

# SECTOR PROFILE



## Agriculture



Improving Investment and Facilitating Export.  
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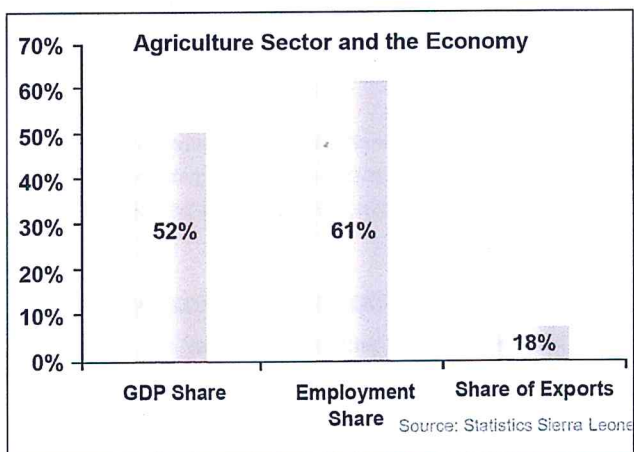


## SECTOR OVERVIEW

Sierra Leone remains predominantly an agricultural economy, in spite of the high profile the mineral sector receives. In 2012, agriculture contributed about 52 percent to GDP, 18 percent of exports and employed 61 percent of the work force. Sierra Leone has strong underlying agricultural potential which, in the past, enabled the export of significant quantities of agricultural commodities such as coffee, cocoa and oil palm. Over the past decade, agriculture has demonstrated its underlying potential growing at an annual average of 4 percent. Growth in this sector was due to steady increases in domestic production of major crops and livestock.

### Current Production Practices and Yields

- The sector is dominated by smallholder farmers, in subsistence farming, using traditional methods and limited use of farming inputs
- The current yields for rice ranges between 1.5 MT and 1.9 MT per hectares
- There are fairly large agricultural estates, both government and privately owned, particularly in the Eastern and Southern parts of the country, which grow coffee, cocoa, kola-nuts, rubber and oil palm.



### Growth Potentials

- The current performance of agriculture represents a fraction of the underlying potential of the country.
- The use of more intensive methods in the farming of existing cropped areas, together with increasing cultivable land, could accelerate agricultural growth from current levels.



- The on going improvement in infrastructure planned by the Government is expected open up substantial new areas for profitable agricultural use.
- The sector is also attracting huge investments in new farm estates; the evidence also shows that, with even modest investments in rehabilitating existing farm estates and the introduction of more intensive farming, it is possible to earn attractive returns on agriculture.

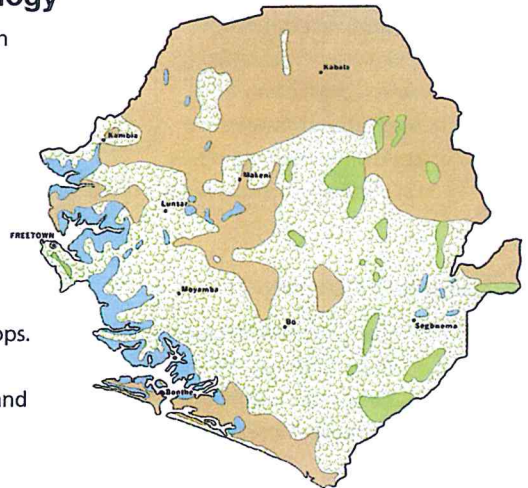
## Unique Selling Points of the Agriculture Sector

### 1. Significant Arable Lands

- Sierra Leone has significant amounts of arable land, most of which remains uncultivated, available for cultivation.
- Even though the dominant form is customary tenure under communal ownership, the country is now very advanced in developing and harmonizing procedures for private acquisition of lands, through long-term leases for agribusiness investments.

