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Gacitua-Mario, Estanislao and Nordang, Hakon and Wodon, Quentin

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CHAPTER 5

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Estanislao Gacitua-Mario, Hakon Nordang, and Quentin Wodon

This chapter provides an analysis of the modes of livelihood of Guinea-Bissau's population. The country is poor and highly dependent on agriculture and extractive activities such as fishing. Yet beyond such general statements, it is useful to describe in qualitative terms the main activities that take place both in rural areas at the regional level, and in urban areas through mostly informal employment. This is done on the basis of fieldwork carried out in the country in early 2005. In addition, the chapter provides a brief quantitative empirical analysis of the main income sources of households, and a more detailed analysis of two key sectors of the economy that could form the basis of a poverty reduction strategy: cashew nuts and fishing.

There is no doubt that most of the population in Guinea-Bissau is poor. Standards of living have been historically low, and the conflict that took place in 1998 had a very great negative impact on GDP per capita and thereby on poverty, as discussed in Chapter 2. As documented in the fourth chapter, 65.7 percent of the population was poor in 2002 and 21.6 percent were the extreme poor (Sylla 2004). These estimates of poverty are based on the 2002 ILAP survey conducted by the National Statistical Institute between March 2001 and April 2002, and a poverty line and extreme poverty line corresponding to $2 per person per day in purchasing parity terms.

It is feasible to dramatically reduce poverty in Guinea-Bissau. The country has a largely untapped potential for agriculture. It is endowed with fertile soils, abundant water, and a favorable climate. It is the sixth-largest producer of cashew nuts (6 percent of the world cashew production) after India, Vietnam, Brazil, the Ivory Coast, and Tanzania. Its weather is also favorable to the production of other cereals and a large variety of fruits. Agricultural production rests mainly on cashew nuts, rice and subsistence farming. In addition to some 90,000 traditional farm households in *tabancas,* there are 2,000 *ponteiros* that have access to important land concessions. The cashew nuts sector represents a growth opportunity that could directly benefit the poor, but a further expansion in the sector should be planned in such a way as not to increase food security risks because of a corresponding reduction in rice production.

The country also has large and valuable fish resources. Yet despite the vast fishery potential in Guinea-Bissau, only 10 percent of the fish caught annually are caught by domestic artisanal fishers. Indeed, fishing in Guinea-Bissau has traditionally been a marginal activity to complement agricultural activities. Fishing is, on average, practiced some 4–6 days a month, over 8–10 months, for a total of less than 50 days a year. According to the FAO Fishery Country Profile (2001; see also FAO and World Bank. 2002), in 1996 fishing was the main activity for only 18 percent of those engaged in fishing, while agriculture was the main activity for 78 percent. Still, the fishery sector provides about half of government's budgetary revenues though fishing license payments. Because many fishermen are poor, improving the performance of this sector should lead to poverty reduction.

Despite high rates of poverty throughout the country, it is also important to realize that all households are not equally poor. How well any given household is doing depends essentially on its sources of income and modes of livelihood. Building on previous work by Lourenço-Lindell (2002) and diagnostic reports on informal livelihoods published by INEP (INEP 1996, 2001; Cardoso and Imbali 1993), the main objective of this chapter is to analyze the sources of livelihoods in the country, and document how these sources differ between regions and to some extent between ethnic groups. For example, as mentioned above, the country is dependent on agriculture and extractive activities (mainly fishing). Yet beyond such general statements, in order to inform poverty reduction strategies, it is necessary to describe in more detail the main activities that take place in rural areas at the regional level. Similarly, it is useful to describe the strategies, mostly informal, that are used by the poor to make a living in urban areas. Finally, an important contribution of the chapter is to document some of the salient features of the cashew nuts and fishing sectors so as to identify opportunities for growth, and to assess whether such growth would likely be "pro-poor"—that is, whether the poor would benefit more proportionately from this growth than other groups of the population.

The chapter is structured as follows. In the first section, we provide qualitative insights into the strategies used by households for their livelihood in rural areas. This is done by location, with distinctions being made between the northern regions, the east, the south, and the island areas. Next, in the second section, we provide a similar analysis of livelihoods for urban areas, with a focus on Bissau where an overwhelming majority of the urban population lives. In the third section, after presenting simple statistics derived from a recent small-scale household survey in order to identify the key sources of income of households, we turn to a more detailed discussion of two key sectors for the poor: cashew nuts and fishing. A conclusion follows.

Livelihoods in Rural Areas

In Guinea-Bissau, rural livelihoods are characterized in large part by their dependence on the cashew and rice sectors, as well as subsistence agriculture. Rice remains the most widely grown staple crop in the country, although in the east and amongst the Fula and Mandinga, corn is the preferred staple crop. Crop diversification is the norm—dictated by the necessity to reduce risks in order to ensure food security. Cashews (including production and sale of cashew wine) have played a particularly important role for many households, providing an important source of income—as well as consumption if traded for rice—during parts of the dry season (April to July). Other sources of consumption and income come from the cultivation of peanuts, cassava, beans, and so forth. Horticulture (tomatoes, onions, and so forth), fruit production (mangos and bananas in particular), and exploration of forest products (wood, coal, straw, extraction of palm oil and wine, and so forth) are also pursued, partly as a complement to rice and corn for consumption purposes, but increasingly as a source of income as well. Some households breed chickens and hens, goats, and other small animals. While fishing has traditionally been considered a marginal activity undertaken during times of poor harvests and during the "hunger season," it is an important coping strategy for those communities based along the coast and rivers.

