**FAO PROMOTING FAMILY FARMING AND AGRICULTURAL VALUE CHAIN DEVELOPMENT IN SIERRA LEONE**

**AN OPPORTUNITY TO LINK FAMILY FARMERS TO MARKETS**

Agricultural value chains are organizational schemes that enable a primary product to get sold and transformed into consumable end-products, adding value at each step of a gradual process of transformation and marketing.

FAO in Sierra Leone, within the Smallholder Commercialization Programme (SCP) is implementing an intensive capacity building programme to boost production intensification, diversification, value addition and marketing). Building the capacity of family farmers and of service providers is absolutely key to achieve the goals of the SCP.

Recently, private companies and development agencies are seeing value chains as vehicles for family farming engagement, based on the following assumptions:

- Family farming production can, relatively easily, be absorbed by local, national, regional and global value chains.
- Engaging family farmers brings income and employment benefits to smallholders.
- Family farmers have and/or can acquire the capacities and resources required to produce in response to the requirements of value chain players.
- Important value chain players, such as large-scale buyers (private and public), would be keen in supporting the engagement of family farmers.

There are however, some challenges in engaging family farmers in value chain development. Rapid changes in the policy, institutional, natural resources, social and economic environments are making it difficult for family farmers to supply their products to the market and to improve their families' livelihoods.

**FAMILY FARMING IN SIERRA LEONE**[1]

Agriculture is a vital component of the Sierra Leone economy representing approximately 53% of the GDP and employing over 80% of the total economically active population mostly in small-scale farm production. It is estimated that over 473,000 households are involved in production. Considering an average household of five people, about 2.3 million people depend on family farming for their livelihood.

Family farmers produce a large share of the food consumed in the country. Their ability to earn income from farming and in turn pay for inputs, consumer goods, health and education also affect the general development prospects and the nature of economic transformation proposed by the Agenda for Prosperity[2].

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[1] Extracted from Baseline Report – Innovations for Poverty Alleviation (IPA) – August 2013

Family farmers in Sierra Leone are defined as any farmer responsible for a total farming area not exceeding 2 ha for food crops, and 2.5 ha for tree crops[3]. In 2010, most of the adult rural population (over 18) were either farmer (73%), students (9.2%), or employed in the non-agricultural sector (11%).

The share of family farming nation-wide is estimated at 47% of individual farmers. If disaggregated by gender, the proportion of family farmers is much larger for women (73%) than for men (only 38%). However, in many households, women work on the farms without being recognised as responsible for it. The under-representation of women respective to their natural share of the agricultural population reflects, among other issues, barriers in accessing land. Women-headed households represent approximately 19% of the rural population.

Overall 77% of family farmers did not complete primary school. This proportion does not vary much by districts. The only exceptions are in the rural and urban areas where respectively 38% and 48% of family farmers did complete primary school.


The growing urban population and greater wealth are creating additional demand for agricultural products in the country; yet rising food prices suggest that farmers' productivity is not keeping up with this demand.

Sierra Leone has the capacity to produce a large number of agricultural and horticultural products including staple crops (rice and cassava), fresh vegetables (string bean, tomato, cabbage, okra, cucumber, etc.), leaf vegetables (potato and cassava leaves, crain-crain, etc.), fruits (mango, pineapple, etc.), tree crops, cashew nuts, coco nuts and processed products (mango juice, gari, honey, bee wax, coconut milk, palm oil, moringa, jatropha for biofuel).

There are however, a number of barriers for family farmers to compete with imports and to take advantage of the productive potential of the country, including low productivity, poor quality of products, weak business linkages, shortage of labour force, access to finance and markets, post-harvest practices and water and soil management.

### How can Family Farmers Engage in Value Chain Development?

Family farmers often integrate in value chains as producers in the primary production segment supplying products to local, regional and national buyers. They can also pursue value addition, as in the examples of rice milling or cassava processing in the Agribusiness Centres (ABCs).

The Ministry of Agriculture, Forestry and Food Security (MAFFS), with the help of FAOSL, is taking the necessary policy actions to support the engagement of family farmers in value chains. Within the Smallholder Commercialization Programme (SCP)[4], three main types of farmer's engagement can be distinguished:

1. Engagement in independent primary agricultural production with an effect on incomes.
2. Engagement in dependent primary agricultural production (out-grower schemes) with an effect on incomes and employment.

