

Sierra Leone Airport Transfers Project Due Diligence

Final Report

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SIERRA LEONE AIRPORT TRANSFER PROJECT DUE DILIGENCE

1. Major conclusions and recommendations

List of companies involved in airport transfer

A list of seven water, air, and road companies currently involved in airport transfer has been provided, together with a list of the five shipping companies planning to be involved, four of which have already bought vessels.

Analysis of operator shareholders, organization, and financial and technical structure

Respondents were generally extremely open and helpful and provided what information they could. Existing and potential operators described the investments made and proposed, and the costs involved: identified their shareholders, explained their business plans, and freely discussed the main characteristics of the airport transfer market.

Risks to the Project

Risks to the Project were examined under three headings, as follows:-

Competition and Sustainability

We conclude that there is little likelihood of potential interference in the free market for international passenger airport transfer. Such interference seems to be politically unlikely in the liberal and entrepreneurial Freetown business environment. The international passenger airport transfer market is at present, however, largely served by the same ferries that serve the domestic market (airport workers, traders, etc), and the fares charged by the three companies operating these ferries are fixed by the Ministry of Transport, so that a free market does not exist.

There are no apparent suspect links between commercial operators and government. However, one significant new entrant is NASSIT, the Government pension scheme. Questions have been raised about the quality of NASSIT investments, but there is no evidence that it has ever attempted to manipulate markets. Creating an independent regulatory authority with transparent procedures for licensing, including ensuring safety standards are maintained and essential maintenance properly carried out, should negate any possibility of any company attempting to interfere with markets.

Logically, responsibility should be extended to include the domestic market ferries. Our view is that all regulatory aspects should be the responsibility of the new authority, removed if necessary from the Sierra Leone Maritime Administration, which has shown little interest in current ferry operations and their safety.

The Project must be implemented to enable most of the new operations planned to begin serving the market. There is insufficient competition in the international market at present, and the Project will substantially increase competition. However, the Project can benefit only some of the airport transfer operations, not all of them, as not all require the Project berths

Planned capacity is well in excess of the available market, so that there is a risk that after price reductions and a shakeout of uneconomic services the few remaining operators could cartelise. There is therefore a place for public oversight of pricing.

All providers will want their customers to transfer with the minimum through time from boarding the vessel in Freetown to boarding the aircraft. There is only one time per aircraft per berth that permits this, so there are berthing scheduling issues, as the service that comes closest to that time has a competitive advantage. At present the three vessels using the one Tagrin berth take it in turns in a transparent manner supervised by the SLPA.

Once Government Wharf is in operation another four vessels will berth at Tagrin, but more berths will be available. There may still be a complex issue for berthing as different types and sizes of vessel will be involved. It is important that the berths designed are appropriate for the services and that the logistics of handling passengers and their baggage smoothly from buses through the passenger terminal to the shipping services is thought through, to ensure high quality transfer.

Lungi airport is a horrific experience for first time travellers. When travellers arrive through immigration they have no official information on how to get to town as there are no signs, and apparently no information is provided on the plane. Travellers are hassled constantly by 'agents', who are mostly airport staff with second jobs as touts for the transfer services, and if uninformed could easily find themselves on an inferior service even after a full range of quality services become available, because of the lack of proper information and proper regulation.

It would be quite easy and not expensive to improve and normalise the airport, and it is necessary in order to ensure that work on improving the actual transport options achieves its objective. To start with, for instance, touting can be made an offence, (airport workers need to be registered), with only licensed individuals permitted to sell transfer services from suitable booths.

Safety

The Project rehabilitation of the Tagrin berths will benefit the Kissy ferries operating in the domestic market as well as companies serving the international market. A risk assessment of these services has suggested that they are an 'accident waiting to happen'. ICF should be aware that this is the case, although it is hardly likely that ICF would be associated with such an event unless the regulator authority it had put in place had failed to ensure proper standards.

No list of vessel registrations was available from the Sierra Leone Maritime Administration (SLMA). None of the new operators' vessels are yet registered, and Pelican craft are still undergoing pre-registration trials even though they are already in commercial operation. It seems unusual that unregistered vessels are operating, and of some concern that SLMA has registered none of the new operators. It is a risk to the Project, in terms of ICF reputation, if lines of responsibility for the new Authority are confused with another Authority.

ICF funding

ICF should put in procedures to ensure that its investment is used for the purpose for which it is intended. In Transparency International's Corruption Perceptions Index for 2008, Sierra Leone ranked 158 out of 180 countries, with a score of 1.9 out of 10.