In the sector of Caió, in northern Guinea-Bissau, the main ethnic group is the Manjacos, who mainly live off agriculture, particularly cashew production. In addition to the Manjacos, the sector is also populated by migrating Fulas, Mandingas, Pepel, and Mauritanians. Among the male Fulas and the Mauritanians, the principal activity is small trade and commerce, while the Pepel that mainly occupy the coastal areas primarily engage in seasonal fishing during the dry season, many return to the region of Biombo during the rainy season to engage in agricultural activities. In terms of the gendered division of labor, men tend to be more involved in the clearing and planting of agricultural lands, while women—in addition to tending to the domestic chores—are more involved in the transportation and sale of crops. Women from the non-Islamic ethnic groups, much like in urban areas, are also more actively engaged in the sale and resale of foodstuffs.

In the east, where the Fula and Mandinga ethnic groups make up the majority of the population, the men tend to work on corn production in the highlands, while women tend to cultivate rice in the lowlands (*bolanhas*). While cotton was for many years the main cash-crop in the east, supported by large investments in the area by the parastatal SAGB (the Cotton Society of Guinea-Bissau), in recent years cotton plantations have been abandoned here also in favor of cashew cultivation. Households in the east also rely on livestock breeding (mainly cattle), though this is mainly used to ensure livelihood security rather than for consumption. Livestock serve as a particularly important source of collateral, which is used to invest in agricultural production, and in some cases also for the emigration of household members. For those households that engage in the latter, remittances also become an important source of income. The East, moreover, has for centuries been the center of the main trading route in Guinea-Bissau. The *lumos* there, especially in the city of Gabú, attract mobile trades from all of the countries in the subregion (Guinea-Bissau, Senegal, Gambia, and Guinea-Conakry, amongst others). The *lumos,* however, are most active during the dry season.

The east, and to some extent parts of the north, suffer from drought during the dry season, with negative consequences for food security in these regions. According to respondents in the focus groups of the areas surveyed, the droughts have become severe in recent years with diminishing and faltering rains. In addition to the impacts on food security, this has also led to increasing tensions and, at times, local conflicts over access to water and naturally irrigated lands, particularly between cattle breeders and agriculturalists. In search for watering holes for their cattle, many livestock breeders engage in transhumance across the eastern regions toward the north during the worst parts of the drought, and in the process often trespass on the lands of agriculturalists.

Households in the fertile south, despite the lack of access to services and infrastructure described earlier, are well endowed with natural resources, including fish, and therefore, in most cases, manage to avoid the food security dilemmas of the east. Indeed, the south is where a majority of the locally produced rice and food in Guinea-Bissau is cultivated. Lowland (*bolanha*) rice cultivation in paddy fields is the primary activity for most households, followed by the production of fruits—pineapples, bananas, and oranges—as well as explorations of forest products (extraction of palm oil and wine) and horticulture. Fishing, while rarely a primary activity for households, is a strategy often used to supplement consumption and incomes, which becomes particularly important in times of poor rice harvests and during the dry season. Women typically engage in the sale of fish and production of wine from honey. Among the Balante, women typically also engage in the production and sale of *congutu,* a snack made from rice and peanuts.

Given the poor road and transport conditions in the south, however, households and communities have a hard time marketing and selling their produce. Indeed, as a result of the relative isolation of many communities, the local economy is mainly based on bartering and exchange, with rice serving as a common currency. Unable to access markets, the communities are rarely compensated well for their produce. The constraints in accessing markets, and transforming and conserving their products, each year lead to the rotting and wastage of tons of products, particularly fruits and horticultural produce. Due to the geographical isolation, especially of these communities, many of the households aim for agricultural self-sufficiency. Due to the lack of electricity in most of Tabancas, transformation and conservation of the produce is scarce, making it difficult for most households to engage in much consumption-smoothing behavior.

In recent years, many of the households in the south have also been affected by the slow advance of saltwater into the rice fields in the lowlands (*bolanhas*). Lacking access to the credit needed to repair the dams in the paddy fields, many households have been forced to relocate to middle-lying areas. Other households cultivating in the highlands, have also—because of the increasing deforestation in the area and recent forest-protection initiatives—willingly or unwillingly been displaced toward the mid-lying areas. Some complain that they are currently unable to sustain their livelihoods in these areas given the different farming techniques and crops required to develop the areas.

In the islands, unlike on the mainland, fishing serves as a primary livelihood strategy. Nevertheless, households still pursue a mix of livelihood strategies, combining fishing with agricultural activities and the exploration of forest products. Fishing, extraction of palm oil and wine, and clearing and planting agricultural fields, are generally the main activities pursued by men. Women sell the fish, and produce horticultural products for consumption and cash. Young males also take part in fishing and extraction, as well as the sculpting of wood statues for the tourism industry, but in peri-urban areas may also occasionally provide casual labor for tourists and hotels in the area. For the most part, the tourism industry and commerce on the islands are dominated by foreigners, the former by the French, and the latter by mobile traders from neighboring countries. The latter also work in the artisanal fishing industry.

Note that while Guinea-Bissau is endowed with an abundance of fish and seafood, it currently lacks a regulatory framework and mechanisms monitor to supervise this valuable resource. As a result, there is a danger that the country—and particularly the communities in the archipelagos who rely on fishing—will suffer from overuse and fishing by foreign industrial fleets and artisanal fishers from the neighboring countries. The focus groups conducted in the villages surveyed on the islands reported that people's livelihood strategies have already been negatively affected by this.

