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Memorandum of Understanding and Agreement

between

The Government of the Republic of Sierra Leone

And

Goldtree (S.L.) Limited

And

Goldtree Holdings

2011

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MEMORANDUM FOR THE DIRECTOR

RE: [Illegible]

Memorandum of Understanding and Agreement

Dated xxxx 2010

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;
- (2) **Goldtree (S.L.) Limited (Goldtree)**, a limited liability company established and registered under the laws of Sierra Leone with company Certificate of Incorporation number C/1/373/2007 and with its registered office at 164 Circular Road, Freetown, Sierra Leone; and
- (3) **Goldtree Holdings** a limited liability company established and registered under the laws of Mauritius with a Category 1 Global Business Licence of number C107004791 and with its registered office at 5th Floor, Barkly Wharf, Le Caudan Waterfront, Port Louis, Mauritius (**Goldtree Holdings**).

Recitals

- A Goldtree, which is a subsidiary of Goldtree Holdings, proposes to set up a large scale palm oil plantation, oil extraction mill, refinery and packing plant in and around Daru in Kailahun District in the Eastern Province of the Republic of Sierra Leone (the **Project**);
- B Goldtree intends to distribute the bulk of its future palm oil production to the local Sierra Leone market with a minor proportion for the export market;
- C It is intended by Goldtree that the Project is implemented over ten years period 2011 to 2020 and in two phases, as follows:

	<u>Phase 1:2011 to 2015</u>	<u>Phase 2:2016 to 2020</u>
Smallholder plantings supported	70.000 acres	70,000 acres
Cultivated plantation size:	10,000 acres	25,000 acres
Oil mill capacity:	21 tonnes fruit per hour	42 tonnes fruit per hour
Packaging plant capacity:	2,000 litres oil per hour	2,000 litres oil per hour
Oil refinery capacity		100 tonnes oil per day
Estimated new investment:	25 million US Dollars	40 million US Dollars
Estimated labour and contractors:	2,000	3,000
Estimated contract smallholders	8,000	8,000

The above plan is subject to change according to changes in the approved strategy of Goldtree

- D Goldtree will seek to improve the livelihoods of the local population by establishing a smallholder and outgrower support scheme for the existing 8,000 oil palm farmers and additional new farmers, providing transport for the movement of fruit, building and improving social infrastructure, employing and/or contracting staff and training its workforce;



- E Goldtree has elected to set up its Project in Sierra Leone because of its favourable 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 Goldtree Holdings' shareholders and directors and their experience of doing business in Sierra Leone and in the palm oil sector worldwide;
- F Goldtree has finalised the technical and environmental studies which confirmed the feasibility of the Project from the perspective of soil quality, climate and environmental conditions, and transport logistics;
- G Goldtree has negotiated land lease agreements covering the project area with GOSL, Chiefdom Councils and landowners of Jawie Chiefdom, Kailahun District in the Eastern Province of the Republic of Sierra Leone;
- H The European Development Finance Institutions; the Finnish Fund for Industrial Cooperation (Finnfund, Finland) and the Emerging Africa Infrastructure Fund (EAIF), United Kingdom have declared their support for the Project and their intention to participate in its financing; It is anticipated that other European Development Finance Institutions will also provide finance for the Project.

and whereas,

- I It is the policy objective of Goldtree to attract large-scale foreign investments to the agricultural sector of Sierra Leone;
- J GOSL seeks to promote the expansion of local agricultural production for local and export markets;
- K GOSL supports the development of small farmer production and nucleus/outgrower schemes;
- L GOSL welcomes labour-intensive industries which provide stable income and training to its workforce;
- M GOSL promotes the establishment of sustainable economic centres in rural areas;

Considering:

- N GOSL has agreed the Project meets the policy objectives of GOSL;
- O 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 centre in Kailahun district;
- P 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;
- Q GOSL recognizes the Project will be based on
 - (i) the provisional business plan attached to this Memorandum; and
 - (ii) the Environmental and Social Impact Assessment (ESIA) attached to this Memorandum;
- R GOSL recognizes the benefits of additional agricultural production and processing capacity;
- S 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;