Recommendation concerning private sector involvement in the in the provision of facilities and/or services related to the Project

Water services are normally planned to operate within a particular geo-technical envelope, taking the type and size of available berth infrastructures into account. Thus the new infrastructure at Government Wharf and Tagrin will determine and constrain the range of services new entrants can offer (unless they decide to build their own facilities.) It is therefore important that design should actually be based on international traveller requirements, as otherwise operators will fail and the ICF objective of high-quality airport transfer will not be achieved. It is recommended that a private sector consulting engineer be employed to design the facility in line with market requirements.

The private sector can be trusted to provide high-quality airport transfer services guided and controlled by the proposed Authority. None of the private sector companies have sufficient finance to enter into a PPP to help build the required infrastructure, so that it should be paid for by revenue from users in the usual way.

2. Terms of Reference

The Sierra Leone Airport Transfer Project Due Diligence Terms of Reference were as given below:

The Consultant shall among other aspects:

1. List all companies currently involved in the airport transfer;
2. List all companies plan to be involved in the airport transfer;
3. Conduct a thorough analysis on 1) and 2) related to their shareholder, organization and financial and technical structure;
4. Assess all risks related to 1) and 2) involvement in the in the provision of facilities and/or services related to the Project;
5. Make recommendation concerning private sector involvement in the in the provision of facilities and/or services related to the Project;

These objectives were subsequently clarified and expanded in consultation with ICF.

3. Study methodology

The study was planned, managed, and directed by Ray Fenyoe, who was responsible for analysis and the writing and presentation of the final report. He guided Steve Cameron, who travelled to Freetown and carried out the interviewing programme, on the

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issues to be covered in meetings and the information to be collected locally. Very little printed information was available locally, but local internet journals were scanned for relevant information.

Because the study needed to be carried out very quickly, interviews could not be programmed and had to be organised at short notice. This was done with the aid of Marmie Mietta Johnny, a very capable assistant suggested by Project Co-Ordinator Abdul Raham Lewally, and our local contact Nathan Johnson. Twenty-six meetings were held in the five days available, and respondents are listed in Appendix A.

MAIN REPORT

4. List of companies involved in airport transfer

1. Currently involved	2. Planning to be involved
Great Scarcies	Sierra Ferries (NASSIT)
Afrimax	Lungi Express
SMR	Ecowater
Pelican Water Taxi	OMS
UTair Intercity Airlines	Mammoud Kadi
Diamond Airlines	
Sierra Leone Road Transport Corporation	

Freetown is separated from Lungi airport by sea, and the transfer market is notable for the variety of competing modes. There are several different types of vessel in operation or planned, including car ferries and pure passenger ferries of several different sizes and types. There is a non-operational hovercraft option, and a helicopter service.

There are two overlapping markets. The **domestic** market includes non-airport traffic as well as airport workers and traders, those who commute to work in Freetown or sell produce in Freetown markets. The **international** market consists of air travellers: tourists, businessmen, officials, etc, and includes Sierra Leone air travellers as well as foreigners.

The main current services are from Kissy in the east to Tagrin, 20km from the airport, and are mostly for the domestic market. The maritime services targeting the international market – currently represented only by Pelican Water Taxis and the almost defunct Diamond Airlines — are, or will be, routed from Aberdeen in the west to Mahera, very close to the airport, or from the Project development located at Government Wharf to the north of the city to Tagrin, which will be rehabilitated. Four operators, NASSIT'S Sierra Ferries, Mohammed Kaddi, Ecowater and OMS are so far committed to Project routing, but Ecowater and OMS are unhappy with the location of Government Wharf and would have preferred to run from Aberdeen. The current Kissy ferries do not plan to move to this new location. The Project is therefore designed to help only some of the airport transfer operators. Pelican Water Taxis and Lungi Express both have terminals of their own and have no need of the Project, while it is irrelevant to Intercity Airlines' helicopters

Existing operators

1 The Kissy ferries

The three Kissy services (Great Scarcies, Afrimax and SMR) operating in the domestic market between Kissy in eastern Freetown and Tagrin result from privatisation of vessels and operations by the current government after it gained power in 2007. Their schedules are fixed each week by the Sierra Leone Port Authority (SLPA,) to coincide with aircraft arrival and departure times. Prices are fixed by the Ministry of Transport, and are significantly lower than in the uncontrolled international sector. One of the two new Sierra services will also serve the local market, but it does not seem that its

schedule or prices are to be overseen in the same way. The tariff will be fixed at much higher rates than from Kissy but still within domestic market rate levels.

