

**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



GUINEA BISSAU

**COUNTRY DEVELOPMENT
STRATEGY STATEMENT**

FY 82

Small Program Statement

BEST AVAILABLE

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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523

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GUINEA-BISSAU

SMALL PROGRAM STATEMENT

AN A.I.D. STRATEGY FOR THE YEARS 1981/82 TO 1986

December 1979

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INTRODUCTION

Guinea-Bissau is at a critical juncture in its development. It is a country still trying to consolidate five years of political independence after a long and economically devastating liberation struggle. In practically every area of public life the Government of Guinea-Bissau continues to enunciate development goals stressing participation, decentralization, balanced growth and economic and social justice which are consistent with AID's development policy and legislative mandate. However, the country sorely lacks the financial and human resources to achieve these goals. The U.S. assistance program has a vital role to play in helping Guinea-Bissau through the present difficult post-independence period and in creating the conditions for long-term economic growth with equity in Guinea-Bissau society.

What follows in this Small Program Statement is an analysis of the development situation in Guinea-Bissau. It also forms the basis of our AID Program over the period FY 1981 to FY 1986. This year's Small Program Statement also contains an analytical description of how the AID Bissau Program will be implemented (Section X, Program Implementation) in an efficient manner without an increase in the AID USDH staff.

Although a formal development plan does not yet exist, the GOGB hopes to complete one in 1980, with the help of two foreign national accounts experts assigned to the Commissariat of Economic Cooperation and Plan. It is certain that any such plan will attribute top priority to attaining food self-sufficiency.

AID/Bissau has offered to finance an Agriculture Sector Assessment similar to the one for Cape Verde executed by the General Research Corporation under contract with AID. However, the GOGB has opted to defer such an offer for the time being and continues to stress its policy of food self-sufficiency and the use of foreign aid for quick-yielding, productive projects. We hope that during the coming year the GOGB will accept AID's assistance in undertaking an assessment of the agriculture sector, after which time the AID/Bissau program will be confirmed, modified and/or expanded, as appropriate.

I. U.S. INTEREST

The initiation of food and developmental AID programs shortly following Guinea-Bissau's independence from Portugal in 1974 demonstrated the U.S. humanitarian concern for the country in dealing with its problems of extreme poverty and overall reconstruction of an economy wrecked during the long war for independence. U.S. interest over the long term is to assist the Government of Guinea-Bissau to develop the country's human and physical resources to bring the nation closer to economic self-sufficiency. We also continue to encourage the country's established policy of non-alignment.

Relations between the GOGB and the United States Government have improved steadily since the country's independence. Numerous GOGB officials are travelling to the U.S. on USG (including AID) sponsored visits. Similarly, U.S. academic, sports, and administrative personnel regularly visit Guinea-Bissau for interviews and programs.

Guinea-Bissau will require large amounts of international assistance for the foreseeable future. Opportunities will exist for the U.S. to continue to act as a donor country for developmental aid and emergency foodstuffs.

The GOGB has not yet developed an investment code, a foreign tax structure, or a development plan for investment. The lack of infrastructure in the country is also a limiting factor. Concrete investment opportunities are scarce. U.S. investment in Guinea-Bissau will remain minimal for the foreseeable future until investment conditions improve.

II. GEOGRAPHY AND THE PEOPLE

The Republic of Guinea-Bissau is situated on the west coast of Africa wedged between Senegal to the north and the Republic of Guinea (formerly French Guinea) to the east and south. It covers an area of approximately 14,000 square miles (twice the size of New Jersey), much of which is low coastal plain that rises gradually toward a savannah in the east.

The main physical characteristics of Guinea-Bissau are its meandering rivers and wide estuaries, where it is difficult to distinguish mud, mangrove and water from solid land. More than half of the country resembles an archipelago that places about 85 per cent of the population within at least 20 kilometers of navigable water. Much of the country's soil is alluvial and fertile.

The country's climate is tropical. Maritime and Sahelian influences are felt. Extreme variations in the country's climate, especially between the north and south, influence the agricultural production base. Rainfall is abundant (2,000 to 2,500 m/m per year) along the low coastal plains where there is an abundance of palms, mangrove thickets and rice fields. To the north and inland, however, the average rainfall drops to 1,300 m/m and the land is covered with tree-dotted grasslands. There are two seasons; a wet season, usually from June to November, and a dry season lasting from December through May. Periodic shortages of rainfall affect the country, especially the northeast.

The population is ethnically diverse. Before independence, the main ethnic divisions were as follows: the non-African community of mainly Portuguese civil servants and Syrian and Lebanese traders, a colony of Cape Verdeans (mesticos) and the Africans (indigenous) whose main tribal groups are: Balanta, 30 per cent; Fulani, 20 per cent; Manjaca, 14 per cent; Mandinga, 13 per cent; Papel, 7 per cent; Bijagos, 4 per cent; Felupe, 4 per cent and Nalus, 3 per cent. (In all, 21 ethnic groups exist in Guinea-Bissau.) Following independence the number of whites has declined to less than a few hundred.

Approximately 65 per cent of the population is animist, 32 per cent Muslim and 3 per cent Christian. Although Portuguese is the official language, a Guinean crioulo is the lingua franca and numerous African languages prevail.

III. POLITICAL SITUATION

The African Party for the Independence of Guinea-Bissau and Cape Verde (PAIGC), founded in 1956 by Dr. Amilcar Cabral, the national hero, is the sole political party enjoying a legal existence in Guinea-Bissau. It is important to note that the PAIGC is perceived by the

nation's citizens as the symbol of freedom won from the Portuguese and as the architect of a new national identity. The democratic process is said to be insured through the operation of the PAIGC itself, which is defined by the Constitution as "the supreme expression of the sovereign will of the people."

