Southland

A Case Study-Based Training Exercise in Policy Analysis for the Agriculture and Rural Sector
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by

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1 SUMMARY
Southland is a case study designed for a group training exercise in policy analysis for the agricultural and rural sector. It is based on the description of the situation, characteristics and problems of an imaginary country, Southland, which could very well exist. Southland is a lower-middle income developing country, with a record of uneven economic and social progress, as it has been the case for many.

The Southland case study consists of a series of information documents, such as those that may be available to a team of officials or consultants faced with the task of making proposals on how to improve the situation of agriculture, rural development and food security in Southland. The documents provide information describing the current and past situation in the country with respect to the agricultural and rural sector, as well as to the economy in general, the institutional set-up, and the challenges faced by Southland in attempting to improve the development prospects of the agro-rural sector, including the demands addressed to the government by international organisation for the country to be able to obtain external support. The documentation also includes statistical data and a glossary of the most commonly used economic and institutional terms with related definitions and explanations.

Finally, the documentation contains some essential guidance to both trainees and trainers as to how the exercise should be conducted and how results should be reported.

2 INTRODUCTION
Objectives
The purpose of the case study is to enable participants to:

- Analyse the problems and opportunities related to agriculture, rural development and food security of Southland;
- Identify and suggest policy measures that can address such problems and opportunities;
- Ensure that the suggested measures are compatible with macroeconomic, financial, social and environmental sustainability.

By the end of the exercise, participants should be able to have a good understanding of the most important agricultural and rural development problems facing a country such as Southland, of the influence that the macroeconomic framework has on the agro-rural sector and on food security, and of the policy measures that can realistically be implemented in order to improve the development prospects of the sector.

The Southland case study has been conceived and designed for group training. It can be applied as the basis for a training session on its own, or as a component of a broader training course on agricultural and rural development policy.
The typical Southland session entails a number of steps:

- Formation of working groups;
- Review of the documents composing the Southland case study;
- Identification of the main challenges presented by the case study and possible ways of solution;
- Preparation of group reports;
- Presentation and discussion of the reports in a plenary session;

The Southland case study may also be used as the basis for individual training, for example in the context of a distance-learning programme. In this case, Southland modules will be analysed by the trainee on his/her own, with or without on-line guidance. As in the case of group training, the exercise should end up with the preparation of a report containing the conclusions drawn by the trainee, as a result of his/her review and analysis of the documents that compose it.

A preliminary overview of past and current economic conditions of Southland can be found in section 3.1 of this module: Overview of main economic events in Southland. Detailed suggestions on how to carry out the exercise are contained in section 9 of this module: Readers’ notes.

**Target audience**

The audience to which the case study is addressed should normally consist of persons who have at least some practical experience in development work with special reference to agriculture, rural development and food security. Basic knowledge of economics and agriculture is also a prerequisite. If participants do not have direct experience in a developing country, they should have a reasonably good theoretical background in development economics.

**Required background**

To find relevant material, the reader can follow the links included in the text to other EASYPol modules or references.

**Concise presentation of the contents of each section**

- The **INTRODUCTION** contains a preliminary, brief overview of past and recent economic features of Southland, which are developed in greater detail in subsequent sections. It also provides essential information and instructions for the participants to the Southland training exercise. Since the training exercise is to be concluded with the preparation of a written report, this section also gives indications on what each group

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1 EASYPol hyperlinks are shown in blue, as follows:
   a) training paths are shown in **underlined bold font**
   b) other EASYPol modules or complementary EASYPol materials are in **bold underlined italics**;
   c) links to the glossary are in **bold**; and
d) external links are in **italics**.
report should contain and provides some hints on how the groups should go about preparing it. Finally, it contains some indications on how the Southland case study can be applied in the context of a distance-learning programme. This section is an essential preliminary step in the implementation of the Southland case study exercise.

- The section on FACTUAL INFORMATION contains some data and descriptions related to essential demographic, economic and, to some extent, social and institutional aspects of Southland.

- The DESCRIPTION OF NATURAL ENVIRONMENT AND LIVING CONDITIONS IN SOUTHLAND provides information on the typologies of agricultural land and on the environmental status in Southland, as well as on various living standard indicators in the country.

- The BACKGROUND NOTE comprises a number of documents that give detailed information on past and more recent economic and political events of Southland. These are essential for understanding the evolution of factors that have influenced and continue to influence the economic and social life of Southland and constitute a necessary prerequisite for a proper analysis of the case study.

- The ABBREVIATIONS AND DESCRIPTIONS OF SOUTHLAND INSTITUTIONS give a detailed description, in alphabetical order, of the various organizations, public and private, that have a role in the economic life of Southland – and of their functions. It provides necessary references for the proper understanding of Southland institutional set up, past and present.

- The STATISTICAL DATA AND GRAPHS RELATING TO SOUTHLAND provide the quantitative and visual information of the main demographic and economic facts concerning Southland. They represent a useful numerical background for the understanding of the case study, even though quantitative analysis as such is not necessarily required in performing the Southland exercise.

- The GLOSSARY OF ECONOMIC AND INSTITUTIONAL TERMS contains definitions and explanations of the main economic terms and concepts that are referred to, directly or indirectly, in the course of the Southland case study.

- The section on ADVICE TO TRAINERS provides some guidance and suggestions to trainers on how the exercise can be conducted.

3 CONCEPTUAL BACKGROUND

3.1 Overview of main economic events in Southland

The fictional country described here, Southland, is a lower middle-income developing country, with a record of uneven economic and social progress. From Independence until the early 1990s, public ownership was a central feature of the economy. However, from 1980s, the rate of economic growth declined while macroeconomic conditions...
became less stable, manifested in a widening balance of payments deficit, increasing inflation, devaluation of the exchange rate and fall in real government spending, particularly investment spending. From the 1980s through to the early 1990s, there was a widespread sense that the quality of government services to the rural and urban populations was deteriorating, and that there was a failure to adequately maintain public infrastructure (roads, railways, irrigation networks and the physical assets of the health and education systems). Worryingly, the gains in poverty reduction achieved in the earlier decades appeared to be in jeopardy, with adverse trends in national per caput food consumption. Rural livelihoods were adversely affected by stagnation in smallholder agriculture and the absence of an alternative driver of rural development. Finally of great concern was the fact that HIV/AIDS gained a foothold in the population, with HIV seroprevalence estimated at about 9.5 percent in 2000, and about 15 to 20 percent of current deaths being attributed to AIDS.

In the early 1990s, a debate was initiated on the structural causes of disappointing performance in development and poverty reduction. One critical point of view came to be known as “pro-globalization” (PG). PG was strongly advocated by external agencies such as the IMF and the World Bank, on which Southland had become dependent for financial support on concessional terms. PG also had sympathizers among a growing but still minority tendency within the national elite. The essence of the package promoted by the PG camp was: liberalization in external trade and the internal economy; privatization and a reduced role for the government in productive enterprises and service provision; a welcome to foreign direct investment (FDI); and macroeconomic orthodoxy to conquer inflation and thereby boost investor confidence and the efficiency of resource allocation. A cross-cutting theme in PG advocacy was “institutional reform”: this was not simply reducing the role of government, but making it better at responding to societal needs (e.g. by decentralization, the strengthening of democracy and working more with civil society organizations); managing new challenges such as regulating private industry and service providers; and improving the quality of services remaining with the government.

From 1990 onwards, the government started to implement PG-type reforms, but initially at least, this was without strong enthusiasm or commitment, leaving observers to comment that there was insufficient “ownership” of reforms, and that these appeared to be driven mainly by a need to access IMF and World Bank funding. The response of the economy to this first round of reforms was mixed: some export agriculture (mainly larger farms) grew, but smallholder production of food crops declined; industry was initially stimulated by improved access to foreign exchange, but then failed to grow strongly or attract much FDI, while some sub-sectors contracted sharply in the face of trade liberalization. Foreign debt continued to climb. PG advocates argued that this unsatisfactory outcome was because the reforms had been delayed and partially or badly implemented. Critics of the PG tendency instead argued that the reforms were badly conceived.

