

CREATING 'GOOD' INVESTMENT CLIMATE TO GIVE LAND AWAY

Since 2004, the World Bank has provided continuous “investment climate advisory services” to Sierra Leone. The Bank facilitated the creation of the Sierra Leone Business Forum (SLBF) as part of its Removing Administrative Barriers to Investment (RABI) program, and later financed the Sierra Leone Investment and Export Promotion Agency (SLIEPA) with the mandate of generating investment in key sectors, including agribusiness.¹ Business reforms and the Bank-piloted programs led to the World Bank classifying Sierra Leone in 2013 among “the top 15 economies that improved their business regulatory environment the most” since 2005.² In the 2014 *Doing Business* ranking, Sierra Leone achieved a position of 17th out of 47 surveyed sub-Saharan countries (142nd globally), and strikingly ranked third in the regional “Protection of Investors” category (22nd globally).³

DOING BUSINESS REFORMS IN SIERRA LEONE

- ✓ Sierra Leone gained World Bank favor under the “Pay Taxes” criteria through “reducing the tax burden for companies by reducing the sales tax” in 2008.
- ✗ In 2010, Sierra Leone was penalized and dropped five ranks in the “Trading Across Borders” category (from rank 132 in 2009 to 137 in 2010) for increasing some trade fees.
- ✓ In 2011, Sierra Leone pleased the World Bank by lifting the 2010 moratorium it had placed on property transfers due to abuses in land selling and buying. As a result, the country gained 6 ranks in the “Registering Property” category (from 175 in 2010 to 169 in 2011). It had dropped 12 ranks in the previous *Doing Business* survey (2009 to 2010) for introducing the moratorium.¹⁴

SIERRA LEONE AND THE WORLD BANK

Under the guidance of the World Bank, Sierra Leone offered tax breaks to foreign companies and widely advertised these advantages in order to attract foreign direct investments (FDIs). Many observers analyzing the tax incentives (including the International Monetary Fund) deemed them exaggerated and detrimental, saying they deprived the country of revenue.⁴

Soon after the creation of SLIEPA in 2007 with help from the World Bank, the agency’s investment leads grew from 4 in 2009 to more than 100 as of June 2010.⁵ SLIEPA regularly produces documents about opportunities for investors in oil palm, cocoa, and agribusiness activities in general, and facilitates the process of land acquisitions by negotiating directly with “local level stakeholders.”⁶ However, negotiations often only take place with local chiefs or illegitimate intermediaries, and have failed to involve local communities.⁷

DOING BUSINESS AND SIERRA LEONE'S AGRICULTURAL SECTOR

Advertising Sierra Leone’s reform efforts attracted FDIs in the country, with foreign investment flows growing from an average of \$18 million per year between 2000 to 2005⁸ to \$740 million in 2012 alone.⁹ In the agricultural sector, reforms around land, mapping of parcels, and fast-tracking land leasing processes have attracted investors eager to develop large-scale monocrop plantations of sugar cane (Addax Bioenergy from Switzerland) or oil palm (Quifel Natural Resources from Portugal, CAPARO from UK, SOFCIN from Luxembourg, among others). In 2011, Sierra Leone had already leased 508,292 hectares to foreign investors.¹⁰ A 2014 deal with the palm oil grower Golden Veroleum announced by SLIEPA could double this figure.¹¹ If foreign agribusiness investments reach 1 million hectares, this will mean 20% of Sierra Leone’s total arable land is leased out to external exploiters. Despite the World Bank’s encouragement of these land deals, most of them don’t respect the Bank’s own Principles for Responsible Investments in Agriculture.¹² They deprive local communities of their resources and undermine human, social, and environmental rights in Sierra Leone.



ENDNOTES

- 1 *Rebuilding Business and Investment in Post-Conflict Sierra Leone*, The World Bank, Investment Climate Advisory Services https://www.wbginvestmentclimate.org/publications/upload/Sierra_Leone_IC_Factsheet_A4FINAL.pdf (accessed February 15, 2014).
- 2 Ismail Sheriff, “*The World Bank and IFC in Collaboration with the Government of Sierra Leone are hosting a high-level event called: Doing Business in Sierra Leone, A Case of International Competitiveness or Growth Opportunities for Local Business?*”, IFC news, February 26, 2013.
- 3 The World Bank, *Doing Business*: <http://www.doingbusiness.org/>, (accessed February 15, 2014).
- 4 Baxter Joan, *Understanding Land Investment Deals in Africa: Sierra Leone*, Oakland Institute, 2011. <http://www.oaklandinstitute.org/understanding-land-investment-deals-africa-sierra-leone> (accessed February 18, 2014).
- 5 *Rebuilding Business and Investment in Post-Conflict Sierra Leone*, *op. cit.*
- 6 Sierra Leone Investment and Export Promotion Agency (SLIEPA): <http://www.investsierraleone.biz>, (accessed February 20, 2014).
- 7 Baxter Joan, *op. cit.*
- 8 *Ibid.*
- 9 Sierra Leone Investment and Export Promotion Agency (SLIEPA): <http://www.investsierraleone.biz>, (accessed February 20, 2014).
- 10 Baxter Joan, *op. cit.*
- 11 “*SLIEPA to facilitate \$1.6b investment for Golden Veroleum Palm Oil Production in Sierra Leone*”, Awoko Newspaper, 2013.
- 12 Baxter Joan, *op. cit.*
- 13 The World Bank, “*Doing Business reforms in Sierra Leone*”: <http://www.doingbusiness.org/reforms/overview/economy/sierra-leone>, (accessed February 15, 2014).
- 14 *Doing Business 2010, Sierra Leone*, The World Bank and IFC, 2009. http://www.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/10/05/000333038_20091005232720/Rendered/PDF/505890WPODB02010Box342003B01PUBLIC1.pdf (accessed February 20, 2014); *Doing Business report 2009, Sierra Leone* The World Bank and IFC, 2008. <http://www.doingbusiness.org/~media/FDPKM/Doing%20Business/Documents/Annual-Reports/English/DB09-FullReport.pdf> (accessed February 20, 2014).

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Photo: Women impacted by the Addax land deal. © Joan Baxter



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