

SECTOR PROFILE



Infrastructure



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Sector Overview

With ongoing socio-economic development in the country, the increasing levels of trade and commerce as well as urbanisation trends have created opportunities for investments to strengthen and expand an already weak infrastructure base. The Government's policies have put emphasis on public-private partnerships to form the mainstay of such infrastructure developments, particularly in the telecommunications, roads, airports and harbours sub-sectors.

The transport and communications segments are critical aspects of the country's infrastructure sector. It comprises roads, harbours, airports and ICT sub-sectors. The sector suffered huge damages and deterioration during the civil conflict; and due to lack of funding to carry out significant investments in repairs, maintenance and new developments. The past decade has seen dramatic changes in the telecommunications segment which led to private sector investments and operation of major telecommunication businesses in the country. In the past 5 years, major steps have been taken towards implementing a comprehensive plan that targets the roads and ports sub-sectors.

Roads

The rehabilitation of road infrastructure has been central to reviving economic growth and providing the opportunity to earn livelihoods, both through increasing access to markets and directly in road construction. In 2004, the World Bank provided support to the Government in the implementation of a Transport Sector Project, which introduced a model of road construction and maintenance that incorporated private, small and medium-sized enterprises in road maintenance and enhanced institutional capacity in the management of the road sector. As a consequence of this project, the domestic road contracting industry has been strengthened.



Ports and Harbours

The port, with the Queen Elizabeth II Quay, is the country's most important gateway for trade and commerce. It features one of the finest natural harbours on the West African Coast, with a large and well-protected anchorage on the River Rokel estuary, more than 1km of continuous berth and large amounts of fenced land allocated for operations. The port is 10metres deep at high tide and 7metres at low tide, and has an overall length of 1,067metres. It has 6 berths, 4 large warehouses and a container stacking area of over 31,000 square metres, which has been resurfaced. More than 257,000 megatons of general cargo passes through the port annually. In addition to the QEII port, there are two smaller ports at Nitti, used exclusively for the export of rutile and bauxite mined in the Bonthe District; and the Pepel port, used for the export of Iron Ore mined in the Northern part of the country, the Sulima port in the Pujehun District which is not functional at the moment.



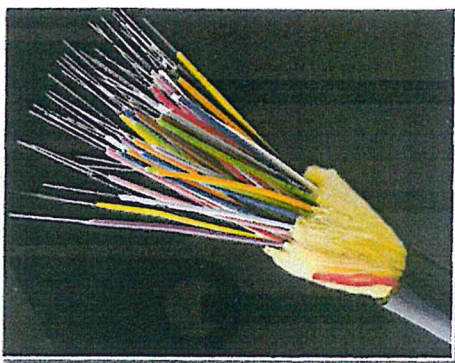
Airports

Sierra Leone has one international airport, located at Lungi, across an estuary from the capital city of Freetown. The airport is a previous Royal Air Force station in the West African region. It is a fairly small airport, with one runway and a single passenger terminal. It has gone through several refurbishments over the past 10 years. There are smaller air strips in various locations around the country, many of which are in either poor or fairly usable states. These air strips were previously used for internal air transport before the civil war in 1991.



Telecommunications

The telecommunication sector in Sierra Leone is one of the most liberalised sectors in the economy. Previously operated as a monopoly by the state-owned Sierra Leone Telecommunications Company (SIERRATEL), the sector began getting new entrants in the late 1990s, when the initial mobile licenses were issued. The country's first mobile phone license was awarded in 1994. In mid-2002 the Government commenced issuing 'Generalised Licenses' for value-added telecommunications services, opening up the market to regulated competition. The mobile sector has experienced rapid growth since then companies have been issued mobile phone licenses and there are now five (5) GSM networks that have commenced operation, with another 2 about to commence.



