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PROJECT CONCEPT PAPER  
EQUATORIAL GUINEA -- COOPERATIVE DEVELOPMENT

Prepared By  
THE COOPERATIVE LEAGUE OF THE USA  
March 10, 1983

Pre-PRD Document |



# Cooperative League of the USA

A Voice for America's Cooperatives

March 14, 1983

Mr. Ronald Levin  
Director  
USAID/Yaounde

Dear Mr. Levin:

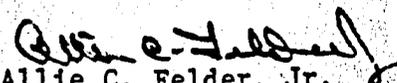
On behalf of the Cooperative League of the USA, I am pleased to submit this Project Concept Paper for consideration by you and your staff. The paper identifies and outlines, in a preliminary fashion, a potential cooperative development project in the Republic of Equatorial Guinea. In preparation of this document, field visits were made by CLUSA Consultant, Paul Prentice and CLUSA Program Officer, Dr. Lyle Brenneman. Due to the fact that no CDSS has yet been developed for Equatorial Guinea, we have included some additional background information that makes the paper somewhat longer than the usual project identification document.

We will be pleased to receive comments and suggestions on the paper from you and the USAID/Yaounde staff. If the general approach we have presented is agreeable to USAID, CLUSA will fund and field a two-person team to complete the project design and draft a proposal for an Operational Program Grant to carry out the project.

Although we have included an estimated three-year technical assistance budget as part of the Concept Paper, we want to emphasize that, at this point, it is only a very rough estimate and is subject to extensive revision. Also, at this time we are not able to indicate what items of equipment may be required to carry out the project, neither have we included any amounts for loan funds for any potential credit activities. The project design team will need to work very closely with your staff to decide what items should be included in the OPG budget and what project-related funds, if any, might be covered directly by AID.

We look forward to receiving your comments on the proposed project.

Yours sincerely,

  
Allie C. Felder, Jr.  
Senior Vice President

LB/ef

PROJECT CONCEPT PAPER

prepared by

The Cooperative League of the USA (CLUSA)

at the request of USAID/Yaounde,

the United States Ambassador/Malabo and

the Ministry of Agriculture, Livestock and Rural Development of  
the Government of Equatorial Guinea

TITLE: Equatorial Guinea -- Cooperative Development

Preliminary Study Dates: January 14-28, 1983

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Date: March 10, 1983

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## I. PROGRAM FACTORS

### A. Conformity with Recipient Country Program/Strategy

The project identified in this document is in keeping with the established policy of the Government of the Republic of Equatorial Guinea (GREG) to promote and support basic agricultural development and to give priority to strengthening organizations and institutions serving agriculture. The concern of GREG for the development of the country's vital agricultural economic base is evidenced in the governmental decree of 1980 establishing the statute for the creation of cooperatives:

- The evident importance of agricultural production, especially production for export, for the predominantly agricultural-based economy of Equatorial Guinea, requires priority attention. Given the actual socioeconomic situation it is necessary to maximize this production by strengthening those entities whose goal is agricultural production.
- Given the notable difficulties faced the small producers in securing the means of increasing and improving production (tools and equipment, fertilizer, insecticides, etc.), it is indispensable to give preferential attention to small producer organizations in order to secure economically viable agricultural production with the potential of assuring maximum quality and quantity.

The decree further states that the Ministry of Agriculture, Livestock and Rural Development<sup>1</sup> intends to give preferred status to existing and yet to be developed agricultural organizations (i.e., cooperatives) as instruments of agricultural development and production. In addition, the decree states that GREG is prepared to provide certain tax exemptions

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1. Ministry was known as Ministry of Agriculture, Livestock and Forestry at time the decree was promulgated. Forestry has since been transferred.

and technical assistance to cooperatives. The objectives of this preferred status, as outlined in the decree, are to:

- increase the profit and, consequently, the socio-economic and professional level of the agricultural producers;
- improve the quantity and quality of their production;
- increase production for export as well as production which would reduce food imports;
- reduce the costs of production;
- reduce, to the extent feasible, the current high level of manual labor.<sup>2</sup>

During a meeting with the Cooperative League and USAID representatives in January 1983 (see Annex B), the recently appointed Minister for Agriculture, Livestock and Rural Development reiterated the priority GREG assigns to cooperatives as the prime agents for agricultural development and production. Given the urgent state of the economy of Equatorial Guinea, GREG is seeking outside assistance to help with the development of a solid network of functioning cooperative organizations able to serve the needs of the country's small farmers.

#### B. Relationship to AID Strategy

As there is no USAID mission to Equatorial Guinea, there is currently no CDSS, although it is possible that one will be prepared in the near future. The current project activities conducted by USAID/Yaounde, however,

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2. Statements from the GREG decree on cooperatives are abbreviations of a translation from Spanish.

indicate a concern to support cooperatives as one means of providing assistance to GREG in its efforts to revive and revitalize agricultural production. These activities currently include an initial provision of vehicles to alleviate a critical problem of transport for the cooperatives and the eventual provision of other equipment and agricultural inputs.

Current USAID policy is to explore the possibility and feasibility of providing a more balanced program of assistance to the cooperatives of Equatorial Guinea through an American technical presence. It is anticipated that U.S. technicians would provide guidance to the Ministry and to the cooperatives to ensure the proper utilization of commodity grants and include technical assistance and training at the Ministry as well as at the cooperative level.

## II. PROJECT DESCRIPTION

### A. Perceived Problem

The problem this project seeks to address manifests itself at three levels: the small farmer, the cooperatives, the Ministry. It was identified and analyzed in a preliminary manner during the course of a two-week in-country study performed by a CLUSA consultant in conjunction with a USAID/Yaounde team.<sup>1</sup> Specifically, the three-tiered problem can be summarized as follows:

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1. In order to avoid repetition, the background of the problem is detailed in section III, A.

1. Needs of Small farmers (actual or potential cooperative members):

- inputs for agricultural production (fertilizers, pesticides, fungicides, herbicides);
- small tools and equipment for production and cultivation;
- technical assistance in the application of inputs and in production and cultivation technology;
- production, harvest and marketing credit;
- adequate post-harvest transport and marketing systems;
- basic understanding of what a cooperative is, both in its business (entrepreneurial) as well as its associative aspects.

2. Needs of the Cooperatives:

- administrative and management capability (including: effective maintenance, control and use of vehicles and machinery, efficient administration of credit, business management, effective marketing);
- machinery in good working condition to process the agricultural production of its members (coffee and cacao);
- regular and assured access to credit (for members and for some functional operations of the cooperatives), and to inputs and tools to sell to the members;
- ability to conduct effective marketing on behalf of its members.

3. Needs of the Ministry:

- adequate economic resources to provide all of the assistance required and promised to by the cooperatives and promised by it to the cooperatives including credit for inputs and tools);

sufficient, adequately trained personnel to provide technical assistance and training to the cooperatives in cooperative and business principles as well as in agricultural production and marketing.

Within the context of the broader background of the problem as described in Section III, the cooperatives and the Ministry must compete with other sectors of the economy for the attention and limited resources of GREG. Without some external assistance it is doubtful whether even marginal improvements can be made in the present situation.

#### B. Project Goal and Purpose

The long-range goal is to move the small farmer from a subsistence level to one of economic viability within an economy which provides him with adequate incentives for increasing production in both qualitative and quantitative terms. This is the microeconomic goal. The macroeconomic goal is to revitalize the agriculturally-based economy of Equatorial Guinea by qualitative and quantitative increases in its main cash crops (coffee and cacao), in order to provide more adequate levels of foreign exchange, and to improve agricultural production and marketing for domestic consumption in order to reduce food imports.

Both goals require a carefully orchestrated and interrelated set of programs and projects stretching over several years, probably a minimum of ten. These two goals are essentially those of GREG, stated orally and in official pronouncements. Equatorial Guinea must revitalize its agricultural-based economy on a priority basis, but it cannot do so without providing incentives and inducements to the small farmer. Without these the small farmer will move, if at all, at an unacceptably slow pace from subsistence to a productive level.

CLUSA envisages a dual purpose to the project: (1) the achievement by the cooperatives of Equatorial Guinea of economic, administrative and associative viability; (2) the establishment of an institutional framework that will assure the small farmer of the technical and capital inputs he needs for production as well as a market for his produce that will cover his costs and provide him with incremental profit margins. Linking this project to other development activities, ongoing or planned, will provide a network of activities that will assist GREG in achieving the goals identified above.