In November 2001, Southland was designated as a Highly Indebted Poor Country (HIPC) following a debt sustainability analysis carried out jointly by the World Bank and IMF. At this point, it was agreed that the World Bank and IMF would make interim assistance available, while the government, together with Southland’s civil society and
private sector, developed a **Poverty Reduction Strategy Paper (PRSP)**. It is anticipated that a full PRSP will be completed early 2004, at which point it will be presented for approval by the Southland legislature and for practical support from internal and external stakeholders. Among the external stakeholders are the IMF and World Bank, whose approval will be necessary to trigger debt relief from a range of creditors, at what is known as the “HIPC Completion Point”.

While awaiting the full PRSP, interim assistance from the IMF has been extended in the form of a loan under its Poverty Reduction and Growth Facility and in addition there has been support in the form of credits and grants from the World Bank and bilateral donors. All these facilities were conditional on the government producing an **Interim Poverty Reduction Strategy Paper (I-PRSP)**. The first draft of the I-PRSP was produced in a hurry, in early 2002, in order to access these desperately needed external finance facilities. However, the first draft I-PRSP contained a chapter heading entitled “Rural Poverty Reduction and Agriculture” which, with the agreement of the World Bank, was left blank, pending a stakeholder consultation, scheduled for early 2003 which was to feed, *inter alia*, into the process of review and updating of national strategies and policies for agriculture and food security the government has decided to undertake as a follow-up to the 2002 **World Food Summit** five years later.

### 3.2 User notes

This case study is intended for use in familiarizing professionals in agricultural, food and rural development with:

- Policy and institutional issues at the macro, *sectoral* and *sub-sectoral* level which may arise during periods of policy and institutional reform aimed at supporting pro-poor economic growth and poverty reduction;
- The interconnectedness of these issues and the need for “systems thinking”;
- Key institutional players, e.g. international organizations playing roles in trade, financial flows and aid, and national governments;
- Concepts and programmes used by the institutional players at present and in the recent past; and
- Challenges which policy-makers and policy advisers face in working out how to ensure that the agricultural, food and rural sectors can be influenced to maximize their contribution to economic growth and poverty reduction.

This case study is not focussed on learning analytical methods, e.g., estimating protection, modelling markets or the impact of policy changes. Nevertheless the data and the institutional and political context could be used for this purpose, if desired, but the case study does not seek to teach these methods. The information presented in the EAYSPol Module 063: **Southland: A Background Note**, the various documents and the EASYPol Module 065: **Southland: Statistical Data and Graphs** give a willingly non-structured non-comprehensive picture of the country. They contain repetitions, contradictions and gaps, just as would documents available to a policy practitioner working in a particular country. An attempt has therefore been made to put participants
in a “realistic” working situation and no effort has been made to organize the set of
documents as a well structured and well thought out presentation of Southland, but
rather to provide a variety of elements to support the policy thinking to which
participants are invited.

In recent years, the policy environment has received increased emphasis as a critical
factor determining the benefits of public and private investment and of technical
assistance. Also, as is recognized, for example, in the World Bank’s Comprehensive
Development Framework, there is now a consensus that anti-poverty strategies must be
fully “owned” by actors within the country, with broad participation by civil society and
elected institutions. Nevertheless, external support also remains necessary, notably of
key donor agencies and international financial institutions.

A key challenge facing professionals in agricultural development is to deepen their
understanding of the interaction between the macro, sectoral, micro, institutional and
technological aspects of reform. For example, many reforms affecting institutions
and/or technology are driven by macro-imperatives, such as the necessity to cut
expenditure, devalue the national currency or change the level and structure of
economic protection. An understanding of these imperatives, and of their likely
magnitude, timing, sequencing and effects on the economic environment is critical to
the design of effective aid programmes (whether capital aid or technical assistance). On
the other hand, "macro problems" can have their origins at the level of sector, sub-
sectoral or institutional policy. Examples of this within the agriculture sector include
subsidies to food, inputs and water (the costs of which can grow to macroeconomic
significance), monopolistic agricultural service organizations, price controls, and
measures of trade protection such as import bans, quota and tariffs.

Likewise, institutional reforms, unless very carefully planned on the basis of relevant
theory and international experience, can have unintended consequences. Examples in
the agriculture sector include liberalization of markets for inputs, outputs and credit;
elimination of subsidies; and introduction of markets for services previously provided
by the government, such as water and extension.

This case study aims to explore these issues by "learning to swim by jumping into the
swimming pool at the deep end". The exercise is designed around the notion of
"discovery learning". Clues as to the connections between the issues of concern are
scattered liberally in the documents that follow, some being obvious, while others are
well hidden.

The Southland case study is usually carried out as a group exercise, in which
participants are organized in different working groups. In this case, they will be asked to
read the material, analyse and discuss it with colleagues, produce a joint written report,
and discuss the results and issues arising with the facilitators. Guidelines on what the
report should contain are given in section 3.3 of this module: Terms of Reference of the
Report. More specific guidance on how to proceed in the organisation of the case study
work will be provided by the person(s) responsible for the exercise.
However, the Southland case study can also be adopted as part of a distance-learning programme. In this case, participants may be receiving guidance in a written form by the person(s) responsible for the distance-learning programme. Alternatively, they may exercise their own initiative in going through the documentation. In so doing, they may wish to follow the order given in the Table of contents. However, they may also adopt a different order (once they have briefly considered the contents of the various modules), if they deem it more appropriate to their own background and inclinations. At any rate, the exercise should be concluded with the preparation of a written report consistent with the Terms of Reference.

### 3.3 Terms of reference of the report

As is explained earlier on in the Introduction, interim assistance has been extended to Southland conditional on the government producing an Interim Poverty Reduction Strategy Paper (I-PRSP). The first draft I-PRSP contained a chapter entitled “Rural Poverty Reduction and Agriculture” which, with the agreement of the World Bank, was left blank, pending a stakeholder consultation, scheduled for early 2003.

The government has decided to set up a Secretariat to facilitate the national discussion about the Rural Poverty Reduction and the National Food Security Strategy to be described in the text of the PRSP Chapter on this topic. The government has stated its desire that the strategy commands a national consensus, and the stakeholder consultation will have a diverse membership, including representatives of political parties presently not in the government. The Secretariat comprises a small group (not more than eight) people. The group may include, for example, officials drawn from various government ministries, representatives of civil society organizations (farmers’ organizations, service-providing NGOs), of a national inter-bank committee on lending to agriculture, of the national agricultural exporters association, and the chair of a policy studies institute which is known to be broadly sympathetic to the political opposition.

You (i.e. participants in the Southland exercise) have recently been appointed as members of the Secretariat. You have held your first meeting, in September 2002, to prepare for the early 2003 Stakeholder Consultation. Your chairman has told you that the first step is to prepare a Secretariat Document on Critical Issues in Policy Reform for Agriculture, Food Security and Rural Poverty Reduction, which will be used to inform and structure discussion at the Stakeholder Consultation.

When your Secretariat Document has been drafted, it will be circulated to participants in the forthcoming stakeholder consultation. It is anticipated that in this forum, in which a wide range of views and interests are represented, there will not be complete agreement. However, your paper should be regarded as a tool for developing the widest achievable national consensus on:

- Major challenges facing the agricultural, rural and food sectors in maximizing their contribution to economic growth, food security and poverty reduction;
- Key policy and institutional issues;
- Possible lines of solution to these challenges and issues.
Furthermore, because of the heterogeneity of the backgrounds and interests of Members of the Secretariat, there are likely to be substantial debates within the group as this document is drafted. In the spirit of the PRSP process, participants are advised to present the point of view of their particular interest group, and to ensure that this has some recognition in the final text. However, they must also be prepared to seek compromise, and to accept that the final document will not be entirely satisfactory from the point of view of their particular professional constituency.

