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**MEANS FOR THE IMPLEMENTATION  
OF THE AGRICULTURE STRATEGY**

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# MEANS FOR THE IMPLEMENTATION OF THE AGRICULTURE STRATEGY

## 1. The Strategy Within the Current Guinean Context

### Introduction

The Ministry of Rural and Agricultural Development (MRDA) prepared a preliminary version of the Strategy for the Development of the Agricultural Sector, introduced in May 1990. After the presentation of this document, a Conference with MRAD personnel was organized in Catio in June 1993 with the participation of guests from the private and public sector to debate and discuss the strategy key elements. With a few exceptions on specific details, the meeting recognized the document, though it was not approved officially by the government. It contains essential elements, such as the guidelines for sector policy and represents, in fact, the reference point for the sector.

Later, MRAD, supported by FAO, prepared the Diagnostic Balance for the Agricultural Sector (the final version was presented in December 1993), with further technical details on strategy priorities. This document contains a dissertation on the problems afflicting the sector and identifies the main constraints and priority action course for the main cultures and subcultures for each country zone.

The strategy, supported by the Diagnostics Balance and numerous studies and other documents on the existing problems in agriculture, identifies the main elements necessary to create a strong agricultural sector that will be able to fulfill its multiple socioeconomic objectives (supply food, generate foreign currency, create jobs, generate revenues for the government, conserve natural resources, etc.)

To a large extent, the strategy goal is to change and strengthen the institution that guides and supports the sector. These institutions can be conceived in both meanings of the term "rules of the game" that create and regulate incentives to the sector and the role of organizations, both public and private acting on it. As a whole, these "rules of the game" and the role of organizations constitute the government policy for the sector. The prospective vision described in the strategy contemplates the institutional requirements that will permit the sector to fulfill its objectives.

However, the strategy purpose was not to discuss in detail the means for implementation of such an ambitious program. It points to the direction the sector should follow, but drawing the map that will take it there is necessary. Since the development of the strategy, the Guinean society has felt the influence of a series of new factors that affect this issue. There is growing awareness of the limitations of the public sector to take direct responsibility for certain services and, on the other hand, there are openings in the civil society that point to ways and opportunities to implement that strategy. These include: i) recognition of the need to conserve the natural resources and give incentives to sustainable productive systems, ii) the accelerated financial

debility of State agencies at the same time that the economic activity in the private sector grows, particularly in the informal sector, iii) changes in the political layout that motivate the establishment of nongovernmental organizations, associations and other entities by the civil society; and iv) the decreasing number of projects financed by foreign resources in the agricultural sector. At the same time, the reflexes of the socioeconomic context of neighboring countries and the world economy in the Guinean economy continue to take place and became even more accelerated.

These facts demonstrate the limitations of the public sector institutions to continue the strategy in its totality and open new doors to try new implementation alternatives. These alternatives can decrease the role of the state in the direct execution of financing of certain activities and strengthen its activity in areas in which the role of the state is fundamental.

Therefore, this is the perfect moment to review the strategy implementation, to adjust institutions that support the agricultural sector in order to take maximum advantage of the means of production, the government and the civil society. The problems are well known. Now it is necessary to proceed with the implementation of feasible policies and programs, according to the limitations and opportunities confronted by the country. The purpose of the present effort is to point to the discussion of practical measures to be taken that will ease the implementation of the strategy under that perspective.

### **The Current Context**

The fundamental elements of the current Guinean agrarian context have been detailed in many documents and summarized in the Strategy. The main elements are as follows:

- Agriculture contributes with 50% of the GNP, 90% of foreign currency and creates 80% of the jobs in the country. There is great potential to expand the agricultural production through increase in productivity and the cultivated area. There are 100,000 families and about 3,900 communities involved in the agricultural sector. These families represent 85% of the country's population and contribute with 90% of the agricultural production. The technology used by this group is very low. There are approximately 1,000 "ponteiros" who represent a sub-sector within commercial agriculture producing export and food supply items. Only a small portion of land granted to them is actively cultivated. There is a wide variation of market integration, among those who sell all their production, those who produce for consumption and the several levels of producers between these two extremes, who produce for consumption and commercialize part of the production.
  
- the country adopted an economic liberalization program from 1983 and has advanced with a process of a Structural Adjustment Program since 1987. The liberalization has produced productive impacts, increasing agricultural production. In the period between 1986-1991, the GNP grew actual 5.7/year. However, the impact of the first measures to liberalize commerce and decrease governmental price control, among other macroeconomic policies has already

dissipated and production expansion and investment confront themselves with a series of obstacles, including a weak infrastructure, lack of credit and other institutional constraints.