Unique selling Points

1. The Sector Relatively Underdeveloped

The country has a relatively weak infrastructure, including roads, airports, harbours, and communications infrastructure; this creates a huge space for investments

The limited domestic capacity in the local construction industry, relative to the demands of emerging infrastructure projects, creates opportunities for foreign investments in developments as well as contracts

2. Large number of projects in pipeline

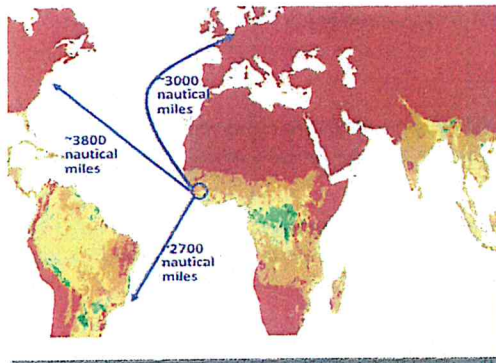
There is significant priority to infrastructure projects, within the current growth and development agenda

There are potential projects in various subsectors including roads, fibre optic cable engineering, airports and harbour projected

3. Increasing Trade and Commerce

The level of commercial activities in the country is increasing at a rapid pace, with strong demands for infrastructure based services such as road transport, air transport for persons and freight of goods by air and sea

Sierra Leone has a comparatively strategic location in terms of access to Europe, North and South America, making it faster and easier to transport materials and finished goods across the continents



Investment Opportunities

Sierra Leone's road transport sector offers a number of investment opportunities in terms of direct investments and public-private partnerships. The following are some unique opportunities:

Road Construction

In light of the Government's road construction and rehabilitation programme, there are opportunities:

- For road construction companies to participate in the construction and/or maintenance of over 3,700Km of roads, which has already started

- The medium term road construction programme is estimated at over US\$800 Million, of which about US\$300 million are already funded and are in various stages of implementation
- There are also opportunities for Toll Road construction and operation via BOT, particularly for routes linking the international Port with the sites of large mining companies and for use by heavy duty trucks and trailers
- There are a number of notable projects that are in various stages of design and tender.

Riverrine Transport

- There are opportunities for private sector participation in the construction of jetties to support transportation of commuters along the Freetown coastline, as vehicle traffic continues to increase.
- The Freetown coast line between densely populated areas in the west and central parts of the city has strategic locations at Goderich, Juba, Aberdeen and Murray Town, which would create a transport link to the Central Business District, with the potentials to transport up to 45,000 commuters on a daily basis.
- There are opportunities for transportation services for mining (e.g. iron ore) or agricultural (e.g., palm oil) products from their production areas to the main coastal ports.

Road Transport

- There are Public Private Partnership (PPP) opportunities to develop and implement a road transport master plan that is based on a mass transit system that uses buses for transport of persons and light cargo
- An ongoing road transport study for a mass transit system in Freetown is being completed and it highlights numerous opportunities for private sector participation in the investment and operations.

Airports

The Government is promoting Public-Private partnerships for the development of various forms of air transport infrastructure. There are opportunities for the following projects:

- The construction of an international airport in the Mamamah area, in the mid-western part of the country. The Government has identified a 50Km² plot of land, which should be the nucleus of a newly planned city to accommodate the growing urbanisation trends in the country
- The project is designated to develop an international airport with at least 3 passenger terminals, an air cargo terminal and an Special Economic Zone for international trade and commerce
- For the reconstruction and operation of small air strips and helipads in key commercial centres and mining areas, to enable small air transport operations for certain segments of the market.

Recent Sector Developments

A number of positive strides have been made by the Government in the various sub-sectors, with a view to improving the overall conditions and to provide a solid foundation for wider economic activities. Some of these developments are summarised as follows.

Airports

Government of Sierra Leone has entered into two contracts with private sector organisations to improve on the infrastructure and quality of services at the airport:

- An £8 Million contract with a UK-based construction company for the complete refurbishment of the airside infrastructure of the airport
- A Concession Agreement with French-based company for the provision of ground handling services and management of the cargo warehouse
- Supply, installation and commissioning of Navigational Aids and Communications Equipment for the airport

In addition to the above interventions at the Lungi International Airport, Government has handed over the site for a new international airport that is to be located on the mainland, around Mamamah, in the mid-west of the country.