Thus the report must be as persuasive as possible. Technical issues will have to be identified, but it will be essential to explain these with language which is clear and limits use of technical and institutional jargon. Where jargon is used, it should be explained to make the basic ideas accessible to a more general audience.

A Secretariat Document should consist of no more than 2000 words. You have considerable latitude as to the content and structure of the Document, but you have been told that it must include:

(i) A commentary on recent developments within agricultural and food sectors, with particular relevance to rural poverty and food security;
(ii) A list of “key challenges for policy and institutional reform” which might comprise section headings for the PRSP chapter, together with text explaining your selection;
(iii) Text under each “key challenge” very briefly explaining the nature and importance of the challenge, and noting possible policy options and recommending the group’s preferred option.

The Document may also contain, if the Secretariat deems it desirable, a short Technical Appendix, which is however optional. The Technical Appendix may report, very briefly, the results of any quantitative analysis that the Secretariat may have carried out to illuminate problems and possible solutions. This might include, for example:

- Recent trends in production, consumption, and international trade for relevant products;
- Key factors in the macro-environment affecting the agricultural and rural sectors;
- The current status and distribution of poverty and food insecurity;
- An analysis of growth rates of incomes of sectors which may be required to reduce poverty.

4 FACTUAL INFORMATION

4.1 Note on Currency

The currency unit is the sud (divided into 100 cents). Since 1993 the exchange rate has been market determined, and in 2001 the average rate for the years was US$1.00 = sud 30.90. So 1 sud = 3.1 US cents.
(Note that this is the market rate of exchange. A recent study by the Southland Bureau of Economic Research estimated that the Purchasing Power Parity rate of exchange was approx 20 *suds* to the US$.)

The graph below depicts evolution of the Consumer **Price index**, the **GDP Deflator** and the Nominal **Rate of exchange**.

![Graph of indices](image)

*Source: National Bureau of Statistics*

### 4.2 Country Data

**a) Basic Statistics (Source: National Bureau of Statistics)**

Population 
18.9 million (in 2001)

Land area:  
450 000 km$^2$

Climate:  
Located between 21° and 28° south of the equator, with 500km of coastline and two good natural ports. About 20 percent of the land surface is within the tropics. Main rains are in the summer (November to March), but winter precipitation is important in limited areas (in *natural areas 1 & 2* - see land classification below). The area within the tropics is sub humid, and relatively dry. Apart from irrigation schemes in the drier areas, the land of highest agricultural potential is found in the well-watered
plateau zone in the south. The main river systems drain south from the plateau, and this has facilitated substantial irrigation development in the southern littoral region, which has low rainfall. However, two-thirds of the national territory lies to the north of the plateau, and this is generally dry, with limited scope for irrigation.


**GNP** per caput in 2001 = $1 082 (current US dollars);

Total **GDP** = 615 billion suds, at 2001 prices (equivalent to US$20 400 million)

Distribution of GDP (percent)

<table>
<thead>
<tr>
<th>Year</th>
<th>Agriculture</th>
<th>Industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>23.5%</td>
<td>25.2%</td>
<td>51.3%</td>
</tr>
<tr>
<td>1991</td>
<td>15.5%</td>
<td>37.2%</td>
<td>47.3%</td>
</tr>
<tr>
<td>1995</td>
<td>13.2%</td>
<td>39.7%</td>
<td>47.1%</td>
</tr>
<tr>
<td>2001</td>
<td>14.2%</td>
<td>36.5%</td>
<td>49.3%</td>
</tr>
</tbody>
</table>

Estimates of income distribution (latest data - for 1998):

<table>
<thead>
<tr>
<th>Quintile</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>lowest 20%</td>
<td>8%</td>
</tr>
<tr>
<td>2nd quintile</td>
<td>10.5%</td>
</tr>
<tr>
<td>3rd quintile</td>
<td>13.6%</td>
</tr>
<tr>
<td>4th quintile</td>
<td>21.7%</td>
</tr>
<tr>
<td>highest 20%</td>
<td>46.3%</td>
</tr>
<tr>
<td>highest 10%</td>
<td>30.5%</td>
</tr>
</tbody>
</table>

c) Population and Health Statistics (Source: National Bureau of Statistics)

Population growth rate: 2.9% (1999)

Percentage of people living on less than US$1 per day: 6.9% (1997)  
(very approximate as subsistence production data is of doubtful accuracy)

Percentage of people living on less than US$2 per day: 18.3% (1997)  
(very approximate as subsistence production data is of doubtful accuracy)

Population below national **poverty line**:

- Rural: 23.5% (1999)
- Urban: 8.6% (1999)

Percentage of population HIV-positive: 9.5%

Urbanization rate: 52% in 1995 (38% in 1965)  
(percent in urban areas)
Life expectancy at birth: 61 years (females 63 years and males 59 years) these estimates are currently under debate and have recently been adjusted downwards to reflect the AIDS epidemic, but maybe not far enough.

Percentage of children persisting in education to at least grade 4: 76% of males and 63% of females

d) Administration

The country is divided into 5 administrative regions (one of which corresponds to the capital) and 35 districts (of which 25 are rural).

e) Labour Statistics (Source: National Bureau of Statistics)

Percentage of economically active population:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>38.3% (1999)</td>
</tr>
<tr>
<td>Women</td>
<td>20.2% (1999)</td>
</tr>
</tbody>
</table>

Unpaid family workers:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>14% (1999)</td>
</tr>
<tr>
<td>Women</td>
<td>28% (1999)</td>
</tr>
</tbody>
</table>

Labour force in agriculture: 45% in 1999 (60% in 1970)

Female percentage of total labour force: 52% in 1999 (37% in 1985)

Percentage of rural population working in rural industry (1999):

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>6% (1.2% in 1985)</td>
</tr>
<tr>
<td>Women</td>
<td>8% (0.3% in 1985)</td>
</tr>
</tbody>
</table>

f) Agricultural Statistics (Source: Ministry of Agriculture)

Cereal imports:

<table>
<thead>
<tr>
<th>Year</th>
<th>Metric Tonnes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1975</td>
<td>9,180</td>
</tr>
<tr>
<td>1980</td>
<td>3,325</td>
</tr>
<tr>
<td>1985</td>
<td>562</td>
</tr>
<tr>
<td>1991</td>
<td>739,970</td>
</tr>
<tr>
<td>1995</td>
<td>1,832,955</td>
</tr>
<tr>
<td>2000</td>
<td>2,116,272</td>
</tr>
</tbody>
</table>

Fertilizer use (hectograms) 1970/71 143
of plant nutrient per hectare of arable land):  

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980/81</td>
<td>445</td>
</tr>
<tr>
<td>1990/91</td>
<td>451</td>
</tr>
<tr>
<td>1996/97</td>
<td>460</td>
</tr>
<tr>
<td>2000/01</td>
<td>307</td>
</tr>
</tbody>
</table>

5 NATURAL ENVIRONMENT AND LIVING CONDITIONS IN SOUTHLAND

See EASYPol Module 064: *Southland: Natural Environment and Living Conditions in Southland*.

6 SOUTHLAND: BACKGROUND NOTE

See EASYPol Module 063: *Southland: Background Note*.

7 ABBREVIATIONS AND DESCRIPTIONS OF SOUTHLAND INSTITUTIONS

The section on Abbreviations and Descriptions of Southland Institutions gives a detailed description, in alphabetical order, of the various organizations, public and private, that have a role in the economic life of Southland – and of their functions. It provides necessary references for the proper understanding of Southland institutional set up, past and present.