- There is a need to eliminate legal and regulatory constraint to economy expansion and create other legal and judicial mechanisms to promote investment and guarantee the stability of the rules. There is a consensus that the approval of the New Law of Real Estate and its operational regulation is one of the most increased pre conditions concerning the agrarian sector.
- The change in the State role is incomplete; the reorganization of public institutions is very slow, usually time forced by a crisis and not because of clear and objective policies. Institutions are oversized in certain areas and fragile in others, without adequate means to function within the required roles of coordination, orientation and control in a market economy. Wages and operational budgets are inadequate and unsustainable. There are serious risks that the public sector's desintegration will restrain the strengthening of its role, which is vital for market economy performance. Careful resizing and rational restructuring of State institutions are fundamentally important.
- private companies that will take over the space left by the public sector ( as for instance in the input area) are still fragile and incapable to respond to the sector's needs. The transition from services offered by the State (the precarious) to the private sector is complex, slow, and incomplete.
- new nongovernmental associations and other institutions are beginning to appear in the Guinean society, which can contribute to the national objective attributed to the agrarian sector. In spite of the good results they have achieved and their great potential, most of these institutions have serious human and financial resources limitations and it is necessary to equip them so that they can efficiently serve the public sector with objectives identified in the strategy.
- nearly all public investments in the sector are the result of projects financed by foreign resources. Though most of these projects have made a contribution at a certain time or place, there is great difficulty to transform them into permanent programs managed by sustainable national institutions.

## Strategy Overview

The MDRA strategy incorporates this context and recognizes that the agrarian policy must respect economy decentralization and give more strength to the operation of the market and the civil society. The MRAD recognizes its main role as the catalyst for actions that contribute to the objective of execution of policies that the private sector and the civil cannot execute. Graphic 1 summarizes the objectives and the necessary policy instruments to reach them. The responsibility for the implementation of these elements falls partially on the State and partially on the private sector and the civil society.

As the Graphic shows, the primary objective sector is to increase family income. The other objectives to supply food, generate revenues in foreign currency and government revenue are also important but to a certain extent are incorporated within the main objective. By focusing on the increase of family income, the other objectives will also be fulfilled. Though they are compatible, sometimes they will compete for resources. Resource allotment to carry them out is one of the basic functions of the country's agrarian policy. The efforts to achieve these objectives must be carried out sustainably to guarantee the conservation of the country's natural resources, another objective of the strategy.

In order to achieve the main objective, it will be necessary to increase production, the profitability of units and the added value through product processing. In order to accomplish this objective, it is necessary to maintain proper conditions for activity expansion and economic investment for the establishment and maintenance of these conditions. There are six main elements indicated on Graphic 1: i) access to land use and stability; ii) a macroeconomic context that offers appropriate incentives and stability for decision-making; iii) access to markets and structuring to benefit the common good; iv) credit access; access to appropriate technology; vi) access to production inputs. Each one of these elements breaks down into several main components. For example, access to market implicates into a favorable legal base, availability of information about them, and adequate infrastructure to guarantee quality and protect the consumer. The elements on the left side of the Graphic are related to strengthening "rule-of-the-game" institutions; the elements on the right side of the chart with the strengthening of organizations and services.

## **II. Rationalization of Efforts**

### **Priorities**

In a democratic and participative system there is room for everyone to make efforts to achieve the objectives of the agrarian sector. Not only there is room for the contribution of many partners, but in fact it is vital that the society organizes resources and means to create proper conditions for the expansion of economic activity seeking to increase family income. Before going into the

discussion on rationalization and resizing it is useful to recapitulate the sector priorities, independently of which agents will implement them, as outlined on Graphic 1.

The macroeconomic context created by the fiscal, monetary and price policies ( including foreign exchange policy) and the infrastructure has an enormous importance to agriculture -- greater than all production support programs or services. Recognizing this fact is important, but these factors affecting all productive sectors and is not the direct responsibility of the institutions working with the agricultural sector. MDRA's role, along with other agriculture-related entities, is to articulate and represent the sector's needs and interest for corresponding decisions on the national policy sphere. Within this scope, the fiscal policy on imports and exports actually has greater relevance for the sector.

Parallel to the macroeconomic context, land access and utilization stability, through the operation of the Law of Real Property, is a priority subject and will have a remarkable influence. However, the current action taken is within a different governmental sphere. In the case of market access, the legal base regulating trade is undergoing a critical analysis and reformulation under the auspices of the Ministry of Commerce and Industry. The institutionalization of a credit system is also a priority. It is imperative for agriculture about to normalize credit granting by input categories and payment. The current credit policy for the agricultural sector must be considered as a transitory policy that must lead, on a long-term basis, to the establishment of a credit financial institution. However, along with the articulation of interest and the use of pilot experiences (discussed below), the credit system related institutional actions belong to a scope that is outside the MRAD.