### 2. Favourable Supporting Ecology

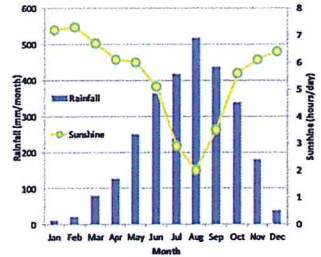
- Sierra Leone has a diverse ecology, which altogether provides ideal conditions for the cultivation of a wide range of crops.
- The coastal plains of the Atlantic stretch approximately 200 miles; relatively flat surfaces that are frequently flooded in a range of between 5 and 25 miles off the coast; suitable for the cultivation of rice, ginger, vegetables, cassava and other crops.
- The interior plateaus, mountains and inland valley swamps are also suitable for the cultivation of rice, cocoa, coffee and other crops.
- The Western Area, which consist of thickly wooded mountains running parallel to the sea for about 25 miles, are suitable for mangoes, citrus fruits and livestock.



### 3. Favourable Climate

- The country has a tropical climate with principally two seasons; the dry season, which lasts from October to March, and the rainy season lasting from May to October; July and August are the wettest months
- Rainfall levels range between 1,500mm in the interior areas of the country and 5,100 mm in the coastal areas
- Sierra Leone's rainfall is classified into 3 climatic belts; the first belt spans from the Coast up to 80Km inland; the second belt spans between 80Km to 190Km inland; and the third belt ranges between 190Km inland to the border areas.

Belt No.	Range	Rainfall Range
1	Coast - 80Km	3,300 - 5,100
2	80Km - 190Km	2,540 - 3,300
3	190Km - Borders	1,900 - 2,500



### 4. Adaptable Topography

- The country's topography, high rainfall levels and numerous ground water sources offer huge potentials for irrigation all around the country
- The country has a dense drainage pattern, with nine (9) major rivers, coastal creeks and tidal streams. Together, these conditions make it relatively easy to irrigate for the cultivation of crops such as rice, which can have up to 3 cycles in a single calendar year
- According to the Ministry of Agriculture, Forestry and Food Security (MAFFS) up to 300,000 Hectares of land have been identified as priority targets for irrigation in the next 5 years

Priority Irrigation Areas		
Area	District	Area
Torma Bum	Bonthe	51,300
Kumrabai Mamila	Tonkolili	35,500
Rhombe	Port Loko	14,700
Gbondapi	Pujehun	41,100
Rolakoh	Bombali	5,100

Source: Ministry of Agriculture Forestry and Food Security, 2012

## 5. Adaptable Topography

- Sierra Leone has among the lowest wage levels in the region; the agriculture sector falls among those attracting the least in the country's wage structure.
- This offers huge comparative advantage particularly for large scale agricultural projects

## Government Policy and Strategy

The main focus of the National Sustainable Agriculture Development Plan (NSAD), especially the Smallholder Commercialisation Project component, is the commercialization of the sector, increasing food production to create food self-sufficiency and enable exports. The medium term strategy for the country's agriculture sector development focuses on the following key areas:

- **Improve Land and Water Management:** Developing irrigation infrastructure covering at least 300,000 Hectares of land for improved cultivation
- **Improvement of Roads and Other Infrastructure:** Constructing feeder roads to increase links between production centres and markets and processing infrastructure for prominent products within localities
- **Improve Access to Rural Finance:** Enhancing effectiveness of rural financial services institutions at local level to directly support farmers' access to financial services.
- **Diversification into Livestock Production:** Improving the productive livestock industry, to increase the production levels of cattle, sheep, goats, pigs and poultry
- **Sustainability:** Introduce and ensure the use of more sustainable agricultural practices and methods for the conservation of soil, water, forest and biodiversity resources
- **Promoting Large Scale Private Investments:** Provide incentives for large private investors operating alongside and supporting smallholder farmers in out-grower schemes and training.