Overall, perhaps the main constraints for the development of people's livelihood strategies were—in addition to the low level of access to basic services—the difficulty in marketing goods and the lack of transformation and conservation opportunities in the case of fishing. As a result, people have few incentives to work beyond what they need to feed themselves. The government has recently made some investments in developing the artisanal fishing industry on the islands (including by establishing a vocational school in the town of Bubaque), but so far these investments have had little impact on the livelihoods of the islanders.

Livelihoods in Urban Areas

Over the last 15 years there has been a strong growth of the urban population (5.1 percent per year). This rapid urbanization has been fueled in the recent past by a lack of employment opportunities in rural areas and the displacement caused by the war. Yet it also represents a long-term trend. From 1975 (at independence) to 2002, the urban population grew from 16 percent to 44 percent (FAO-CP 2004). Rural-urban migration has sped up over the last decade, concentrating the population in four main areas: Bissau-Biombo, Cacheu, Bafata-Bamdadinca, and Buba. The rapid urban growth has dramatically increased urban density and pressure over an almost inexistent urban infrastructure and public services (FAO-CP 2004 and UNDP 2001). Today most urban households are slum dwellers (World Bank 2001).[24]

Data from the small household survey implemented in 2005 for this study suggests that 70 percent of households had one or more members who migrated for less than a year, while 30 percent have someone that migrated on a permanent basis. Most short-term migrations (45 percent) are to Bissau, followed by other rural communities (28 percent) and other cities (13 percent). Permanent migration targeted other countries (35 percent), followed by Bissau (29 percent), other communities (27 percent), and other cities (9 percent).[25] Even though migration is likely to lead to higher incomes for migrants (as suggested in Chapter 4), both temporary and permanent migration has led to a large increase in the number of urban dwellers, many of whom are poor, live in slums, and organize their livelihoods around informal activities since the private sector—concentrated in agriculture, trade, and construction sectors—is rather small. The lack of a vibrant private sector is itself due in large part to political uncertainty, inadequate infrastructure, a small industrial base, lack of appropriate financial services, and limited local technical skills. All of these factors are contributing to high rates of poverty.

Thus, even though poverty on an aggregate level remains lower in urban than in rural areas, increasingly in Guinea-Bissau poverty and vulnerability are also becoming urban issues, with many urban households for parts of the year living on only one meal each day—a phenomenon referred to in Guinea-Bissau as *um tiro*—the "one shot." Moreover, there are indications that many urban dwellers may be more vulnerable to particular shocks than

24. SDStats, the Social Development Database, drawing on data from UN Habit (2003).

25. Prior studies by INEP suggest that there are some differences in the migratory behavior among ethnic groups. For example, Mandigas and Fulas would be more likely to migrate to foreign countries (Senegal, Gambia, and France), while Manjacos and Mandingas would tend to move more to the regional capital or Bissau.

rural populations, because they cannot survive in subsistence agriculture. The country has experienced an extensive process of informalization, particularly when it comes to the livelihood strategies available to the urban poor. According to results from the 2005 IPSA survey, more than 90 percent of the urban families in urban areas live essentially from activities in the informal sector (*fazer bida,* "making a living"), or of a mix of informal and formal (mainly public sector) activities.

Despite higher incomes than in rural areas, many urban households lack assets (including access to kinship and social networks, and to land), which constrains their ability to cope with unexpected stress and uncertainty. There are multiple causes contributing to this situation, including high levels of unemployment, low wages, non-payment of salaries, and poor access to basic social services and infrastructures. In fact, independent of their place of residence (rural, urban, or peri-urban), most families cannot survive with one income source, making the most common feature of livelihoods the diversification of strategies to make ends meet. A string of activities by various household members is thus required. The survival of families is guaranteed by a combination of several income-generating activities (formal and informal).

Trade and commerce, most of which is informal, play a dominant role among income-earning activities in urban areas. Women have historically played an important role as traders. Indeed, women's role as traders goes back to precolonial times, and, for Bissau, have been particularly pivotal in ensuring the regular supply of fresh foods. Small garden agriculture practiced by women is a very important activity at the urban level (existing estimates by UNDP suggest that more than 2,000 plots were identified in the green belt of the city of Bissau). The principal products are vegetables that are sold in local markets for internal consumption. Among urban households, some 30 percent practice small garden agriculture, which during the dry season covers 70 to 80 percent of the demand for fresh vegetables (up to 60 percent in the rainy season).

Trading women are often called *bideiras,* and many of them come from the coastal ethnic groups (Manjaco, Mancanha, Pepel). They mainly trade in foodstuffs, such as locally produced vegetables, fruits, alcoholic drinks (such as cashew wine), roasted groundnuts, and fish. As already mentioned, many also cultivate small horticultural plots for consumption and income. In Bissau, where the land traditionally belongs to the Pepel ethnic group, this often occurs on land that is either borrowed or rented during the dry season, when the land is not being used for rice cultivation. As many of the local products are seasonal, however, sellers often need to complement these activities by engaging in other strategies when these products are out of season, such as the collection and sale of firewood and coal. Many women also engage in the provision of personal services, including doing domestic work for others, dressmaking, and weaving.

