Agriculture Sector

2025

Lungi Cold Storage Facility Project

Project description

The Lungi Cold Storage Facility Project is a strategic investment initiative aimed at strengthening Sierra Leone's agricultural export infrastructure. The facility will provide modern, temperature-controlled storage and logistics services, supporting the air freighting of horticultural products, fruits, fish, and other value-added food items. This initiative will reduce post-harvest losses, increase export competitiveness, and enhance compliance with international quality and safety standards.

Located at Lungi International Airport, the project will leverage direct air transport access to global markets, creating a seamless export corridor. The facility will include essential services such as product inspection, labeling, sanitary storage, and export processing to improve agricultural value chain efficiency.

Figure 1. Cold Storage



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Key Project Components

Development of Modern Cold Storage Infrastructure

- Construction of a state-of-the-art refrigerated storage hub with scalable capacity.
- Integration with national and regional supply chains for efficient logistics.
- Temperature-controlled storage zones for frozen and chilled products.

Post-Harvest Processing & Value Addition

- Facilities for sanitary handling, packaging, and quality control inspections.
- Dedicated on-site laboratory for compliance testing.
- Processing units for product enhancement before export.

Strategic Alignment with Export & Trade Policies

- Supports Sierra Leone's export diversification strategy by improving post-harvest management.
- Enhances compliance with international trade agreements, including ECOWAS and EU market standards.
- Facilitates private sector participation in agribusiness through investment in cold chain logistics.

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Key Highlights

✓ Increased Export Competitiveness

- Strengthens Sierra Leone's agricultural export market.
- Reduces post-harvest losses, improving supply chain efficiency.
- Supports agribusiness investors by providing a reliable storage and logistics hub.

✓ Attractive Returns & Financial Security

- Revenue generated from storage fees, export handling charges, and logistics services.
- IRR of 22-26% for ginger exports and 12-16% for chili exports.
- Gross profit margin of 36%, making it a financially sustainable venture.

Key Economic Indicators

Indicator	Value
Annual Agricultural Production (Vegetables)	475,000 MT
Post-Harvest Losses	Up to 90%
Storage Return on Investment (RR)	12%
IRR (10 years) - Ginger Export	22-26%
IRR (10 years) - Chili Export	12-16%
Gross Profit Margin	36%
Estimated Project Cost	$10M - $15M
Projected Revenue from Storage Fees	$1.5M - $2.5M annually
Projected Revenue from Value-Added Services	$2M - $3.5M annually

Technical Specifications

Component	Specification
Storage Capacity	Multi-zone cold storage for fruits, vegetables, and seafood
Temperature Range	-20°C to +10°C (for frozen and chilled products)
Total Land Area	Approx. 2.5 - 5 acres
Construction Duration	18 - 24 months
Estimated Cost	$10M - $15M USD

Investment proposition

The project is structured as a Public-Private Partnership (PPP), allowing private investors to finance, construct, and operate the facility under a long-term concession model. After the concession period, ownership will be transferred to the Government of Sierra Leone or a relevant public agency.

Investment Model: Build-Operate-Transfer (BOT)

Private investors finance and construct the facility, with operational rights for a fixed period (15-20 years).
Revenue generated from cold storage leasing, handling fees, and value-added processing services.
Government provides long-term lease agreements and policy support to enhance investment security.

Revenue Model

- Storage rental fees for exporters, agribusiness firms, and logistics companies.
- Value-added services such as processing, packaging, and quality testing.
- Revenue generated from cold storage leasing, handling fees, and value-added processing services.
- Government provides long-term lease agreements and policy support to enhance investment security.

Tax Incentives

The Government of Sierra Leone offers a series of tax and regulatory incentives for cold storage and agribusiness projects. These incentives include:

1. Corporate Income Tax Exemptions

✓ Agricultural Investments: Income derived from agricultural activities, including horticulture, fisheries, and agribusiness processing, is exempt from corporate income tax for up to 10 years.

✓ Export-Oriented Investments: Businesses engaged in the processing and export of agricultural products (such as fruits, vegetables, and fish) qualify for reduced corporate tax rates after the exemption period.

2. Import Duty & VAT Exemptions

✓ Duty-Free Importation of Cold Storage Equipment: Investors can import refrigeration units, cold chain equipment, processing machinery, and laboratory testing kits with zero import duty for the first 3 years.

✓ Tax-Free Importation of Agricultural Inputs: Duty-free importation of essential agricultural inputs such as packaging materials, temperature monitoring devices, and food safety equipment.

✓ VAT Waivers: All capital investment in export-oriented agribusiness projects is exempt from Value-Added Tax (VAT), reducing initial setup costs.

3. Land Lease & Infrastructure Support

✓ Government-Supported Land Leasing: Investors in cold storage and agribusiness infrastructure can access government land at subsidized lease rates.

✓ Infrastructure Development Incentives: The government offers cost-sharing mechanisms for power supply and water infrastructure development to ensure operational efficiency at the cold storage facility.

4. Research & Development (R&D) and Compliance Support

✓ 100% Tax Deduction on R&D Expenditures: Any expenses incurred on quality assurance, food safety testing, and product certification are deductible up to the extent of profits in the same financial year.

✓ Compliance & Export Certification Support: Investors benefit from government-backed technical assistance in meeting international food safety and export quality standards (e.g., EU and ECOWAS standards).

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Estimated Project Cost & Financing Requirements

Component	Estimated Cost (USD)
Infrastructure & Storage Construction	$8M - $12M
Refrigeration Equipment & Energy Systems	$2M - $3M
Operations & Maintenance (Annual)	TBD
Total Investment Requirement	$10M+

5. Employment & Corporate Social Responsibility (CSR) Tax Benefits

✓ Employment Tax Relief: Companies that employ local staff, especially in rural agribusiness operations, qualify for corporate tax reductions and social security exemptions for the first 3 years.

✓ CSR Tax Credit: A 25% tax credit is available for businesses investing in community-driven agribusiness projects, including cold chain logistics, farmer training, and rural employment initiatives.

6. Export Promotion & Market Expansion Incentives

✓ 125% Tax Deduction for Export Promotion: All expenses incurred in export promotion, trade missions, and market expansion for agricultural products are eligible for a 125% tax deduction.

These incentives are designed to maximize investor returns, lower operational risks, and enhance Sierra Leone's position as a competitive player in the global agribusiness market. The Lungi Cold Storage Facility Project is well-positioned to take full advantage of these investment incentives, ensuring financial sustainability and long-term profitability

Risk Analysis & Mitigation Measures

Risk Factor	Mitigation Strategy
High Energy Consumption	Adopt renewable energy solutions (solar hybrid systems) to reduce operational costs.
Product Spoilage Risk	Real-time monitoring and automated alerts for temperature fluctuations.
Regulatory Challenges	Ensure compliance with international export standards and work with government agencies for streamlined approvals.
Market Volatility	Diversify product base to include multiple agricultural value chains.