



PRESS RELEASE

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The UK's Development Finance Institution, CDC Group, pioneers investment in Sierra Leone

CDC Group plc ("CDC") has today become the first development finance institution to make a private equity investment focused solely on Sierra Leone since the end of the country's civil war in 2002. CDC's investment will provide financial backing to entrepreneurs in Sierra Leone, stimulating economic growth and strengthening the burgeoning private sector in the country.

CDC will commit US\$5m to Sierra Investment Fund (SIF), which makes investments in small and medium sized enterprises (SMEs) in the West African nation. The fund, which is the first of its kind in Sierra Leone, is managed by locally based manager, ManoCap.

CDC's investment comes the week before a major Sierra Leone Investment and Donor conference which takes place in London on 18/19 November. The conference, which will hear from speakers including President Koroma of Sierra Leone, UK Development Minister Gareth Thomas and from Tony Blair, aims to attract private sector investment into one of the world's poorest countries.

Rod Evison, CDC's Managing Director for Africa, said:

"Sierra Leone has made significant economic and political progress since the end of the civil war and its democratic government is keen to attract foreign investment. The country has until recently largely been ignored by investors because of its history of violent conflict, its poor infrastructure and a shortage of managerial skills.

"Economic growth in Sierra Leone has been strong, averaging about 7% annually over the past five years, despite a chronic lack of access to credit. While Sierra Leone has been reliant on donor funding, CDC's commitment to private sector investment will encourage entrepreneurial

talent to establish and grow businesses, which in turn will increase employment and reduce poverty.”

CDC’s investment will enable SIF to acquire stakes in firms that have high growth potential in sectors including agribusiness, tourism, transportation and training. The fund has already made investments in local businesses including *Ice Ice Baby*, a local ice producer, and *Sierra Fishing Company* which is the largest fishing business in the country. By attracting more private sector capital, SIF hopes to invest between US\$20m and US\$30m in both established SMEs and start-ups over the next few years.

A key role for CDC lies in offering the fund ongoing support on Environmental, Social and Governance (“ESG”) practices to help the invested businesses introduce better systems and processes to bring them up to international business standards.

Richard Laing, CDC Chief Executive added:

“Our investment in this fund will offer a rare opportunity for SMEs. There is significant untapped potential in many sectors in Sierra Leone where underinvestment and low levels of competition have resulted in limited choice and poor services for its people.

“The fund is already having a positive impact through the creation and growth of successful businesses. This will boost the country’s economic prospects and offer consumers in Sierra Leone an improved supply of goods and services. We believe the fund will be financially successful and will help to attract additional private capital to the country – investment that is vital for Sierra Leone’s long-term future.”

The UK government’s Department for International Development (DFID) has a long history of supporting Sierra Leone and is its largest donor, contributing around £48m in aid last year.

Gareth Thomas, Minister of State at the Department for International Development said:

"In the last seven years Sierra Leone has made real progress towards becoming a more stable and peaceful country. There is now steady economic growth, democratic elections and a new and tougher stance on corruption.

“Sierra Leone is moving forward. This landmark investment by CDC is testament to Sierra Leone’s progress and will ultimately benefit people living in extreme poverty by creating employment, improving services and driving forward economic growth.”

- Ends -

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Notes to Editors

1. CDC is the UK government-owned development finance institution. CDC plays a key role in DFID’s strategy to develop the private sector in poor countries. This is an integral part of DFID’s overarching poverty eradication strategy which also encompasses humanitarian aid, support for political institution building and civil society among other initiatives.

2. CDC has net assets of £2.3bn and uses its own balance sheet to make investments focused on the emerging markets of south Asia and sub-Saharan Africa. www.cdcgroup.com

3. The Sierra Leone Conference takes place on 18/19 November at the Queen Elizabeth II Conference Centre, London. More details at: <http://www.sierraleoneconference2009.org/>

SIERRA LEONE: KEY FACTS

- Population: 6 million
- Average per capita income: US\$300 p.a.
- Average life expectancy: 49
- Gross national income US\$1.4 billion
- On the United Nation’s Development Programme Human Development Index (2007) Sierra Leone is ranked last out of all 177 countries based on 2005 data. The index measures life expectancy, literacy, education and standards of living for countries worldwide.

CASE STUDIES

Momodu Kamara and Ali Khalil are both employed by companies that have already received investment from CDC's fund manager, ManoCap. By backing these companies ManoCap has helped the businesses to grow, take on new employees, raise standards and provide better services and goods to consumers in Sierra Leone. CDC's new investment in SIF will continue the cycle of economic development.

Name: Momodu Kamara

Age: 24 years old

Company: SPLASH. SPLASH is Sierra Leone's first mobile payment company, allowing customers to send money to other mobile users using just their phone.

Position: Call Centre Supervisor

Momodu started his career as an unpaid Operations Officer for a start up clothing company in Freetown. He worked there for four months with no pay. He then got a job with an NGO that promotes reconciliation in Sierra Leone where he was paid around US\$300 per month. He had three promotions over his 6 month employment, none of which were reflected in his pay. Because his salary was paid in cash, Momodu made no contributions to a pension and found it very difficult to put money into a savings account.

After six months in his job with the NGO, Momodu was recruited by the SPLASH Director of Operations. SPLASH was taking on new staff thanks to ManoCap's investment. He offered Momodu a 40% pay increase and because his salary is now paid directly into his bank account, Momodu pays taxes and feels like he is making a contribution to secure his future as a result. In addition, Momodu now saves about 40% of his salary and is able to put money away regularly into his savings account.

Momodu says that he has confidence in his future because SPLASH has consistently been hitting targets since its investment from Manocap.

Momodu said:

"I work in a more structured environment at SPLASH. I've become properly Excel proficient, improved my presentation skills, and am a convert to the Apple Mac."

"The steady flow of money into my bank account means that I was able to get loans from the bank in order to pay for my wedding and complete the construction of a flat."

Momodu's life since joining SPLASH has continued to be positive. His professional network has expanded to the point where he is confident that he is equipped to prepare a business plan and launch his own business in the future. As if things were not good enough, Momodu and his wife welcomed a baby boy into the world on 13 September 2009.

Name: Ali Khalil

Company: Ice Ice Baby (Sierra Leone's biggest ice producer - named after US rapper Vanilla Ice's popular tune – supplies freshly-flaked ice straight to fishermen, consumers and other businesses in Freetown)

Position: Operations Manager

Ali's early career involved setting up a spare parts business and then running a small electronics shop in the town of Bo, four hours outside the capital, Freetown. The high costs and expenses in running his own firm left little spare cash at the end of the month and forced him to pay off his debts and close the business in search of a full-time job with consistent pay. At that point Ali and his wife were supported by his sister in the UK and his mother-in-law.

While searching for potential jobs in Freetown, Ali met the Managing Director of Ice Ice Baby (IIB) and enquired about job vacancies. At the time IIB was restructuring and not in a position to recruit but as business and sales increased in the coming months IIB's Managing Director needed to recruit an Operations Manager. Ali was in the hospital with his wife as she was about to deliver their first child when the MD called him to come down for an interview. That night, Ali welcomed his newborn baby boy and received a call saying that he had landed the job with IIB as Operations Manager.

Ali makes 1.9million Leones a month (US\$400) and is happy with the opportunity he has been afforded. Whereas Ali was previously financially dependent on his relatives, he can now support his son and wife. Ali expects to start saving as the business continues to grow and is more hopeful about his career and his future.

Ali said, "IIB gives me courage to add more effort to the job because when I first started the equipment broke down frequently but since major investments have taken place we now have two generators instead of one, and the business is starting to grow."

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