The participation of women in market activities intensified following the process of market liberalization that was initiated in the mid-1980s. This may have resulted from an attempt to compensate for households' declining incomes throughout this period as well as women's increasing expenses as the state retreated from the delivery of social services (Lourenço-Lindell 2002). As found in the urban focus groups carried out for this study, women, have in some cases become the main breadwinners in the household—which according to some men have made women the de facto heads of the household (INEP 2005). This is also to some extent supported by the 2002 household survey data, which suggest that female heads of household tend to be better off than male heads of household. According to INEP, this is increasingly leading to a profound transformation of the notion of the family, particularly in the urban areas of Guinea-Bissau. This inversion of gender roles, they suggest, is on the one hand leading to an increasing independence and autonomy for some women within the household, but on the other hand has led to situations of instability within the family, sometimes resulting in separation and divorce, putting a further strain on households' capacity to cope. This latter point corresponds with the findings from the 2002 Light Household Survey (INEC 2002) that will be discussed in the next section, and that suggests that divorced or widowed heads of household are generally worse off. Nevertheless, while potentially better off than men, women are often more vulnerable given that they are the ones that are responsible for most family expenses, such as clothing, education, and health expenses.

For urban men, casual work (*surne*) is increasingly the main activity and livelihood strategy as formal wage opportunities become limited. Most urban men indicate that they are "on call"—waiting for temporary jobs, typically in construction (including bricklaying), loading work (often at the dock), and transportation (taxis, private buses). While the particular activities pursued depend on the location (neighborhood), ethnic group, and skills of the individuals, most of the men end up unemployed and peddling in the streets. The situation has worsened over the last decade, as the number of informal wage-seekers and operators in urban areas has been swelled by an exodus of youth from rural areas in search of a better life. Even children are increasingly turning to the informal sector to assist households in making ends meet. Cardoso and Imbali (1993) document a rise in the level of street children in Bissau.

Some, mainly men, have jobs in the formal sector, mostly as teachers or health workers. Other low-wage public sector employees include members of the military or police. A majority of these, however, aim to complement low and irregular payment of salaries by also turning to the informal sector, and often juggle multiple activities to ensure their livelihoods. Some men, particularly those drawn from the eastern ethnic groups (Fula, Mandinga, and so forth) also play a historically important role as traders, reflecting long indigenous trade traditions in Guinea-Bissau and the broader subregion. These workers, who go by the name of *djilas,* are mobile traders who tend to concentrate in the trade of imported foodstuffs and rice, and who in recent years have become dominant in Bissau. In urban settings, these men have recently also been joined by women also drawn from the eastern groups. Together with the *bideiras,* the *djilas* are part of "a marketing system [. . .] in which traders are linked by shifting and flexible ties into a decentralized and unbounded network that connects markets located in different areas" (Lourenço-Lindell 2002:76). These markets include *lumos,* so-called weekly and rotating markets spread around the country. Some of these traders may be considered formal in that they are registered and hold trade licenses, but because of their constant geographical mobility and the relatively small size of their enterprises, most of them easily escape registration and the various taxes and regulations of the state.[26]

26. While some of these do pay a daily fee to the municipal council, and are therefore supposedly "registered" and, hence, "formal" traders, according to a survey conducted by Lourenço-Lindell (2002: 74), most of the ones that rely on these strategies for their livelihoods do not. In any case, for all intents and purposes, even those that do pay the daily fee were involved in activities that could otherwise be described as "informal"—activities where participants lacked a written work contract, if employed, and which offered highly irregular incomes.

In recent years, particularly after the war, there has been an increasingly visible presence in Bissau (especially in the large Bandim market) of merchants and traders from neighboring countries and others in the subregion (particularly Senegal, Mali, Guinea-Conakry, Mauritania, and Nigeria), though their presence is also noted in other regions primarily along the ancient trade routes through the eastern provinces of the country. While some of these traders have been able to build prosperous trade careers, often through engaging in vertical business networks headed by import/export firms, a large share of those households that rely on trading and commerce as a primary livelihood strategy seem confined today in low-income activities. Many indeed live from hand to mouth, and are barely surviving.

In peri-urban areas outside of the Bissau metropolitan area, as well as in primary and secondary towns in the regions (where the regional and sector state administrations are based), livelihoods are further intertwined with rural/agricultural activities. Indeed, in the peri-urban town of Bubaque, on the island of the same name, most households engage in fishing and exploitation of forest resources (palm oil and wine). Public employment is scarce, and only a small minority engages in wage-labor in the small tourism industry on the island. Hence, the main difference between the livelihood strategies of poor households in peri-urban areas and rural households would be that some of these households are getting part of their income from household members working in the formal wage sector. Nevertheless, the overwhelming majority of the peri-urban population lives off agriculture as in any Tabanca in the rural areas. What characterizes both those households that live primarily off agricultural activities and those that rely on income flows from public work or services, is that neither make enough from any one activity to guarantee their survival. Therefore, most households are forced to pursue several income and consumption streams from several different household members to ensure their livelihoods throughout the year.

Income Sources, Cashew Nuts, and Fishing

Income Sources of Households

So far, we have focused on an analysis of modes of livelihood in rural and urban areas today. In the future, high and sustained growth rates will be needed in order to reduce poverty. The key for the poor to benefit from future growth will be that this growth takes place in large part in the areas where they are most involved, which includes cashew nut production and fishing. We now turn to these two sectors to analyze their strengths and weaknesses. However, before doing so, it is useful to provide empirical data on key sources of income for the poor to show that, indeed, the poor would stand to benefit from growth in these two sectors. Table 5.1 is derived from the 2005 small-scale IPSA survey that was carried out for this study. The table provides data on the main sources of income per population tercile. Each of the three terciles represents a third of the households interviewed in the survey; we used terciles instead of quintiles because of the limited sample size. Because the data does not include a consumption module, we used an assets index instead to rank households by level of well-being. Thus the first tercile can be interpreted as representing the households who have the lowest level of wealth in the survey, while the third tercile accounts for the wealthiest households.