Note – this is largely imaginary – a few real world institutions are also included for realism. Refer to the Glossary for “real concepts and institutions”. The text contains, in alphabetical order, many acronyms of Southland institutions that are referred to in other sections of the case study, and explains their functions).
AGRI-CREDIT
Agricultural Bank of Southland. Founded in 1966, the majority of the shares are held by domestic public sector institutions, notably SODEVBANK. Until 1993 minority equity stakes were held by foreign development banks.

Since 1969, AGRI-CREDIT has operated a Small Farm Lending Scheme, (SFLS) targeted at peasant farmers, under which it lends for seasonal production inputs and the purchase of machinery and building materials. Over 95 percent of small farm lending is for seasonal inputs, which are supplied to farmers exclusively by the ASD. The Small Farm Lending Scheme has been subsidized, in that AGRI-CREDIT obtained a grant from the MAFNR, which was related to the number of borrowers taking seasonal credit in the current season, and was supposed to compensate for the additional transactions costs incurred in dealing with small farmers as compared to commercial clients. However, AGRI-CREDIT was not covered by government against the risk of default.

The graph above show that the numbers of participants in the SFLS rose steadily over the first half of the 1980s and, in the 1985 season, an estimated 12 percent of peasant households borrowed. Unfortunately, repayment performance was weak and action by AGRI-CREDIT to deny new loans to borrowers with more than two years in arrears has been behind the rapid decline in both the number of borrowers and the value of annual new lending. In 1990, the real value of new lending under the SFLS was down by a quarter on the 1980 level. This may have had serious implications for the development of peasant agriculture, although some observers point out that, even at its peak, the SFLS had very limited coverage, and that most small farmers are believed to finance production from savings, remittances from urban relatives and informal credit.

The SFLS accumulated large losses up to 1990, partially disguised by lax accounting policies under which very little of the loan arrears have been written off. The
government sharply increased the real value of its subsidy (see Figure 15 in the data files distributed with this text) to the extent that, in 1990, the value of the annual subsidy was almost the same as loan disbursements. Losses continued into the mid-1990s. Following the tabling of the PFP in 1993, the government attempted to raise the bank’s flagging fortunes by holding an auction at which it hoped to sell off the shares in AGRI-CREDIT held by domestic public sector institutions. The rationale behind this plan was partly as a means to reduce government recurrent expenditures. However, before the auction could take place foreign development banks who owned minority equity stakes pulled out. The bank collapsed and had to be further propped up by government “loans”.

Since the failed privatization, AGRI-CREDIT has been managed as a government corporation, with management under very strong instructions to stem further losses. The main response of management has been a hike in interest rates in order to recoup some revenue, with lending only going to those with collateral and/or a record of repayment. Farmers with existing medium-term loans are finding it increasingly difficult to meet repayments due to the unforeseen higher cost of borrowing. The agricultural credit crisis persists to date and the number of borrowers has decreased by an additional 40 percent since 1995, with the poorer and middle-income groups being worst hit. Farmers in NA3 and NA4 have very little collateral, making it almost impossible to secure loans for the purchase of inputs, unless it is through linking with other contracts - for example, share-cropping or contract farming.

Various observers have noted that the crisis in smallholder lending has had major effects on the utilization of inputs in the smallholder sub-sector (especially fertilizer), which could be a factor behind the weak response of the sub-sector to liberalization. Agencies concerned with rural poverty have been pointing out that the reduction in the number of borrowers has been concentrated on poorer farmers. As a response, a number of donor-funded and NGO projects have been launched or have decided to expand their field of activity to provide credit for inputs or free inputs, under varied and uncoordinated modalities.

**AMCOP**
The Amalgamated Copper Company. One of the "big two" foreign mining companies nationalized in 1969, after which it became a division of SOPECO.

**ASD**
The Agricultural Supply Directorate is a department of the MAFNR responsible for the supply of inputs to peasant farmers. Permanent (i.e. year - round) staff of the ASD are civil servants. The ASD maintains a network of 435 local supply depots, 413 of which are in NAs 2, 3 & 4. The network expanded rapidly in the 1970s, through the investment in integrated rural development which took place under SODEVPLANs I & II. The ASD's sales consist mainly of seasonal inputs (fertilizer, chemicals and seeds), but also hand tools, ploughs, pump sets and, on occasion, tractors. The ASD is the exclusive source of supply for purchases financed by AGRI-CREDIT's Small Farm Lending Scheme, which, in 1990, accounted for about 40 percent of ASD turnover but has recently declined since the AGRI-CREDIT crisis.
The ASD does not have a legal monopoly and in the commercial farming zones of NAs 1 & 2, it faces significant competition from private suppliers. Furthermore, the ZOIGMAs are not required to deal exclusively with the ASD, and, in recent years, have set up input procurement organizations for their farmers which bypass the ASD. However, for peasant farmers located at a distance from commercial farming areas or ZOIGMAs, the ASD is often the only available source of supply along with NGOs and donor-funded projects established with the specific objective of poverty reduction. In some limited cases particularly in NA2 and in densely populated parts of NA3, these activities have been in support to recently established farmer’s groups. Thus for most non-irrigated peasant farmers the ASD is for all practical purposes a monopoly supplier. The ASD still benefits from operating subsidies from the government, but this is being increasingly criticized by some donors who would like to see it become an autonomous organization operating on a no-loss basis.

Although peasant farmers' organizations complain about the ASD, they are worried about the prospect of privatization, as it is believed that the ending of government subsidies could lead to a withdrawal of input marketing services from high transport cost and remote areas. It is critical that a solution to the problem of supplying inputs to small farmers be found, but the question remains as to what direction reform should take.

CBoS
The Central Bank of Southland.

**CCM (Common Continental Market)**
Grouping of 18 countries from the continent, created in 1992, which aims at increasing intra-continental trade. The CCM has established a Free Trade Agreement to which 9 members have already adhered (the objective is total removal of tariffs by 2005).

**CONSOLCOP**
The Consolidated Copper Corporation. One of the "big two" foreign mining companies nationalized in 1969, after which it became a division of SOPECO.

**DDC**
Under the Decentralization Law approved in 1998, District Development Councils have been established which are elected every five years. The DDCs are responsible for promoting development activities in the district and are supported by a district administration headed by a District Executive Officer. Most sectoral ministries – in particular agriculture – are represented at district level. DDCs have been given the right to levy taxes and get grants from the government for funding projects. Decentralization in Southland has been very slow in getting into motion, and the main proportion of resources flowing into the districts for development activities are still coming from the central ministries and spent directly by their District Offices. DDC is however formally approving their programme of activity. It is now envisaged to enter into a second phase of decentralization where DDCs will be responsible for identifying, designing and approving all district level development activities. Budgets will be fully decentralized, but sectoral allocation will likely be pre-determined by central government.
FRUITEX
The Fruit and Vegetable Export Corporation of Southland. Formerly a parastatal company, under the MAFNR, with a monopoly over all exports of fruit and vegetables, FRUITEX was privatized in 1994 in the pre-Agricultural PFP round of privatizations. However, the drought which followed has meant that export volume has fallen dramatically as fruit and vegetable production was badly affected by the adverse climatic conditions. Competition has been slow to materialize and FRUITEX therefore still has an effective monopoly over fruit and vegetable export. Transport costs by air of fruits and vegetables have sky-rocketed after the privatization of the national airline company, the new private company having succeeded in keeping monopoly for fret transport. Airport cold storage facilities have degraded for lack of maintenance and are often not functioning. Furthermore, the premium on its brand which FRUITEX formerly enjoyed now appears to have eroded and the company is not performing well in the face of competition on world markets. Besides, it is expected that the implementation of WTO rules and regulations will contribute to erode considerably trade preference facilities Southland is enjoying in some countries, particularly in Europe. There is a general feeling that a lot more needs to be done by way of brand establishment and the promotion of value-added products if Southland’s fruit and vegetable sector is to be a success.

