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DEVELOPMENT OF AGRICULTURE IN SIERRA LEONE

BY DR. C.J.B. BOLA-CLARKSON

SYMPOSIUM ON AGRICULTURAL INCENTIVES FOR INCREASED FOOD PRODUCTION

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INTRODUCTION:

In Sierra Leone, the development of the agricultural sector is considered crucial for accelerated economic growth and development because of its strategic importance in terms of its contribution to the Gross Domestic Products in creating employment opportunities for the large sector of the rural population and in providing foreign exchange earnings. Agricultural development is necessary for the country's economic well-being since it also provides the major source of food supply - rice, cassava, maize, ~~ground~~ groundnuts, bananas, yams, onions, vegetables etc. for the urban and rural population; it provides foreign exchange earning with its export of cocoa, coffee, ginger, palm kernel, etc.~~etc~~. it is also a potential source for the supply of relevant raw materials for agro-based industries. The agricultural population with adequate pur~~chase~~ chasing power could provide a thriving market for the industrial goods and services produced by the country. Thus with its contribution and role prosperity of rural population can be considered an important facet to a balanced and stable economic growth in real terms.

Agriculture has the potential for quick and considerable contribution to the foreign exchange needs of the economy by import-substitution in the food industry as well as through diversification of exports : The agricultural sector will also be increasingly relied upon to absorb the growing labour force and to feed an expanding rural population.

The extent to which the agricultural sector can rise to the challenge depends upon the degree of efficiency of organisation within the sector and upon the economic resources allocated to agricultural development. A comprehensive report on the organisation and major problems of the agricutural sector has been recently adopted by the Government. This has lead to the remarriage of the

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Ministry of Agriculture and Forestry and the Ministry of Natural Resources to form the Ministry of Agriculture and Natural Resources (MANR). The paper therefore confines itself to summarising several key aspects and issues raised about production, marketing, pricing and commenting on selected policy attitudes and measures towards the sector and an attempted appraisal of the current financial situation of agriculture.

The Place and Importance of Agriculture in the Sierra Leone Economy

The economy of Sierra Leone is strongly dualistic. In the past, the mining sector, especially the diamond industry, provided the impetus of economic development in Sierra Leone. In recent years, however, the relative weight of the diamond industry in income generation and employment has declined. This development, in turn, has raised a serious challenge to the orderly and sustained growth of the national economy. Unless new sources of economic expansion are quickly developed, the rate of growth in income, employment and export earnings will inevitably reach stagnation. A major issue confronting the Government is to devise new policies which would defeat the occurance of such stagnation.

In terms of employment and GDP, agriculture plays a key role in the economy of Sierra Leone. It provides livelihood for 75 per cent of the total population of 3.8 million and accounts for nearly 30 per cent of the total GDP and some 25 per cent to export earnings. Mining on the other hand employs only 4 per cent of the population, provides 12 per cent of the GDP and 70 per cent of export earnings. Since 1973, agricultural exports have contributed about 21 per cent to GDP annually. In the past, agriculture has been responsible for 20 per cent of exports, although this rose to 37 per cent in 1976/77. The most important agricultural exports are palm kernels, coffee, cocoa and ginger.

The agricultural base, although substantial~~ly~~, has played a secondary role in the monetary economy, and has largely been at

the subsistence level. Over the years, export oriented agriculture has suffered disproportionately from high levels of taxation in the form of export duties, taking one third to one half of potential income. Of greatest concern, for an essentially agricultural economy, is the increasing food import bill. In 1979/80 food imports stood at Le 86 million compared with Le 17.78 million in 1969/70. The lack of farmer incentives and the high rate of population growth have been major causes of the increasing food deficit. Government is seeking a way of providing stimulus to agricultural production in order to increase its earning potential and break free from the growing dependence on imports.

Agricultural production is characterised by low productivity both per man and per acre. Over the years, the sector has been neglected coupled with inappropriateness of policies. Proper allocation of development measures to agriculture cannot however be done successfully without a good understanding of the underlying basis for the policies and strategies.

The place of agriculture in the Sierra Leone economy is rapidly changing; agricultural exports in relation to mineral exports are on the increase more so since the closure of the iron-ore mines and the apparent near depletion of the country's richest diamond deposits compounded by the fall in price of diamond on the world market. The minerals have come and are on the way out, agriculture is left with the dual tasks of feeding the rising population and as the major foreign exchange earner. Any increase in the income of the country's largest sector would have a major impact on the economy because of its greater multiplier effect.

Sierra Leone has tremendous potential for increasing agricultural production. Agriculture is viewed in its widest sense.

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In this context, it includes animal health, animal and crop production, home economies, forestry, fisheries, mechanisation, plant protection and other closely related field services and institutions.