According to the theory of "democratic centralism," every citizen over the age of 15 can be involved in popular democracy by participation in the election of PAIGC candidates for the National Assembly. The National Assembly, the highest organ of the state, is elected for a period of up to three years and meets at least once a year.

The 15-member Council of State is elected for a three-year term from among the members of the National Assembly. The Council of State elects a President who is Chief of State and Commander of the Armed Forces. Luiz Cabral, brother of Amilcar Cabral who was assassinated in 1973, is President of the Council of State.

The country is divided into eight political subdivisions. Officials elected to Regional Councils are empowered to preserve public order, provide local administration and promote economic and social development in the Regions.

The Government has also fostered the creation of local committees from among the local tabancas to act as organs of grass-roots political, and more recently, socio-economic direction. (A tabanca is a cluster of dwellings having a certain geographical, familial and functional unity. It is the traditional unit of daily life in Guinea-Bissau.)

Guinea-Bissau has proclaimed a policy of non-alignment, balancing close ties with most Communist states and good relations with a number of other nations, notably Cape Verde, Sweden, Holland, France, FRG, Portugal, Brazil, Algeria, Senegal, and the United States. Although its representation abroad is limited, Guinea-Bissau takes an active interest in international relations, especially African and Arab affairs.

Guinea-Bissau was the first Portuguese African territory to achieve independence, and the Government is proud of its reputation

as a leader in the struggle for African liberation. The common heritage of Portuguese colonialism provides an affinity with Angola and Mozambique.

IV. DEVELOPMENT OVERVIEW

Economic policy-making in Guinea-Bissau has so far addressed problems on an ad hoc basis. The GOGB has generally adopted a rational course of action within considerable constraints, and actively seeks the advice of international experts. Although the prevailing political philosophy is socialism, the Government tends to be more pragmatic than dogmatic.

A policy of public control over large parts of the modern sector of the economy was quickly implemented following independence, and the few major enterprises have all been brought under state control. On the other hand, about half of the total retail trade remains in private hands, and the Commissariat of Economic Cooperation and Plan is working on a private investment code. Imports are strictly controlled by the state through a licensing system. This causes difficulties in importing spare parts and other essentials, but has succeeded in limiting the growth of imports.

Short-term prospects for the economy are for moderate growth in exports, with some reduction in rice imports, continuing balance-of-payments shortfalls, and budget deficits financed by foreign aid. Foreign aid will probably remain stable at a relatively high level over the next few years, but with some shift away from program aid toward specific projects.

In addition to chronic food shortfalls, the most serious constraints to the country's development over the next decade are likely to be shortages of trained manpower and an inadequate physical infrastructure. Few efforts were made during the colonial period to develop human resources. As a result, in each GOGB Commissariat the number of trained and experienced individuals is extremely modest, even in relation to other West African countries. This has slowed the planning and implementation of development programs. Infrastructure problems include poor roads and port facilities, limited communications outside of Bissau, etc. Physical constraints on the transport

side have retarded production of export crops and the dissemination of improved cultivation techniques.

The Government's short-term strategy is to use foreign aid for quick-yielding, productive projects and balance-of-payments support. Projects generating foreign exchange and boosting agricultural output are highly favored. The overall goals of development are to increase agricultural production both to satisfy internal demand and for export; to develop an industry oriented toward providing consumer goods and simple equipment for the domestic rural market; and to strengthen Government institutions to provide needed social and economic infrastructure.

Development potential over the medium-term focuses on fisheries and timber resources. Fisheries studies have already been undertaken by foreign aid agencies, and several bilateral fisheries projects - including the AID Artisanal Fisheries project - are underway. Timber resources are not yet fully surveyed but appear promising. Present exports of about 5,000 tons of lumber could be substantially increased with better equipment and management.

Guinea-Bissau's long-term prospects hinge upon the development of agriculture. With the introduction of new varieties, herbicides, fertilizers, improved planting practices, and irrigation, rice production could be greatly increased.

Incomplete data indicate that over the 1975-1977 period, Guinea-Bissau received an average of US \$40 to \$50 million annually in foreign aid, mostly in the form of grants. This assistance was concentrated largely on budget support, health and education, telecommunications, fisheries, and agriculture. Major donors have been Sweden (mostly budget support of between US \$11 to \$13 million per year), the Netherlands, the UNDP, the EEC, A.I.D., the USSR and Portugal. Among lenders, the African Development Fund is financing a highway project and a general transport study; the Kuwait Fund is financing airport rehabilitation and a port study. The World Bank approved a US \$9 million loan for road rehabilitation and maintenance in 1979. Currently, the volume of aid flows to Guinea-Bissau is about US \$50 per capita per year, which is high in comparison with other West African countries. While this level is high, it must be remembered that the country has been independent for only five years, and that this independence came

as a result of a long war which devastated the country's already poor economy. As previously stated, a substantial portion of foreign aid is in the form of budget support.

The GOGB's budgetary resources are extremely modest in comparison with the existing backlog of reconstruction and development work required. Even if public revenues can be improved in coming years, public savings will remain modest and a substantial resource gap will persist. The external donors, therefore, will have to continue to finance a high proportion of project costs.

V. THE ECONOMY

The economy of Guinea-Bissau is only five years old and these have been five years of trying to make just a start at rebuilding and repairing the heavy damage of over a decade of fighting for independence. There are no national account data; statistics of even the most rudimentary sort are more often than not nonexistent; there is no national development plan, and the available Government resources are so thin that a development plan would probably have little meaning, anyway. For five-hundred years this was a colonial economy and to the extent that the colonizers developed the economy at all, they developed it for exploitation. Five years is very little time in which to even begin to recover from that kind of abuse and neglect.

The economy is predominantly rural and small farmers practicing traditional methods of agriculture constitute about 90 per cent of the workforce. Their efforts make up about 65 per cent of GDP. Rice is the principal food crop and practically all of it is rainfed, generally produced from polder agriculture. In a year of good rainfall, millet, sorghum and maize might equal half the tonnage of the rice crop (100,000 tons a year prior to the war and the destruction of much of the polder infrastructure).