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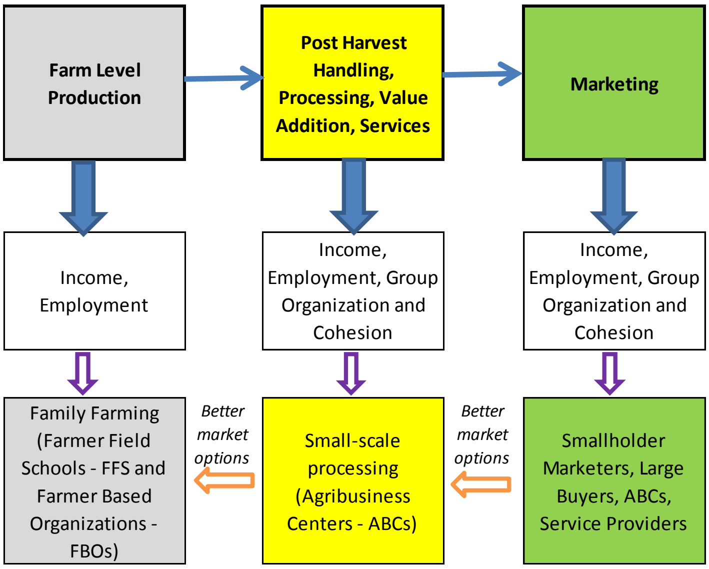
[2] Government of Sierra Leone

[3] This methodological choice means that for households with more than one farmer formally responsible for one or more farms, the aggregate farm-size of the household may exceed 2ha.

[4] The SCP is a government flagship programme and the first phase of the National Sustainable Agriculture Development Plan (NASDP) (2010-2014), and seeks to increase smallholders' production, income, and food security through the provision of inputs, machinery, processing facilities, marketing, training and advice to smallholders, as well as access to financial services.

3. Engagement in value addition of agricultural products through the ABCs and provision of services with an effect on incomes and employment.

**Value Chain Development and Family Farming in Sierra Leone**




## Who is Supporting Family Farming Engagement in Value Chains?

Local buyers and food retailers are usually the main forces pushing family farmers for engagement in value chains as they are frequently short in supply of primary products.

In Sierra Leone, **governments and development agencies** are the main drivers of family farmer's engagement in value chains. The common understanding is that supporting family farming's integration in the value chain will lead to economic and social benefits. The example of the Purchase for Progress (P4P) programme by WFP is a development model that promotes the participation of family farmers in value chains. The P4P in Sierra Leone, implemented in close cooperation with FAOSL, is an initiative aimed at enhancing family farmers' capacities to produce greater quantities and qualities of commodities and to sustainably access commercial markets on an increasingly competitive basis. WFP's demand opens up opportunities for agricultural market development partners and farmers to test innovative approaches and learn how to improve commercialization of rice and other staple foods.

"**Out-grower schemes**" are arrangements where a buyer provides seeds and fertilizer or alternatively credit as well as agronomic know-how to "outgrowing" farmers, who in turn, produce according to agreed standards. Out-grower schemes are an efficient method to quickly provide farmers with the necessary technology and inputs to engage in value chains. Payments and credits must be monitored with reliable accounting systems, sometimes covering a large number of farmers. On the other hand, the scheme can be particularly vulnerable because farmers may decide to side-sell, avoiding repayment of debts.

**Agro-dealers that supply agricultural inputs** (e.g. seeds and fertilizer) seek to engage family farmers in value chains to extend sales. The objective of the agro-dealer approach is to increase rural incomes through better agricultural productivity, improved food security, and reduced poverty by transforming Sierra Leone's fragmented, limited and informal input distribution system into an efficient, commercially-viable input supply infrastructure operated by the private sector. The primary tool of this approach is the development of an agro-dealer network that provides a one-stop-shop through which family farmers can find greater access to improved inputs, services and output marketing, thereby improving production and establishing additional markets to sell agricultural products.

Often lead buyers are the most appropriate drivers of family farmer's engagement in value chains. However, any of the above approaches, individually or jointly, can also initiate such engagement.

### WHAT ARE THE BENEFITS IN VALUE CHAIN FOR FAMILY FARMERS?

There are a number of considerations that can help in understanding the benefits family farmers might have from engaging in value chains. In some cases, engaging smallholders in value chains might not necessarily result in benefits. For example, the engagement of family farmers often requires additional costs related to a new system of production and the efforts to comply with certain standards. In addition, family farmers can only apply technical innovations after intensive capacity building and through additional investments in inputs and equipment.

Local markets may sometimes not be an alternative for products that only get appropriately remunerated when they enter global value chains (e.g. coffee, cocoa beans, cashew nuts). However, family farmers often benefit from local markets where staple products (e.g. rice, cassava) can be sold parallel to value chains that involve higher-quality products

In any case, engagement in value chains can be a necessary condition for family farmers to maintain agricultural production when they provide a sure market outlet for products.