## Incentives

In addition to the general incentives offered by Government to support investments in the country, the following sector-specific incentives apply:

- To a foreign investor irrigating at least 500 hectares or cultivating least 2,500 hectares of land or investing at least US\$1 million in livestock and livestock products; or
- To a domestic investor irrigating at least 100 hectares or cultivating least 500 hectares of land or investing at least US\$ 0.5 million in live stock and livestock products.
  - Complete exemption from corporate income tax up to 2020; plus, 50% exemption from withholding taxes on dividends paid by agri-business companies

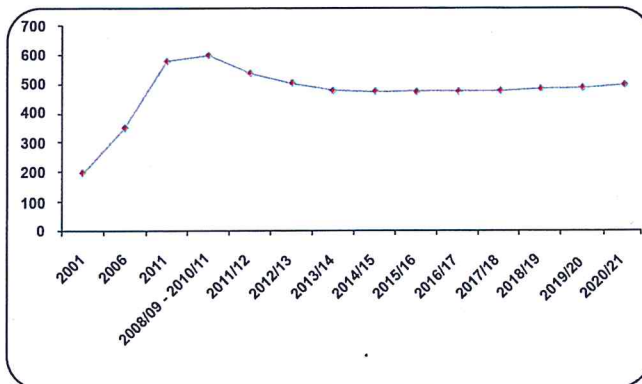
- Complete exemption from import duty on farm machinery, agro-processing equipment, agro-chemicals and other key inputs; 3 year exemption from import duty on any other plant and equipment; reduced rate of 3% import duty on any other raw materials
- 100% loss carry forward can be used in any year
- 125% tax deduction for expenses on Research and Development, training and export promotion
- 3 year income tax exemption for skilled expatriate staff, where bilateral treaties permit

## A Case for Agriculture Investments

### Upward Price Trends

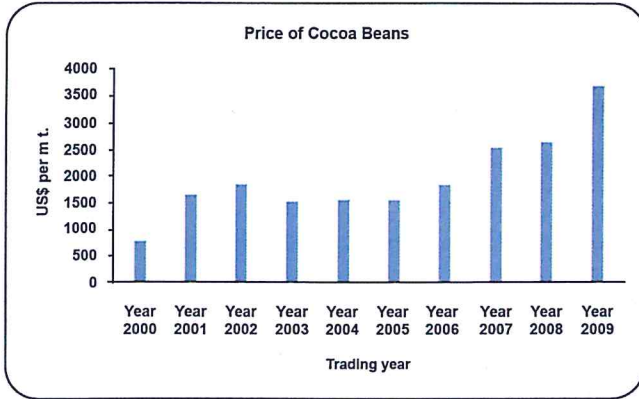
- There has been a global Increase in market prices for several agricultural commodities such as rice, cocoa, coffee as well as agro-based products such as ethanol, cocoa butter and chocolate
- Daily international prices for cocoa beans have risen, from their lowest level of \$774 per MT in 2000/2001, to a peak of \$2,825 per MT in 2013. World market prices in real terms are higher in 2012/2013 compared to 2000/01.

Trends in World Rice Prices (US\$/MT)



Source: OECD-FAO Agricultural Outlook 2011-2021  
NB: Milled, 100%, grade b, FOB Bangkok (Jan/Dec)



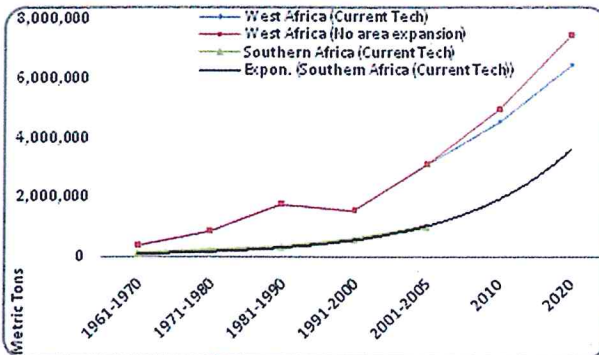


Source: ICCO, SLIEPA, 2012

## Increasing Domestic and International Demand

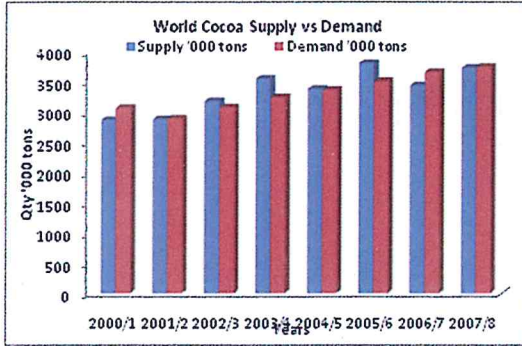
- As domestic incomes rise due to ongoing economic growth, and with increasing international demand, the market for agricultural commodities is projected to be fairly buoyant