Kissy operators are free to request price increases justified by cost increases, and SLPA reviews fuel prices, spares costs and inflation to make its own recommendation to the Ministry of Transport. Current prices were fixed when fuel prices were high, so operators have been benefiting from low bunker prices.

At present prices in the international market are driven by competition between operators, with the Ministry of Transport potentially able to monitor prices and operators' profitability. The Ministry of Transport has the power to set prices, but is more eager to promote competition to improve service levels, believing this to be the key to Sierra Leone's success in attracting business travellers.

Great Scarcies was interviewed as representative of the three privately owned car ferry services. It is owned by a Lebanese family who also ran an import firm.

The company has a positive cash flow despite price controls, and has invested in replacement/reconditioned engines, showing its confidence in its business, repaying USD 5-10,000 per month.

Pelican Water Taxi

Pelican started operations in December 2008, and together with the helicopter is currently the only service specifically aimed at the international traveller market. It sells its service on price, reliability and schedule.

Pelican Water Taxi is a subsidiary of Pelican Marine Company, and is owned by Nigerian national Captain Jaji. The company, registered in Sierra Leone, also has investors based in the USA. Pelican is currently operating two 8/10 seat vessels and two associated motor boats for carrying luggage. Pelican has also invested in its own jetties at Aberdeen and Mahera near Lungi airport, and, recognising that it must upsize vessels and upgrade its jetties, claims to have invested USD 800,000 on two 20/25-seat passenger vessels.

Pelican's small river boats with flat bottoms are unsuitable for rough rainy season weather, and the company plans to upgrade both vessels and jetties, but needs finance. Upgraded jetties will be built large enough to support other companies' services as well, generating additional income.

Pelican is focused on service quality, with adequate waiting areas, and on safety: Passengers must wear life jackets. Besides the Freetown developments, it plans to invest in a 6.3 metre covered speedboat for private charter for airport and for private hire, and is seeking a technical partner for a water taxi service in Nigeria.

UTair Intercity Airlines

UTair leases its 20-seat helicopters to Intercity Airlines, which operates the service from Aberdeen Helipad to Lungi Airport. UTair is a Russian company whose shareholders are Natgas and Gazprom. UTair operate 200 helicopters with 40 more on order for delivery this year, and is expanding into Europe and Canada. It has a maintenance base in Liberia. UTair is well resourced and experienced, and can clearly support Intercity Airlines.

Intercity Airlines' directors are Gil Ben Horin and Barak Pikarsi. The company has been in operation since 2007 with three helicopters. The Russian helicopter is flown by Russian officers and the Bulgarian craft by Bulgarians.

Diamond Airlines

Diamond Airlines is a family owned business run by Chief Tony Chinyere with his wife Jackie Monti and son Anthony Chinyere as directors. The General Manager is Sujit Gupti. The company is a registered limited liability company with share capital of USD 33,000. Its asset hovercraft was 20 years old and valued at USD 2.5 million when purchased in December 2004. There has been recent investment in renewing and refurbishing the engine, skirts and propeller blades

The family business has also been involved in a local LNG gas plant and Chief Tony is also vice Chairman of First International Bank which is based in Gambia and services the ECOWAS region. There are no known political links.

The hovercraft has 80 seats and, when operating, met every flight. It ran from a bay in Aberdeen to a beach north of Matara hotel with a connecting bus shuttle.

The operator hopes to find a local partner to help acquire a second craft and help buy expensive spares, as "local banks charge 27% interest on borrowings".

ICF support to help improve and develop the landing site, and improve the road link to Lungi Airport, would be welcome. This operator, in common with all those who will not benefit from the Project development at Government Wharf and Tagrin, did not mention that it will only help a few of the players in the airport transfer market, and was in effect aid to their competitors.

A hovercraft is a very suitable solution to the specific Lungi airport transfer problem as it matches the terrain and needs little investment in infrastructure. It copes easily with weather conditions and avoids the problems of waterborne rubbish fouling propellers. However, spares for an old model are difficult to obtain, which is why it is out of service. Airport authority statistics show the old hovercraft was out of action for 6 months in 2008.

New operators

Sierra Ferries (NASSIT)

Sierra Ferries is a NASSIT investment: NASSIT is the Government-owned national pension fund for Sierra Leone. Its Board of Directors has five members, none of whom have any maritime experience: Mrs Abibatu John-Langba, Mr Cyprian Kamaray, Mr John Kamaray, Mr Franklyn L Johnson, and Mr Mahmoud Idriss – NASSIT'S director of investment. Sierra Ferries has invested €2.5 million on a 75 seat passenger ferry and a car ferry with capacity for 50 cars and 300 passengers. The vessels are not yet operating as repairs have not been completed, and they are not expected to begin operations until the Project berth is built at Government Wharf, and the Project refurbishment/new building completed at Tagrin. Fares have been decided and additional revenue will be obtained from food and other on-board services, as is usual for ferries of this type.

