

Sierra Leone Agricultural Sector



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A Profile of Sierra Leone's Agricultural Sector

This publication has been produced by the Sierra Leone Investment and Export Promotion Agency (SLIEPA), an Agency of the Government of Sierra Leone established by the Investment and Export Promotion Act 2007 to carry out a number of functions, including:

- Promoting investment opportunities in Sierra Leone and providing information to potential investors on matters relating to investments;
- Facilitating registration of business enterprises and assisting investors in obtaining permits, licenses, certificates or clearances needed for the commencement of business;
- Assisting potential investors to identify and make decisions on joint venture partner in Sierra Leone; and
- Developing relationships between public and private sector for the growth of investment.

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Agriculture Sector

Sector Overview

Sierra Leone can boast of 5.4 million hectares of prime arable land for cultivation of rice, cassava, cocoa, palm oil, coffee, rubber, vegetables, fruits, groundnuts, spices, etc. Ample rainfall ranging between 2000mm - 2500mm in the interior and 3000mm - 5000mm in the coastal areas is one of the highest in the sub region. The rainy season which lasts from May to October (July and August are the wettest months) provides a natural supply of water for the cultivation of crops while natural ecologies in the bolilands and Inland Valley Swamps (IVS) have access to natural water sources year round if proper water management systems are put in place. Millions of Sierra Leoneans derive their livelihoods from agricultural activities and while Government has invested a great deal in this sector, there is now a push for large scale private investments to promote sustainable growth. To date, only a small percentage of arable land is under cultivation including large scale investments. The agricultural sector remains a largely untapped natural resource in Sierra Leone with massive potential and markets for both local and international consumption.

Sector Breakdown

Despite the overwhelming attention that is given to the other sectors, agriculture continues to be the main contributor to the Sierra Leonean economy accounting for 54% of the GDP in 2012. Moreover, the agricultural sector employs a massive 60% of the population mostly in the rural areas. The market is dominated by smallholder farmers for subsistence farming. Land in the provincial areas is owned by families and can only be acquired by investors through lease agreements for 50 years with an option to renew for another 21 years. The agricultural sector is relatively under developed which creates opportunity for growth through private sector investment. Current farming practices do not allow for intensified use of the land for increased production due to lack of advanced equipment and supporting infrastructure.

What Makes Sierra Leone Unique

Ecological Advantages

Sierra Leone's 5.4 million hectares of upland agro-ecology represents approximately 80% and the rest are lowlands with potentials for high crop yields under sound management practices. The lowlands comprises 690,000 hectares inland swamps, 14,500 hectares of naturally grassy drainage depressions (bolilands), 150,000 of riverine grass lands and 20,000 hectares of mangrove swamps.

- Rice, cashew and tuber crops are mostly planted in the bolilands which are located in the flood plains in the North. Bolilands make up approximately 2.7% (145,000 hectares) of the total land area.
- The inland valley swamps (IVS) are made up of rich seasonally flooded valleys that retain water year round. They make up 12.9% (690,000 hectares) of the total land area and are ideal for rice cultivation in the rainy season (IVS can support at least 3 rice cultivations per year) and vegetables and groundnuts in the dry season. Each valley can vary in size from 10 – 200 hectares.
- The interior plateaus (farm bush) are the largest ecology mostly in the uplands and accounts for 75% of the total land area. In the east, crops such as cocoa, coffee and oil palm thrive. Note that IVS are also suitable for cocoa, coffee and oil palm, especially in the eastern region.
- The Western Area which mostly consists of thickly wooded mountains running along the sea for 25 miles is ideal for mangoes, citrus fruits vegetables and livestock production.