Groundnuts are grown in the interior and are the principal export crop, and production reached 16,000 tons in 1977. This doubled the 1975 production, but is still short of pre-war production. Groundnuts account for 60 per cent of exports. Palm oil accounts for another 12 per cent and cotton and cashew nuts for an equal amount. The balance of exports is made up of fish and timber.

The industrial sector is dwarfed by agriculture, accounting for only about 5 per cent of GDP. Manufacturing is almost all government-controlled and the few vegetable oil mills and other small factories operate well below capacity because of lack of raw materials and low demand.

The public sector dominates the money economy with 15,000 employees. The largest trading activities in this sector are groundnut exports and the importation and distribution of rice. These functions are carried out by two Government-controlled firms.

Public finance is characterized by constantly increasing deficits. In 1977 revenues equalled about \$17 million (15 per cent of GDP) while expenditures were \$35 million. About 70 per cent of budgeted expenditures are for salaries and there is nothing available for development. The deficit is financed by bank borrowings, some international borrowings and by foreign grants. Non-budgeted expenditures amounted to \$60 million in 1977 and this included the importation of food and other consumer goods. About 64 per cent of these expenditures were covered by foreign grants and the balance by borrowing. In 1977 the debt service ratio was calculated at 10 per cent and was probably about the same in 1978.

VI. SOCIO-ECONOMIC PROFILE OF THE RURAL POOR

Statistics, especially reliable economic and financial data, for post-independence Guinea-Bissau are poor at best and serve to emphasize the need for adequate reporting systems. Since it is safe to assume that upwards of 90 per cent of the country's inhabitants reside in the rural sector, all below-cited national statistics and estimates apply to describe the rural poor majority's situation, which is considerably worse than its brethren citizens of Bissau, the nation's capital and only major urban center.

The chaotic state of the Guinea-Bissau economy is largely a consequence of the long war for independence. However, even before the war started, the country was not much of an economic proposition. Agriculture is the mainstay of the economy. It has always been an entirely African activity, since there were no European settlers. Colonial rule under Portugal did little to upgrade the large peasant

economy of Guinea-Bissau. To the contrary, colonial administration considered any habit of technological change adopted by the population as a potential threat to colonial authority.

Five years of independence and the promotion of a better distribution of essential goods and services to the population at large has put barely a dent in Guinea-Bissau's debilitating level of poverty. The country's very low GNP per capita income (estimated by the United Nations at approximately \$120) is belied by an even lower level of living. According to the Physical Quality of Life Index (PQLI) recently introduced by an Overseas Development Council as a measure of a country's overall human well-being, Guinea-Bissau ranks as one of the poorest countries in the world.

a) Agriculture Sector

The country's huge rural sector is comprised almost exclusively of subsistence farmers (and to a lesser extent, fishermen). As such, the agriculture sector is expected to provide the major source of employment and foreign exchange. The principal crops of Guinea-Bissau are rice, peanuts and palm oil. The agricultural potential of the country must be rated as excellent. Rice production at one time reached export production levels. However, one measure of the damage wrought by the war for independence on Guinea-Bissau's fragile economy was the drastic drop in the production of rice, the food staple for rural populations throughout the country, and the country now has been importing rice for the last several years.

Overall agricultural productivity would have to be categorized as poor and underexploited. The bulk of production is subsistence agriculture which never reaches the market. Consequently, agriculture's current contribution to the GDP is falling far short of its real potential.

To date, little of importance has been achieved in the area of livestock and poultry raising. Native cattle are generally mature at about a lean 400 pounds, provide small amounts of meat and insignificant quantities of milk. Virtually all of Guinea-Bissau's dairy needs are met through imports. Another problem created by the small

size of the cattle is that very few of these animals are large enough for draft. This, coupled with an almost universal lack of farm machinery, results in no relief to the back-breaking labors of the field.

Fish are abundant in Guinea-Bissau and are consumed by most of the country's inhabitants on a regular basis. However, fishing practices are archaic. Furthermore, an almost total lack of basic supplies and transport services have precluded development of viable fisheries production by small fishermen.

b) Health Sector

Some of the key health status indicators provide a grim picture of Guinea-Bissau's situation. They reflect a predicament resulting from 500 years of colonial neglect, a decade-long war for independence, and the current state of economic development. The life expectancy at birth, about 35 years, is extremely low, even in comparison to other African countries of similar economic status. Official GOGB records estimate the infant mortality rate at 250 deaths per 1,000 live births - one of the five highest in the world.

An in-depth assessment of the health status of the population is impossible using currently available statistics. Data are collected on notifiable diseases, out-patient care, and hospitalization. The primary causes of death in Guinea-Bissau appear to be, in order of frequency: malaria, respiratory infections, gastroenteritis, parasitic infections, and malnutrition.

Despite the fact that per capita health expenditures by the GOGB come to \$4.80 - much higher than many other developing countries - Guinea-Bissau is, nevertheless, heavily dependent on external assistance for both manpower and financial resources. The majority of senior health professionals are foreigners. Of the 78 doctors in-country in 1979, only ten are native Guineans. (Cuba has 40 health professionals in Guinea-Bissau, the USSR, 11, and China, 17.) Several countries, including Sweden, provide health materials and medicines. Recently, Swedish health experts have begun a health/nutrition study of children in urban areas of Guinea-Bissau. The Arab Development Bank is exploring possible assistance alternatives to the health sector.