Clearly, and as expected, agriculture-related activities are the main source of income for a majority of the population, especially in rural areas, and in the bottom third of the population. For three out of four households belonging to the first tercile, agriculture is the main activity, and for another 19 percent, it is the second-most-important activity. The share of households declaring that fishing is their first activity is much lower. However, when looking at secondary activities, fishing is clearly important, especially among the poorer segments of the population. In contrast, wages and trade activities are more prevalent among wealthier households. Thus, since the poor are mostly involved in agriculture (including cashew nut production) and in fishing activities, they stand to benefit substantially from growth in these sectors, provided that mechanisms ensure that the poor get their fair share of the revenues generated by these sectors (for example, producers should receive a fair share of the export price for cashew nuts).

In what follows, we look at key characteristics of the cashew nut and fishing sectors in order to shed light on opportunities and risks in both sectors. Given that a separate analysis of cashew policies is available in Chapter 6, we only provide here a brief discussion of key risks in the sector because of its interaction with rice production. Our discussion of the fishing sector is more extensive, since it is not covered elsewhere in this book.

The Cashew Sector

It is argued in Chapter 6 that the cashew sector is a key potential source of growth for Guinea-Bissau, and that this could yield significant benefits for the poor. A recent study requested under the World Bank's Private Sector Rehabilitation and Development Project and conducted by Jaeger and Lynn (2004) provides a very good overview of the sector. The study notes that with production rising to 83,000 tons, cashew nuts now represent more than 90 percent of the country's exports. However, the Guinea-Bissau cashew sector has so far failed to move beyond commodity production. There is neither a positioning in the market nor any added value to the crop. If the country were able to move up the value chain in production by processing cashew nuts instead of simply exporting raw cashews, this could generate significant growth, with potentially large benefits and less vulnerability for the poor (see Table 5.1).

At the same time, the monoculture of raw cashews also poses a threat to long-term development and food security because of the negative impact that cashew production has had on the rice sector. Although rice is the main staple food in the country, its farming has sharply declined in favor of cashews over the past three decades. As a result the country relied heavily on rice imports to meet the domestic demand for cereal. The gap filled by rice imports represents about 25 percent of the trade balance. Bringing rice production up to pre-independence levels would require the introduction of high-yield rice seeds, and the rehabilitation of rural roads.

The rice deficit has been filled by barter transactions of rice and raw cashew nuts starting in 1984. In recent years more cash has been entering the value chain of cashew production, but the cashew-rice nexus and barter system still persists. This is particularly dominant during the early stages of the cashew season, which is the most acute part of the dry season. Today between 50 percent and 70 percent of all imported rice is likely to be used for bartering purposes. While there are upsides to the bartering system, in that it helps address the primary needs—access to rice—of households particularly in the early parts of the cashew harvest season, it often means that money is not entering the value chain at this level, and partly as a result often small farmers do not get to benefit from the potential value of the

Table 5.1 Main Sources of Income for Households by Tercile, 2005

	Tercile			Area		
	1 (poorest)	2	3 (richest)	Urban	Rural	Total
First source of income (%)						
Agriculture	73.38	61.94	24.11	29.01	68.5	55.06
Livestock	0.00	0.00	0.89	0.76	0.00	0.26
Small animals	1.44	0.00	0.00	0.00	0.79	0.52
Fishing	3.6	1.49	2.68	3.05	2.36	2.6
Extraction activities	4.32	3.73	0.89	1.53	3.94	3.12
Wages	2.16	7.46	25.89	24.43	3.94	10.91
Seasonal work	2.88	6.72	4.46	3.82	5.12	4.68
Formal employment	1.44	2.99	3.57	4.58	1.57	2.6
Petty trade	2.88	5.22	13.39	13.74	3.15	6.75
Trade	1.44	2.24	8.04	5.34	2.76	3.64
Leasing *(aluguel)*	0.00	0.00	1.79	1.53	0.00	0.52
Remittances	0.00	0.75	0.89	0.76	0.39	0.52
Spiritual services (*Murundade*)	2.16	1.49	0.00	0.76	1.57	1.30
Others	4.32	5.97	13.39	10.69	5.91	7.53
All sources of income	100	100	100	100	100	100
Second source of income (%)						
Agriculture	19.10	16.25	25.93	23.33	18.75	20.40
Livestock	7.87	5.00	3.70	4.44	6.25	5.60
Small animals	1.12	3.75	1.23	0.00	3.13	2.00
Fishing	20.22	7.50	4.94	2.22	16.25	11.20
Extraction activities	12.36	13.75	2.47	5.56	11.88	9.60
Wages	3.37	3.75	8.64	8.89	3.13	5.20
Seasonal work	7.87	8.75	2.47	4.44	7.50	6.40
Formal employment	3.37	3.75	4.94	5.56	3.13	4.00
Petty trade	16.85	17.50	28.4	26.67	17.50	20.80
Trade	3.37	7.50	2.47	2.22	5.63	4.40
Alugel	2.25	0.00	0.00	1.11	0.63	0.80
Pension	0.00	0.00	3.70	3.33	0.00	1.20
Remittances	0.00	6.25	3.70	2.22	3.75	3.20
Transport work	1.12	0.00	0.00	0.00	0.63	0.40
Spiritual services (*murundade*)	1.12	1.25	0.00	1.11	0.63	0.80
Others	0.00	5.00	7.41	8.89	1.25	4.00
All income sources	100	100	100	100	100	100

Source: Authors' estimation from 2005 IPSA survey.

cashew that they produce. There is evidence that in the early stages of the cashew season (March–May), a larger share of the exchanges at the farm gate is through bartering. Despite a fixed price for cashews (250 CFAF/kg) in principle, producers during the early stages of the harvest frequently accept terms of trade at the ratio of 1:1 (in terms of bags of rice/cashew) or if cash is used at prices as low as 100 CFAF/kg. From June onwards, more cash is entering the cashew trade, and at times prices as high as 350 CFAF/kg can be found. It is likely that poorer producers benefit from such price variations.