FCDB
The Fisheries Control & Development Board. This body, which comes under the MAFNR, is charged with the development of coastal and deep-water fisheries in order to promote improved nutrition, export earnings and employment.

The FCDB has played a relatively minor role in the development of coastal fishing. Over 1965 to 1980 it set up eight "fisheries co-operatives", to which it made loans for the development of boats, equipment and on-shore processing, storage and marketing facilities. The on-shore facilities have, in general, been badly managed by the cooperatives and presently even boats owned by co-operative members sell their catches mainly to private processors/marketers. The FCDB has been inactive in coastal fisheries development since 1980, due to a lack of development funds.

Although Southland has rich deep sea fishing grounds, it does not have a deep-sea fishing fleet. The FCDB has licensed foreign fleets, but the revenue has been relatively small and, under a 1973 Decree of the Revolutionary Council, 85 percent of the proceeds of licensing have to be transferred to the Southland Navy, to finance its fishery and coastal protection activity.

Over 1984-86 the FCDB, jointly with an external development agency, carried out a major design and appraisal on a Deep Sea Fisheries Development and Protection Programme. Key elements of the project were the development of two harbours, together with associated processing, for larger vessels. Southland was to acquire deep sea trawlers, and to train nationals in their operation. Foreign ships fishing in Southland waters were to be required to land a proportion of their catch in Southland ports. It was proposed that role of the armed forces in fisheries protection be reduced to that of last resort, with the FCDB acquiring its own inspection and enforcement fleet. Financing for the project was to be 60 percent external, with the balance being provided by enhanced
license fees to foreign operators, stricter enforcement, and an ending of the transfers to
the armed forces budget.

The *Deep Sea Fisheries Development and Protection Programme* has, so far, failed to
go ahead. Difficulties appear to be: (i) the external development agency continues to
insist on a substantial national financial contribution to the project; (ii) the Southland
Navy, through its influence in the Peoples’ Development Movement succeeded to resist
the proposal to deny it revenue from fisheries licensing, pointing out that, in the present
period of financial stringency, this accounts for 40 percent of the share of the defence
budget allocated to the Navy.

There is still significant potential for expansion in the fisheries sub sector. The growth
rate, however, is slow due to factors mentioned above, the low priority given to
aquaculture at the national level and poor infrastructure. Artisanal fishing activity has
had the fastest growth rate over the last decade with canoes and small craft landing over
50 percent of domestic catch. Activity is labour intensive with the fishing itself being
carried out by males and women playing an important role in processing and marketing.
Efficiency in the artisanal sector has improved substantially with catch per canoe
increasing by 30 percent over the period 1985-2000. Fish consumption itself has
remained constant in coastal areas, with the exception of 1994-1995 where consumption
increased substantially. This can be put down to reduced availability of staple
agricultural foodstuffs due to drought. Fresh produce tends only to be available near
production centres due to transport problems.

At present there is a curb on further increases in yield due to a lack of marketing
channels for the product. However, should activity continue increasing at the same pace
there is a danger of over-exploitation of fishing grounds with subsequent falling-off of
yields.

**FSB/FSA**
The Food Supply Board of Southland (FSB) is the successor to an organization founded
in the 1930s. Until the 1997 reform, the mandate of FSB was to ensure adequate food
supplies and "affordable" consumer prices for staple foodstuffs. The FSB maintained
stocks of grain and owned storage depots. Its supplies came from procurement from
domestic farmers, and from imports of grain on concessional and commercial terms. In
terms of the law, the FSB was under the jurisdiction of the MAFNR's parastatal division
and controlled international trade in basic foodstuffs: food exporters were required to
obtain a licence from the FSB, while importers were required to pay a *variable levy* to
the FSB, equivalent to the difference between the import price and the intervention price
at which the FSB bought from domestic producers. The FSBs producer price was *pan-
territorial*, i.e., the same at all FSB buying depots.

The FSB received very large subsidies, amounting in mid 1990s to in excess of 4,000
million suds (Fig 15 in the data file distributed with this text). During the drought crisis
of 1994-1995, the FSB performed well, distributing food aid and mobilizing grain
supplies to reach populations in the harder-hit, predominantly agricultural, regions as
well as in urban centres.
This notwithstanding, in 1997, the government transformed FSB into FSA, the Food Security Agency of Southland, as part of the overall economic reform programme resulting from its agreement with the IMF and the World Bank. The reform was designed to restrict the role of the organization to managing the strategic grain reserve and to foster an environment that would facilitate private sector development. The private sector was to take on functions of marketing previously performed by the FSB in a liberalized environment. FSB was to sell or rent out its network of stores to the private sector, keeping only those outlets located in remotest areas where the private sector was yet to be developed. FSA was to run a series of private sector development programmes for which funding was provided by donors, particularly the World Bank. The new agency was to run its now limited operations on commercial terms, buying and selling at local market price. Through this reform, and benefiting from two of relatively good agricultural years, the government was able to bring virtually to almost nothing its food subsidies in 1998 and 1999. However, because of severe domestic pressure to keep food prices low, there was only a limited private sector take over of FSB’s marketing functions – in part because of the difficulty it had to obtain the capital required to fund grain purchases - and in the preparation of the 2000 elections, FSA was again involved in extensive food purchasing and selling operations and the subsidy bill again went out of control in 2000 and 2001. Concerned about food imports and progressively declining per caput grain consumption (Figures 10 & 11), the government is now reluctant to reduce the FSA's subsidy, but is under very strong pressure to do so from the IMF, World Bank and the Ministry of Finance. Nevertheless, pressure is mounting for the GoS to cease subsidies and possibly to privatize the FSA, from both domestic quarters and international donors.

**IFC**
The International Finance Corporation, a member of the World Bank Group.

**MAFNR**
The Ministry of Agriculture, Food and Natural Resources.

**NSFU**
The National Small Farmers’ Union is a federation of small farmers groups and associations that have developed in recent years. The NFUS was formally created in 1999 and has close links with the Peasant Alliance. Membership is mainly concentrated in zones NA3 and NA4. Support to this Union is mainly from NGOs and some bilateral donors. NFUS has been very active in promoting micro-finance schemes, grain banks and in providing training to farmers’ groups in agricultural marketing, legal aspects and group management. NFUS has also been involved in advocacy activities to promote policies favourable to small and food insecure farmers.

**PA**
The Peasant Alliance. This became a formal political party in 1953, although it had its origins in earlier social movements. Initially the PA campaigned against settler agriculture and the partiality to settler agriculture of colonial government policy. The PA sought the restoration to small farmers of land which had been alienated at the establishment of settler farms, and was notably hostile to the WRVA, which it argued
Southland was entirely negative to peasant interests. The PA has had an ambiguous relationship with the indigenous land-owning elite. Up to 1960, relations were generally non-antagonistic, both groups seeing themselves as suffering discrimination from the colonial regime. However, from 1960, the PA adopted the position that post-Independence land reform would have to encompass large farms owned by indigenous Southlanders, and that sharecropping should be abolished - or at least regulated in favour of the tenant. Irreconcilable tensions caused the PA to leave the government in 1965, since when it has been in opposition. Following the 1968 Revolution, leaders of the PA - along with leaders of the SPL - accepted an invitation from the military to join the Revolutionary Council. However, PA leaders became increasingly disillusioned with government policy and when, in 1971, the Revolutionary Council created a mass civilian party, the PDM, most PA leaders refused to join it. A small group of PA activists did join the PDM, and played a role in its "Peasants Bureau". The PA opposed the PDM in the parliamentary elections of 1976, 1981 and 1986, but obtained only a small number of seats in the National Assembly. During these elections the PA had suffered from a ban imposed by the government on most of its well known leaders to stand for election.