NASSIT sees its service as improving the airport transfer operation, because the current (Kissy) ferries are old, suffer frequent breakdowns, and provide an infrequent service. That is, it sees itself as competing with them on service quality, but at higher prices, so that it will take wealthier passengers. It cannot actually eliminate the Kissy ferries because it does not have the capacity, and is in any case too pricey for most of the market.

NASSIT is a financial entity, and while it has put a lot of effort into its business plan and has good ideas, it has not yet acquired marine operating experience. Sustainability depends on market size and pricing: there is a risk that it has overestimated the willingness of passengers to use Government Wharf rather than Kissy, and its car ferry foot passenger prices look high.

There is an apparent political risk because Sierra Ferries is government owned.

Press reports criticise NASSIT investment policy. The journalist Theo Nicol argues that the 'risk factor for an investment of over two million Euros for old ferries is too high for someone who is investing other people's money'. The ferries clearly have a limited remaining life and in that time need to recoup both the operational costs and the full cost of the original investment, less the scrap value.

Nicol is concerned that 'NASSIT is investing money on projects that are clearly not profitable in the short and medium term', claiming that they threaten the future of the fund itself and creates, "dangers for our workers who in several years time will retire and will need to collect their NASSIT claims".

He argues that a much superior project would have been to repair the road linking Freetown and Lungi via Port Loko, at a (suggested) cost of less than one million Euros. A toll on cars, jeeps, trailers, and trucks would have generated risk free revenue without the significant maintenance costs associated with old ferries. (several of our respondents held this view).

Additional information on NASSIT's investment practices is appended as Appendix C.

There is no evidence that NASSIT is corrupt, but its behaviour is curious. As a powerful Government organisation it could try to influence the market to benefit its shipping operation, but the indications are that if corruption is involved it is in terms of hidden commissions on capital expenditure, not in seeking to rig markets in its favour. As long as the proposed Authority has transparent procedures governing licensing, safety, and maintenance, NASSIT does not appear to represent a risk to the Project.

Lungi Express

Lungi Express has been registered as a private company by its principal shareholder and managing director Alan Duncan. A UK based silent partner owns 40% of the shares.

Alan Duncan has been a photojournalist and a talent scout for an African football team. His father was local agent for a P&I club and marine surveyor.

The company purchased two new 11 metre catamarans, each with two 310 Volvo engines, from Labranda (Turkey) at a total exworks cost of USD 800,000. It plans to pay

off the capital within three years but depreciate the vessels over seven. The vessels are designed to carry 16-20 people, and will have Filipino crews

Lungi Express will have dedicated berths and is entirely independent of the Project. A substantial concrete and wood passenger ramp and jetty with a landing pontoon at Aberdeen close to the main international hotels and best residential districts to the west of the city should be in place by September.

Lungi Express. Like Pelican, is a genuinely independent through-transport concept, and its management has evidently thought through most of the maritime, logistics, and commercial and marketing issues involved. It will offer a fast and high quality service to the airport, and competes most directly with Pelican, already in operation but with different vessel characteristics. Lungi look as if it is modelled on Pelican but has learnt from the latter's mistakes.

The company has had financial difficulties, in that work on the jetties often stopped because money ran out, but so much is now in place that it is impossible to believe the plans will fail. Future plans include tourism and private boat charters.

Ecowater

Ecowater is a private company whose owners are; Mr Macauley (MD and engineer), Mr Frazer (director and engineer) and Mr. George (Labour Manager). The company has 7/8 staff in maritime engineering and administration, and subcontract as necessary.

Ecowater is involved in borehole drilling. water transport, carports and ecoshades, solar lighting, engineering consulting and general engineering, the Ecowater passenger services, and marketing a modular interlocking cube floating jetty called Magic Float. Ecowater has invested USD300,000 on two new 20-seater passenger craft with perspex roofs and two 150 hp out board engines, built in China. Vessels have been tested in rough weather and performed well. The company has a short-term bank loan (2.5 years). Its business model is based on international travellers and gives break-even with a 60-65% percent load factor on 3-4 trips per day with prices at USD 35-40 per/ticket

OMS

The James Shallop family run company that owns OMS also owns a country lodge hotel restaurant complex, Imress pharmaceuticals, and a construction company, all as separately registered companies.