Government Policy and Strategy to Support Market Growth

- Through the Smallholder Commercialization Program (SCP) the Government of Sierra Leone has:
 - ▶ Constructed/rehabilitated over 1000km of feeder roads in all districts in an effort to connect produce to markets.
 - ▶ Over 10 Community Banks have been established to provide local financing for agricultural development by smallholder farmers
 - ▶ Over 192 Agricultural Business Centers (ABCs) have been built equipped with rice mills, cassava graters and other inputs. These ABCs are made up of well organized Farmer Based Organizations (FBOs) with the requisite skill set and can be co-opted when necessary to support any private enterprise in the sector.
 - ▶ There are plans to develop 5000 hectares of Inland Valley Swamps in production areas. Furthermore, Government is soliciting a Public/Private Partnership venture for irrigation of large tracts of land in high production areas such as Torma Bum, Kumrabai Mailla, Rhombe, Gbondapi and Rolakoh to significantly boost rice productivity.
- Promoting Large Scale Private Investment: The Investment Policies and Incentives for Private Sector Promotion in Sierra Leone 2009 aim to "make agriculture the 'engine' for socio-economic growth and development through agriculture." Extensive incentives are outlined in this document to support the growth of the private sector especially large scale investments in agriculture.
- Public/Private Partnership (PPP) Opportunities: with the establishment of the Public/Private Partnership Unit in the Office of the President, agriculture has been identified as one of the priority sectors for PPP development. One of the first pilot projects is the development of government owned slaughter houses in Kossoh Town (Western Rural) and Musaya (Koinadugu) to meet international hygienic standards for meat production to supply the domestic market given the huge demand.

Comparatively Cheaper Land and Labor

- An acre of land is about US \$5.00 per acre (US \$ 12 per hectare) is one of the lowest in the sub region.
- Sierra Leone also has relatively cheap labor as compared to other African countries which is conducive for large scale agricultural projects especially in agro processing.

Incentives

- No Corporation Tax for the first three years subject to the ECOWAS Trade Liberalization Scheme
- Investors may bring experts/technicians especially when they are not available in country. Such experts will be exempt from payroll tax for the first 2 years of employment and subject to extension for a maximum of 3.
- Investors are offered a five year tax holiday if certain minimum standards are adhered to. Note that the investor stands to get net benefits from the investment from the second or latest third year of investment depending on the crop cultivated.
- Agro processing will have a reduced import duty on immediate goods of 50% of prevailing rate.
- 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.

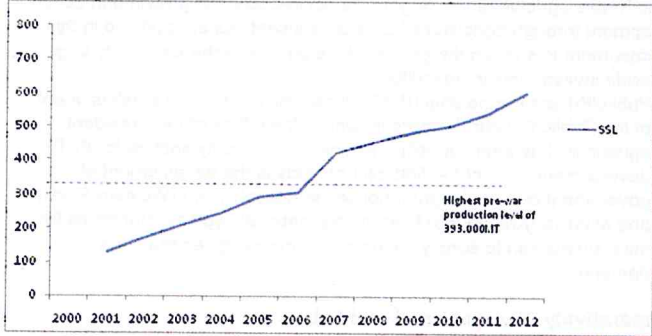


Market Opportunities for Different Crops

Rice

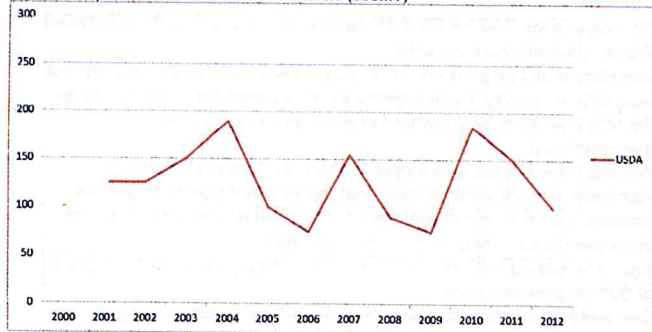
There is an increase in both domestic and regional demand for rice and the projected figures indicate that these figures will grow. Current average yield is about 1.5 MT/ hectare and annual production of milled rice is 649,000 Mt (milled recovery is on average 60%). The Government of Sierra Leone is proactively creating guaranteed markets for rice through projects such as Institutional Feeding and the establishment of a strategic grain reserve (demand in these two areas is expected to grow). Furthermore, rice prices on the global market indicate an upward trend. The World Bank and United Nation's Food and Agricultural Organization have indicated that Sierra Leone does have a comparative advantage in the cultivation of rice with the introduction of more sophisticated and mechanized farming practices. Investments in high quality machinery for rice processing and packaging for domestic consumption is an untapped market given the high levels of importation of milled rice in Sierra Leone. As at 2012, Sierra Leone was still importing over 200,000mt of rice which can be produced and marketed locally and excess supplied to regional markets such as Liberia and Guinea with lower comparative advantage in production.

