestock products outside of that outlined in this Memorandum or the Business Plan in force at the relevant time. In the event that SAACL or any of its shareholders or contractors are in breach of this Memorandum, such breach shall not be grounds for suspending or terminating this Memorandum, or any obligation or provision binding on GoSL under this Memorandum. The penalty for any such breach shall be, insofar such breach is a criminal or civil offence in Sierra Leone the penalty imposed following the application of the applicable criminal or civil procedure, and applicable damages for breach of contract.

In the event that GoSL is in breach of this Memorandum such breach shall not be grounds for suspending or terminating this Memorandum, or any obligation or provision binding on SAACL under this Memorandum. The penalty for any such breach shall be, insofar such breach is a criminal or civil offence in Sierra Leone the penalty imposed following the application of the applicable criminal or civil procedure and applicable damages for breach of contract.

Signed on

2013 in Freetown, Sierra Leone.

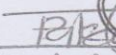
For the Government of Sierra Leone


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Minister of Agriculture Forestry and Food Security.

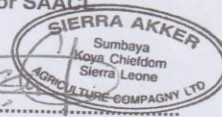
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For SAACL

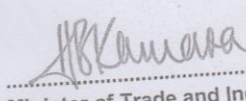

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Executive Director Sierra Akker Agricultural Company Limited

2/12/13



 30/11/13

Minister of Finance and Economic Development

 25/09/13

Minister of Trade and Industry.

THE GOVERNMENT OF THE REPUBLIC OF ZIMBABWE

MINISTRY OF AGRICULTURE, FISHING AND FORESTRY

ANNEX 2013