Foreign donor contributions exceed the GOGB Health Ministry's own annual budget. Because of the substantial and growing number of other donors, as well as the intent of the small AID/Bissau Country Development Office to maintain a compact, high-impact program of as few management units as possible, we do not intend to venture into the health sector during the period of this SPSS. Our proposals for the health sector made in last year's SPSS submission are therefore rescinded.

c) Population

The national census taken during the first half of 1979 indicated a total population of almost 780,000. This dispelled prior "guesstimates" which had placed the population from between 750,000 and 900,000. It seems that there was substantially more emigration as a result of the country's long war for independence than had been originally estimated. While still subject to further refinement, the rate of natural population increase is estimated about 1.2 per cent. Undoubtedly, this relatively low growth rate is due in large part to Guinea-Bissau's extremely high infant mortality rate.

Guinea-Bissau is characterized by a largely rural and dispersed population. For the present, Guinea-Bissau has a favorable balance between population and the amount of available or potentially arable land. The obvious population pressures of countries like Cape Verde are not evident. Nevertheless, latent population problems do exist. Like many developing countries with a population skewed toward youth, 42 per cent are under the age of 15. As this group moves into productive ages, they will spur an increase in population growth. If at the same time mortality rates are decreased (which is likely to happen as a result of vaccination and health campaigns initiated largely by the donor community since independence) the problem will be exacerbated further. Therefore, even though an overpopulation dilemma does not currently exist, the precursors do.

Given its immense reconstruction problems, the GOGB does not assign any priority to population and family planning. While FP information and services are available, on a request basis, at some existing hospitals and clinics, the Government makes no attempt to promote them. Nor are there any PVOs or international organizations in Guinea-Bissau which offer FP assistance or which could serve as intermediaries for FP services.

A profile of the health sector of Guinea-Bissau prepared in April 1979 by two U.S. health experts under contract by the African Development Bank, clearly identifies and alerts the GOGB to potential population problems. To date, there has been no official Government reaction to the report. While AID does not intend to venture into the health sector in Guinea-Bissau, we nevertheless will stand ready to attend official GOGB requests for any assistance in further studying the implications of population growth and recommend remedial actions. However, we cannot at this time hold out any prospects for AID involvement in the near future.

d) Education Sector

The educational status of the country highlights the neglect of basic needs by the colonists. During five centuries of rule the Portuguese produced a total of 14 university graduates in all of Guinea-Bissau. Under the Portuguese, education even at the primary level received generally inadequate support. In 1965, for example, there were only 13 colonial government schools with an approximate total enrollment of 2,000 students. Furthermore, the curriculum adopted was that used in Portugal with little, if any, relevance to life in the colony.

During the war for independence, the PAIGC, as part of its liberation program, established a national education system which by independence had grown to 156 schools and 15,000 students. The teachers in these schools were PAIGC loyalists who had no formal teacher training. Many of these "professores combatentes," as they are called, are still bearing a large part of the teaching load.

The number of schools has increased considerably (to 540 by 1977) as a result of the explicit GOGB policy of making primary education - kindergarten and first four grades - available on a universal basis. This resulted in approximately 65 per cent of the 1976/77 primary school year population being in either kindergarten or the first grade. Unfortunately, 50 per cent of the first-grade children do not pass the first time. This is partially due to the lack of properly-trained teachers but, perhaps even more, is due to language difficulties. The medium of instruction is Portuguese, which virtually all Guineans who speak it (about 30 per cent of the population) have learned as a second, or even third language. As a

result, upwards of 95 per cent of the total population is illiterate. Other than Portuguese, no tongue spoken in Guinea-Bissau has a written language.

e) Other

As one travels throughout the countryside of Guinea-Bissau one suddenly realizes the lack of attention paid by the colonists to basic infrastructure. Endemic malaria and other tropical diseases rendered the country unsuitable for settlement by a colonial plantation class which would have demanded comfortable levels of living and requisite supporting infrastructure. As a result, there exists only 2,200 miles of roads connecting the majority of the country's dispersed rural populace; only 265 miles are paved. Moreover, missing road segments and ferries and bridges - a result of the war - make transportation very difficult and slow, especially during the rainy season and, in particular, in the rice producing southern portion of the country.

Electrical power is a serious problem. The old, rundown diesel generator plant in Bissau has a total capacity of only 12,000 KWH. The capacity throughout the rest of the country amounts to 1,800 KWH and is virtually non-existent in the rural areas.

Likewise, telephone and telegraphic communications are not accessible to the rural population. There are only about 2,000 telephones in the entire country, almost all in the capital city.

VII. GOGB DEVELOPMENT PHILOSOPHY/STRATEGY

Organizations created during the war by the PAIGC encouraged self-reliance among the people while promoting their participation in the struggle. Once political independence was achieved, these same organizations have served as bridges upon which the new Government is dealing with the country's abject poverty. Under the leadership of the PAIGC the GOGB began to trace a course for the country's social and economic development.

Absorbed by the country's deficiencies, the GOGB has yet to elaborate its first development plan. An explicit development strategy does exist, however, and includes objectives and priorities

defined for investment and development. This strategy was presented during the PAIGC's Third Congress in November 1977.

A major emphasis of the development strategy is to promote and organize the participation of the country's rural poor majority in the development of the country's available resources. A central characteristic of the PAIGC Party's value system is commitment to open dialogue at all levels, including (and especially) at the local tabanca level. It is through this mechanism that the GOGB strives to involve the rural population in defining and resolving local development problems. At the same time the PAIGC is able to mobilize political involvement in the GOGB. This philosophy is being supported in three priority areas: agricultural development; formal and non-formal education; and health and nutrition.

Agricultural Development: Development activities in agriculture follow the PAIGC's precedence established during the war to improve the productive capacity of peasant farmers. Preference is for low capital, labor-intensive projects that promote increased and diversified agricultural production. Given the country's fertile soil and relatively abundant source of water, agricultural development is the GOGB's development alternative.