There have also been developments in the value chain itself with a higher role played by Indian firms. Some historical background may help to explain these changes. During the colonial era, Guinea-Bissau used to be at an aggregate level self-sufficient in terms of rice production, and was toward the end a net exporter of rice. The production of rice has steadily declined since then, with potentially great implications for food security. Small farmers have shifted or diversified their livelihoods by cultivating products that could be sold for cash or traded for imported rice.

In the early 1980s, responding to a continuous fall in world prices for groundnuts, a new cash crop—cashew nuts—began to be exported by the state trade enterprises that were later joined by private operators. Export volumes increased rapidly. A majority of cashews are today supplied by small producers, who exchange them with traders and intermediaries for imported rice (early in the cashew season) or cash (later in the cashew season). These traders and intermediaries are connected to import/export firms who import rice to be bartered at the farm gate and export raw cashew nuts to other countries, particularly India, for processing. These firms tend to benefit greatly from the substantial differences in the value of the two products on international markets.

Initially, the shift away from rice production toward cashew cultivation provided an opportunity for rice-producing populations to reduce food insecurity. The switch also reduced the overall labor burden. The move toward flexible exchange rates, as well as further liberalization of the economy, brought about favorable export conditions and a multiplication of actors in the market. Yet although these growing exports may have positively impacted macroeconomic indicators, the cashew rice economy has discouraged rice production in the country and has acted to accentuate dependency on food imports. The close connection between the two commodities has led to a disinterest in importing rice outside the cashew season. The population, particularly the urban population, which tends to be dependent on rice imports, has had to put up with sharp fluctuations in the availability of rice and rice prices. In addition, interviews conducted for this study suggest that while conditions generally improved for all involved in the cashew trade, the civil war in 1998 and the instability that followed worsened conditions in rural areas. Many of the initial actors in the market, particularly traders and import/export firms, were forced to drop out of the market. As a result a relatively monopsonistic market ensued, where the conditions for cashew producers for trading rice and cashew seem to have worsened.

The situation has recently become more complex through the enhanced role played in this cashew-rice value chain by Indian cashew processing companies. Especially since the war, the banking and financial sector in Guinea-Bissau has collapsed, with the result that most private businesses have had to look outside of the country for access to capital and funds (more established firms, however, may still get access to capital). Very often the only actors willing to provide funds to these import/export firms have been the Indian processing companies. Being both semi-monopsonistic buyers of cashews as well as the "lenders of last resort," these Indian firms are able to set very strict financing terms. Hard data are difficult to come by, but according to Badji, former minister of agriculture (interview of December 14, 2004), Indian firms get to buy cashew at prices well below the world market price. He estimated that producers in the past may have received about 20–30 percent of the full export value of cashew at the farm gate, with 20–25 percent going to intermediaries, and 40–60 percent going to import/export companies. Of this latter figure, Badji estimated that Indian companies received about 70 percent of the import/export companies' share, in return for providing financing. To compensate for this, he claimed, the actors at the lower end of the value chain have become increasingly squeezed, to the detriment of small producers.

As discussed in Chapter 6, and as argued in more detail by Jaeger and Lynn (2004), Guinea-Bissau could potentially have a sizeable processing industry that would create thousands of jobs and earn a great deal of value added that is currently lost by not processing raw cashew. The development of the cashew processing industry depends on the ability to attract investment, most of which will have to come from outside the country. Yet it will also be important to avoid the risk of an excessive dependency of rural and urban households on cashew production (the latter through rice-cashew bartering). In addition to the very real risk relating to fluctuations in the price of cashews on the world market, people's well-being and livelihoods are also highly dependent on environmental and climactic variables related to the production of cashews. Recent news of a fungal disease having infected cashews grown in Guinea-Bissau, for example, could prove to have a devastating impact on the livelihoods of small farmers. Moreover, soil fertility is declining, partly as a result of the monocropping of cashews, which also reduces returns to small farmers over the long run.

The Fishing Sector

The fishing sector in Guinea-Bissau is underdeveloped. Despite this, fishing serves as an important livelihood and particularly a coping strategy for most coastal/river villages. Moreover, according to the ministry of fisheries, revenues collected from (offshore) fishing licenses to a range of large, mainly industrialized countries (European Union, China, Italy, Japan) currently contributes about half, if not more, of government revenues (existing data refer to estimations of 40 percent of government revenues, but in the last three years actual contributions have been higher). The fishing sector, hence, provides a good entry point to address the interplay between government policy at the macro level (for example, what role is played by different actors—private sector, license-holders, including donors, other government ministries, and so forth), as well as implications for livelihoods at the microlevel. Given the heavy reliance on offshore fishing licenses, this discussion also introduces questions of transparency of government revenue flows (where does the money go?), as well as mechanisms of financial and public accountability that are of great importance in countries that are highly dependent on natural resources. While it is beyond the scope of the present chapter to discuss all these issues, we can nevertheless outline the key economic opportunities that fishing could represent for poverty reduction and growth.