Although the 1995 elections were won by the incumbent governing party, the PDM, the PA managed to win a substantial number of seats in rural areas, reflecting the dissatisfaction of the rural population with what they perceive to be the urban bias of PDM policy. PA seats tend to be concentrated in NAs 3 and 4, the populations of which feel that they have been overlooked somewhat by the PDM whose manifesto tended to concentrate on industry, urban areas and the less problematic Natural Areas 1 and 2.

In the 2000 elections, the PA won 25 percent of the national vote, and 30 percent of rural seats in the parliament. It negotiated with the PDM to form a government, but the PDM was not prepared to put in place policies which would be likely to end IMF/World Bank support. Presently the PA is a “critical supporter” of the government, allowing legislation to be passed as long as the government has discussed it with the PA, which must insist that its poorer rural constituents must not be disadvantaged.

PDM
The Peoples' Development Movement. Formed in 1971 on the instructions of the Revolutionary Council to be a mass party representing the interests of all the people of Southland. Although some senior figures within the PDM argued that the Southland should become a one-party state, to avoid the divisiveness and waste of resources associated with party-political competition, Southland's political system remained multi-party, if weighted in favour of the PDM. The PDM obtained a majority in the Parliamentary elections in 1976, 1981, 1986 and 1995. The election of 1995 was close-run with the PDM’s majority narrowing considerably.

The 2000 election saw a substantial reduction in the PDM’s support in rural areas, and the PDM ended up as the largest party in parliament (45 percent of the deputies), but without an overall majority. The PDF then negotiated with two opposition parties, the PP (which has been legalized in 1997) and the PA, to form a government. The SPL refused even to enter talks. In the event, the government found it impossible to reach an agreed economic and social programme with any opposition party. Potential coalition
partners insisted on changes which would have made it impossible for the government to negotiate new support from the IMF and World Bank or to successfully go through the HIPC process. Thus since 2000 the PDM has remained the governing party, supplying all of the ministers, but without a majority in parliament. To get legislation through parliament, the government has had to discuss all policy measures with the PA and the PP. The PA has been very unhappy about the status of support to small farmers, and has certainly slowed down the liberalization and privatization agenda.

PEP
Poverty Elimination Programme, established in 1993 by the Government of Southland as a social safety net during the economic policy reform process. Activities falling within the PEP so far have included food-for-work and cash-for-work schemes and free school meals. To date the programme has largely focused on urban areas as a safety net against the upheaval of industrial reform. The PEP administration worked closely with the FSB during the drought, proving to be capable of extending its support to rural areas. The GoS envisages that the PEP will expand as the reform process continues, to encompass the agriculture and food sectors and will include measures aimed at the rural poor.

PP
The Patriotic Party was formed in 1946, with close links to the monarchy and other elements of the traditional land-owning elite. The PP won 55 percent of the vote in the 1961 elections, and thus formed the majority in the coalition government formed at Independence in 1962. The PP was suppressed after the 1969 Revolution and legalized in 1997, although it has yet to win more than 4 seats in the parliament.

SCCIA
The Southland Chamber of Commerce, Industry and Agriculture was established in 1997. It has a national office as well as representation in each region and in some of the districts where it participates as an active observer in the District Development Council meetings. It has mainly an advocacy role and is politically close to the PDM.

SCC (South Corner Community)
A grouping of eight countries from the sub-region, created in 1990, which aims at creating an economic community. The SCC has launched a number of programmes over the years which aim at enhancing cooperation among countries in the field of agricultural research and sub-regional food security.

SCFA
The Southland Commercial Farmers’ Association was created in 1994. Its membership includes mainly medium and large commercial farms in zones NA1 and NA2. This association has had relatively strong links with the PDM. The Association has benefited from donor support and has organized numerous training programmes for farmers in improved technologies for the production and packaging of export commodities. The Association is also active in advocacy in favour adopting policies and measures favourable to commercial and export farmers.
SPL
The Southland Progressive League was formed in 1955 with a strong base in trade unions and among public sector workers. Although, in the years before Independence, the SPL worked with the PP and the PA in the nationalist coalition, the SPL was scornful of the PP economic policies, arguing for a much more active role for the state, for more aggressive measures to reduce foreign control in the economy, and for the introduction of a welfare state. The leaders of the military coup which initiated the 1968 Revolution were sympathetic to SPL positions, and some SPL leaders accepted ministerial positions in the military-led government of 1968 - 71. In 1971, the SPL formed the nucleus of the PDM, and, since 1971, many senior government figures have been individuals who began their public life as SPL activists. In the 2000 elections, the SPL won nearly 15 percent of the vote, standing as the “antiglobalization” party, and seeking support among younger urban voters. The SPL has a highly adversarial relationship with the PDM, and it certainly limited the PDM’s freedom of movement in attempting to liberalize the economy.

SODEVBANK
The Southland Development Bank. Reporting to the Treasury (otherwise known as the Ministry of Finance), the bank, founded in 1962, is capitalized by equity and loans subscribed by the government, and by the development banks affiliated to various external aid agencies. SODEVBANK makes equity and loan investments to national companies which are expanding productive capacity. The bank has an agricultural department, which is supposed to account for a minimum of a quarter of total investments. Heavy government influence means that over the last decade most investments have been directed towards poorly performing parastatals and, as such, returns on investments have been virtually non-existent. This is a great cause for concern to the government and it has been suggested in some government quarters that there be a portfolio sell-off by receivers to other investment houses within the country. Some lobbies, however, have argued that this could further aggravate the situation as relevant parties would not be subject to rules on lending. The question has also been raised concerning the type of investment institution which will be putting money into rural areas and the long term implications for the growth and development of the agri-food sector.

SODEVPLAN
Southland Development Plan. SODEVPLANs I, II & III are described in the section entitled "Chronological Summary of Economic Policy and Planning".

SOPECO
The Southland Peoples' Copper Company - the holding company which took over the assets of AMCOP and CONSOLCOP, nationalized following the 1969 revolution. SOPECO is a major employer and has set up considerable social infrastructure, most notably hospitals and schools near its major mines. Very little prospecting and new investment had taken place since the 1970s making the case for privatization very strong. Indeed, the government was receiving less revenue from the nationalized company than when it was in private hands. Environmental standards have slipped with water quality a particular worry due to substantial effluent discharge into local water courses and seepage into groundwater. However, efficiency below ground is good.
SOPECO has now partly been privatized under industrial sector adjustment. Donors have suggested that the technically optimal solution would be to sell mines off in groups encompassing both the more profitable and the less profitable plants. The GoS, however, is finding it more profitable to sell off the mines in smaller units, leaving a large proportion in the hands of the state. However, this 50-60 percent of holdings which would continue to be state-owned is largely unprofitable and would not attract investment. This has led to concerns about the ability to continue supporting and financing social infrastructure which has traditionally been the responsibility of the state-owned SOPECO and could constitute a grave problem for the country. Furthermore, the new private owners are not happy with the lack of continuity in electricity supply which is due in part to the advent of drought in 1994 but can mainly be attributed to wider problems in the water sector.

**SOSUCO**
The Southland Sugar Corporation. A corporation created in 1966 to develop the production of sugar cane, its milling and refining. Privatized in 1997. Since then, production of sugar has decreased, as the buyer of the corporation (a foreign firm) decided to close down a couple of old sugar factories located in lower potential areas.

**TEXTCO**
The Textile Company of Southland. Until 1993 TEXTCO was a public company which owned over 50 percent of domestic cotton spinning, ginning and weaving capacity. It also operated a marketing system for the procurement of cotton from peasant farmers. In 1993 a bill went through parliament stating that TEXTCO was to be split into its separate operations and sold off, with the idea that the different companies should now compete on an equal footing with other firms in the industry.

As it stands now, TEXTCO has been completely privatized, and the cotton sector is performing relatively satisfactorily with production increase observed regularly since 1995. The strategy of the new owners (a number of small national companies linked to some multinationals who purchase the produce) has been to facilitate the development of farmers’ groups to whom extension was provided along with inputs through contract farming arrangements.