#### C. Expected Achievements/Accomplishments

In keeping with the country's expressed development goals, the project will seek to respond to both the immediate and long-term needs of the cooperatives of Equatorial Guinea and their small farmer-members. In addressing these needs the project will be operative at three levels (the Ministry, the cooperatives and the small farmers) and there will be four basic elements of project activity:

1. technical assistance and training in cooperative operations and management;
2. technical assistance and training in equipment operation and maintenance;
3. technical assistance and training in the establishing and operation of a credit system;
4. technical assistance and training in the production and marketing of cash crops for export and for food crops for domestic consumption.

Some equipment and commodity inputs will be included in these project components.

At the Ministry level the project will provide assistance in planning and implementing cooperative policy, and in establishing a cooperative training and advisory services unit as part of the Ministry's extension service. At the cooperative level the project will provide assistance to the cooperatives in establishing themselves as viable business organizations. A longer term objective will be to guide them to the eventual formation of regional unions, or possibly a national federation, capable of operating competitively in export as well as domestic markets. Although it does not appear feasible to try to accomplish this latter goal within a three-year time frame, the foundation for this goal should be laid during the projected life of this project.

At the farmer-member level the project will provide assistance in production, input-supply and marketing as well as in organization and understanding of cooperative principles and business practices. Meeting the needs of the small farmer is and should be the basic focus of the project. He is the ultimate beneficiary and his ability to join forces with other small farmers in cooperative ventures in order to improve his standard of living and income potential is the basic rationale for this project. He must be an active participant in both the planning and implementation of the project.

In very general terms, anticipated end-of-project achievements include: higher levels of cooperative operations and management; a functioning unit of the Ministry able to provide extension and training services to the cooperatives; a farm supply distribution system and a cooperative marketing system in place and operating; and a foundation laid for the long-term

development of a cooperative infrastructure (possibly regional cooperative union or a national federation) that will have the ability and authority to conduct business on behalf of its member cooperatives in such areas as input supply and marketing. The project design team will need to address these anticipated results to determine their feasibility within a three-year time frame and outline test and measurement devices to determine achievement levels.

These anticipated project achievements derive directly from the dual project purpose cited in the preceding section. This is, in essence, an institution building project; one that will assist the cooperatives of Equatorial Guinea to develop as viable business enterprises and assist them with the setting up of a solid institutional framework that will be able to carry on cooperative extension and development services after the project is brought to a close.

Annex A contains a preliminary logframe which the project design team will need to elaborate and complete. At this stage it is suggestive only and must be refined and adjusted by the project design team. The anticipated end-of-project results, listed above, suggest the intended project outputs. The inputs would consist of the technical assistance and training provided by the expatriate technical team, together with the effective utilization of project commodities and equipment and the training activities of the Ministry staff. Since the project's success will depend on the continued supply of production credit and agricultural inputs and tools, the provision of these, from whatever sources, will also constitute a project input. Later in the project, the training efforts of village leaders, who will have been identified and trained to work in member

orientation and education will provide additional project inputs.

D. Project Outline

Under current circumstances, the most practical channel for providing external assistance to the cooperatives is the Ministry of Agriculture, Livestock and Rural Development -- its extension service and its cooperative inspector unit. (It is not yet clear whether these two units will be merged or whether they will continue as separate entities but coordinated by one of the top officials in the Ministry.) If a cooperative structure above the individual cooperative level were in place and functioning, this would be a logical alternative. As no such structure presently exists, it is not feasible to field an expatriate team to provide technical assistance and training directly at the cooperative level. It is anticipated that the team will train the trainers and through them (and occasionally in conjunction with them) provide cooperative level assistance and training.

The Ministry has the mandate to provide support (capital and technical assistance) to the cooperatives as well as foster their organization, register them and monitor their performance. The Ministry has expressed the intention to move the cooperatives as quickly as possible to full autonomy and financial and administrative viability. This underscores the concept that this is essentially an institution building and capacity building project for both the cooperatives and the Ministry.

The project must be designed in such a way that the cooperatives increasingly assume the responsibility for their own development and growth, the management of their business affairs and the education and training

of their members and leaders. At the same time, the project must be designed to guide the Ministry through the current period of direct and indirect subsidies to the cooperatives and intervention in their affairs to an eventual period in which it will provide advisory and extension services, credit and other cost reimbursable services (such as inputs) and the establishment and maintenance of a basic cooperative education and training institution, while gradually withdrawing from the intensive village and cooperative level training envisioned in this project. Although this is the ideal towards which this project should strive, full achievement of these objectives would probably require a period of ten years rather than the three years suggested for this activity. However, the groundwork for this balance between the public and private sector should be laid during the implementation of the proposed project.

1. Cooperative Education and Training. At present there is only one official assigned to the cooperative supervisory unit of the Ministry. It is the intention of the Minister, however, to utilize his extension agents as both agricultural development advisors and cooperative trainers. This would mean that, rather than hiring new staff to carry out these assignments, existing staff would be trained for these new responsibilities. It is apparent that the cooperative supervisor and the extension agents have only limited knowledge of and experience with cooperatives. Therefore, the expatriate technical team will need to make a major effort, during the initial phase of the project, to train these

officers and identify those who seem most capable to serve as part of the core training staff.

One or more members of this core staff will be selected for a period of intensive participant training, most probably in another Spanish language area having adequate cooperative training programs, such as Puerto Rico or Central America. The intent of both the in-country and third-country training will be to institutionalize the training function so that as the project is phased out there will be a corps of Equaguinear trainers able to continue to conduct cooperative training programs.

Following a step-by-step process, once the ministry personnel have been trained and their job descriptions and work plans established, they will begin to conduct training programs for the cooperatives. At the same time, the cooperatives will be assisted in the sound development of their business operations and "on-the-job" training will be provided for local co-op officers, board members and, in the few cases where they exist, to paid managers and staff.

2. Equipment, Vehicle and Machinery Operation and Maintenance. As noted in Annex B, many of the vehicles provided to the cooperatives are inoperable and others are in need of major repairs. Other equipment, necessary for increasing production and preparing produce for market, is also in a state of disrepair. This includes farm implements and such important items as the mechanical cacao driers. It is essential that the project respond to these immediate needs in order to enable the cooperatives to function and provide these important services to their small farmer-

members. Transport of the members' produce to market is a particularly important matter that must be dealt with, as the expense of hiring private transport consumes the major portion of the producers' profits.

The project design team will need to look closely at the problem of the equipment and transportation needs of the cooperatives and address the feasibility of including this component in the project. At this point, CLUSA believes this to be an important element in assisting the cooperatives to become fully operative, however, how to go about meeting this need is a matter for further study and discussion. Training in equipment operation and repair should also be addressed by the design team.

3. A System for Providing Credit. As indicated in Annex B, the current provision of credit to the cooperatives and to co-op members is ad hoc and only intermittently operative; the development and installation of a coherent and functioning credit system is urgently needed. The project design team needs to examine the existing credit operations to determine whether they can be improved or if an entirely new system should be developed. Once this credit component is defined a scope of work for an expatriate credit advisor can be established. CLUSA believes that the provision of credit as a project input, whether on a cash or commodity basis, is vital to the success of this project.

CLUSA's previous experience in the development of credit programs should be of particular value in advising GREG on this aspect of the project. Having advised a number of developing countries on agricultural finance and credit, including systems for lending to small farmers, CLUSA is aware of the key role credit plays in increasing agricultural production,

developing of a cooperative infrastructure, and the development of a cooperative marketing system.

4. Marketing. During the meeting with the CLUSA/USAID team on January 24, 1983, the Minister of Agriculture, Livestock and Rural Development outlined his intention to assist the cooperatives to assume full responsibility for both the domestic and export marketing of member production. As it is obvious that the cooperatives are not capable of assuming this function now or in the future, technical assistance in marketing must be an essential component of this project.

A phased program of technical assistance and training coordinated with the gradual assumption of marketing responsibilities will need to be devised. Meanwhile, it would appear urgent that some interim steps be outlined including alternatives to immediate marketing by the cooperatives. This topic was not explored by the preliminary study team (since it was assumed up to the last day that the Camara, a semi-autonomous agency of the Ministry, would continue to control and perform the export of cash crops), but is one that requires full investigation by the project design team. Even without assuming the direct export marketing of cash crops the cooperatives need guidance and training in marketing and advice in production technology leading to improvement in quality and increases in quantity. This is an area where with proper training the extension agents could provide invaluable services.