### Regional Rice Import Trends (MT)





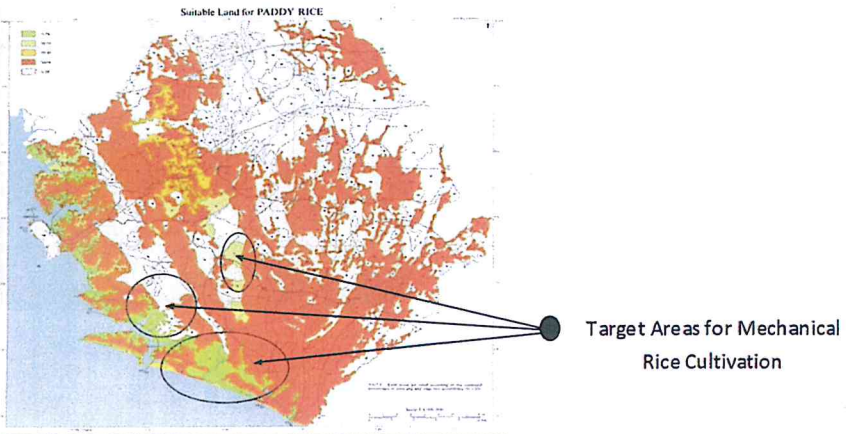
Source: Africa Rice Centre (WARDA). 2008. Africa Rice Trends 2007., Lancon et al, 2002



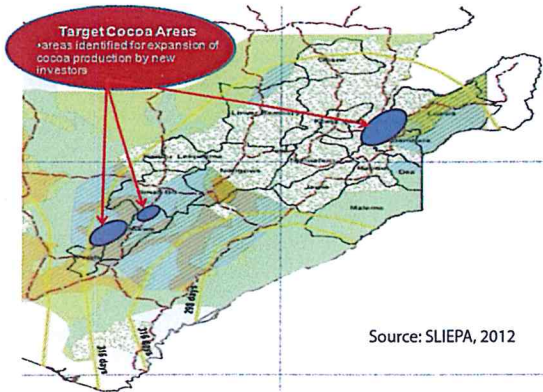
Source: ICCO, SLIEPA, 2012

## Sites Already Identified for New Investors

- The Government, through SLIEPA has already identified suitable sites for the cultivation of rice, cocoa, sugar and oil palm; there have already been notable investments in the sugar and oil palm sectors.
- The key areas identified for mechanical rice cultivation are Torma Bum in the Bonthe District, with about 51,300Ha; Sembahun rice fields in the Moyamba District, Gbondapi Rice fields in Pujehun District with about 41,100Ha and KumrabaiMamilla in Tonkolili District with about 35,500Ha.
- The areas identified for cocoa expansion are in the Luawa Chiefdom Kailahun District, with gross available land of about 12,000 Ha and in the Small Bo Chiefdom, Kenema District with about 8,000Ha.



Source: SLIEPA, 2012



## High Yield Potentials

- Sierra Leone offers very high potential yields per hectare of cultivation for most crops
- Opportunities for value chain processing are also available

## Investment Opportunities

### Rice

- There are huge opportunities to invest in the production, processing and marketing of domestically produced rice.
- The World Bank and United Nation's Food & Agricultural Organization have confirmed that Sierra Leone has a comparative advantage in supplying its domestic market.