TEXTCO has also launched a programme of field trials of multiple resistance cotton on farmers fields since 2002 and envisaging similar trials for multiple resistance maize that is cultivated in rotation with cotton. TEXTCO expects that if the trials are successful, production of cotton could be boosted by more than 25 percent with a considerable reduction of the cost of production and improved food security for the small farmers. Environmental and consumer groups have been complaining with the government arguing about likely negative the environmental and economic impact of using Genetically Modified Organisms (GMOs) in the country and they have asked the government to adopt an official stance on the GMO issue.
TOBACSO
The Tobacco Corporation of Southland was a parastatal company under the MAFNR, created in 1957 with a mandate to develop tobacco production in selected areas of peasant farming. TOBACSO used to provide farmers with extension advice, inputs on credit and marketing services. It was privatized in 1996 and bought by a multinational tobacco company. Since then, the aggregate production of tobacco has dropped significantly putting at risk activities of the tobacco sector. This drop in production resulted from a strong decrease of production of large farms, only partly compensated by the increase among small farmers which is mostly due to the development of contract farming and promotion of two dynamic cooperatives.

WRVA
The Wadu River Valley Authority. A parastatal created in 1938 to develop the hydroelectric and irrigated agriculture potential of the River Wadu watershed, which drains south from the plateau region through the dry southern littoral region. The WRVA has undertaken a series of major capital-intensive investments in dams, power plants and downstream irrigation schemes. Up to the time of Independence, finance for WRVA investments was mainly obtained through the sales of bonds on the local and international market. The dividends on these bonds were paid with the cash flow generated from the sale of electricity to the copper industry and, to a much lesser extent, the sale of water to the zonal irrigation management units (ZOIGMAs). From 1975, WRVA began to experience difficulty in obtaining CBoS clearance for remittance of dividends to external holders of its bonds, and thus found it impossible to raise further finance through sales of bonds in international markets. From the end of the 1970s, WRVA had increasing difficulty in obtaining its requirements for foreign exchange for current operations, and, consequently, the quantity and quality of its supply of power and water deteriorated, with adverse effects on agro-processing industry and irrigated agriculture. It also began to realize large financial losses on energy and water supply operations.

Since 1986 the WRVA has become increasingly de-linked from the world economy as access to external sources of finance - mainly the sale of bonds and loans from commercial banks - has been cut off. Furthermore, the loss of discipline associated with such forms of finance means that the WRVA is no longer acting in the interests of its bond-holders, managers are no longer concerned with performance but rather their ability to wheedle more loans out of the government. Key customers, namely SOPECO and the ZOIGMAs have been unable to pay full charges and there is now a big debt chain between all players. Partial privatization of SOPECO has meant that the company is now obliged to pay a realistic tariff on electricity usage which ought to go at least part of the way towards lifting the consistently flagging fortunes of the WRVA. However, the new owners have expressed anger at this in light of the lack of continuity in power-supply. There has been little progress in improving cost-recovery of water and pressure for increased private capital investment is escalating. However, in order to attract external funds, tariffs needed to be higher which was an extremely unpopular measure with current users. A particular worry for the government has been the potential loss of political support from this quarter. Nevertheless, the government has introduced a scheme whereby low and middle-income users receive electricity on meters operating from cards which are charged with a certain number of units of electricity and
purchased from so-called electricity shops. Simultaneously, tariffs for household use were increased, triggering mass protests in low-income areas, as had been feared. In response, the government again reduced tariffs, against the advice of the World Bank, which is pushing for the reinstatement of higher electricity charges.

ZOIGMA(s)
Zonal Irrigation Management Units. These are irrigation command areas created by investments downstream from the WRVA, which began in 1939. The WRVA perspective plan - first published in 1937 but updated a number of times since - calls for the creation of nine ZOIGMAs by the year 2005. However, by 2000, five ZOIGMAs had been created, and further investment had been frozen, due to the shortage of government funds and the unwillingness of international development agencies to commit funds in a turbulent economic climate. The first investment, ZOIGMA-DUDU was planned entirely as a settlement scheme for commercial farmers. Since Independence, a series of investments over 1963 to 1977 have created small-scale - peasant sized - units as well as further capacity for large scale production units. Of particular note is ZOIGMA-MISCO, created in 1966 in association with SOSUCO, on which sugar cane was grown on nucleus estates managed by SOSUCO and also purchased from small scale "outgrower" units, before the company was privatized.

At the grower level, farmers have become increasingly dissatisfied with the price they are receiving for sugar cane. Indeed, many farmers have been reducing the area under sugarcane benefiting from virtually free water and utilizing the water on their fruit and vegetable crop.

8 SOUTHLAND STATISTICAL DATA AND GRAPHS
See EASYPol Module 065: Southland: Statistical Data and Graphs.

9 READERS’ NOTES
The section provides advice, guidance and suggestions to trainers on how the exercise can be conducted.

The documentation provided in the Southland case study is designed for use in a group training exercise, either as a stand-alone session or as part of a longer training course on agricultural and rural development policy. It can also be used in the context of a distance-learning programme. The following notes apply first to a group training situation (Part A) and later to a distance-learning situation (Part B).
Part A
In a group training situation, the material of this case study can be used in a number of ways, depending on: the objectives of the training programme within which it is being used; time available; and the experience of the participants. Trainers are encouraged to develop an approach that fits their own needs, and the notes provided here are suggestions for that purpose. Where the exercise is being used in a specific country or region, it may be possible to eliminate some material that is inappropriate for the context, trying, however, to retain as far as possible, the complementarities of the various components of the case study.

As said earlier, the overall philosophy of this exercise is free flowing: "learning to swim by jumping into the swimming pool at the deep end". This is an accurate portrayal of the reality of many of the challenges that professionals face. Professionals have to deal with issues for which they do not have a profound theoretical and methodological training, and have neither time nor resources to acquire this expertise. An important skill for senior and middle-ranking professionals is to be able to get to grips with the essence of an emerging set of policy challenges without the benefit of deep re-training. Indeed, it is only when they have acquired a sound overview of the problem area that they are best placed to understand where expertise gaps exist for themselves and colleagues and how these gaps may be remedied cost-effectively.

There are two possible approaches to this exercise: one is to cast participants in a role-playing exercise as Members of a Secretariat tasked to facilitate the national discussion and consensus-building about the Rural Poverty Reduction and Agriculture Strategy. The other is to simply ask participants to exercise their own judgement in analysing the materials available, based on their own actual experience in their respective professions.

The exercise is designed for groups of about six to eight Members. If the group size exceeds eight, then the trainer may wish to consider splitting the group. Also, if the group size is less than six, then the trainer may have to undertake some re-thinking and combining of Members’ roles. Trainers are encouraged to be flexible and creative and to depart from the advised pattern where this is appropriate.

In the first approach, as is explained under the Terms of Reference for Participants, the Members are drawn from a range of professional and interest group backgrounds. The idea is that participants will collectively analyse and debate issues, but that each Member will bear in mind a particular set of interests and professional concerns.

Possible roles which may be assigned can be chosen from among the following: (1) senior member of National Ministry of Finance with responsibility for oversight of rural and agricultural expenditure; (2) senior policy analyst with the Ministry of Agriculture, Food and Natural Resources (to include irrigation); (3) senior policy analyst with the Ministry of Planning, with responsibility for dialogue with international organizations concerning economic development and poverty reduction; (4) a representative of a farmers’ organization (Southland Commercial Farmers’ Association or National Small Farmers’ Union); (5) a representative of national rural service-providing NGOs; (6) a representative of a consumer association; (7) a representative of the Chamber of Commerce, Industry and Agriculture; (8) a representative of one local government
authority; and (9) the chair of a policy studies institute which is known to be broadly sympathetic to the political opposition.