Figure 1: Milled Rice Production (000MT)



SSL = Statistics Sierra Leone

Figure 2: Imports of milled rice to Sierra Leone (000MT)



USD = United State Development Agency

Cocoa and Coffee

Cocoa and Coffee are currently two of the major cash crops for export. In 2011, Sierra Leone was producing about 141,000 MT of coffee and about 41,000 MT of cocoa according to Statistics Sierra Leone. Note that Sierra Leone is still only exporting a small percentage of the cocoa and coffee that is produced even though the international demand exists and international prices are on an upward trajectory.

There are opportunities to invest in the rehabilitation of existing estates which some Companies have successfully embarked on and the development of new plantations especially in the southern and Eastern regions that have been identified for cocoa and coffee production.

Table1: Coffee exports and exports as a percentage of production (000MT)

	2001	2007	2011
Production	25	88	141
Exports	2	2.5	8
Exports as % production	8%	3%	6%

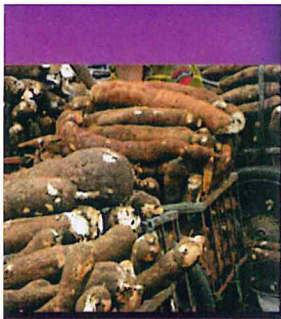
Table2: Cocoa exports and exports as a percentage of production (000MT)

	2001	2007	2011
Production	11	35	41
Exports	1.4	13.7	28
Exports as % production	13%	39%	68%

Oil Palm

Sierra Leone is currently producing around 95,000 MT of palm oil. The Government has actively sought to rehabilitate abandoned estates (approximately 18,000 hectares) which were thriving in the 1970s and 1980s when Sierra Leone was a major exporter of palm oil. The majority of oil palm production is owned by smallholder farmers cultivating some 23,000 hectares. On average, rainfed oil palm yields at maturity are projected at 15 tons per hectare of fruit bunches.

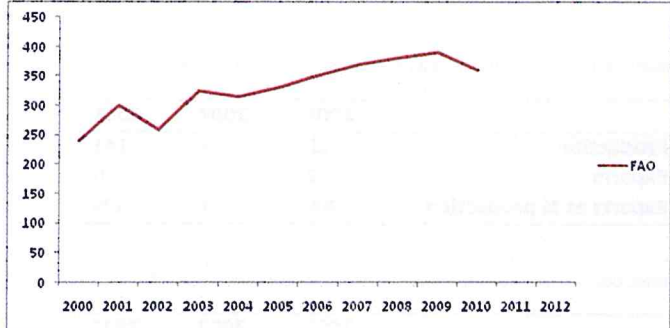




Cassava

Cassava is the second most important crop in Sierra Leone and is widely popular across West Africa. According to FAO, cassava production was about 350,000 MT in 2010. Cassava is one crop that has great value addition potential using relatively cheap inputs and local technology. Some value added products include, gari, fufu, starch and cassava flour which can be used in the production of bread and other flour based consumables for export to regional markets in Nigeria for example.