The major short-term goal is to achieve self-sufficiency in rice production. As a result, foreign exchange presently being used for food imports can be directed to pressing development needs. Moreover, the country has great potential to export rice, especially to neighboring countries importing rice from as far away as the Philippines.

Both foreign and national assistance in agriculture is primarily concerned with subsistence farming, since it provides the livelihood for the majority of the population. This assistance includes distribution of seeds, insecticides and technical support. The GOGB has also initiated a number of monetary incentives (e.g., the price for peanuts has been raised 420 per cent and for rice has been doubled).

Subsistence farmers also benefit from assistance directed to state farms where both traditional and new crops are being studied for their improvement and adaption to Guinea-Bissau. A state farm run by technical directors appointed by the Government is staffed by salaried workers recruited locally. The plan is to operate one state farm in each of the country's eight regions.

Formal and Non-Formal Education: Until 1961, when the Portuguese repealed the Indigenous Status, 99.7 per cent of Guinea-Bissau's population was denied access to the colonial system of education. To combat the deprived state of instruction among the rural populace, the PAIGC formed a system of village schools which has served since independence as the basis for the introduction of a new education system.

Education and its development absorbs one-fifth of the country's expenditures. Two objectives underline the GOGB's educational policy: (1) the provision of universal primary education; and (2) the introduction of new curriculum and methods of instruction that are better suited to the country's values and development needs. The academic year 1975-76 was the first for a new decentralized administration. The following academic year the structure of formal education was reorganized. Non-formal education centers primarily on literacy programs. A National Commission for Literacy Coordination was formed to promote literacy and make recommendations for program improvement and expansion.

Health and Nutrition: Public health policy underlines the GOGB's priority to improve and provide basic health services to all citizens. The basic principle defined by the Ministry of Health is to apply a policy of decentralized service. Initial concern is for the renovation and operation of existing health posts and hospitals. Future efforts will be to reinforce a decentralized system of basic health care delivery.

Each Region is to have a hospital with a minimum of 100-bed capacity and will be able to ensure essential medical health. In addition, hospitals are to be located in the more populated sectors. Health posts are to be located in both the more populated and less accessible villages. Each Region is to be equipped with a health brigade which will use a mobile dispensary unit to support vaccination campaigns, health and nutrition education and services to the least accessible areas of the country.

VIII. AID ASSISTANCE STRATEGY

a) Development Programs

1. Assumptions: Before specifying the objective of the AID program in Guinea-Bissau, selecting a strategy for achieving that

objective, and indicating the manner in which the strategy should be implemented, certain realities had to be recognized and some assumptions made. These factors constitute certain limits to any development program which might be devised by AID during the time frame with which this SPSS is concerned.

The GOGB has clearly indicated that its first development priority is to achieve self-sufficiency in rice production and, conversely, to eliminate the need for concessional external assistance to import any part of the requirement for this basic food.

In 1977 (a drought year), foreign donors provided 50,000 tons of rice in order to make up the deficit in domestic production and in 1978 an additional 28,000 tons were required. While it is anticipated that total levels of foreign aid will remain fairly constant over the period of time with which this SPSS is concerned, the more of that aid that has to be attributed to food importation, the less there will be to apply to other development needs.

In making the decision to attach highest priority to rice self-sufficiency, the GOGB has not lost sight of the many other development problems with which it is faced. However, even with the substantial foreign aid it is already receiving, it cannot address all of these problems simultaneously. All of which means the Government has had to make some hard decisions in sorting out its priorities. As a consequence, the rice deficit problem has been accorded first priority.

There is another factor which has a bearing on this decision by the Government and while it is the political element in the total equation, nonetheless it has real significance on development prospects. Prior to the intensification of the struggle for independence, the country was almost self-sufficient in rice production. But since independence, it has not been. Consequently, the PAIGC is under pressure to restore the self-sufficiency situation as tangible proof to the mass of the population that the struggle has indeed resulted in some benefit. And there is some urgency to this matter. As a consequence, any donor who cooperates in assisting in the attainment of the rice self-sufficiency goal may be assumed of full support from the Government. This support is critical to any rice production strategy because, without an improvement in the

transportation system, the rice production effort will not be fully effective, and the GOGB is the key element in resolving the transportation bottleneck.

The capacity of the GOGB to absorb project assistance effectively is severely limited and this reflects a lack of skilled manpower as well as a lack of financial resources. This means that a good deal of needed project assistance simply should not be considered at this time if - after project completion - the operating costs of the Government will be measurably increased. To meet the increase, the Government could only increase the public debt without sound financing or, more likely, discontinue the activity after donor support for the project terminated. This situation will certainly continue during the currency of this SPSS. Non-revenue-producing projects with high recurring costs such as those generally found in the health and education sectors would be most severely constrained by this factor, and the only way a donor might circumvent the constraint would be to shift to outright budget support after the termination of the project specific assistance. This raises another constraint to development in Guinea-Bissau.

The GOGB is not yet in a position to use non-project assistance effectively. In terms of financial management and accounting, the current state-of-the-art in Guinea-Bissau is so primitive and the trained manpower fabric so threadbare that non-project assistance would be ineffective. This is not surmise. The Dutch and, to a greater degree, the Swedes, have been providing considerable budget support to the GOGB. However, Sweden has recently announced that its total aid levels will increase, but that it will start shifting substantial parts of its funds to project assistance.

The above indicates limitations on the capacity of the GOGB to absorb aid. However, some assumptions also have to be made as to limitations on AID's capacity to extend it.

The level of AID funding for Guinea-Bissau is not likely to exceed the IPL. This implies that any expansion of the program to additional activities would have to be at the expense of currently planned activities.

The inordinate length of time required to fill direct hire and contract personnel requirements is not likely to be improved. The principal flaw in the current program is slow implementation due to recruitment problems. For example, the post has been waiting for 18 months for contractor personnel for the Soils Laboratory. It took over one year to fill the Land Reclamation Engineer position under the Agriculture Development project. This factor is important in considering an expansion or a shift of the program to a new sector which would require another long search for new skills and talents.