In the second approach, pre-determined roles will not be assigned, but participants will be asked to contribute to the analysis and the discussion to the best of their knowledge, drawing on their work experience.

In both cases, the time allowance for this exercise should ideally be four to five days on a full time basis, to include briefing and reporting. Possibly the work could be compressed in a shorter period if the trainees are already experienced, or the tasks are reduced. However, past experience suggests that the outcome of the exercise is more fruitful if participants have a minimum of four days to carry out the exercise.

Obviously, group work needs to be managed: tasks have to be assigned, discussions undertaken, consensus and points of disagreement recorded. Subgroups may be formed to study particular issues, tasked to report back to a larger group. A final report has to be compiled, edited and made internally consistent. Trainers will have to take a view as to how interventionist they wish to be in managing this process. In some cases, trainers may take the view that experience with the internal management of this kind of exercise is a useful additional training objective, in which case a “light” approach would be taken. At one extreme, a “light” approach would leave groups complete discretion to assign leadership roles, determine tasks and schedules. At the other end of the spectrum, trainers may sometimes judge it appropriate to take a “directive” approach, for example, by assigning roles and leadership responsibilities, and setting out a schedule of tasks to be completed. However, it would be better to avoid an excessive interventionist role by the trainers, as this would reduce the value of the exercise in terms of teamwork management and may inhibit free expression of views and proposals by individual group members.

One of the roles of the trainers is to guide participants through the review of Southland documents. If participants are experienced and well trained, it is best to let them go through the written material as it is presented, leaving them the choice of passing from a document to another in the way they see fit. This way, the benefit of the approximation to a real situation, which is given by the intended un-systematic way in which documents are provided, will be realized in full. If, on the other hand, participants are less experienced and risk easily to get lost, some help may be provided by giving indications on which documents they could read usefully first and which ones they could read later – or refer to when necessary. Also, in this latter case, trainers should follow more closely the work of individual groups, ready to clarify doubtful points or help the groups overcome positions of stall, which may hinder their possibility of completing the exercise in time.

The work of each group should be concluded with the preparation of a written report, which will be presented orally and discussed in a plenary session. Both written and oral presentations should be to a high professional standard, and where possible the latter should involve use of presentation software (PowerPoint or similar). It is very important that participants receive immediate feedback and discussion of their proposals. The context of the presentation will have to be adapted to the human resources available.
Ideally, the presentation should be to a panel of three very senior experts: say, the national official responsible for the PRSP, the top civil servant in the Ministry of Agriculture, Food and Natural Resources, and a representative of the Office of the President.

In a typical five-day session, work could be divided as follows:

- Half a day for:
  1. An introduction session, making a presentation of the mode of operation (objective, terms of reference, group work);
  2. Group formation, reading of the terms of reference and of the background note, and internal organization of the group (chair, rapporteur).

- One day for:
  1. Reading the material;
  2. Carrying out initial brainstorming discussions

- Half a day for:
  1. Identifying the main challenges and issues faced by the country;
  2. In case of a role-playing approach to the exercise:
     - Determining the objectives, interests and issues of each individual member as well as their position and identify possible alliances among members; and
  3. Assessing likely position of those stakeholders that are not part of the group but will be part of the stakeholder consultation during which the report prepared by the group will be discussed; Assigning responsibilities for the analysis of specific issues identified and formulation of proposals.

- One day for:
  1. Conducting analyses
  2. Proposing alternative ways to address issues and challenges identified;
  3. Negotiating in the group in order to reach a consensus on the content of the paper;
  4. Assigning drafting responsibilities.

- Half a day (optional) for the trainers to organize short briefing sessions to provide clarifications on inputs on some technical issues, if required by participants. These sessions can take place at any time during the first three days

- One day for:
  1. Drafting the report
  2. Nominating group rapporteur

- Half a day (or one day) for:
  1. Presenting the report and discussing it in the plenary session;
  2. A recapitulating lecture by the trainer or another qualified person who has followed the work of the groups
The discussion in the plenary, following the presentation by each group rapporteur, will be open to comments both by the representatives of the panel of experts (see above) and by members of the other working groups.

The recapitulating lecture will have the main purpose of clarifying points on which doubts or misinterpretations have arisen during the presentation of group reports, as well as providing solid theoretical backing in areas where groups have demonstrated some lack of knowledge or hesitations.

Finally, the Glossary is an important part of the training exercise, and represents a useful resource that participants can take away and refer to in subsequent professional work. In introducing the exercise, trainers should emphasize that the Glossary is a tool which participants will be expected to use frequently. In the final discussions, they should strive to be familiar with all the material covered in the Glossary. One of the purposes of the concluding session would indeed be to ensure that participants have a good understanding of all the relevant concepts covered in the Glossary.

**Part B**

If the Southland case study is used in the context of a distance-learning programme, individual trainees may:

a) Adopt self-determined criteria, i.e., go through the material as it is presented on the web-site, try to achieve a good understanding of the information provided, identify what they believe are the main challenges and select what they consider to be the best ways of addressing those challenges - or

b) Be guided through on-line instructions on the steps to be taken and, possibly, advised in the course of the exercise in cases where they face stumbling blocks that they are unable to overcome by themselves.

The choice of the approach to be taken will be made by the trainer(s) on the basis of the level of preparation and the experience of the participant(s) in the distance-learning programme.

In either case, participants should conclude their exercise with the preparation of a report along the lines indicated in the section entitled “Terms of Reference of the Report”. The report will be transmitted to the trainer(s), who will in turn provide feedback with comments and, if necessary, guidance on how to redraft the report itself.

In case several participants are involved at the same time in the distance-learning programme, groups of participants located in different places can be formed, and individuals of the same group will be encouraged to communicate on-line with each other and concur on the final text of the report to be transmitted to the trainer(s).

Several of the observations made in **Part A**, apply to the distance-learning exercise. Of course, some of them, e.g. those related to the timing of the exercise, panel discussion etc. would have to be modified in line with changed circumstances. It is however advisable, in case of several participants being involved at the same time in the case study, to establish a clear timetable and ask all participants to adhere to it.
Module metadata

1. **EASYPol module** 062

2. **Title in original language**
   - English: Southland
   - French: Southland
   - Spanish: Southland
   - Other language

3. **Subtitle in original language**
   - English: A Case Study-based Training Exercise in Policy Analysis for the Agriculture and Rural Sector
   - French: Un exercice basé sur une étude de cas de formation à l'analyse des politiques pour l'agriculture et le secteur rural
   - Spanish
   - Other language

4. **Summary**

   Southland is a case study relating to a hypothetical country from the South of the world. It contains a number of documents, which describe the social and economic conditions of the country, with special reference to agriculture, rural development and food security, and the way events have developed over time. They also refer to challenges the country is facing, and provide supporting information.

   Southland is a tool for group training. Trainees are put in a condition similar to that of officials or consultants. They have to identify the main issues and propose adequate policy measures so as to foster Southland agro-rural development in a way that is compatible with macroeconomic, social and environmental sustainability.

   The documents also include guidance on how the exercise can be conducted. Each group is expected to work independently and present the results of its analysis in a written report that will be presented and discussed in a plenary session.

   The Southland case study may also be used in the context of distance-learning programs.

5. **Date**
   - December 2005

6. **Author(s)**
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7. **Module type**
   - Thematic overview
   - Conceptual and technical materials
   - Analytical tools
   - Applied materials
   - Complementary resources

8. **Topic covered by the module**
   - Agriculture in the macroeconomic context
   - Agricultural and sub-sectoral policies
   - Agro-industry and food chain policies
   - Environment and sustainability
   - Institutional and organizational development
   - Investment planning and policies
   - Poverty and food security
   - Regional integration and international trade
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<th>9. Subtopics covered by the module</th>
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<td>Case study, Group training, Agricultural development, Food security, Macroeconomic policy, Agricultural policy, Rural development, Institutions, International organizations.</td>
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