Although there are important activities for agriculture-support institutions during the implementation of these policy instruments, the most directly relevant in the extent of these institutions are technology and inputs. As for technology, the priority is to popularize it. Within its scope, the priorities are: i) appropriate technology (respecting local and regional characteristics ) for food production for families; ii) fruit production and commercialization for the "ponteiro" sector and, iii) industrial processing in small processing units. As for inputs, the priorities are i) production and distribution of improved seeds, ii) cattle vaccination campaign, iii) end of subsidized prices for mentioned products and inputs.

### **Resizing and Strengthening Support Institutions**

In order to implement these priorities, it is necessary to assign tasks and people possibly progressing toward resizing and the strengthening of the agricultural sector-support institutions. However, it is advisable not to establish definite areas of operation for the private sector the public sector and the civil society. The rationalization of efforts (and the strategy implementation itself) involves a gradual process in which each partner will solidify their activities to their relative advantage and growing capacity. What is currently possible for the private sector or the Farmers Association will not to be possible in the future or even in the near future.

Consequently, it is important not to set boundaries but to motivate experimentation and unchain a process that will lead to the foreseen results and contribute to the sector strategy objectives. For example, It is expected that in the future many employees working at the MDRA will have the means and opportunity to establish their profession outside the Ministry. The creation of this possibility, however, will require time and efforts to bring it into reality. The abrupt elimination of jobs would not result in benefits to the sector nor to society.

Therefore, it is fundamental to draw the guidelines that will lead to the rationalization and resizing process. This process follows two main courses: the strengthening of partner for product and service suppliers outside the public sector and strengthening the public sector on its basic functions, which to i) management of the agrarian policy, ii) production and transfer of essential information for clients inside and outside the government and iii) provide or supervise services.

The MRAD transformation process through which these functions are strengthened and others disappear has a **resizing** element that will include the decentralization of responsibility and the redefinition of job functions and a **strengthening** element in which new financial conditions are created ( through the budget redistribution for wages and operations, and the search for new sources of revenue) and new capacity for staff training (see Graphic 2).

The strengthening of agricultural sector-support organizations operating outside the public sector involves a process of definition and experimentation of new alternatives. This process must include institutional development and the establishment of capacity for agencies (with support from governmental agencies for staffing, for example) and implementation of followup mechanisms for orientation, learning and systematic utilization of experiences in other programs. Detailed examples of actions that will promote this process are described on Part III of this document.

Certain idiosyncratic aspects presented by the Guinean context (described above) are related to the practical implementation of the rationalization process. The first is the preponderant importance of foreign projects in the sector's investment by the government. More than 98% of investments and nearly the totality of operations resources for the Ministry's rural activities are originated from foreign projects. Any institution rationalization effort to support farmers must, obligatorily, respond to the following points: i) increase project benefit sustainability and institutional aspects; ii) incorporate new private sector partners and the civil society in the projects to decrease the administrative costs for the public sector and, iii) increase the exchange of experiences, methodology, and technology between projects.

The second aspect is related to several ongoing tasks to the country that can be used to identify new implementation methods. One example is the series of study on product chain, from production to consumption, such as cashews, mangoes, etc. These studies will allow the identification of several points that, with the participation of the private sector, associations, and nongovernmental organizations, could bring better results. Under this perspective, these analyses present opportunities to identify new alternatives for effort distribution and role redefinition. On the other hand, the regionalization of ( natural and institutional) resource management is the focus of several ongoing studies and offers another course to follow for strategy implementation in effort rationalization.

### III. Pragmatic Actions to Propel Strategy Implementation

Effort rationalization and institutional resizing are recognized as long-term tasks. It is now important to identify the actions that reconcile what is desirable and what is feasible at this time to offer the best opportunities to achieve complete results with available resources. These initial actions will also contribute with subsidies and practical experiences for strategy implementation in its most complex aspects.

Summarizing, the strategy's main points are:

1. Increase family income through production growth, profitability and added value.
2. Make this process viable by creating and maintaining proper conditions for economy activity expansion and investment.
3. These conditions require a greater articulation of sector priorities and technical subsidies to government decisions on land issues, infrastructure development, macroeconomic policy definition, establishment of a credit system. They also require a series of priorities already identified<sup>1</sup> for appropriate technology and production inputs.
4. In order to develop these activities, it is necessary to rationalize the efforts by the public and private sectors and the civil society to take maximum advantage of the available means offered by producers and support institutions. This rationalization requires a new definition and distribution of responsibilities, the strengthening of partners outside government and government resizing.
5. In this manner, the basic functions of the ministry are: i) agrarian policy management, ii) production and transfer of information to clients, iii) producer-support services -- either under its direct responsibility or orientation and followup, according to the nature of the service.