5. Make-up of the Technical Assistance Team. The suggested team composition is as follows:

a. Team Leader and Management Advisor -- a cooperative development specialist with an appropriate background for providing training in

management and administration; to be stationed in Malabo, either in the Ministry or with easy access to the Ministry; 36 months.

b. Credit Advisor -- a specialist in setting up agricultural credit systems for rural organizations and cooperatives; to be stationed in Malabo; 18 months (first half of project).

c. Cooperative Advisor -- a deputy to the Team Leader; to be stationed in Bata, on the mainland; 36 months. (The project design team needs to examine the desirability of stationing one member of the team in Bata. It would appear that this should be done given the population and geographic extension of the mainland -- Rio Muni -- in comparison to the island of Bioko and the significant disproportion of assistance being given to the island and its inhabitants).

d. Marketing Advisor -- a tropical produce marketing specialist; to be stationed in Malabo; 18 months (last half of the project).

NOTE: This paper is not proposing a full time four-person team. Rather, it is suggested that the project design team explore the feasibility of assigning the credit advisor for the first 18 months of the project, during which time the marketing advisor would visit Equatorial Guinea on two or three short-term assignments. During the second 18 months, the assignment order would be reversed with the marketing advisor serving 18 months and the credit advisor visiting Equatorial Guinea on two short-term assignments.

CLUSA is in contact with the Peace Corps which has recently proposed the possibility of assigning Peace Corps Volunteers to PVO projects in countries in which the Peace Corps has no mission. The project team could

be amplified by the inclusion of PCVs in such fields as training, accounting and farm machinery and vehicle maintenance. The composition of potential PCV staff needs to be explored by the project design team in Equatorial Guinea and by CLUSA staff in Washington.

6. Equipment and Commodities. The equipment and commodities to be provided in the project need to be specified in detail by the project design team, but it is suggested that consideration be given to the following items:

- trail-bikes or motorcycles for the village-level trainers;
- three project vehicles, two in Malabo and one in Bata;
- basic household equipment including generators;
- two-way radio equipment for communication between Malabo, Bata and USAID/Yaounde;
- basic office equipment for three offices;
- audiovisual materials and equipment, including posters, literature and slides/movies in Spanish;
- prefabricated housing units (such as those used by the Spanish technical advisors) unless it can be determined that adequate housing is available or that the available housing can be upgraded at a cost lower than importing the prefabricated units.

### III. FACTORS AFFECTING PROJECT SELECTION AND FURTHER DEVELOPMENT

#### A. Socioeconomic and Political Factors

It is normally desirable to present available information and data on the intended project beneficiaries and participants in the first few paragraphs of this section. However, to understand and appreciate their dilemma and the problems they face (including those listed in Section II), a broad sketch of current key economic and demographic factors is presented

by way of background and introduction. The following narrative and tables were compiled from a variety of sources and must be considered only as "best estimates." Comparisons have shown a high degree of discrepancy between some of the data.

In order to understand the current situation in Equatorial Guinea, two factors need to be kept in mind: (1) the events which have transpired in Equatorial Guinea since independence (12 October 1968); and (2) the peculiar geographic configuration of Equatorial Guinea and its special socioeconomic and political implications. The first factor, events since independence, is best presented in comparisons in population and economic activity between Equatorial Guinea at independence (and for a period of some 2 or 3 years thereafter) and Equatorial Guinea since the overthrow of Dictator Macias (August 1979 to the present).

The second factor which must be kept in mind when discussing Equatorial Guinea is that it is not a contiguous land mass. It consists of a rectangular enclave on continental Africa -- Rio Muni -- bordered by Cameroon on the north, Gabon on the east and south and the Atlantic Ocean on the west, with several islands lying out in the Atlantic at distances from a few to several hundred miles. The principal island is Bioko, where the major urban center and capital, Malabo, is located. Malabo has served as the seat of government during both the colonial period and the period of independence.

1. Geography and Population. The country of Equatorial Guinea comprises a total land area of 28,052 square kilometers, of which the mainland portion (Rio Muni) makes up approximately 92.7% (26,000 km<sup>2</sup>), and the princi-

pal island (Bioko) approximately 7.1% (2,017 km<sup>2</sup>). The remaining 35 km<sup>2</sup> are found on four smaller islands.

For obvious practical reasons, this section and this paper focuses on Rio Muni and Bioko. The split between the mainland and the principal island presents cultural as well as economic and political problems for the GREG and for the elaboration of balanced and equitable development programs. In almost every aspect of human existence and endeavor Rio Muni lags behind Bioko, in spite of its greater size-in territory and population. This is further apparent in the project beneficiary population.

The vast majority of the inhabitants of Bioko are of the Bubi ethnic group while the population of Rio Muni is predominantly of the Fang group (ethnically related to the Boulou of Cameroon and Gabon). Traditionally, few Bubis have been involved in agriculture, preferring employment in services. The Fang, on the other hand, have traditionally engaged in agricultural pursuits, such as the cultivation of cash crops, exploitation of forest products and subsistence farming.

Table 1

## POPULATION DISTRIBUTION

(estimations)

	1968 - 71	1982	
Bioko	75 - 80,000 <sup>1</sup>	63,000	(20%)
Rio Muni	258 - 262,000 <sup>1</sup>	225,000	(78%)
COUNTRY TOTAL	330 - 340,000	280 - 290,000 <sup>2</sup>	(98%) <sup>3</sup>

Population Density averages 10 per km<sup>2</sup>.

Growth Rate is 2.1%.

1. Figures for the 1968 - 71 period included a large number of Nigerian laborers who were forced to leave the country during the period of the Macias regime.
2. In addition, there are an estimated 50 - 60,000 Equaguineans living in Gabon and 30 - 40,000 in Cameroon.
3. The remaining 2% of the population inhabits the smaller islands.

2. The Economy. The economy of Equatorial Guinea has been and continues to be based essentially on agriculture and forestry, with the principal foreign exchange earners being cacao, lumber and coffee, in that order. Other than the figures representing the decline in population, no set of figures can give a more dramatic picture of the devastation suffered by Equatorial Guinea during the Macias era than those of the decline in the production of cacao and coffee and in the exploitation of the forests. The figures vary, especially those on cacao production, but they at least give a picture of the disastrous decline in the economic and financial activities on which Equatorial Guinea depends, and of the current economic problems faced by GREG.

Table 2

## PRODUCTION PER ANNUM

<u>Product</u>	(1968-1971)*	(1979-1982)*
cacao (20% Rio Muni; 80% Bioko)	36 to 40,000 T	2 to 6,000 T
lumber (Rio Muni)	350,000 T	5,000 T
coffee (Rio Muni)	9,000 T	1,000 T (or less)

\* Average per annum

The decline in the export crop earnings is directly related to the abandonment of the Spanish plantations at independence coupled with the expulsion of the Nigerian laborers. In addition, even peasant production suffered a serious decline with 50% of peasant lands dedicated to export production being abandoned, while those currently in production are producing only a third of their former levels. It is estimated that of the 98,000 acres of plantation land under active production at independence, only 7,400 acres remain. The rest has reverted to jungle.

The abandonment of productive peasant lands can be traced to the forced or willing exile of many able-bodied young men during the Macias years. (As indicated by the statistics presented in Table 1, there are still about 100,000 Equaguineans living outside of the country, resulting in a severe shortage of males in the 24-40 year bracket). Most peasant holdings are worked as family units, with very few hired laborers. A farmer whose sons may be living in exile or serving in the armed forces is reduced to what he and the small children and women can help him cultivate. Traditionally, however, only men work the cacao and coffee plantations while the women grow a few items for home consumption, principally cassava.

Table 3

## TYPES OF COOPERATIVES AND COOPERATIVE MEMBERSHIP

BIOKO:

cacao production cooperatives (established in 1980) ---	29	
horticulture cooperative -----	1	
cacao cooperatives (newly established) -----	4	
Total cooperatives -----	34	
Total membership -----	1,096	
Total hectares under cultivation -----	4,195	
Largest cooperative -----	94 members	
	330 hectares	
Smallest cooperative -----	7 members	
	30 hectares	
Average -----	32 members	
	124 hectares	

RIO MUNI:

cacao and coffee production cooperatives (established in 1980) -----	14	
horticulture cooperative -----	1	
cacao and coffee (newly established) -----	8	
Total cooperatives -----	23	
Total membership -----	3,438	
Total hectares under cultivation -----	15,415	
Largest cooperative -----	960 members	
	5,993 hectares	
Smallest cooperative -----	19 members	
	57 hectares	
Average -----	106 members	
	670 hectares	

Totals for Equatorial Guinea:

cooperatives	57
membership	4,534
hectares	9,610

3. Project Beneficiaries. The project beneficiaries are small farmers who are active or potential members of cooperatives. As indicated in Table 3, there are 34 cooperatives on Bioko, representing a total membership of approximately 1,096 families farming a total of 4,195 hectares. On the mainland there are 23 cooperatives with a total membership of 3,438. It is instructive to compare the figures for hectares under cultivation by members of cooperatives (Table 3) with the figures supplied by the Ministry for total hectares under production (Table 4).