Agriculture is, and will remain, the predominant industry in Sierra Leone for many years to come. With a population presently approaching ~~3.3~~ 4.0 million, and annual growth rate of 2.1 per cent the population will double in 35 years. It is clear that, unless prompt steps are taken to increase production, the rate of population growth will outstrip the rate of production increase

Brief Review of Past Performance

Persistent and increasing rice deficits pose the most important development challenge to Sierra Leone. Despite the high priority accorded to agriculture by the Government in the public investment programme, various problems connected with pricing policies, marketing and credit facilities; extension services, organisational arrangements, shortages of labour during the peak agricultural season, shortening of the fallow periods, management techniques required to derive the optimum benefits from the usage of improved varieties of seeds and high priced inputs like chemical fertilisers and the lack of capital to purchase and utilise agricultural machinery have limited the maximum realisation of the benefits of the investment channelled into this sector.. The non-optimal allocation of the scarce financial resources as between recurrent and capital items has also dampened the increase in agricultural productivity. Hitherto, the development of the agricultural sector has been chiefly through a policy of Integrated Agricultural Development Projects (IADPs). This approach is expected to continue because of the interdependence of inputs associated with the promotion of agriculture as an integral component of the rural development programme. However, some re-organisation of the existing arrangements are envisaged to improve the effectiveness of the integrated approach already applied by the Government in the seven on-going DADP'S. The two major export crops are coffee and cocoa and due to depressed international prices, the tree crop sector

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has not been performing well either. There are no organised large-scale plantations for concentrating the efforts in regard to these crops.

Although the forestry sector has shown some progress in terms of the establishment of small-scale industries and the expansion of saw milling capacity, the forestry sector as a resource base remained neglected. High forest ~~corner~~ cover is now only five per cent of the country's surface area due mainly to uncontrolled exploitation characterised by the export of logs rather than processed timber. Prior to 1977 about 1500 cubic meters were ~~ruled~~ milled annually. Since then the volume of sawn wood has doubled due to the expansion of logging activities in the GIOLA GOLA forest. However, very little planting of forest trees have been carried out in recent years and major efforts will have to be made to ensure that Sierra Leone will not become a net importer of timber and ~~force~~ face a shortage of fuel wood in the long-term.

The livestock and fisheries sectors have been performing at below capacity. There has been little development in the livestock sector except for the poultry industry which has been developing in the Western Area. Feed ration has remained the greatest constraint to further expansion of the industry.

Marine fisheries are of importance and while the catch of the traditional or artisanal sector has remained fairly constant over the past decade, industrial fleet catches have increased dramatically due to foreign involvement. The catch of foreign vessls has increased from 27,000 tons in 1977 to approximately 100,000 tons in 1980.

It is considered that the major factors affecting the fisheries and livestock sectors are associated with inadequate resource control, inadequate provision of credit, the neglect and inadequacy of advisory and support services and poor infrastructure.

Integrated Agricultural Development Projects (IADP)

Sierra Leone's agricultural development strategy have been based on IADPs and there are now seven on-going projects in the country. All IADP's follow the same objectives, which are to increase the general welfare of the rural community and to enable the farmer to increase his income by providing services including :

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- credit/Supply of inputs
- extension
- farm development
- marketing facilities
- village water supplies
- health centres
- schools.

All IADP's have a management team with the exception of the BO/Pujehum which operates a series of individual projects operated by the appropriate line ministries.

The main thrust has been on rice but each project accords priority to production of the crops most suited to the projected area. The main crops are rice, coffee, cocoa, oil palm, groundnuts, livestock, citrus, fisheries

The IADPs have tried to organise farmers on a group basis at chiefdom and village level. Village Farmers Associations are organised and where such Association have been established like the Eastern IADP loans are made to the Associations through the Village Leader Farmer to be distributed to the members.

Group credit scheme and in some cases like the Moyamba IADP credit operations are closely tied to marketing arrangements. Loan repayment are made in various combination of cash and kind. Marketing programmes have been introduced into the IADPs.

- where the local situation has dictated that the project should assume the responsibility for crop marketing
- as a means of ensuring loan recovery
- as a means of ensuring the farmer receives a more equitable return for his produce.

In some projects marketing is left entirely to the farmers.

The extension service is at the centre of the IADP projects who needs to liaise with the agronomy section, with the credit and marketing unit, the land development personnel and the monitoring and evaluation unit.

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IADPs were established with the objectives of concentrating resources in areas with agricultural promise to increase production and to foster field level coordination of activities to secure the availability of an adequate package of support services to farmers. While these aims have been largely achieved, the development of IADP's have led to a dual system of agricultural services in the field, with predictable consequences of duplication, confusion and unbalanced development.