Foreign fishers, operating both artisanal and industrial fishing vessels, have historically caught most of the fish in Guinea-Bissau, and continue to do so. Although open to the sea, Guinea-Bissau is essentially an agricultural country, in which traditional farmers in coastal areas merely supplement incomes and consumption, especially in the dry season and difficult years, by fishing for subsistence. There is little tradition or culture of involvement in marine fisheries as exists in Senegal or Ghana. While artisanal fishing in Guinea-Bissau, by being limited to areas close to the coast, the islands, and the rivers, should in theory face little direct competition from industrial and foreign fishing, in practice foreign artisanal and industrial fishermen fish within the zones reserved for local artisanal fisheries.

Artisanal fisheries are concentrated along the coast, islands, and rivers, and the mullets and ethmaloses found here constitute roughly 80 percent of the artisanal catch. A majority of this catch is taken during two periods of the year, from April to May (also coinciding with the dry/hungry season) and from October to December. Currently about 3,500 artisanal fishers are reported to be operating in the country, of which at least half are from Senegal and Guinea-Conakry. Their number may have been almost halved since the war, when it is thought that many of the foreign artisanal fishers abandoned Guinea-Bissau. Yet most of the artisanal catch is still taken by foreign artisanal fishers and likely transported to neighboring countries. Only about 10 percent or so is reported to be taken by domestic fishers.

This small proportion is attributed to the fact that fishing in Guinea-Bissau has traditionally been a marginal activity—mainly to complement agricultural activities, or as a coping strategy—practiced some 4–6 days a month, over 8–10 months, for a total of less than 50 days a year. According to data from the FAO, in 1996 fishing was the main activity of approximately 18 percent of the total numbers of fishers while agriculture occupied 78 percent. These fishers typically use small, traditional canoes, and hand lines or small gillnets.

A second reason for the small share of the artisanal catch accounted for by nationals is that declining catches in Senegal, Guinea-Conakry, and Ghana have caused a substantial migration of fishers from these countries into Guinea-Bissau waters. The net benefits for Guinea-Bissau from this migration are likely to be modest and even probably negative—these fishermen sell most of their catch back to their own countries, and pay nominal license fees or fish illegally—while the costs, in terms of additional fishing efforts on already heavily exploited stocks, may well be substantial. As a result, although foreign fishermen have been fishing in local waters for decades, reports of clashes between local and foreign artisanal fishers appear to be increasing.

While domestic artisanal fisheries are small, the share of added gross production value is far higher in artisanal fisheries (75–90 percent) than in industrial fisheries (35–50 percent), and local processing and marketing create additional value. Artisanal fisheries also support service industries (boat building, processing, and transport). Nevertheless, the local market for fish in Guinea-Bissau is not well developed yet and prices are generally low; virtually no export-oriented processing and marketing facilities exist that could offer higher prices, as exist in Senegal. Local demand for high-value fish is limited as purchasing power is declining. Few incentives exist for foreign fishers to land fish locally.

Despite these constraints, artisanal fishing holds promise and the government is giving high priority to the development of local artisanal fisheries, emphasizing the employment creating potential and the potential of local value added that could be generated by domestic small-scale fisheries. The IUCN has supported a highly successful project based on comanagement in Buba (local microprojects, credit systems, low-cost bioecological and socioeconomic monitoring system). The World Bank/GEF is also launching a project to improve the protection of local marine parks and development of artisanal fisheries. The African Development Bank has also approved a project that includes a component in support of small-scale fisheries.

As for industrial fishing, the fleet is authorized to fish anywhere in the country's Exclusive Economic Zone (EEZ) at least 12 miles off the coast; artisanal fisheries have exclusive rights within the 12-mile zone. In 2000, 60 percent of the legal fishing fleet constituted chartered vessels, 17.5 percent from the European Union, and 7.5 percent from China. Since then, the chartered fleet has declined dramatically from 85 in 2000, to 57 in 2001, to 4 in 2002, as license fees have increased four-fold (to 140,000 CFA/GRT). The number of licensed vessels has increased recently however, and given the almost complete lack of surveillance and enforcement, it is doubtful that all formerly licensed chartered vessels have left the country's waters.

Some 80 percent of the so-called local industrial fleet (apparently many foreign companies have made deals with local companies to fish under the Guinea-Bissau flag) and foreign licensed vessels land their catches in Dakar; a much smaller percentage in Abidjan and Las Palmas. Fish landings of foreign industrial vessels in Bissau are still rare, and mostly limited to those of Chinese vessels. In fact, demand for and prices of fish in Guinea-Bissau are low in comparison to Senegal in part because of a lack of fish processing capacity and because of price policies that depress prices for some industrially caught species in the local market. In addition, poor sector services, red tape and corruption, and the absence of a standard quality control system that satisfies major importer markets undermine efforts to bring fishing onshore in Guinea-Bissau.

As already mentioned, surveillance and monitoring systems are lacking. While most licensing agreements put upper limits on the total tonnage of the vessels that are allowed to operate under the agreements, they do not in any way define how catches can be effectively monitored and transshipments controlled. Guinea-Bissau thus currently has in effect no way to determine the volume and value of the fish caught in its waters, and has no economic basis to assess the fair value of fishing licenses. A new licensing agreement with the European Union under a partnership approach includes more emphasis on mechanisms for monitoring and surveillance, but the EU remains the only license holder that has agreed to help with monitoring efforts.