Table 4

TOTAL LAND UNDER CULTIVATION

(hectares)

	<u>cacao</u>	<u>coffee</u>	<u>total</u>
Bioko	15,000	-	15,000
Rio Muni	<u>12,000</u>	<u>14,000</u>	<u>26,000</u>
Totals	27,000	14,000	41,000

This data would suggest that cooperatives are responsible for 48% of productive land-holdings. It is probable, however, that both the total hectares listed as under production as well as those listed for the cooperatives are potential rather than actual. With very few exceptions, farmer-members indicated that unless they had able-bodied family members to assist them it was not possible to cultivate more than 2 hectares of either cacao or coffee. Hired labor, according to them and corroborated by the Ministry, is scarce to the point of being almost non-

existent. This would suggest that of the 19,610 hectares owned and farmed by cooperative members probably a maximum of 15,000 hectares or less is under active production.

The cooperative farmer-member faces multiple problems:

- depleted land that will take several years of intensive rehabilitation to bring production back to a viable level;
- chronic lack of small tools and equipment (the life expectancy of machetes and files for keeping them in good working order, for instance, is less than one year requiring regular replenishment);
- assured production credit (only on Bioko has production credit been provided after the first agricultural year -- 1980-1981);
- assured supply of inputs (Rio Muni has never received fertilizer, insecticides, etc.);
- understanding and application of production improvement technology.

It should also be noted that the size of the cooperatives, particularly those on Bioko, is such that unless they have a sustained, substantial growth rate or incorporate with neighboring cooperatives they will probably never achieve complete economic and financial viability. Additionally, if the Ministry (or designated agency) is not able to continue to supply inputs and tools in the form of production credits, then it is doubtful if the cooperatives will realize any substantial growth in the near-term and will probably disappear as an economic factor in the rural and agricultural development of Equatorial Guinea.

Now that GREG is trying to revive cacao and coffee production and assigning the manpower requirements for this revitalization to the small farmers and their cooperatives, the farmers are faced with the need to clear jungle growth just to get at the abandoned cacao and coffee

plantations. However, once this is accomplished they face the fact that most cacao trees and coffee plants need either severe pruning or replacement. The existing cacao trees, for instance, are between 15 and 30 years old and past prime productivity.

The problem is further exacerbated by the fact that there are few incentives for the farmer (particularly on the mainland) for increasing his production and his income. Added income, in other contexts, would give him greater purchasing power, but in Equatorial Guinea even the most basic household items and staples are either in scarce or zero supply (soap, cooking oil, salt, sugar cloth, small tools and implements, medicines, processed foods). No simple tools for manual labor and farming can be found in the market place. The farmer simply cannot buy even basic necessities unless he resorts to the black market.

It is widely recognized, even in the highest government circles, that the farmers of Rio Muni, rather than selling all or any of their production through their cooperatives to the Ministry "Cámara", sell most if not all to middlemen who smuggle it quite effortlessly across the borders to Gabon and Cameroon and return with household essentials, small tools and equipment. The CFA currency and its purchasing power are a powerful magnet. This wider context must be born in mind in analyzing the potential feasibility of the proposed project.

4. Government - Cooperative Relations. Apart from trying to revitalize the agricultural sector, GREG faces the massive task of rebuilding an infrastructure (roads, communications, urban and rural services, etc.)

that had seriously deteriorated by the end of the Macias years (1979). The bikuele (name of the local currency) has very little value on the foreign exchange market, and the government must divert extremely limited foreign exchange for any inputs and tools it does import and provide to the farmers and cooperatives.

When GREG decided to encourage farmers to organize and join cooperatives, it offered as an inducement tools, equipment, vehicles and inputs on a credit basis; however, it was only partially able to make good on its promise during the first agricultural year (1980-81). Tools, fertilizer and phytosanitary products were provided to all registered cooperatives on Bioko, but most of the cooperatives in Rio Muni received only tools and small equipment. Certain selected cooperatives in both parts of the country received tractors and vehicles. Some of these (including the AID-donated vehicles) were provided by bilateral and multilateral donor organizations. By the second agricultural year only the cooperatives received input credits, and only they are currently expecting to receive these credits during the current agricultural year.

Initially, there was no lack of enthusiasm and goodwill on the part of both the Ministry and the cooperatives, but the basic requisite infrastructural, institutional groundwork had not been laid for this sudden transition from complete neglect and even deterrence to active encouragement of agricultural production. As is so often the case in a developing country which makes a policy decision to utilize cooperatives as a key instrument in rural and agricultural development, not enough attention was given to the implementation of the policy.

Given the urgency of the situation, land was distributed to individuals sometimes on a purchase basis of as little as B 500 to 750 per hectare (current equivalency at official rate: \$US 2.50 to 3.25, or black market rate: \$US 1.00 or less per hectare), cooperatives were registered with little scrutiny or indoctrination, vehicles and equipment were distributed (some as grants, others as loans) with no billing or loan repayment schedules and general production credits were distributed, with rather loose loan recovery procedures.

Farmer-members of the new cooperatives who had previous experience during the colonial and immediate post-colonial period, were unprepared for the new era. Previously, cooperatives had served basically as collection points at harvest time and professional coffee and cacao brokers bought up production under license with the government. With the passage of the new statute, certified cooperatives were granted whatever equipment and facilities (buildings, drying sheds and platforms, storage sheds) existed in their designated, geographic locations. Most of these facilities are now in various stages of disrepair due to the previously mentioned abandonment of cacao and coffee production during the Macias years.

Faced with multiple, critical problems, government officials understandably felt that with the incentives provided to them, the cooperatives would take off on their own and production levels would rise. Such has not been the case and the Ministry is in the process of reassuring the situation. Although the Ministry itself has undergone structural changes within the past year and is in the process of developing its new policies

and programs, it apparently remains firmly committed to utilizing the cooperatives as the preferred units for increasing agricultural production.

Two factors which the Ministry must consider in reassessing the situation in the cooperatives are: (1) the government's stated commitment that it would provide the capital assistance needed to make the cooperatives viable; (2) precedents which have been established in not setting up the proper controls for credit distribution and collection.

In regard to the first factor, the project design team should carefully assess the ability of the Ministry to continue to provide production credit and to import tools, equipment and agricultural inputs to the cooperatives on a credit basis. If the Ministry is not in a position to continue this kind of support, the design team should explore the possibility of this being provided by one of the donor organizations currently providing assistance to Equatorial Guinea. If a potential donor can be assured that the Ministry and the cooperatives will be receiving technical assistance in setting up and operating a production credit system, it might agree to a grant or soft-loan for this purpose.

On the other hand, it may be necessary to present this need to AID as an initial outlay to assure the success of the project. If production credits and inputs are not provided to the cooperatives, it is doubtful that they will continue to function other than as rural social clubs. The setting up of a sound credit system, from financing institution down to the individual cooperatives, should be one of the technical assistance

components of the project. Both the Ministry and the cooperatives desperately need this type of technical assistance.

The second factor (the negative precedents established in the operation of the present credit system) is equally critical. This is particularly true in regard to the AID-provided vehicles. As the cooperatives have not been billed for the vehicles provided on credit, none has made any payments. At this point, it will be a very difficult task to present a bill for a vehicle which a cooperative has had in its possession for over a year and attempt to force the cooperative to begin making regular payments for it.<sup>1</sup> Even the seasonal credit has not been set up with a comprehensive and efficient system that would assure proper distribution and collection. The preliminary study team was not able to ascertain, for example, what portions of previously provided credits had been recovered by either the Bank for Credit and Development or the Ministry, nor what the delinquency rate has been. It is almost certain that there are still uncollected balances from the first credit year.

5. External assistance. GREG has had to rely heavily on external assistance and several international and bilateral organizations are assisting the government in dealing with its major development needs. The dimensions of these problems, however, will require long-term commitments from donor

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1. The Ministry's decision to remove the AID vehicles and place them in motor pools to be available on contract to the cooperatives may partially solve this problem, but it will also find the cooperatives resistant at having "their" vehicles removed.

agencies. Some efforts in progress or in the planning stage may even be counterproductive or premature. The Ministry of Agriculture, for example, while not discouraging an ADB-assisted IBRD project to reactivate cocoa plantations on Bioko, is skeptical of the outcome as it will require hired labor. The Ministry feels that Equaguineans want to work their own land, not work for wages for someone else.