The total number of management units in the program should be minimized to ease the implementation problem and provide for tighter project management, which is to say that a strategy requiring an increase over the existing number of projects would be, of itself, difficult to implement.

The post is not in a position to provide support for more direct hire or contract personnel than are currently planned. Consequently, no strategy should require a net gain in the number of Americans at post for implementation.

2. Program Objective: The purpose of the AID program is to assist the Government in its effort to increase food production, and to do this through direct assistance to the rural poor. Because of needs in such areas as health and education, a different program objective could have been selected. However, because increased food production is so significantly ahead of all other priorities of the Government, the AID program objective should respond to that highest priority.

3. Strategy: If the objective is to increase food production, the logical focus of the strategy for achieving the objective is rice. However, the strategy need not be limited to this one area. Consistent with the assumptions made above, and after having recognized the various constraints with which any strategy would have to contend, the AID program could also include an intervention in fisheries. This would be building on an activity already underway and the sector is of importance to the Government second only to rice production. Consequently, to achieve the objective of increased food production, the strategy is to concentrate AID resources on increased production of rice and fish.

4. Implementation: The focal point of the rice production element of the strategy is the South Coast project scheduled to commence in FY 84. This will be a follow-on to the rice project at Contuboel, which is currently underway and which will terminate in FY 83. The strategy will concentrate on the South Coast because this is the only rice-producing area in the country where a surplus over local consumption requirements can be economically moved to meet the large demand in the Bissau area.

A major land reclamation effort is scheduled to commence in FY 83 and this activity is closely linked to the South Coast rice production, since it involves rebuilding the dikes, dams and irrigation canals destroyed during the war, and which are essential to return the area to its former level of rice production. Since the two activities are completely complementary, in the interests of minimizing the total number of management units in the program, it is proposed that they be combined into a single rice production project.

The key to the fisheries element in the strategy is the Fisheries Expansion project scheduled to commence in FY 84. This is also a follow-on to a current activity, the Artisanal Fishing project. Based on the experience gained from the pilot project, the expansion project will provide technical assistance and equipment to other artisanal fishermen. It will also provide sufficient training and experience to GOGB officials to enable them to replicate the project in other areas.

However, this would not meet all the training requirements. More institutionalized training will be needed, not only in agricultural and fisheries production techniques, but also in planning, marketing and management of these sectors at the Government level. This will be provided by the Selected Development Training project.

5. Summary: After considering the realities of the development scene in Guinea-Bissau and making some assumptions as to the GOGB's capacity to absorb assistance and AID's capacity to deliver it, the appropriate goal for the AID program is to assist the Government in its effort to increase food production and do this through direct assistance to the rural poor. The strategy for achieving the goal is to concentrate on production in rice and in the fisheries sector. To implement the strategy, three interrelated projects will be mounted; a rice production project on the South Coast, to be implemented in FY 84, a

fisheries project involving artisanal fishermen in selected areas, to be implemented in FY 84 and a training project which will reinforce the institutional infrastructure which will be needed to fully develop food production in the country.

The implementation of this strategy will simplify the management of the total program, will not add appreciably to the operating costs of the GOGB, and will not increase the logistics burden which the post will have to bear. It will allocate available funds so as to make an effective and visible contribution to development in Guinea-Bissau.

b) PL-480 Title II Assistance

AID/Bissau's strategy has been to remain flexible with respect to food assistance. However, the opportunities appear quite limited for application of PL-480 Title II as a development resource in responding to the nutritional needs of the poor majority in Guinea-Bissau.

Emergency Food Donations. The lack of rainfall in 1977 reduced staple food production in Guinea-Bissau by an estimated 50 per cent, leading the Government to request and receive emergency food assistance from the international donor community. AID responded by providing over ten million kilos of rice and over two million kilos of corn through PL-480 Title II food donations. Under the terms of the PL-480 Title II Agreement, donated foods were sold by the Government, and the proceeds from the sales were to be earmarked for financing the country's agricultural development.

The rains during 1979 were uneven and it appears that the rice, sorghum and corn crops (staples in Guinea-Bissau) may have been seriously affected. Although final harvest estimates had not been compiled as of the drafting of this paper, unofficial estimates peg Guinea-Bissau's requirements for imported cereals at 50,000 tons for 1979. In anticipation of this shortfall, the GOGB has once again requested food assistance in the form of donations from external donors, including AID.

World Food Program. PL-480 Title II foods are programmed through the WFP in Guinea-Bissau. For FY 79, WFP asked for PL-480

Title II food donations for a program for Feeding in Schools and Selected Institutions (value of food, \$627,000) and a program for Food Distribution to MCH Centers and Hospitals (value of food, \$952,000). AID/Bissau enthusiastically supported both program requests. The extent to which these programs will actually be implemented remains to be seen. To date, the WFP has encountered serious difficulties in launching effective feeding programs. The primary constraints seem to be lack of GOGB ability to provide adequate in-country transportation, storage, and distribution support. (This has also raised the question as to the priority which the Government accords such feeding programs.)

It should be pointed out that the GOGB has stated on a number of occasions that it is not interested in Food-for-Work type feeding operations. Nor is it inclined to view favorably dole-type feeding programs. Even in times of emergency, food needs (such as the 1977 drought) the GOGB has shown a clear preference for selling donated foods, the proceeds of which are utilized for development purposes.

There are no VolAgs operating feeding programs in Guinea-Bissau. Furthermore, even if the GOGB were to reverse its position in favor of traditional PL-480 Title II feeding programs, it does not have the personnel, management resources or the infrastructure to implement a multi-year food assistance program. For the present (and near future) AID is limited to food support through the WFP and to responding with PL-480 Title II donations in circumstances requiring emergency food.

c) Opportunities for Environmental Protection

AID/Bissau's Forestry Management project (657-0005) which is proposed for FY 81 will provide an unique opportunity for contributing to protection of the environment in Guinea-Bissau.