IADP was justified on the basis of the need to increase and focus resources at the field level and to create a limited source of extension, credit and input supply services but its operations ~~has~~ have faced technical, sociological and operational problems.

Technical

There has been a tendency for IADPs to become preoccupied with targets, to the detriment of technical standards. In both the EIADP and NIADP, poor swamp rice yields were obtained due to lack of standards of water control and fertiliser water application rates.

Problems have also arisen on projects where credit packages have been supplied without the benefit of an appropriately applied research facility to test the effect of improved inputs under local conditions. In some cases as in the NIADP inadequate loan packages with the result that farmers needed to supplement their requirements with high cost credit obtained through traditional sources.

Sociological

Lack of understanding of the socio-economics of the area has led to difficulties. Upland farming was neglected, although this has traditionally been the most important type of farming. On the other hand, swamp rice cultivation failed to be successfully integrated into the traditional farming system, although it was central to the project's objectives, and loans were only disbursed for cash crops.

Operational

All projects have experienced problems in obtaining ~~tim~~ timely deliveries of inputs such as seeds, fertilisers, fuel and spare parts. ~~KOZIRADUGU~~ KOINADUGU particularly hampered by lack of transport and delays in project supplies.

Several operations, notably credit, have proved very expensive, with high overhead and running costs. Credit and input distribution costs in EIADP and NIADP have been expensive due to the fragmented nature of loan disbursement. This underlines the advantages of organising farmers into groups. Recovery of loans in kind by the EIADP has also incurred heavy costs due to the expense of collection, transportation and storage.

Marketing and pricing Policies

Weaknesses in the marketing and pricing policies of agricultural products, especially export commodities, are perhaps the most crucial reasons for the depressed status of agriculture in Sierra Leone. The pricing system for export crops is devised mainly for purpose of generating tax revenues rather than for protecting the farmers from the adverse effects of international markets and to providing incentives for increased production. This policy has resulted in low farm income and loss of potential exports. Studies have shown that the farm gate prices for export crops paid by the agent on behalf of SLPMB range between 60- 70 per cent of the announced prices and probably no more than 50 per cent of the export prices, except for palm kernels. (abi 56%)

Through SLPMB, Government has been the sole rice importer and for maintaining security stock of rice. It is also the government's agency for buying and milling local rice. MANR provides the SLPMB with a forecast of the projected deficit every quarter and stocks of rice are then imported to fulfil demand. Distribution is carried out as a centrally planned operation. Because of its monopoly position in importing rice and coupled with the over-valued exchange rates, this has been a profitable activity for the Board especially since market prices have been close to that implied by the unofficial exchange rate.

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SLPMB recommends the price to be offered to producers for paddy, although this has to be approved both by MANR and Cabinet. However, the producers price for paddy has remained low. Policy makers appear reluctant to raise consumer prices in line with rising costs, and this has been a major cause in lowering productivity in the food crop sector. No pricing policy exists for other food crops such as Cassava, sorghum, vegetables and onions. Seasonal price fluctuations tend to be large, and farmers are often forced to make distress sales at harvest time in order to raise funds to meet other household commitments, even though this is the period of lowest producer prices. Of even greater concern, is the case of onions; imports have been allowed to enter the country at harvest time , thus undermining the market for local productivity.

Subsidisation of rice prices to the consumer, at the expense of the farmer, has had the following adverse effects:-

- national development potential is retarded as public revenues are diverted from development projects
- rise in imports requirements and depletion of scarce foreign exchange resources
- urban consumers benefits at the expense of their counter parts exacerbating the income disparity between the two gaps
- pressure is applied to the already deteriorating balance of payments situation.

Payment of prices significantly lower than the prevailing world market price for exports have had a deleterious effect on actual supply response. It is also worth noting that the timing of the announcement of guaranteed prices has little immediate effect on the current supply position, as farmers normally base their production decisions on the previous year's commodity price.

It is an acknowledged fact that the farm sizes are small and the bulk of the farmers illiterate; despite these shortcomings their operations cannot blind them to the effect of Government policies and the practices of Government agencies on their operations.

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Where the farmer becomes convinced, rightly or wrongly that Government's policies and activities of Government agencies in their relationship with him are not beneficial to him or to his farming efforts, he is bound to lose faith in Government and limit the degree of his cooperation with Government agents, or ignore them altogether.