An undocumented commentary regarding the influx of external assistance is that too much was done on the basis of immediate impressions and obvious need and that only now are the donors and the government setting about the task of establishing priorities and controls that will maximize contributions and assistance.

Almost without exception, external assistance has concentrated on the larger agricultural problem without taking into account the role of the cooperatives. If they are expected to be the backbone for agricultural revitalization, however, they must be assisted in a more direct and systematic manner. If the needs of the cooperatives and their members can be met through the combined efforts of GREG and external donor agencies, then it appears that the cooperatives and their members are in a good position to benefit from any future agricultural development and expansion.

#### B. Proposed Grantee and Implementing Agency

The Cooperative League of the USA (CLUSA) proposes to seek AID and GREG approval and support for the further design and implementation of this proposed project. Ministry approval has been indicated informally in discussions in Malabo, and will be sought more explicitly and formally

by presenting an abbreviated version in Spanish of this concept paper. The Ministry will be requested to provide whatever logistical support (i.e. vehicles and office space) it can make available to the project design team as well as to actively participate in the planning process by the provision of one or two officials (e.g. the Cooperative Supervisor and Chief of Agricultural Extension Services or his designee) and by review and discussion sessions with appropriate Ministry personnel. CLUSA will fund the further development and design of the project and the writing of a proposal for an Operational Program Grant (OPG). USAID/Yaounde will be requested to provide limited logistic support to the team in conducting the field study portion of project design in Rio Muni and in final review and draft preparation in Yaounde.

C. Relevant Experience with Similar Projects

CLUSA has had extensive experience in designing and implementing cooperative development projects in Latin America (Equatorial Guinea is a Spanish-speaking country), Africa and Asia. Recent or current projects in Africa include a Cooperative Training and Education Project in The Gambia, a Cooperative Marketing Project in Egypt, a Cooperative Farm Supply Distribution and Marketing Project in Swaziland, and a Cooperative Grain Storage Project in Rwanda. Its experience in Swaziland, The Gambia and in Egypt is of particular relevance to the Equatorial Guinea context.

In Swaziland, a CLUSA team assisted the Central Cooperative Union (CCU) in setting up and operating a distribution system for fertilizers

and farm chemicals and advised the government and the CCU on the administration of a program of agricultural credit. In The Gambia, as part of a broad program of cooperative development, CLUSA has concentrated on the training of cooperative trainers who, in turn, actively work with cooperatives, their leaders and members, at the village level. In Egypt CLUSA has provided not only a variety of technical assistance and advisory services to the cooperatives, but has also set up and helped monitor the cooperative credit system.

#### D. AID Support Requirements

CLUSA maintains an active project implementation, monitoring and support function through its professional staff headquartered in Washington, D.C. Each project is assigned to one responsible officer who makes periodic inspection trips to the project, reviews all correspondence, communications and quarterly reports, and makes appropriate suggestions and recommendations when necessary. This officer is backed by a Project Review Committee, consisting of CLUSA officers and staff, and the administrative and finance offices which are responsible for personnel and logistic support of overseas projects. Project personnel are carefully recruited, screened and provided an orientation to the particular country and project before assignment overseas. They receive benefits equivalent to those enjoyed by headquarters staff and their performance is subject to the same evaluative scrutiny and discipline. CLUSA also has experience in the procurement and shipping of project commodities and equipment. It has arranged and supervised participant training programs

and has monitored loan funds designated for cooperative production and other credits. For some projects, USAID missions have administered the procurement activities and participant training funds, processing the necessary paper work, while assigning CLUSA the task of actually designing, monitoring and evaluating the specific programs.

The combination of factors listed above suggests that if CLUSA were designated as the implementing agency for this project, the need for USAID supervision and support would be minimal. CLUSA could assume all major responsibility for implementation of the project and, given the distance of USAID/Yaounde from Equatorial Guinea, it would appear to be desirable that CLUSA assume as much of this role as possible. On the other hand, the design team and USAID may find it more feasible to have commodity procurement and shipment handled directly by AID or USAID/Yaounde. It may also be expedient for the participant training funds to be administered by USAID with CLUSA providing the necessary inputs for designing and monitoring specific training programs.

#### E. Estimated Costs and Methods of Financing

At this stage it is possible to provide only very general cost estimates for the proposed project. Therefore the following budget represents only a very preliminary attempt to provide an idea of the funding required. The design team will need to examine such matters as the availability and cost of housing for the technicians and will need to investigate and discuss with USAID/Yaounde the kind of commodities and equipment that it would be feasible to include in the project.

Cooperative League of the USA  
Equatorial Guinea Cooperative Development  
Budget  
Date Prepared 3/14/83

<u>Line Item</u>	<u>Detail</u>	<u>Total</u>
<b>1. <u>Personnel Compensation</u></b>		
<b><u>1.A. U.S. Personnel</u></b>		
a) Team Leader/Management Advisor: 3 years:		
(i) First year	\$45,000	
(ii) Second year	48,000	
(iii) Third year	<u>51,500</u>	
Subtotal - Team Leader	144,500	
b) Credit Advisor: 18 months:		
(i) First year (12 mos)	38,000	
(ii) Second year (6 mos)	<u>20,300</u>	
Subtotal - Credit Advisor	58,300	
c) Cooperative Advisor: 3 years:		
(i) First Year	35,000	
(ii) Second year	37,500	
(iii) Third year	<u>40,000</u>	
Subtotal - Cooperative Advisor	112,500	
d) Marketing Advisor: 18 months:		
(i) Second year (6 mos)	19,000	
(ii) Third year (12 mos)	<u>40,700</u>	
Subtotal - Marketing Advisor	59,700	
e) Home Office Backstop Officer: 5 mos/yr. @ \$3,750/mo. x 3 yrs.	56,250	
f) Lump sum vacation pay at termination: 10 days/advisor @ \$150/day	<u>6,000</u>	
Subtotal - U.S. Personnel		\$437,250
<b><u>1.B. Local Personnel</u></b>		
a) Secretary	\$20,000	
b) Bookkeeper	20,000	
c) Drivers (2)	<u>30,000</u>	
Subtotal-Local Personnel		<u>70,000</u>
<b>Total - Personnel</b>		<b>\$507,250</b>

Equatorial Guinea Cooperative Development Budget  
Date Prepared: 3/14/83

<u>Line Item</u>	<u>Detail</u>	<u>Total</u>
2. <u>Fringe Benefits</u>		
a) Team Leader @ 28% of salary: \$144,500 x 28%	\$40,460	
b) Credit Advisor @ 28% of salary: \$58,300 x 28%	16,320	
c) Cooperative Advisor @ 28% of salary: \$112,500 x 28%	31,500	
d) Marketing Advisor @ 28% of salary: \$59,700 x 28%	16,700	
e) Home Office Backstop Officer @ 21% of salary: \$56,250 x 21%	11,800	
f) Consultants: 8% of fees: 8% x \$65,600	5,250	
g) Local Personnel @ 10%	<u>7,000</u>	
Total Fringe Benefits		\$129,030
3. <u>Consultant Fees</u>		
15 person/mos. @ 25 work days per month @ \$175/day		65,600
4. <u>Travel and Transportation</u>		
a) Travel to/from post - 4 advisors plus 12 dependents: 8 persons @ full fare @ \$2,000 plus 8 persons @ half-fare @ \$1,000	24,000	
b) R and R Travel: One trip for Team Leader and Co-op Advisor plus dependents: \$1,200 x 4 adults plus \$600 x 4 dependents	7,200	
c) Home Leave Travel: One trip for Team Leader and Co-op Advisor plus dependents: \$2,000 x 4 adults plus \$1,000 x 4 dependents	12,000	
d) Transportation of household effects for 4 advisors @ 2,500 lbs. each way: \$4,500 ea. way x 2 x 4 advisors	36,000	
e) Transportation of Unaccompanied Baggage: 700 lbs. @ \$2,250 ea. way: \$4,500/advisor x 4 advisors	18,000	
f) Transportation of Unaccompanied Baggage at home leave: 500 lbs/advisor @ \$1,500/adviso x 2 advisors	3,000	