Guinea-Bissau's forests cover an area of approximately 1,131,000 hectares and constitute a potential source of income for the country which is sorely in need of foreign exchange. These forests also help hold down flooding and recharge underground water supplies, reduce soil erosion and silting of canals and dams, and

impede desertification (a growing threat in Guinea-Bissau). The forests also provide wood, the basic cooking fuel for the rural poor who comprise upwards of 90 per cent of the country's total population.

The country is in danger of losing its valuable forestry resources, however, due to uncontrolled exploitation, indiscriminate cutting of young trees for firewood, slash-and-burn farming practices, etc. It is estimated that between 20,000 to 35,000 hectares of forests are destroyed annually in Guinea-Bissau. Unless positive actions are taken, the country's forests could be demolished within 20 to 30 years.

The proposed AID Forestry Management project would attempt to reverse the current situation through the promotion and establishment of responsible forestry management. The project entails a community forestry concept in which peasants at the tabanca level are mobilized to plant trees to meet their own elementary fuel needs and to protect the lands off which they live.

d) The Role of Women in AID Strategy

This is a Government committed to egalitarianism; women played a substantial and publicly-acknowledged role in the liberation struggle, and they have representation in the upper levels of party and Government. While none of the AID projects will deal exclusively with the promotion of the status of women in this society, all of them are intended to advance the status of women in the development process. Women are involved almost exclusively in the planting and processing of rice, as they are with the local marketing of both rice and fish. The rice production project will involve the introduction of labor-saving machinery for hulling rice which will ease considerably the demands on the time of women in the rice-producing areas. Increasing the production of both rice and fish for sale in the production areas will, in turn, increase the sale proceeds of the women who do the selling. These women have a great deal of control over the spending of this source of family income. Obviously, every encouragement will be given to the GOGB to include women in the Selected Development Training project.

IX. PLANNING LEVELS FOR USAID/GUINEA-BISSAU

<u>Sector Activities</u>	<u>FY-80</u>	<u>FY-81</u>	<u>FY-82</u>	<u>FY-83</u>	<u>FY-84</u>	<u>FY-85</u>	<u>FY-86</u>	<u>Total</u> <u>FY-82 to FY-86</u>
<u>Food and Nutrition</u>								
Agriculture Development (0002)	350	-	-	-	-	-	-	1,175
Food Crop Protection (0007)	380	403	-	-	-	-	-	1,500
Rice Production (0009)	400	800	800	375	-	-	-	2,300
Small Scale Fisheries (0006)	-	-	-	-	-	-	-	4,500
Fisheries Expansion					500	500	500	
Rice Production - South Coast					500	800	1,000	
Land Reclamation					1,500	1,500	1,000	
<u>Education and Human Resources</u>								
Primary Teacher Training (0003)	550	-	-	-	-	-	-	1,700
Selected Development Training (0008)	-	500	700	800	200	-	-	
<u>Selected Development</u>								
Forestry Management	-	500	1,000	500	-	-	-	1,500
TOTAL	1,680	2,203	2,500	2,175	2,700	2,800	2,500	12,675

X. PROGRAM IMPLEMENTATION

a) Size of Post

In connection with the Mission's FY 1981 Annual Budget Submission, an in-house assessment was undertaken of projected AID/Guinea-Bissau workforce/implementation relationships. In undertaking that comprehensive assessment the CDO collaborated closely with the Embassy. (The assessment also encompassed a thorough review of Embassy workforce projections and requisite back-up services/logistical support.)

The assessment concluded that although the "pioneering days" are gradually being left behind, nevertheless it is a constant struggle to maintain adequate working and living conditions for on-board staffs. The Embassy administrative structure is severely strained to maintain support for the Embassy/AID workforce. At the time of the above indicated assessment the total U.S. Government presence at post included five Americans on board with the Embassy and five Americans with AID. Personnel projections indicated that a total of up to 14 Americans would be on board as AID employees by mid-1980. The entire increase, with the exception of one, would be attributed to long-term U.S. contract technicians. To accommodate this sharp increase in U.S. personnel at post, the Embassy/USAID strongly recommended establishment of a JAO as soon as possible. In order to handle the workload at the increased AID personnel level, it was requested that under the JAO, AID would pick up costs related to a full-time USDH GSO officer, as well as several local hire support staff.

For more than half a year the post was advised that our recommendation for a JAO was "under careful consideration." Recently we were informed that a final decision has been deferred for another six months, pending a worldwide personnel review.

Since the time of our workforce/implementation assessment, we have managed with great difficulty to absorb two additional U.S. technicians at post: a Personal Services Contract Engineer in school construction, and a Personal Services Contract Engineer in land reclamation. The recent influx of numerous TDYers in relation to development of the PP for Rice Production proved definitively that the post cannot handle satisfactorily the added support workload. As a result,

an embargo has been placed on further assignment of long-term U.S. technicians until adequate arrangements are made to administer to their support needs at post. This would affect the following long-term U.S. contract technicians who are expected to be on board by 30 June 1980: Fisheries Expert, Fisheries Field Advisor, Soils Scientist and Food Crop Specialist. Funds for these contractors have already been committed in Project Agreements with the GOGB. Additionally, a USDH Agronomist position, which has been vacant, is expected to be filled. (This position is vital to the survival of the AID/Bissau program with its overwhelming concentration in the agriculture sector.) Approval of the Rice Production PP could add another three full-time contractors to the AID/Bissau rolls in FY 81.

We are confident that with the inception of our requested JAO (or its equivalent) the post will be able to satisfactorily support an AID USDH staff of five (the present approved MODE ceiling)* and up to nine long-term contract technicians, as well as a reasonable flow of short-term consultants.