OMS has bought a 120 seat catamaran, the Princess Caroline, which has been reduced to 100 seats to allow for baggage space, which will run to serve airline schedules, and a 15 seat vessel for other passenger work and charters. Princess Caroline's catamaran shape provides stability and its size provides a level of comfort and security that significantly smaller vessels cannot provide, so that it is one of the most appropriate and technically suitable of all the competing vessels.

This is a high-cost operation. Princess Caroline cost USD 1.25 million delivered, and the smaller boat USD 240,000. Fuel consumption for Princess Caroline is 30-40 gallons per trip: current fuel price is USD 4.00/gallon, so that the main cost will be servicing and repaying the debt.

Eighty passengers per trip 2/3 times per day will be required for break-even.

James Shallop has purchased land by the lighthouse at Aberdeen suitable for a new jetty but needs USD 250,000 to build it. Otherwise OMS must wait for the Project berth.

Comments on these international transfer operators and their operations are appended at Appendix B.

Risks to the Project

Competition and Sustainability

There are a number of new market entrants, most of them private operators. One, Sierra Ferries, is owned by a government entity, NASSIT. All must have recognised a commercial opportunity, and prices will be market-determined, with the highest quality services able to charge the highest prices. Some operators are financially exposed because they have already invested heavily but have no revenue to service the debt as long as berth facilities are inadequate, and may be eliminated from the market. (It is hard to see how entrepreneurs can actually invest in vessels without having berthing in place – it suggests enthusiasm without practical understanding).

Nevertheless, it is clear that operators with appropriate cost-effective vessels can profitably service the market at acceptable prices. A free market result will be allowed. No respondent suggested otherwise, and indeed respondents were united in believing in the virtues of competition for the air transfer services.

The only operator with government links is NASSIT's Sierra Ferries, but the link is very overt. NASSIT has political influence by definition, and could potentially influence the market, but if it tried it would be extremely obvious. It should be reasonably easy to make regulation of the market transparent so that political influence would be ineffective. Whatever people thought about NASSIT and its investments, there was no suggestion throughout the interviews that it might attempt to manipulate the market.

There was a feeling that there was not enough competition with the present operations but that competition would definitely increase once the Project was implemented and the new operators were able to deploy their new vessels. The entry into the market of the government backed Sierra Ferries was clearly perceived as contributing to this increase in competition.

Apart from NASSIT, all players intending to enter the market are already involved in other commercial activities. They have established shop windows from which to expand their businesses and do not appear to have any direct links with the authorities.

The sustainability problem is different. There were 142,000 airline passengers at Lungi in 2007, (excluding transit) and 151,000 in 2008. In 2007 the hovercraft and helicopter carried 12,000 passengers, although they each only operated for six months. In 2008, when they operated for 8 and 9 months respectively, traffic increased to 20,000, only about 13% of the available international passenger market. If both operators had run for a full year volumes would have increased to up to 30,000. Thus the great majority of international travellers, 140,000 in 2008, used the Kissy ferries. This suggests that there should be unsatisfied demand for higher quality services, as the prices charged by available services are not out of line with international norms for taxis. The high level of

interest in providing new services reflects the fact that entrepreneurs have identified this market need.

Accurate data is unavailable, but perhaps 25% of international travellers are Freetown residents. These will be taken to the airport in the family car to be seen off, driven in their official car, drive themselves and park at the airport, or take a taxi or minibus. Except for the minibus, all these methods mean that baggage is taken from home to the airport, not just from Kissy or Aberdeen. Foreign travellers may be met, or can take a taxi or minibus. All these travel modes are more direct than, for instance, the helicopter. The problem is not the travel mode, but the unreliability and low quality of the ferries and terminals, berth delays, and inland access problems at Kissy.

A significant part of the international travel market, as measured in the SLCAA figures, may not therefore be interested in any of the current or planned airport transfer options. This is an important issue for their viability. The Sierra Ferries passenger boat alone has a capacity of 80-100 persons but the average number of passengers landing per plane is 100 – and not all of these will want one of the transfer services. Given the amount of competitive capacity that will be enabled by the Project, it is likely that prices will collapse and unsubsidised operators go to the wall. Prices will then increase and a much smaller number of operators will remain. This number may be small enough for there to be a risk of cartelisation and price fixing.

Safety

DFID has carried out a risk assessment of the Kissy Ferries and regard them as an 'accident waiting to happen'. Senior officials at various Government departments admit that safety is a problem but seem reluctant to do anything that might risk the vessels being taken out of service, threatening traders' ability to earn their daily living. A similar attitude could infect the NASSIT local operation, because the vessel is old and will require significant maintenance. Most of those serving the international market are focused on providing a safe reliable service to protect and increase their market share. The same cannot be said of the Kissy operators serving the local market.