Planned and ongoing activities offer good opportunities to find innovative alternatives for this rationalization if they are correctly used and guided. These include the reexamination of projects financed with foreign resources, analysis of agricultural products from production to commercialization and resource management decentralization.

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<sup>1</sup>

See Diagnose Balance

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Additionally to the use of these activities, there are other that must be strengthened. Concretely, six practical actions seem opportune at this time to propel the effort rationalization process within the general strategy. They are:

1. Close the ties between the popularization cell, nongovernmental organizations, and associations seeking to apply new operational means for rural extension.

Popularization is the strategy priority for an agrarian sector, but MDRA's operational capacity is limited, though the ministry recognizes the need to strengthen its role as catalyst, orientator, and offer training for other partners' popularization actions. At the same time, projects', NGO's and associations' staffs need training, technical information, and also understand the ministry's global vision. In this manner there would be positive results of technical-operational close cooperation between the MDRA and institutions, and information exchange on successful experiences in the field. The link between the Popularization Cell and other partners in the civil society would result in mutual benefits.

This activity must begin by the execution of a brief assessment of actual ANAG and Guinean NGO's demands on actions concerning rural entrepreneurs and priority subjects for which staffing formation or information from the MDRA would bring greater results. This assessment would also serve to identify which popularization actions have been more successful in the field for a broader dissemination among institutions.

2. Strengthen Third-party Input Commercialization

Input commercialization is one example of services that can be better provided by other sectors in order to relieve the public sector. There is, of course, a series of factors that hinder private sector performance in this area, including the current roles of government and donors in subsidizing input prices. The transition for the free commercialization of these products will not be easy but it is inevitable. One way to initiate this transition could be an agreement with ANAG that, under certain circumstances, could be responsible for this function, perhaps temporarily, until it became attractive to entrepreneurs. There have been promising preliminary discussions that may be further detailed, and other options that may be analyzed with this purpose. At the same time, it is necessary to eliminate price subsidies for known and available products.

3. Commercialize Pest-control and Veterinary Services and the Assistance Provided by the Soil and Agricultural Hydrology Department (DHAS)

The commercialization of some services provided by the MDRA has significant potential. There is commercial demand for these services and the cost recovery through commercial contracts would make it possible to expand services beyond the current Ministry capacity. The

selection of services must be careful and rational. In the case of the MDRA, candidates that have some experience in this type of service (fumigation of cashew nuts at the Port of Bissau, for instance), construction services by the DHAS and veterinarian services. The first step to be taken is to prepare a profound and careful analysis of each of these areas to determine their economic-financial feasibility and requirements to implement the commercialization process.

#### 4. Establish a Seed Policy Seeking to Supply the Private Sector

The improved-seed industry is relatively little exploited in Guinea-Bissau and offers an unprecedented opportunity to prove the capacity of the private sector -- under no discriminating conditions -- to provide this service to projects and commercial producers in the country. The MDRA has prepared a series of preliminary documents with this objective (showing a high cost/benefit ratio) that can be used to guide the process in a relatively short time.

#### 5. Initiate Concrete Actions to Improve Project Sustainability and Support Public Investment Rationalization

Given the importance of public investment projects and farmer-support field operations, the projects represent a natural analysis unity to test new alternatives for the allotment of responsibility, experience utilization, and institutional sustainability. The MDRA staff nucleus and the General Plan Secretariat must be strengthened with the objective to guide and follow this process, at the same time that some concrete actions are initiated focusing opportunities that arise. According to the current situation, there would be more opportunities to initiate this type of analysis with ASDI projects, by organizing, for example, a joint-work effort to seek for innovative alternatives for distribution of responsibility and resources. Another current opportunity to experiment new modalities and reinforce inter-project experiences would be the recent World Bank's land and natural resource management project. Finally, MDRA work in Zone 1 seems to offer greater opportunities for learning and intensifying the innovative rationalization process of existing means in Guinea-Bissau.

On the other hand, it is necessary to reinforce Zone Offices capacity, reducing the infrastructure but strengthening the system links between the Zones and the Central structures. This requires a clear definition of the institutional suitability of all projects without their losing operational autonomy, but easing their articulation and avoiding duplication of efforts. This will require that the sphere of operation of each General Office and respective central departments be clearly defined, as well as the Zone Office and Regional MDRA Delegation roles and functions.

6. Offer ANAG Support to Overcome Constraints in Fruit Production and Commercialization

It is important that ANAG and other civil organizations propose concrete actions and measures to the government. One immediate opportunity to strengthen this role is the assessment of constraints in Guinean fruit production and commercialization. It is necessary to seek not “what the government needs to do” but what pomiculture requires in order to conquer foreign markets. During the planning of practical answers to resolve these issues, the roles of ANAG, MDRA and other institutions can be defined.