The main parameters to be taken into consideration in evaluating the benefits from family farmers' engagement in value chains are summarized as follows:

- the product price being paid to producers,
- the production costs required to comply with buyers' criteria,
- the costs of training and capacity building necessary to enable family farmers engage in value chains,
- the number of farmers able to engage in the value chain in relation to the ones that may fall behind,
- the employment effect in primary production and other segments of the value chain.

### WHAT WORKS AND WHAT DOES NOT WORK FOR FAMILY FARMERS IN VALUE CHAINS?

Engagement of family farmers can work for all value chains except perhaps for those requiring standards that are too high and requirements in terms of capital and efforts that are beyond the capacity of family farmers. Family farmers in Sierra Leone should be able to engage in the production of fruits, vegetables, cereals, roots and tubers and pulses as well as animal products for national value chains and perhaps for export[5].

The engagement of family farmers requires substantial investments in training and capacity building. Changing the way of production requires time, continuous coaching, and eventually some subsidies and interaction among family farmers that fosters the shift to new production procedures[6].

Initiatives that only require farmers to comply with buyer standards are unlikely to produce benefits for family farmers. They should be matched with efforts that help **improve their businesses** through cost reductions and better organization of work. For example, the P4P/WFP programme has learned that simply focusing on family farmers' compliance with quality criteria does not help in increasing the amount of rice procured in Sierra Leone. As a result, they have engaged advisory services to help farmers improve production, processing and storage practices in order to make rice production more profitable.

**Contractual arrangements** help to fix commitments of buyers in out-grower schemes. However, in situations where illiteracy is high, family farmers may not be able to understand the logic of written contracts. Building trust between buyers and producers is of paramount importance and leads to non-written agreements that build the basis for sustainable businesses.

[5] See PMU SCP/GAFPS Sub-Sector analysis on banana/plantain, cashew and papaya
[6] See revised Farm Field School (FFS) Manual – FAO/SCP-GAFSP 2013

In cases where lead-buyers and suppliers collaborate with governments and development agencies, the **partnership** needs to be thoroughly **negotiated**, and the investment of the private sector should be clearly earmarked. The details should be fixed in contractual arrangements and in no circumstances should governments and development agencies embark on quick arrangements favouring a single buyer or even guarantee exclusive purchasing rights.

#### CONCLUSIONS

Value chains can be a link between family farmers and customers within which actors (buyers, processors, etc.) play a vital role in enhancing efficiency and creating economies of scale that results in increased income and productivity of family farmers.

In general, agricultural value chains benefit family farmers in several ways such as increased income, surplus product, introduction of new technology, access to markets and social changes. The more the farmer is integrated into a value chain, the higher the benefit she/he secures. The engagement of family farmers in value chains related to agriculture can undoubtedly generate far greater impact on livelihoods than any other sector of the economy.

However, efficient agricultural production and value chains require financing. Insufficient access to credit in rural areas is one of the major constraints faced by family farmers in Sierra Leone. Other actors operating within the value chain also require financing.

In addition, training and capacity building are essential for value chains to succeed. Extension service of the MAFFS needs to be able to advise family farmers about how to become more market-oriented and treat farming as a business.

Unfortunately, in much of Sierra Leone's agriculture, often there is not a simple relationship between economies of scale and farming efficiency. In some cases, there may be no obvious economies of scale, and family farmers may have distinct advantages/disadvantages over larger organizations (e.g. where there is a high requirement for labour, family farmers might be at an advantage).

Managing small plots can have its benefits, including independence and flexibility in terms of seasonal working, in addition to the capability of high yields through intensive farming. With that being said, family farmers in Sierra Leone face disadvantages compared to larger farms in procuring inputs in large volumes, obtaining credit without collaterals, collecting and interpreting market information, accessing markets and managing standards in farm management in general (supply timing, post-harvest handling, logistics, reliability, performance, etc.). In addition, family farmers are challenged by poor farming infrastructure and a lack of capital.

It is therefore important for policy makers to identify the critical points of comparative advantage for family farming in order to enable involvement and inclusiveness in commercial value chains. There are three areas that, if addressed properly, can facilitate the continued involvement of family farmers in value chains:

- ✓ **Markets**. In which markets can family farmer's best participate in value chains? Markets are dynamic, and family farmers might become less competitive in some markets and more in others.
- ✓ **Size**. Can the benefits of economies of scale seen in some crop/market combinations be achieved by associating farmers into groups?
- ✓ **Government**. What is the role of government in supporting the integration of family farmers into commercial value chains?