Having said this, it is only fair to bear in mind that the ferries have not caused loss of life, as the helicopter has, and that their breakdowns have not lasted as long as the hovercraft's. The vessels themselves are rather stable.

Infrastructure issues

There is a serious problem with silting up of the berths at Tagrin and Kissy. Vessels have been grounded. Rehabilitation of the old jetty, relocating the Tagrin operation, is the solution for Tagrin. However, silting is a worsening problem at Kissy and may eventually render the berths unusable if nothing is done.

Government Wharf is situated close to the centre of town and avoids the congestion of the Kissy road. However, it faces prevailing winds and during the rainy season or with high winds the location could be dangerous, even with improved pontoons. The entrance road is poor, and the surrounding area rough, creating a bad impression amongst first time visitors.

There is a major flotsam and jetsam problem, with large amounts of rubbish washed out from the city storm drains during the rainy season. Ropes, plastic and other rubbish is

constantly fouling propellers causing delays to ferries whilst the problem is cleared. A permanent diver and diving support kit onboard is planned for the new NASSIT car ferry to deal with this problem.

ICF funding

Disbursement of ICF funds should be carefully monitored to ensure that they are used appropriately. There is a risk that without controls the government, by choosing the lowest tender, or some tender meeting some unstated objective, will end up with a substandard structure or unsuitable design. Government does not have the skills needed to manage this process or the project. NASSIT allegedly provided funds to improve the jetties so that it could start operating, but no such work was carried out, and the money seems to have disappeared into the system.

It is important that the overall strategy in terms of; location, design, and build quality of jetties is correctly developed.

Appendix A: Respondents

Company	Name	Title
Government organisations		
Ministry of Transport	Abdul Raham Lewally	Project co-ordinator
Ministry of Transport	Capt Momodu Allieu Pat –Sowe	Hon Minister of Transport and Aviation
Sierra Leone Maritime Administration	Philips S.J. Lululey	Executive Director
Sierra Leone Civil Aviation Authority	Sam Aboke	Safety Inspector operations
Sierra Leone Port Authority	Anon	Ferries Department
Sierra Leone Ports Authority	Capt RR Sayer Ishmael Kanu	Deputy General Manager Director, Planning and HR
Existing Operators		
Great Scarcies	Mohammed Farouk	Ferry Operator
Pelican Water Taxi	Captain Jaji	Managing Director
UTair Intercity Airlines	Zeev Morgenstern	MD
Diamond Airlines	Chief Tony, Sujit Gupti	Owner, General Manager
New Operators		
Sierra Ferries (NASSIT)	Albert Yankson	Finance / Administration Manager
Lungi Express	Alan Duncan	MD
Ecowater	Mr Frazer	Director
OMS	Nicholas Deaund Jamal Shallop	Manager Owner
Customers and others		
Karl Travel	Khalil Lakiss	MD and Owner
DFID Sierra Leone	Dr Ina Ismail	Head of Management Unit
Kenya Airways	Gerald Wilson	Country Manager Sierra Leone
Brussels Airlines	Pieter Huygens	Ground Operations Manager
IPC Travel IPC Tours (BMI)	Chris Robertshaw	Finance Director
A Yazbeck & Sons	Raymond Boustany	Sales Manager
Sierra Leone Shipping Agencies	Roy Chalkley	MD
Premier News	Theo Nichol	Journalist
Sierra Leone Road Transport Corporation	Bockarie Lewis-Kamara	General Manager
Class Diving (survey and subsea and jetty construction)	Anders	Owner
	David Johnson,	Financial consultant
	Benjamin Davies	Ex-Minister

Appendix B: General comments

Comments on operators and their operations

Respondents commented on the different operations but not on individuals.

Pelican Water Taxis

There were many comments about the Pelican water taxis, most of which focused on their being too small, and flat bottomed, so dangerous. They are: - not safe at night time, too small for rough weather and winter, yet to experience this weather, unsuitable as GRP, small, light and not sufficiently robust for the conditions, dangerous in swell and heavy weather, built for the Netherlands canals with flat bottoms so will roll a lot in rough weather, quite frightening and unstable at night when it's rough.

A slightly different comment was:

- *Pelican is a new service with better quality and prices, but unsure about whether the boats and jetty will survive another two years use. When the water is rough it's a struggle to get out of the boat at Lungi, especially with suitcases. At low water Pelican needs a longer jetty*

UTair Intercity Airlines

The Sierra Leone Civil Aviation Authority (SLCAA) became an authority in 2008, but its licence has been suspended by the ICAA and it cannot therefore carry out its regulatory duties. It believes that there is a market for more helicopter services because they provide the best service, at a price. The helicopter is taking more of the traffic, sometimes needing several shuttles per flight.