Ports

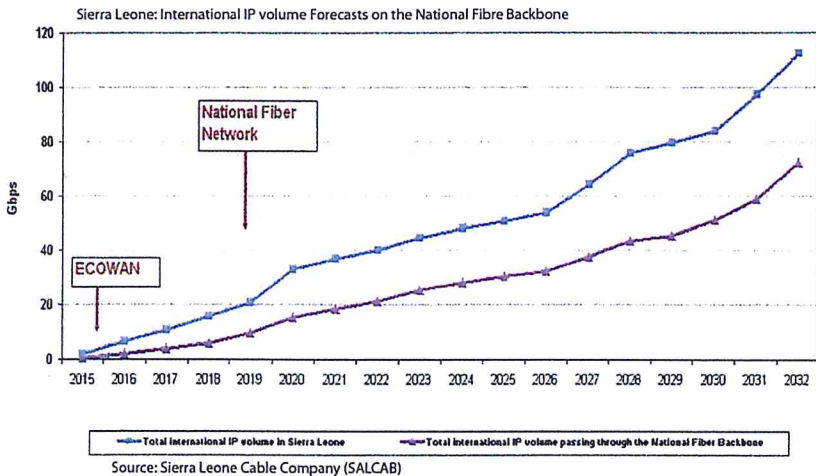
The Sierra Leone Ports Authority (SLPA) has recently gone through major reforms in its operations, which saw the divestiture of operating functions to a private sector body, while the Ports Authority plays the role of a 'landlord'. This development is expected to enable much greater involvement of the private sector in front-line and back-up cargo handling and storage functions.



- The Government signed a Concession Agreement with a private sector entity-Bollere for the operations of the container terminal; the concessionaire, through its subsidiary, started operations in 2011

ICT Infrastructure

The Government has implemented two major fibre optic cable projects. Through a Special Purpose Vehicle, the Sierra Leone Cable Company (SALCAB), participated as a consortium member of the Africa Coast to Europe (ACE) sub-marine fibre optic project, which is expected to bring in high speed international bandwidth into the country. The Government has also launched a National Terrestrial Fibre Optic Cable Network, which incorporates the ECOWAS Wide Area Network (ECOWAN) that links Sierra Leone with Guinea and Liberia and the wider ECOWAS region. The ECOWAN component is expected to be complete by 2015 and the rest of the backbone by 2018. These developments are expected to significantly increase available bandwidth and reduce bandwidth prices as well as promote greater penetration of internet and telephony services around the country.



A number of policy and regulatory reforms have taken place in the roads and road transport sector. These are as follows:

- There has been a separation of the Road Maintenance Fund from the Sierra Leone Road Authority; and the functions of road planning and budgeting vested in the newly established Road Maintenance Fund Administration (RMFA). The RMFA was established by an Act of Parliament in 2010
- A new set of Road Traffic Regulations were developed in 2011 to address the lapses in the 1960 and 1964 Road Traffic Regulations.
- A Road Safety Commission has been established in line with international best practice.

Source: Sierra Leone Roads Authority

International Shipping and Ports

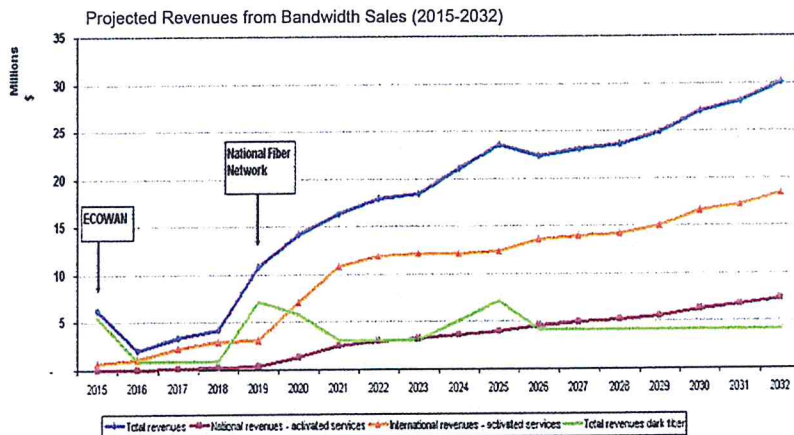
The first stage of the Government's strategic plan of privatising the operations of the container and other sections of the existing port has been executed. Opportunities exist:

- For private sector participation in the expansion of the port to capitalize on the natural advantages of Freetown's natural harbour and strategic global location between Africa, Europe and the Americas, to transform the existing facility into a regional trans-shipment hub
- The development of new harbours to support the emerging oil sector to serve as an oil service base

ICT

The Government is finalising a divestiture strategy, which will see the participation of the private sector in the assets and operations of SALCAB, the SPV that is the landing party of the ACE sub-marine fibre optic cable network. The Government has also concluded feasibility studies for national fibre optic backbone, with a network of approximately 1.02 Million metres linking major towns and cities around the country as well as the neighbouring countries of Guinea and Liberia. Investment opportunities exist in the following areas:

- Provision of wholesale bandwidth and activated services in the areas of voice, data and video an increase penetration levels



NOTES



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