Equatorial Guinea Cooperative Development Budget  
 Date Prepared: 3/14/83

<u>Line Item</u>	<u>Detail</u>	<u>Total</u>
g) Shipment of vehicles @ \$2,000/advisor x 4 advisors	\$8,000	
h) Packing and preparation of HHE for storage; \$500/advisor x 4 advisors	2,000	
i) In-country travel: 30,000 miles/yr. @ \$1.50/gallon @ 20 miles per gallon x 3 years	6,750	
j) Vehicle maintenance and repairs @ \$1,000/vehicle x 3 vehicles	3,000	
k) Consultant airfares: 15 trips @ \$2,000/trip	30,000	
l) International Travel: Home Office Backstop Officer: Three trips/year @ \$2,000/trip	18,000	
m) Transportation - recruitment	<u>4,000</u>	
Total Travel and Transportation		\$171,950

5. Allowances

a) Post Differential @ 25% for personnel assigned to Malabo (Team Leader, Credit Advisor and Marketing Advisor) \$262,500 x 25%	65,630
b) Post Differential @ 15% for Cooperative Advisor assigned to Rio Muni: \$112,500 x 15%	16,880
c) Post Allowance @ \$2,640/yr. for three advisors assigned to Malabo: 6 person-years @ \$2,640/yr.	15,840
d) Temporary Lodging est. @ \$1,500/advisor	6,000
e) Quarters (net of temp. lodging) est. @ \$15,000/yr. per advisor: \$15,000 x 9 person-years	135,000
f) Education Allowance: At 2 school-age dependents - school away from post @ \$14,450/yr. x 4 school yrs.	57,800
g) Education Allowance: Four school-age dependents at post: 4 x \$150 x 3 yrs.	1,800
h) Educational Travel: Two college-aged dependents @ \$1,800/yr/dependent x 4 school-years	7,200
i) Per Diem - Advisors: In-country travel: 60 travel days per year @ \$50/travel day for three years	9,000
j) Per Diem: Local Staff	1,000

<u>Line Item</u>	<u>Detail</u>	<u>Total</u>
k) Per Diem: Consultants: 450 calendar days @ \$96/day	43,200	
l) Per Diem - Home Office Backstop Officer in-country: 40 days/yr. @ \$96/day x 3 yrs.	11,520	
m) Per Diem - Washington recruitment and orientation: 75 person days @ \$75/day	<u>5,630</u>	
Total Allowances		\$377,500
<b>6. <u>Participants</u></b>		
a) In-country training @ \$25,000/yr. @ 3 years	75,000	
b) U.S. Training: 2 participants for 12 months each; tuition @ \$1,200/mo.	28,800	
c) Participant International Travel: One r/t for 2 participants	<u>4,000</u>	
Total Participants		107,800
<b>7. <u>Commodities and Equipment</u></b>		
(For use by CLUSA Personnel - Project Commodities and Equipment to be budgeted separately)		
a) Three project vehicles	33,000	
b) Basic household furniture and equipment: \$12,000 per advisor x 4 advisors	48,000	
c) Two-way radio equipment	3,000	
d) Basic office equipment (three offices @ \$6,000 per office)	<u>18,000</u>	
Total Commodities and Equipment		102,000
<b>8. <u>Other Direct Costs</u></b>		
a) Communications - telex, telephone, postage @ \$400/mo. x 36 mos.	14,400	
b) Insurance - project vehicles, fidelity bond, etc.	5,000	
c) Physical exams @ \$100/adult x 8 adults plus \$40/child x 8 children	1,120	

Equatorial Guinea Cooperative Development Budget  
 Date Prepared: 3/14/83

37.

<u>Line Item</u>	<u>Detail</u>	<u>Total</u>
d) Visas, shots, airport taxes	500	
e) Research materials	2,000	
f) Office supplies	3,000	
g) Gains/Losses on foreign exchange	2,000	
h) Office maintenance and repairs	<u>6,000</u>	
Total Other Direct Costs		34,020
Total Direct Costs		1,495,150
<u>Overhead:</u>		
a) Total Direct Costs	1,495,150	
b) Less: Commodities and Equipment	<u>102,000</u>	
c) Base of application	1,393,150	
d) Multiplied by overhead rate:	<u>x 34%</u>	
Overhead		<u>473,670</u>
Total Estimated Cost		<u>1,968,820</u>

## F. Design Strategy

If a decision is made to go forward, CLUSA will field a two-man team: one, a cooperative development and education specialist, and the other, a cooperative credit systems specialist. Conceivably, this could be expanded to a three-man team if the Peace Corps decides that it would be useful to become involved at this stage. However, for practical reasons, the actual village-level field work in Rio Muni should not be performed by more than two expatriates since logistic planning and support would become more complicated and expensive with a larger team. At least one Ministry official will need to accompany the team on village-level trips.

Actual time in-country should be divided approximately as follows.

USAID-level orientation/preliminary discussion	1 day
Ministry-level orientation/preliminary discussions	2 days
Meetings with other donor agencies	3 days
Field trips - Bioko 3 days, Rio Muni 7 days --	10 days
Final data collection and first draft	4 days
Final review at Ministry-level	1 day
Final review and draft preparation at USAID/Yaounde	<u>4 days</u>
Total in-country (Equatorial Guinea & Cameroon)	25 days

As the team would divide some assignments, the actual time in-country would probably be closer to 23 days, or four six-day work weeks.

Final project proposal preparation in Washington should take approximately two weeks. Team members must be able to communicate in Spanish at no less than a 3-level and the final proposal should be prepared in both English

and Spanish. As noted above, some logistic support would be requested of USAID/Yaounde and GREG.

G. Recommended Environmental Threshold Decision

Unless the design team, after consultations with USAID, determines that an initial grant from AID covering the importation of fertilizers and phytosanitary products is needed to assure the success of the project, no environmental impact problems are foreseen. AID may wish to elaborate further on this and provide guidance to the project design team.

H. Policy Issues and Items Requiring Further Research and Study

1. Credit system for the cooperatives: Does the Ministry intend to continue to supply tools and inputs on credit to the cooperatives? Does it have the budget and foreign exchange to do so? To what extent should this be included under AID funding? Are there any other donors who might be interested in funding this activity?

2. Women in the cooperatives: The preliminary study team learned that some cooperatives had women members. The design team will need to explore how extensive this is, what the role of women is and whether this role be expanded.

3. Cooperative organization and operations: How are the decrees and statutes regarding cooperatives and townships (poblados) being implemented? What is the relationship between the cooperatives and the townships? The preliminary study team observed that some of the economic roles assigned to townships may overlap the role assigned to cooperatives. (e.g., Some townships were granted similar capital assets as cooperatives --

facilities, such as drying sheds, and vehicles, as well as abandoned plantations for subdivision and distribution to inhabitants).

4. Role of the U.S. Peace Corps: Is this the type of PVO project the Peace Corps is interested in? Will it be willing to assign PVOs if the project is approved? Does it want to participate in final project development and design? What specific roles could be assigned to PCVs? How many volunteers could be involved? What specific skills are needed? Would the PCVs come in a group or be phased in? What logistic support will be required for them?

5. Housing: Is housing available in Bata and Malabo? What kind of rehabilitation might be required prior to project team occupancy? What has been the experience of the Spanish technical assistance teams with prefabricated housing units? Is this a feasible means of providing housing for the project team?

6. Logistic Support and Team Status: To what extent will the team need to rely on assistance from USAID/Yaounde? How can this be minimized? What support can the U.S. Embassy in Malabo provide? Will GREG grant the project international technical assistance status with the usual waiving of customs, tax and other considerations? What waivers need to be detailed as part of the project approval process?

• What support is the Ministry prepared and able to give to the project -- office space, office equipment and furniture, drivers?

7. Training Needs: In addition to training the Ministry extension staff in cooperative operations and business practices, will they also need training in cacao and coffee production or in other tropical

horticulture? What training are other donors now providing or can provide in the future?

8. Relation to other development activities: How will this project complement and be related to other ongoing or planned donor and GREG programs? What ways can this project be tied in with any of these -- i.e., advice from cacao experts under the ADB-IBRD project? What was the result of the ILO visit to Equatorial Guinea? Is there any definite plan to bring in ILO technicians to work with the cooperatives? Is Spanish technical assistance planning anything specific for cooperatives, other than the short course in bookkeeping (to have been provided in February 1983)? Are there any other technical assistance activities in the planning stage directly related to cooperatives?

9. Scope of project activity: Does the project need both credit and marketing technical assistance? If so, can these activities be phased or must they both be provided from the beginning of the project?

ANNEX A

PRELIMINARY LOGFRAME

## ANNEX A

### PRELIMINARY LOGFRAME

#### GOAL

##### Microeconomic Goal

to move small farmer from subsistence level to one of economic viability within an economy which provides him with incentives for increasing production.

