



Snapshot: Agro-Dealer Development Programme

Background

Sierra Leone Opportunities for Business Action (SOBA) is a private sector development programme that uses a market systems approach to facilitate pro-poor economic growth in Sierra Leone. The programme collaborates with private sector businesses in three primary areas: (1) agriculture, (2) renewable energy, (3) professional services and entrepreneurship markets, to trial and to scale innovative and inclusive business practices that reduce poverty and improve economic opportunities for poor women and men. SOBA is funded by UK Aid and implemented by Adam Smith International.

Under the agricultural portfolio, SOBA partnered with a number of Freetown-based ag-input distributors to improve inputs and advisory services fit and accessibility for farmer clients throughout Sierra Leone. SOBA partnered with distributors to test three different distribution models: agents, open-field kits, and shops. The agent-based distribution model proved most successful.

The following is a snapshot of the programme and model launched.

The Challenge: Fragmented Markets Limit Agricultural Potential

The agricultural input market in Sierra Leone is currently underserved. Although Sierra Leone has an abundance of minerals, agriculture remains the backbone of the economy. Agricultural activities in the country include planting food crops and tree crops, forestry, fishery, livestock keeping and hunting. This contributes to 61% of the country's GDP and to about 10% of exports. It provides employment to approximately two-thirds of the population. The crops sub-sector dominates the agricultural GDP with 33%. Most farmers produce rain-fed crops and tree crops using shifting cultivation or the slash-and-burn farming system.

Based on previous qualitative and quantitative research conducted by SOBA in 2015 with 103 farmers and 38 agro-dealers in 6 districts, the main roadblock to increased productivity and income of farmers in Sierra Leone is access to agricultural inputs. The research clearly showed that farmers, regardless of their geographic location or crop mix, visited agro-dealers constantly. However, few inputs were available for purchase at agro-dealer locations during any point in the season.

The strong connectivity between agro-dealers and farmers is an important opportunity. Formalizing agro-dealer networks and expanding products on offer will generate strong commercial return for an inputs supplier/distributor. At the same time, access to improved and expanded inputs alongside embedded advice on how to use these inputs would improve production.

The Solution: Agent-Based Inputs Distribution

SOBA and TJAL Enterprises launched a partnership in late 2015 and with the aim to expand upcountry input distribution utilizing an agent-based distribution model. TJAL is an agro-dealer and fumigation services company that has been in operation for the past 28 years.

At the start of the partnership with SOBA, TJAL focused its operations to retail shop sales out of their Kingtom location only. However, the firm proved eager to grow and willing to target farmers as a primary customer.

Why an agent model?

The agent model offers the opportunity to expand reach at low cost. By offering performance-based incentives coupled with skill development, agents can grow farmer reach and boost sales. This approach necessitates lower upfront investment and typically ties outlay to performance (ie: sales).

What happened?

SOBA and TJAL established an agro-dealer development programme. The programme offered significant training and skill development, necessary to improve agro-dealer performance, while rolling out incentive schemes and commission structures that encouraged improved performance.

At the onset, the training programme included basic operational, financial, and business skill development. Support was phased. At each phase, agro-dealers received training and guidance to build capacity as well as targets that require practical application of that guidance. Areas of focus included:

- Client outreach: database of agents, retailers, farmers
- Sales records and bookkeeping
- Branding and marketing
- Product and agricultural practice training
- Demonstration plots (marketing and training tool for farmers)

In time, the programme also included incentives to grow as TJAL agro-dealers. This included:

- Negotiating credit lines and offering credit management support
- Offering direct delivery
- Expanding product baskets
- Agricultural and product trainings
- Setting up demonstration plots
- Branding and marketing support

Importantly, all growth through TJAL agro-dealer programme was performance based. In other words, the programme was delivered utilizing a phased approach; only those dealers that successfully completed activities were able to graduate onto the next phase and to access incentives that were tied to completion.

Results

With few start-up costs and focused professionalization of agro-dealers, TJAL Enterprises (SOBA partner) was able to significantly grow client reach and overall sales utilizing an agent model.

Currently, TJAL sells fertilisers, pesticides, fungicides, herbicides, seeds, insecticides, farming tools and safety equipment to farmers – with agronomic advisory – through 3 retail shop locations and 32 agents located throughout Sierra Leone. During the peak June 2017 agricultural sales month, TJAL revenues were USD 173,300 – up from USD 1,750 at the same time in 2015. TJAL's farmer reach is nearing 50,000. The monumental increase in turnover is owed to expanded agent-based sales.

With the viability of the agent-based model established, several distributors have gone on to replicate it in the 2017 agricultural season – resulting in a stronger competitive market aimed at servicing farmers directly. Nianda, specifically, onboarded eight agents in the second season of 2017. Meanwhile, Fresh Salone has also onboarded agents and Seed Tech has established retail locations in Makeni and Bo.

Muctarr Agricultural Enterprises

Location: Lungi

Started in 2013, Muctarr based his business out of his home and struggled to source and sell \$500 worth of product per month.

As one of the first agents recruited, Muctarr has enjoyed tremendous growth. He now has a registered business, a shop with a sales assistant and five other part-time staff. Sales for the first six months of 2017 averaged \$6000 per month, with ten subagents and two retailers selling on his behalf.

As a TJAL agent, Muctarr received product training, and organised the same for his farmers. He now maintains basic records and is actively marketing his business with the confidence that he'll be able to supply. TJAL also offers Muctarr a credit line.



Reflections

Though TJAL agent-based distribution model and agro-dealer programme demonstrated explosive growth and potential, it's still young. With growth comes new and more complex management challenges – namely inventory, advisory, delivery, incentive, and credit management. More work will be required to ensure these gains are continued into the future.

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