Figure 4: Cassava Production ('000' MT)



FAO = Food and Agriculture Organization



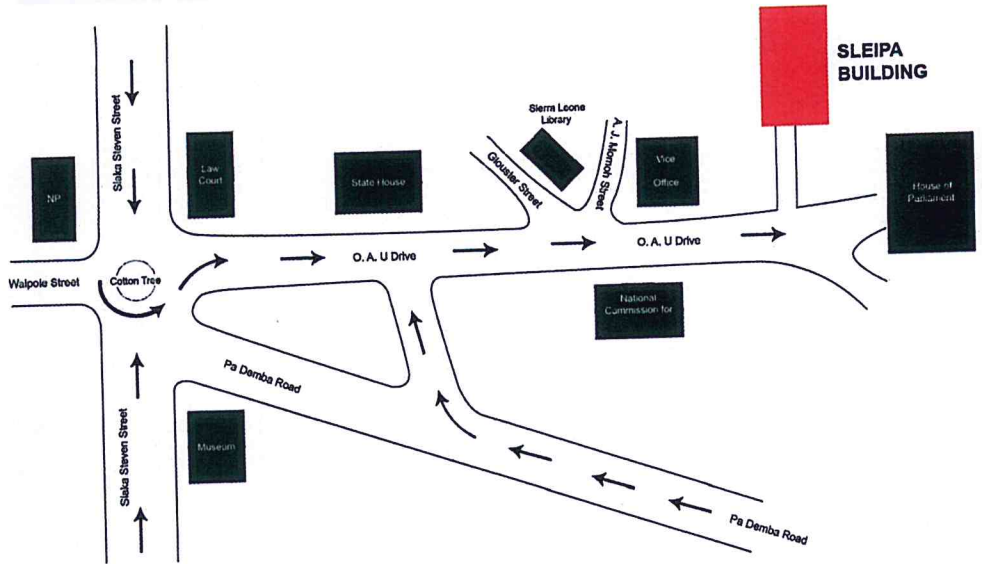
Livestock

Livestock make up 6% of the agricultural GDP. There is a relatively high demand for livestock products such as meat, eggs and milk domestically, a market which the Government has identified for support. Poultry production for egg has seen the most drastic rise with several companies being set up to supply the local market with eggs using layers from abroad. The demand for eggs still remains high domestically and there are opportunities for export as well. Meat production is also relatively low and there is no large scale slaughter house in Sierra Leone despite the demand for meat productions.

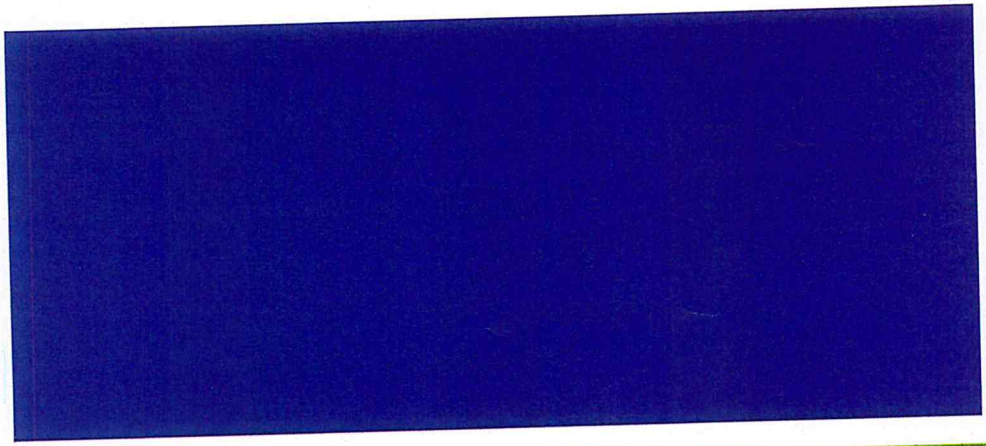
Groundnut, Pepper and Vegetables

Groundnut, pepper and vegetable production can also be pursued in Sierra Leone on a commercial level for domestic and international markets. There are significant opportunities for partnerships with local entrepreneurs and multiple cropping especially rice farms (groundnut, pepper and vegetables can be planted during the dry season).

Where to find us in Freetown



For more information, contact us at
 Sierra Leone Investment and Export Promotion Agency
 O.A.U Drive, Tower Hill, Freetown
 Email: info@sliepa.org
 Website: www.investsierraleone.biz
 Tel: +232-25-332863



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