##### Macroeconomic Goal

to revitalize the agriculturally based economy of Equatorial Guinea by qualitative and quantitative increase in its principal cash crops (coffee and cacao) that will provide increased level of foreign exchange, and to improve agricultural production and marketing for domestic consumption in order to reduce food imports.

#### PURPOSE

Dual purpose of the project:

the achievement by the cooperatives of Equatorial Guinea of economic, administrative and associative viability;

the establishment of an institutional framework that assures the small farmer of:

- the technical and capital inputs he needs for production;
- a market for his production that will give him equitable prices covering his costs and providing him with incremental profit margins.

#### OUTPUTS (in general terms)

- more efficient and effective levels of cooperative operations and management;
- functioning cooperative support unit of the Ministry capable of providing extension and training services to the cooperatives;
- farm supply credit and distribution system and a cooperative marketing system in place and operating;
- an ongoing cooperative training program with a corps of trainers.

#### INPUTS (3-year period)

- technical assistance and training provided by:

3-person expatriate team: Team Leader & Management Advisor (3 years)  
Cooperative Advisor (3 years)  
Credit Advisor (18 months-first 1.5 yr period,  
Marketing Advisor (18 months-second 1.5 yr  
period)

Short-term consultants: 12 months

Possible Peace Corps

Volunteers:

- 1 Audiovisual Specialist
- 2 Nonformal Education Specialists
- 3 to 4 Farm Machinery & Vehicle Maintenance Specialists
- 1 Accountant with teaching ability.

- essential commodities and equipment for team
- training provided by:
  - trained Ministry staff (extension agents and Cooperative Supervisory staff)
  - trained cooperative-level trainers
- regular supply of inputs to cooperatives on seasonal basis on cash or credit basis.

ANNEX B

NOTES ON A MEETING WITH THE MINISTER OF AGRICULTURE,  
LIVESTOCK AND RURAL DEVELOPMENT, 24 JANUARY 1983

## ANNEX B

Meeting with Minister of Agriculture - Malabo, 24 January 1983

Participants: Miguel Oyono Ndongo, Minister, Ministry of Agriculture, Livestock and Rural Development (MALRD)

Anatolio Ndongo Mba, Secretary General (MALRD)

Larry Dominessy, USAID/Yauonde

Sam Scott, USAID/Yauonde

Chris Phelps, USAID/Yauonde

Lyle Brenneman, CLUSA/Washington. Program Officer responsible for East and Central Africa

Paul Prentice, CLUSA Program Planning and Evaluation Consultant

The meeting lasted one and one-half hours divided almost evenly between an initial presentation/assessment by Larry Dominessy of the current status of the AID project to donate trucks to the Ministry for sale to selected cooperatives in Equatorial Guinea, a response from an outline by the Minister of his plans for assistance to the cooperatives, and a brief presentation by Paul Prentice of problems he had perceived in the field trips in which he had participated with the USAID team and a brief outline of a potential project for CLUSA technical assistance which would address some of these problems.

Dominessy outlined the problems he had perceived on this inspection trip relating them to problems previously outlined for the ministry:

1. At least fifty percent of the vehicles were inoperable;
2. The other fifty percent were dangerously near the stage of being inoperable;
3. Only two or three cooperatives had implemented and were continuing a minimal maintenance program;
4. None of the cooperatives had prepared a budget and set aside resources to cover operating costs of the vehicles. Individual members were not assessed either on a pro-rata basis or on an individual usage basis for transportation costs (either of inputs and tools or of delivery of production -- coffee or cacao -- to collection and final sales points). Consequently, cooperatives were covering costs of vehicle operation and maintenance (including driver) by renting the trucks to individuals. This had greatly increased the mileage on the vehicles, and was in direct violation of the stated purpose of the project, i.e. to increase production.

5. None of the cooperatives had been billed for the vehicle it had received and, though each of the responsible officials indicated that they knew the truck was a loan, none knew what was the extent of credit owed to the Ministry through the Bank of Credit and Development (Banco de Credito y Desarrollo) nor what the repayment schedule would be.
6. While the Ministry may have set up a special account for this project, this had not yet been translated into guidelines and bookkeeping. Until this was accomplished and there was indication that the cooperatives were being billed and payments were being made the next phase of the project procurement could not be implemented (per the latest implementation letter).
7. The cooperatives, in general, although there were one or two outstanding exceptions, had serious problems with other machinery in their possession, particularly the machinery for operating the drying platforms and sheds. Consequently, the motors provided by the U.S. Ambassador under the Embassy self-help program, could not be utilized, until the necessary repair (including spare parts) had been made.
8. On a generalized comparative basis, the cooperatives on the mainland (Rio Muni) were in worse shape than those on the island (Bioko). In particular, they apparently had only benefitted once from the Ministry's proposed plan to provide inputs and small tools to the cooperatives on credit.
9. One or two cooperatives had a vehicle given to them only to have it withdrawn and given to another, sometimes with another provided in its place or with the promise of another. The situation of the vehicle assigned to the Mongomo cooperative appeared to be the most serious in that it had been withdrawn from the cooperative and was in the custody of the governor and the chief extension agent for the province.
10. Some of the cooperatives had their books in order and apparently were in an almost "paid-up" situation with regard to their seasonal production loans from the ministry, while others weren't able to indicate with precision just what their loan balance situation was.

The Minister replied that he and his staff had been aware for quite some time of the problems that had been indicated and that there were other problems as well. For instance,

1. The situation on the mainland was exacerbated by logistical problems in providing the promised inputs and tools, irregularities in distributing the inputs and tools credit to members, irregularities in collection and repayment, made even more difficult by the actions of the Bank of Credit and Development which, without consulting with the Ministry and receiving its approval, had made inputs and tools available to the cooperatives without any assessment of the loan requests and had not set up any procedures for loan repayment. (Apparently, the inputs and tools are directly under the control of the Bank on the mainland while on the

island they are in the warehouse of the Camara -- a semi-autonomous division of the Ministry -- which sends the bill to the Bank for collection after delivery of the credit items to the cooperatives). Due to all of the above, the Ministry only provided credit assistance once to the mainland cooperatives.

2. He was aware of the problem of the Mongomo cooperative and had ordered the Governor, through the Ministry of Interior, to return to the truck to the Cooperative. However, he indicated that there were some irregularities in the election of the new governing board of the cooperative and he was sending the deputy Ministry of Agriculture Representative in Bata to accompany the Minister of Interior in restructuring the cooperative and probably demanding a new election.
3. The Minister admitted that as an expedient measure the trucks had been delivered to the cooperatives with not enough attention to details such as maintenance requirements, spare parts availability, adequate controls and bookkeeping, and that it had become an almost impossible task to reconstruct debt liability, particularly since some of the records which should have been turned over by the previous administration were lost or misplaced. He himself did not know the price of the vehicles, and requested that USAID provide him with this information.
4. The problems and needs of the cooperatives, both mainland and insular, were under the supervision of one individual in the Ministry -- Sr. Domingo Ebang Endame -- who had no staff and was, therefore, handicapped in performing his duties. (This was one of the Ministry representatives that accompanied the USAID/CLUSA Team on its field trips to the cooperatives). This individual, while a civil servant with good standing and record in the Ministry, did not have any depth of background or training in cooperatives or even agriculture although he seemed to have a good grasp of both and a willingness to learn more. (The Team concurred in this observation). In order to provide more attention to the cooperatives the Minister had decided on a program whose principal elements would be:
  - a. Name the deputy Ministry representative in Bata to be the supervisor of cooperative affairs on the mainland.
  - b. Assign cooperative training and technical advisory services to Agricultural Extension agents in addition to their extension duties. After the current group of trainees returned from Spain (in ag extension) the Ministry would have a full complement of one extension agent for each district plus one chief agent in each province. (The mainland has fifteen districts and four provinces, although it appears that the number of districts will increase through subdivision of larger districts).
  - c. One of the first priorities would be to survey all of the cooperatives on the mainland insisting on some restructuring and probably dividing some of the larger ones, particularly those which cover an extensive geographic area.

- d. The Ministry would permit and assist the cooperative in directly exporting their produce (coffee or cacao) and in turn, in coordination with the Ministry of Commerce, assist them in securing import licenses so that they could use their foreign exchange earnings to import not only agricultural inputs and tools directly but also scarce consumer items for household use -- soap, cooking oil, salt, etc.
- e. In order to solve the vehicle problem, the Ministry had decided to recall all of the vehicles and place them in Motor Pools at strategic locations -- one in Malabo, one in Bata and possibly two or three more on the mainland, for a total of one each per province. Mechanics and spare parts would be at these locations and the cooperatives would have to contract for their transportation services.
- f. To solve the problem of bookkeeping in the cooperatives the Ministry, with the help of the Spanish Technical Assistance Team, was planning to conduct a short seminar/workshop on accounting on the island with a possible one to be held later on the mainland.
- g. The Minister hoped that he could get assistance in providing cooperative training to the extension agents in addition to up-grading and complementing their Spanish training which had been geared to temperate rather than tropical agriculture.
- h. He indicated interest in what the CLUSA representatives had to suggest in the way of a technical assistance project for the cooperatives and for the Ministry staff assigned to supervise and advise the cooperatives.