During the period of this SPS (FY 1982 to FY 1986) we anticipate that the numbers of USDH and long-term contractor staffs will remain fairly constant at five and up-to-nine, respectively. The feasibility of operating a slightly increased, manageable program over the FY 1982/FY 1986 period without an increase in on-board personnel can be attributed to the following factors:

1. REDSO/WA Support: AID/Bissau will increase its reliance on REDSO/WA TDY assistance for legal counsel, procurement, and contracting, as well as project design (development of PIDs and PPs) and project evaluation.

2. Program Concentration: We have purposely avoided a proliferation of projects requiring numerous separate management units.

* AID/BISSAU USDH MODE ceiling includes the following positions:

1. Country Development Officer (encumbered)
2. Program Officer (encumbered)
3. Secretary (encumbered)
4. Budget and Fiscal Officer (under recruitment)
5. Agronomist (vacant)

AID/Bissau's program will essentially concentrate itself in one sector; i.e., agriculture, during the FY 82/FY 86 program cycle. (Fisheries and Forestry Development activities would come under the broad heading of Agriculture.) Even the Selected Development Training project (0008) will focus primarily on training needs related to agriculture and rural development. (It should also be noted that the Selected Development Training project does not require any full-time U.S. personnel stationed at post. It will be implemented in much the same way as the DTPSA training program; i.e., with the help of local committees/representatives, and a US-based contractor administration.)

3. Geographic Concentration: A large portion of the FY 82/FY 86 program will be concentrated in a few geographic areas. This concentration will ensure greater possibilities for positive impact on lives of small farmer recipients, and at the same time facilitate efficiency of operations. Rice Production project activities will focus on the Geba River Basin and selected areas of the south coast. Land reclamation activities will center around the same selected rice producing areas on the south coast.

4. a. Replication of Projects: Replication of successful pilot projects represents a considerable share of the FY 82/FY 86 programs. Rice production in the Geba River Basin and South Coast will build largely on experiences obtained under the AIP Rice Production project at Contuboel. Expansion of land reclamation emanates from prior experience gained under the Agriculture Development project. It is hoped that the results of the Small Scale Fisheries pilot project at Cacheu will provide the basis for replication of similar projects in other areas.

This replication, based on lessons previously learned, should contribute to more expeditious and efficient project implementation.

b. Other Donor Coordination: Although the GOGB has shown a preference for one-on-one donor projects, AID/Bissau will continue to promote other donor coordination within the FY 82/FY 86 program. The valuable contribution of the FAO-operated Seed Multiplication program in terms of introducing improved seed, proper pest control methods, etc., helped assure the success of the AID AIP Rice Production project at

Contuboel. FAO also collaborated closely in developing the PP for the Rice Production project for the Geba River Basin. We expect to continue this collaboration in connection with the Geba River Basin and south coast rice production activities, especially as relates to relying on improved seed stock developed at the FAO Seed Multiplication Center.

In the area of fisheries, the EEC is expected to assist the GOGB with its contributions to the AID Small Scale Fisheries pilot project at Cacheu. AID/Bissau intends to stimulate further EEC collaborative interest in additional Small Scale Fisheries projects.

AID/Bissau land reclamation activity under the Agriculture Development project (0002) has been carried out in close union with a Dutch Government Engineer. Since the job to be done in land reclamation on the south coast is enormous, we will strive to develop our future land reclamation projects jointly with the Dutch Government program.

c. Intermediaries: In exploring possibilities for increasing efficiency of our program operations while maintaining minimum levels of personnel staff we have carefully considered the use of alternative intermediaries.

(1) U.S. Universities: We expect that AID/Bissau's activities in Small Scale Fisheries will be implemented by a U.S. University, such as the University of Rhode Island. URI has much experience to offer in this type of program and has expressed keen interest in an AID contract to implement our current Artisanal Fisheries project (657-0006). Likewise, a U.S. University, such as Louisiana State University, seems appropriately suited to implementation of the Mission's rice production projects.

(2) PVOs: Opportunities for the use of Private Voluntary Organizations, unfortunately, are extremely limited as there are only a handful of religiously-oriented volunteer groups operating in Guinea-Bissau. They are very small-scale in operation with little emphasis on economic development, per se. Nevertheless, AID/Bissau is continually on the alert for any opportunity for participation by these organizations at the local community level.

(3) Peace Corps: The situation at Guinea-Bissau's stage of development is especially well-suited to local level project implementation by Peace Corps Volunteers. For example, PCVs could be employed to instruct local community members in forest protection measures under AID's Forestry Management project. PCVs with farming and cooperative experience could help to implement AID rice production projects. A number of countries do operate resident volunteer contingents. Unfortunately, the U.S. Peace Corps has not been invited into Guinea-Bissau. The Ambassador and the CDO continually stress the opportunities of the PC with the GOGB and are hopeful that during the period of this SPSS the PC will be admitted on a selective basis. On a number of occasions PCVs from Senegal have been successfully utilized on a TDY basis to work with Guinean Government technicians.

XI. RECURRENT COSTS

The GOGB has no development budget. As has been noted earlier, even to partially balance the operating budget, it is necessary to use foreign aid. Consequently, any additional recurring costs resulting from a development project would either add to the national debt or, more likely, be rejected by the GOGB, unless, of course, the donor was prepared to finance the recurring costs indefinitely.

Insofar as AID strategy is concerned, it is not recommended that we attempt to finance recurring costs through direct budget support or any other means. The projects which will be used to implement the strategy outlined in this SPSS do not, of themselves, leave the GOGB with an added burden on their operating budget. Since they are food production activities, they should, in the end, result in increased Government revenues. These are the types of activities to which the AID program should be confined until such time as the finances and fiscal management capabilities of the Government are in better order.