Farmers do have a positive response to prices. The lack of farmer incentives and the high rate of population growth have been major causes of the increasing food deficit. The result is an increasing drift from the land and a growing dependence on imported foodstuffs including rice, the country's staple food. Low agricultural returns and poor rural wages are encouraging more young people to move to the cities where relatively high wages can be earned in the tertiary sector. This had led to labour problems in the provinces and overcrowded housing in the cities. Although agriculture is a national priority more will be needed than an injection of capital for revival since basic policies act against any improvement.

The government is seeking a way of providing a lasting stimulus to agricultural production in order to increase its earning potential and break free from the growing dependence on food imports.

Some Steps to address these problems have been introduced starting in July 1983 in connection with the support agreement with the IMF. The official value of the currency was adjusted from Le 1.25 to Le 2.50 per $US in July 1983, following a period in which a parallel commercial market for foreign exchange was operating. The government's minimum price for husk paddy was raised from Le 12 to Le 18 per bushel in early 1983 ; in July 1983 SLPMB buying prices for coffee and cocoa were raised from Le 1904 to Le 3472 and from Le 1568 to Le 3034 per ton respectively. Considerably increased interest in production of these crops has been reported. Further increases in producer prices has been announced to stimulate production. The following table show the various price levels :

Table : Producer Prices for Export Commodities

Leones/Ton

	1981/82	1982/83	1983/84	1984/85
Palm kernel	224	246	448	896
Coffee	1344	1904	4256	8900
Cocoa	1456	1568	3024	5600
Ginger	874	1008	3024	5600

However, due to the chronic shortage of foreign exchange, an unofficial market still exists and it remains to be seen if these prices will continue to provide an adequate incentive.

In the past, the problem of low producer prices has been compounded by delays in price adjustments. As a result, price announcements of price often caused disruption in the market. MANR has lacked an adequate data base on agricultural production and farm prices on the analytical capability to adequately fill its role in this area of agricultural price formulation.

Rural Credit

Credit to farmers is largely confined to the village level money lender. The efforts of the National Development Bank in long-term loans, that of the National Cooperative Development Bank for commodity credit and the Credit Guarantee scheme for small borrowers under the Bank of Sierra Leone are far too limited in scope to be able to meet the credit requirements of small holders. One exception is the credit scheme under the IADPS. Here, the credit scheme has been functionning satisfactorily and the repayment record is encouraging. Credit is provided in both kind and cash and the level of supervision is very effective. However, the cost of supervision, for which no figures have been made available, are believed to be high and quite beyond the resources of normal services operated by the MANR.

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It is well accepted, however, that unless there is adequate motivation and a sufficient degree of technical knowledge brought to producers, combined with a readily available market at favourable prices, credit alone can hardly result in a major break-through. It is very likely that the absence of such complementary factors prevented the success of previous credit attempts. Certainly, the experience of repayment, whether in schemes operated by the MANR, the Cooperative Department or from other sources, has not been a happy one. More recent experience, however, has shown that provided these other complementary factors can be met, then lack of credit is bound to become a critical constraint on agricultural development.

Conclusion

It is generally agreed that there is a discrepancy between the official exchange rate and the real value of gforeign currency. This discrepancy has risen largely because of the severe decline in commodity prices. This discrepancy is a major factor in the decline of production of agricultural export crops ; and also subsidised cheap inports which threaten home production of rice, palm oil, palm kernel oil, maize, onions and other crops.

Low prices reduce the amount of foreign exchange available for the import of inputs, spare parts and replacement equipment for the agricultural sector as well as the materials needed for the production of essentials and incentive goods needed in the rural areas. Deteriorating facilities and inadequate incentives have in turn contributed to a decline in the production of export crops which further deepens the foreign exchange crisis.

Producer prices have not been maintained at levels which will provide an income sufficiently attractive for farmers, especially the new generation, to stay in the villages and continue farming. The low producer prices coupled with the shortage of incentive goods in the rural areas and the natural attraction of city life has lead to a very high influx to the urban centres of young people from the villages. Incentive goods are required to improve the motivation to grow cash crops and also for the operation of incentive schemes for estate crops workers. Bicycles and radios are particularly sought after. Bicycles can also be used for transportation of inputs and outputs.

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Development of the agricultural sector has been given renewed emphasis by the Government during the last few years following the sharp decline in the mining sector; performance as a main foreign exchange earner as well as a source of government revenue.

The policy now is to boost agriculture so that it becomes the main sector of the economy so as to provide not only employment but also raw material for industry as well as earning foreign exchange for the country. To this end, the Government has launched various agricultural schemes including IADPs aimed at increasing export earnings and achieving self-sufficiency in the country's food requirements. In addition, various incentives including higher prices for produce are being extended to the farming community. The recovery of the economy depends on the agricultural sector, since in the medium term it is the only foreseeable engine of growth. Incentive policies would determine the ultimate success of the IADPs.