Prentice indicated that it was interesting that the Minister had summed up much of what he had written in a brief outline which listed some of the major problems confronting the small farmers, their cooperatives and the Ministry in trying to deal with these. He also indicated that it was remarkable that the Minister had already outlined some of the aspects of a project which he felt might be developed in the context of the problems already discussed and listed in the draft outline project concept paper. He rapidly reviewed this draft, leaving copies with the Minister, the Secretary General and the Supervisor of Cooperatives.

He emphasized that this outline in no way committed either CLUSA or USAID to a project -- either one like that suggested in the draft paper or any modification thereof. As had been stated to the Minister at the outset of this visit, the CLUSA role, at the request of USAID and the U.S. Ambassador, was to see if there was a potential for a technical assistance project. If so, CLUSA would recommend that this potential be explored further and a project proposal or plan be prepared for final approval by the Ministry and USAID.

Prentice stated that he felt that there was potential for such a project along the lines indicated in his paper. He also had in mind the utilization of the ag extension agents as the cooperative trainers in order not to require the hiring of additional personnel. However, he suggested that there were several items

which had to be explored more fully. He noted that he had been unable to determine what the Spanish Technical Assistance Team was planning in the way of assistance to the cooperatives, other than the short course in accounting, since he had been unsuccessful in contacting them in spite of several efforts. He had been able to determine that the EEC and the UN agencies, particularly FAO, did not have any specific plans in this area. However, he indicated that he had learned that an ILO study team was planning to come to Malabo. He felt that it would be of great importance for CLUSA and USAID to be apprised as to the results of that visit for it could effect any project that might be in the planning stage.

The Minister responded that with reference to the Spanish assistance, it was across the board for agriculture in general and that only incidentally did it include assistance, such as the accounting short-course, for cooperatives. As to ILO, he had wanted to veto their visit but had been overruled by the Minister of Labor. However, he was not interested in the type of training program which they would probably want to set up; centered in the capital city with formal training courses for ministry staff and bringing in selected cooperative leaders for special training courses. Particularly, he felt that the ILO approach toward collective cooperatives was unacceptable in Equatorial Guinea and would probably be rejected by the farmers. They want to farm individually and not collectively. He indicated that that was one of his concerns with the IBRD project in that it aimed at reviving some of the big plantations using paid labor. He stated emphatically that the Equagwinean farmer does not want to work for wages for someone else. He wants to farm his own land.

He expressed satisfaction with the outline presented by Prentice and hoped that CLUSA and USAID would concur in sending a project design team to Equatorial Guinea in the near future to plan such a project.

ANNEX C

ADDITIONAL SOCIOECONOMIC INFORMATION

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#### The Economy

In addition to the three major export crops listed in the main body of this paper, (Section III. A.), some palm oil, "abaca" (manilla hemp), and fish were exported during 1968-1971 but these have now completely disappeared as export products.

The GNP in 1970 was \$US 74,000,000 with a per capita income of \$US 230 for the country as a whole -- Bioko enjoying \$US 450 compared to \$US 160 for Rio Muni. (This is, of course, a distorted picture as it does not distinguish between income earned by immigrant Nigerian workers and native Equaguineans). Since 1970 there has been a disastrous decline in both the GNP and per capita income with Equatorial Guinea realizing a negative balance of payments from 1972 on.

While the declines in cacao, lumber and coffee production and export have had a most profound effect on the economy of Equatorial Guinea, it is also instructive to see the effects of the decline of the fishing industry. This enjoyed its peak during the immediate pre and post-independence years, when an annual estimate of 2000 tons of fresh and frozen fish and 1500 tons of dried and salted fish were produced, mostly for domestic consumption. Fish was the main source of protein in the national diet with an estimated per capita consumption of 45.2 kg in 1967 dropping to 23.6 kg in 1979. (Despite a fishing treaty with Russia concluded in 1973 and revoked in 1980 -- which required that 6000 T of fish would be delivered to Equatorial Guinea for domestic distribution and consumption, it is evident that Equatorial Guinea received little benefit from this treaty either in financial returns or in fish).

#### Transportation and Communications

While Bioko is linked with Spain and with one or two other African countries by commercial airline service, the only airlinK, other than charter service out of Cameroon, between Rio Muni and the outside world is a (usually) daily Spanish troop-transport flight between Malabo, on Bioko, and Bata, the main seaport and urban center on Rio Muni. These flights are limited in terms of passengers and freight, depending on the priority needs of the Spanish Government and GREG. Both Bioko and Rio Muni, therefore, must rely on ocean transportation for most exports and imports and for traffic between these two sections of the country. Rio Muni is linked, however, directly with Gabon and Cameroon by a network of roads providing at least a half dozen official entry points. (Contraband appears to move with relative ease across the borders -- cocoa and coffee from Rio Muni and CRA-purchased household staples and small tools from Gabon and Cameroon). A network of asphalt highways and roads constructed before

independence on both Bioko and in Rio Muni still exists but in varying states of deterioration so that during the rainy season some stretches are all but impassable.

Apart from urban telephone service in Malabo and Bata, most communication is conducted by two-way radio. Cable services exist for contact with other countries, while international telephone service is highly problematic. Internally, the national radio station is the best means of communication as some fifty percent of households in the villages have radios. Interestingly enough, the level of literacy is such that printed media would probably receive a wide readership if these were available.

### Literacy and Education

During the early independence years, ninety percent of the school-age children attended primary school, a factor that may have contributed to an improvement of the then estimated literacy rate of 40%. No current data has been collected for this paper, but empirical observation based on five full days of rural field trips suggests that most of the rural people can communicate in Spanish and many can at least read elementary Spanish. Translation into Spanish from Fang or Bubi was almost never necessary. The schools have been revitalized with assistance from the Spanish Government and it was observed that many rural children are attending school.

### Health and Nutrition

The estimated 2.1% population growth may be related to the still high infant mortality rate (40% or more) and to the decimation of the population under Macias. Some estimates indicate that one-fifth of the population was exterminated under the Macias regime and that at least 100,000 others were exiled. This latter figure corresponds roughly to the estimated number of Equaguineans living in Gabon and Cameroon.

During the immediate pre and post-independence years, Equatorial Guinea had 2088 hospital beds with a medical doctor for each 5000 inhabitants (1 for each 3,500 on Bioko and 1 for each 9,600 in Rio Muni). Reliable data are not available regarding the current situation, however, the Spanish Government, reinforced by the efforts of other international and bilateral donors, has been active in revitalizing the public health sector, including provision of mass inoculations, rehabilitation of some hospitals and provision of medicines.

The decline in nutritional content in the national diet is apparent even to the casual observer. Where instances of malnutrition were almost non-existent in the early independence years, the rapid decline in the availability of fish as the main protein component in the average diet has significantly reduced protein. The basic rural diet consists mainly of cassava and plantain supplemented intermittently with tropical fruits and some poultry. Home vegetable gardens are almost non-existent.

## Political Developments

The current government, which assumed power when Macias was overthrown in 1979, faced difficult and complex problems: the political restructuring of the country (accompanied by a revitalization of the civil service), the rehabilitation of the country's agricultural base and the equally urgent rehabilitation of the infrastructure: transportation, communications, education and health facilities, and municipal services such as electric power and supplies of potable water.

The first two years were necessarily dedicated to the restructuring of the government, particularly those ministries and subdivisions most intimately related to economic and infrastructural development and maintenance. Within this context the decree and statute, providing for the creation, supervision and support of cooperatives, was promulgated in 1980. A subsequent decree, establishing and regulating the government and administration of local townships, was passed in 1981. Both of these decrees have profound implications for rural areas of Equatorial Guinea and both assign key economic roles to cooperatives and incorporated towns and villages.

In August 1982, GREG was successful in securing a plebiscite that endorsed a new constitution for the country, one that has been hailed as one of the most liberal in Africa. With the overwhelming endorsement of the constitution, the government is expected soon to call the first legislative elections since independence. Activity at the grassroots level has already started to begin to carry out the democratic processes stipulated in the decrees for the election of cooperative officials and town leaders.