The helicopter does not interfere with international traffic, as the helicopter has a different flight path to town to that of the runway, and there are too few fixed wing flights per day for there to be congestion. There are two helipads in Freetown, but a single helipad would ensure all helicopters followed the same flight path in and out of Lungi, and would allow investment in new radio beacon and aircraft to helipad communications.

However, some "are scared of the Helicopter", seen as risky after 21 people were killed in 2007 when the helicopter caught fire while descending in preparation for landing at Lungi and crashed on the tarmac.

Diamond Airlines

- *The hovercraft is not operating and Pelican is now serving its market. The hovercraft is old, has been patched up many times, and needs continuous investment in maintenance, which it hasn't been getting. It was reconditioned two years ago and has deteriorated since.*
- *The hovercraft is as expensive to run as a helicopter: it is old and as there are few hovercraft operating worldwide any more, spares are difficult to obtain. It is subject to frequent breakdowns and runs infrequently.*
- *Hovercraft is old technology that seems to have had its day.*

Sierra Ferries (NASSIT)

- *NASSIT is investing heavily but does not have the commercial and operational experience to provide a viable service. NASSIT tends to invest in expensive assets, like hotels, and then try to operate them when, if they are serious about making returns on pension fund investments, they would be better contracting out the management to professionals. The concern is they will allow their assets to degenerate.*
- *NASSIT is welcome but has insufficient maritime experience. Concerned that NASSIT will not generate sufficient traffic at Government Wharf.*
- *NASSIT does not understand the complexities of a maritime operation. With African government and quasi-government organisations involved in commercial ventures there are always issues around maintenance and management.*
- *NASSIT paid SLPA to improve the jetties at Government Wharf and Tangrin but nothing happened. ICF should invest directly in asset provision and NOT give the money to government and expect anything to happen. (Others also said this.) The new NASSIT car ferry cannot operate alongside at Tangrin as the water is too shallow and a sand bank appears at low water.*
- *Even with refurbished engines, NASSIT will not be able to cope with manoeuvring conditions at Government Wharf*
- *Don't think the link between NASSIT and the government will affect the market.*
- *NASSIT is controlled directly by the government and has made other investments. If they were a real ferry operator they would have established that berthing facilities were not suitable for these vessels before they bought them. NASSIT does not have the expertise to invest or operate ferries. Someone with suitable experience must set standards to ensure that they are actually maintained, not like the Kissy ferries. NASSIT should have people with practical experience of running commercial companies (and ferries). Running parastatal organisations or government departments do not require the same skills.*
- *Concerned NASSIT's revenue will not go towards maintenance.*
- *Congestion on the road to Kissy is very bad, so that NASSIT should benefit because it will sail from Government Wharf at the western end of town*

Ecowater was criticised as its small vessels would be unsafe in adverse weather conditions (though the company deny this).

OMS was criticised as being too large. Princess Caroline needs 3.5 metres water depth for her 2.5 metre draft. Disembarking and then loading 80 passengers will demand longer turn round times.

Comments on Competition and Sustainability

- *Competition will increase with NASSIT operating from Government Wharf*

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- *The government's investment in NASSIT is not a problem: indeed, it looks like an attempt to stimulate others to invest. NASSIT might sell Sierra Ferries in 2/3 years time anyway – that might be the strategy. So many business interests have invested in Freetown that it would be impossible for government to rig the market.*
 - *Diamond Airline (hovercraft) charges USD50, the Helicopter USD70, and Pelican USD 40, so yes there is healthy competition. It's a free market.*
 - *Yes there is competition. When the hovercraft stopped operating, the helicopter price increased from USD50 to USD70*
 - *Freeing up the market will help service levels. The ICF investment will stimulate competition. Previously monopoly created high prices.*
 - *When only hovercraft and helicopter operators served the international market, both charged USD 70. When Pelican entered the market at USD 40 the hovercraft price dropped to USD 50.*