## Oil Palm

- Oil palm is an important cash and export crop that can be produced in many parts of the country.
- Production has rebounded to around 195,000MT despite the fact that many of the plantations are neglected, Government-owned estates comprising mainly of aged, low yielding trees.

Current yields are about 1.5MT of Crude Palm Oil per Hectare.



Exports remain modest compared with periods over 2 decades ago; but is expected to increase when production starts in the next years.

The Government is promoting the rehabilitation and expansion of its oil palm estates throughout the country with private sector participation.

## Sugar Cane

- The Government is promoting the cultivation of sugar cane for use in the production of sugar for consumption and export, as well as for use in the production of ethanol as bio-fuel

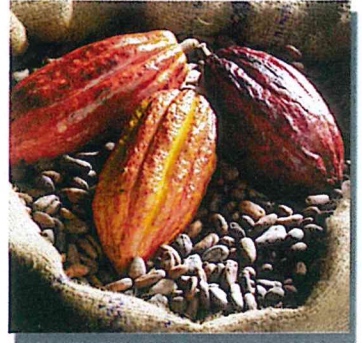


- With only one large plantation and industrial sugar production plant up to 2008, the entry of ADDAX Bioenergy in Sierra Leone has seen a major boost in the production of bioethanol.



## Cocoa and Coffee

- Cocoa and coffee both have the potential of becoming major cash and export crops, as they were during the 1970s and 1980s.
- The current average yields for cocoa and coffee beans are 410 Kg/Ha and 390 Kg/Ha respectively; relatively very low even by African standards.
- There are opportunities to invest in the rehabilitation of existing plantation or establishing new plantations.



## Cassava

- The Government is promoting the cultivation of sugar cane for use in the production of sugar for consumption and export, as well as for use in the production of ethanol as bio-fuel.



## Groundnut, Pepper and Vegetables

- There are favourable opportunities in the cultivation and processing of all these crops both for local consumption as well as for export.
- There are a number of local farmers and farmer groups looking for strategic partnerships to expand their farms as well as to enter into bulk off-taker agreements as a means of minimizing post harvest wastage of these perishable crops.





## Fruits

- Over the past 3 years, there have been notable fruit juice factory investments in the country, whose operating input demand levels are significantly higher than current production levels of these fruits.



- There is scope to facilitate the regeneration of the nucleus-estate activity that existed before the war, stimulating also growing by smallholders and in developing the marketing infrastructure for these high value crops.

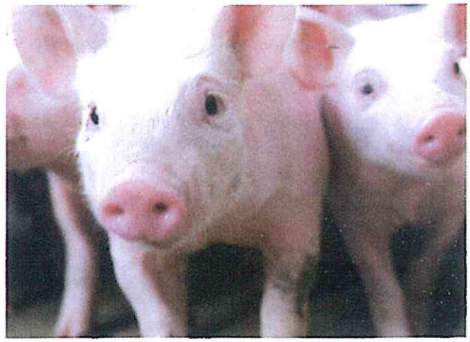
## Livestock

- According to the Ministry, this sub-sector contributes about 6 percent to agricultural GDP.
- Total domestic production is not sufficient to meet the needs of the growing population which is gradually recovering purchasing power and so consuming more meat.
- The Government of Sierra Leone has prioritized value addition. As there is scope to invest in animal rearing, slaughter facilities and developing a more efficient marketing chain.



## Agricultural Inputs

- The supply of fertilizer, improved seeds, agro-chemicals, animal feeds and veterinary inputs is well below potential demand and domestic requirements.
- The Government of Sierra Leone is granting duty free concession for agricultural inputs to improve yields and increase production.





## NOTES





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## SIERRA LEONE INVESTMENT AND EXPORT PROMOTION AGENCY

O.A.U. Drive  
Tower Hill  
Freetown, Sierra Leone

**Tel:** Switchboard +232 25 332863

**Chief Executive Officer:** +232 25 332863

**Email:** [info@sliepa.org](mailto:info@sliepa.org)

More information is available at  
[www.sliepa.org](http://www.sliepa.org)

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