Overall, the majority of the current domestic returns from the sector are derived from the sale of fishing licenses and compensation payments from foreign agreements, particularly that with the European Union. While exports of frozen fish and shrimp were once a significant part of the economy (roughly 17 percent of total exports in 1987), they now constitute less than 1 percent of total exports. In 2002, estimated revenue from these compensation payments and fishing licenses amounted to about $19.7 million, but the potential of the sector for the economy, and for the poor who would participate in the expansion of artisanal fisheries, is much larger.

As for the sector's employment level, it is difficult to assess because many fishermen fish only part time, often not more than a couple of days a month. While over 7,000 people are officially registered as industrial fishers and deckhands, less than 400 actually work at any one time. One estimate of sector employment suggests that some 15,000 people are involved in the sector: 2,100 fishers and some 13,000 people in ancillary services and industries. This figure, however, is probably too high and may include employment that no longer exists in local processing plants and service facilities that have shut down.

Overall, the fisheries sector can have a potentially large impact on future growth and poverty reduction in Guinea-Bissau. To maximize this potential, efforts are needed in three areas. First, given the high importance of fishing to public finances, enhanced governance of the sector—including through improved monitoring, control and supervision of fishing activities, but also extending to enhanced transparency and accountability of the collection and use of fishing revenues—may be required to ensure the productive use of fishing resources in increasing growth and combating poverty. Second, the artisanal fishing sector needs to be further developed to enhance the returns to fishing for coastal and river communities. Onshore fishing resources remain largely underexploited. However, partly because of cultural reasons, but more importantly as a result of low incentives, coastal communities mainly pursue fishing to complement other livelihood strategies, or as a coping strategy during times of droughts and bad harvests. Finally, to enhance the domestic benefits of industrial fishing, there is a need to improve the investment climate to bring industrial activities onshore. This would help the poor indirectly through increased economic growth, but also directly through enhanced employment opportunities for the substantial potential pool of capable people that could work in the sector.

Conclusion

In order to reduce poverty, what matters is growth in the sectors where the poor make a living. Hence it must be recognized that the livelihood strategies of the rural poor differ across regions and are influenced by the social characteristics of households and their members. The main objective of this chapter is to present a qualitative analysis of livelihoods in Guinea-Bissau. The analysis suggests that markers of social diversity in Guinea-Bissau—particularly in the form of ethnicity, gender, religion, and age—seem to interact in structured ways with the livelihood options and strategies chosen by different households. The differences are key to understanding economic and productive activities, as well as to the potential success of policy interventions aimed at enhancing the livelihood bases of the majority of Guineans.

Trading and commercial activities, for example, tend to be conducted by males from the ethnic groups typical in the eastern provinces of the country, mainly Fula and Mandinga ethnic groups. Women from the coastal groups, such as the Manjaco, Mancanha, and Pepel ethnic groups, have also historically been important traders, particularly of foodstuffs. There is also some division as regards agricultural cultivation, with the coastal groups—and particularly the Balante—cultivating rice mainly in lowlands, paddy fields, whereas the Fula and Mandinga tend to specialize more in the cultivation of corn in the highlands. While these relationships between identity and livelihoods seem to be true at a general level, there are always spaces and options for reinterpretation, particularly in more ethnically and religiously mixed areas, such as urban and peri-urban spaces, as well as in times of stress and coping, which have been typical in recent years.

Across the country, living conditions are especially difficult for rural households, who face a range of constraints in improving their livelihoods. Agricultural activities are mainly nonmechanized and rely in most areas on manual labor only (the use of animals for traction and plowing is more common only in the eastern part of the country). Many households, furthermore, lack basic tools and implements, such as plows and rice husking tools. Access to markets, credit, and inputs (such as seeds and fertilizers) is low across the country, something which is exacerbated by the devastated transport and energy infrastructure, the limited activities of the private sector particularly in rural and remote areas, as well as a retreating and reduced state with limited capacity and resources to provide agricultural extension services to the rural poor. Given many of these constraints, it is not surprising that households participating in the focus groups that were implemented for this study reported the low value of local products and the inherent difficulties related to reaping the benefits of their production. The lack of certainty that results from this leads to low and suboptimal investments, in addition, of course, to subsistence-level harvests and consumption. While a lot of these constraints and obstacles could be overcome with a minimal level of investment, a lot of these investments presume a present and capable state, as well as a functioning and vibrant private sector. In the current context, however, the vacuum left by the state, particularly in rural regions, has left the provision of most basic services to traditional and informal authorities and organizations.

Guinea-Bissau has many natural resources with a lot of potential, particularly in agriculture and farming (including cashews), forest exploration, and fishing. Indeed, the primary sector constitutes the backbone of the economy, providing more than half of GDP, accounting for about 80 percent of the country's labor force, and more than 90 percent of current exports (mainly cashew). On the fiscal side, revenues from fish licenses alone ensure about half of the government's annual budget. Yet for the primary sector to ensure food safety and create new jobs, policymakers would need to adopt a coherent development strategy in the context of PRSP, which would aim at rehabilitating and encouraging rice production, diversifying agricultural production, promoting the processing of raw cashew into exportable cashew kernels, and developing the fishing sector. Such a strategy would also help in urban areas, which is important at this moment as the government is readying to implement major civil service and security sector reforms. These reforms would revive the private sector and contribute to create new jobs to absorb part of the labor force to be discharged from the public payroll.

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