Comments on Safety

- *The Kissy ferries now have life jackets provided by SLMA onboard. It's well known that Kissy ferries don't meet safety standards.*
- *Frankly speaking, the Kissy ferries are not even 50% seaworthy.*
- *International passengers using the Kissy ferries feel unsafe at night.*
- *Investment in new facilities is key to open up new business and improve service, safety and reliability.*
- *Government also needs to improve its safety regulatory processes to improve safety. The licensing procedure for operators should include regular reviews of safety procedures and safety checks*
- *A helicopter vibrates on take off and landing making people feel unsafe even though this is normal for this mode. Hovercraft can take about 80 people in 30 to 45 minutes: it's fast, comfortable and safe - but extremely unreliable. It can operate for one week then be down for 6/8 weeks.*
- *I worry about mixing foot passengers with loaded road petrol tankers. The vessels should be taken out of service for their Solas surveys but are lucky if they do so every two years. There must be one body to regulate the traffic, regulate the schedule, ensure safety regulations are met and protect the infrastructure.*
- *Night time navigation aids are inadequate. This may have been a contributing factor to a Pelican vessel hitting a sand bank.*
- *You can see from our fault log and follow up systems that our helicopters are extremely safe as a result of our rigorous safety and maintenance procedures. The captains have in excess of 5000 hours flying hours experience. Every 300 hours the helicopters are fully serviced in Liberia and completely stripped down and rebuilt every 1800 hours.*

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- *Brussels Airlines did a technical audit on Helicopters documentation and OK. Happy with safety and vibration typical for the type of helicopter.*

Appendix C: NASSIT investment policy: additional information

Conference Centre example

In 2006, an Israeli investment company showed interest in the Bintumani International Conference Centre project. Letters were written to the Ministry of Tourism and Culture, meetings were held between the company and the Minister of Tourism and the chairman of the National Tourist Board provided the prospective investors with information on the Conference Centre.

Subsequently the Minister of Tourism told the foreign investors orally that NASSIT was favoured for the project, even by the president, after they expected to be invited to bid, and had mobilized funds and machinery in anticipation. The foreign company, believing that NASSIT would need partners for such a costly project, then approached NASSIT and held meetings with top Trust management, including Mahmoud Idriss, and a Memorandum of Understanding (MOU) was drawn up between NASSIT and the foreign investors.

Despite the existence of a MOU, and without consulting the foreign potential partners, NASSIT advertised for bids for partnership in the Bintumani Conference Centre project about six months later, after refusing to respond to letters and phone calls from the potential investors.

Over a year later, the Conference Centre is, in Nicol's words, 'still as it was, vandalized, destroyed and of no use to our country's economy'.

Letter to the President

On Tuesday February 3, 2009, Nicol used his column to address President Koroma on tourism and health. Part of the letter's section on tourism is reprinted below.

'Today, I shall deal with some of the reasons why tourism cannot develop here no matter how many times your minister clears the beach.

For a long time now, those of us who earn our living from the pen have been telling you about the inconveniences travelers face trying to get to Lungi from Freetown and vice versa.

We have tremendous problems with the ferry system and that is one major reason why tourists may not repeat their journey to Sierra Leone.

You see, to get to Freetown from any country by air, one has to get to the airport by air, go by road to Targrin and come to Freetown by a ferry or a rickety helicopter. This wouldn't have been all bad if the schedule for the ferry was reliable and frequent. If one misses, say the 8am ferry, he is not likely to get another one until after 11am. And sometimes, a ferry may not be available until after 2.30pm, which means that one has to wait and wait for hours for a ten minute journey, if there was a bridge across the ocean.

Mr. President, I understand that our country may not have the funds to build such a bridge at the moment, but we can afford to repair the road leading to Lungi through Port Loko District.

Why is it that since you assumed office, you have not done anything about this transportation problem to and from Lungi?

No matter how much lip service you pay to your commitment to improve the tourist industry in this country, if that road is not refurbished and made motorable, if all we still depend upon is the ferry or the helicopters to take people across, tourism will remain undeveloped here.

So we can see, Mr. President that that road, or better still that bridge linking Freetown and Lungi is as important as the Bumbuna electricity project that is almost nearing completion, and therefore deserves more of your attention.

Still on tourism sir, what ways have you empowered the ministry to perform?

We know that before now, the Tourism Ministry was one of the most neglected by the government. Tourist sites are in dilapidated state, the Tourist Board was (is) hamstrung and the tourist industry more or less non-existent.

Is it not right that a government that was ushered in with so much popular support should have taken that industry seriously, thereby creating more jobs for the people?

The only time the Minister of Tourism and his ministry made headline news was when they caused to be demolished all the structures that were sources of livelihood to some Sierra Leoneans in the entertainment industry at the Lumley beach.

You know, Mr. President that the tourist industry in The Gambia presently accounts for over sixty percent of revenue for that country.

Have you ever asked your men in the tourism sector how much the industry fetches us, apart from taxes levied on entertainment houses, bars, restaurants, hotels, guest houses and such places?

I think we should pay more attention to that industry that stands the chance of freeing us from unemployment if we get it right.'