



Working Group Exercise: A Functional Analysis of the Ministry of Agriculture in Bungo

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Summary So Far

- ◆ Institutions are the “rules of the game” which govern the patterns of interaction among the different actors in a given action arena, both between and within organizations.
- ◆ The choice of a mechanism – markets, hierarchies, or collective action – and organizations to coordinate the provision of a good or service depends upon the nature of the good or service in question.
- ◆ The effectiveness of any one of these mechanisms, as well as decentralization and co-production, also depends on having good institutions (rules).

What is a Functional Analysis:

- ◆ A functional analysis is:
 - One type of institutional analysis
 - That relates specifically to an existing organization (as opposed to a sector, subsector, or market, etc.)
- ◆ Which addresses the following questions:
 - What functions should the organization perform?
 - How should the organization perform these functions?

Bungo: Initial situation

- ◆ In 2013, the Ministry of Agriculture in Bungo performed 336 functions. These included:
 - Setting agricultural prices;
 - Provision of improved agricultural inputs;
 - Collection, transportation, processing, storage, and sale of agricultural commodities.
- ◆ Attempting to performing all these functions led to:
 - Poor management of the agricultural sector,
 - Poor quality of public services in the sector, and
 - Poor performance of the sector.
- ◆ The Ministry had simply spread itself too thin, and had handicapped the private sector in the process.

Bungo: The reform process

1 **Reassessment:**

- Revisited the mission and the goals of the Ministry

2 **Rationalization:**

- Decided which of the existing 336 functions to retain within the public sector, which to transfer to the private sector or civil society, and which to co-produce (with the private sector and/or civil society)

3 **Reorganization:**

- Determined the best organizational structure to perform the remaining public sector functions.

4 **Retrenchment:**

- Worked out the appropriate manpower levels consistent with the new functions and organizational structure.

5 **Revitalization:**

- Implemented internal reforms and training programs in order to strengthen the institutional capacity of the Ministry to perform its remaining functions.

Bungo: Reassessment

- ◆ Reviewed the vision for the agricultural sector in Bungo:
 - A mental picture of the functioning of the agricultural sector, at some time in the future, in relation to the people, the culture, and the economy of Bungo.
- ◆ Reformulated the mission of the Ministry:
 - The purpose for the Ministry, what it is supposed to do.
- ◆ Specified a revised set of goals for the Ministry:
 - In order to operationalize the mission in terms of specific goals, which incorporate qualitative targets that the Ministry should aim to achieve.
- ◆ Proposed a reduced set of core public sector functions for the Ministry of Agriculture.

Vision for the agricultural sector

- ◆ Transforming the agricultural sector from a subsistence to a market-orientation.
- ◆ Smallholder farm production specializing according to comparative advantage, diversifying output at the national level, and adding value in downstream value chains.
- ◆ Providing farm children with a broad set of economic opportunities and career choices.
- ◆ Both farming and non-farming households increasingly relying on markets to earn income and to purchase food.
- ◆ Increasingly integrating agriculture with other sectors of the economy and, through growing exports, with national economies elsewhere.

Mission statement for the Ministry of Agriculture

To manage less but manage better, withdrawing the Ministry from areas best served by the private sector and providing only those goods and services that are public in nature and that serve as a catalyst for agricultural growth in line with national objectives.

Goals of the Ministry of Agriculture

- ◆ To create an enabling environment for the private sector to play the lead role in agricultural production, marketing, processing, input distribution, and credit, by identifying and addressing constraints to the growth of the private sector in these areas;
- ◆ To develop appropriate rural infrastructure in conjunction with local government, civil society, and the private sector;
- ◆ To provide adequate extension, research, and other technical support services;
- ◆ To articulate and advocate the sector's priorities within the macro policy formulation process; and
- ◆ To monitor the impact of macroeconomic policies on the agricultural sector in order to propose appropriate mitigating actions, when necessary.

Core public sector functions

- ◆ Functions that create and maintain the enabling economic and institutional framework for the private sector and civil society;
- ◆ Functions of a strategic nature;
- ◆ Service-oriented functions that cannot be carried out solely by the private sector or civil society;
- ◆ Activities with large, up-front investments and with long pay-back periods and externalities; and
- ◆ Functions targeted to smallholder farmers in rural areas and to other disadvantaged groups.

Bungo: Rationalization

- ◆ Alex Kiku adopted a participatory approach to rationalization.
- ◆ The Ministry of Agriculture established eight technical task groups (TTGs), composed of staff from all levels of the Ministry, in order to review all the functions of the Ministry:
 - Administration and personnel
 - Cooperative development services
 - Crop services
 - Irrigation services
 - Policy formulation and planning
 - Extension services
 - Veterinary services
 - Research and training

Technical Task Groups

Reviewed the different areas of the Ministry and analyzed which of the existing functions should be:

- ◆ Retained in the public sector.
- ◆ Transferred to the (commercial) private sector:
 - Where markets are possible
- ◆ Transferred to civil society:
 - Where collective action is necessary
- ◆ Co-produced with the private sector and/or civil society:
 - Where cooperation among different types of organizations is necessary.

Small Group Exercise

- ◆ You are now a member of one of the eight TTGs.
- ◆ You must classify the following functions currently handled by the Ministry of Agriculture into four categories:
 - Retain within the public sector
 - Transfer to the private sector
 - Transfer to civil society
 - Co-produce with the private sector and/or civil society
- ◆ Do the exercise:
 - 1 Individually: For 15 minutes.
 - 2 As a group (at your present table): For 45 minutes.

For the purpose of this exercise:

- ◆ Public sector includes:
 - Central government ministries, departments, and agencies
 - Commercially-oriented parastatals
- ◆ Private sector includes:
 - Farmers
 - Agribusiness, cooperatives, credit unions
- ◆ Civil society includes:
 - NGOs, Community-based organizations
 - Universities and foundations

Bungo: Reorganization

- ◆ A new organizational structure was designed based upon the identified core functions of the Ministry:
 - Policy management
 - Policy implementation and regulation
 - Support services
 - Agricultural information services
 - Sector monitoring and evaluation
- ◆ Some functions were also scheduled to be decentralized to the district and local levels.

Bungo: Retrenchment

- ◆ 6,043 employees out of 19,540 were earmarked for retrenchment:
 - A large share were beyond retirement age.
 - Others were forced to take early retirement with a “golden handshake”
 - Also a significant number of “ghost” workers.
- ◆ Some employees were given new assignments and identified for retraining.
- ◆ An analysis of skill gaps was carried out in order to design the retraining programs.

Bungo: Revitalization

- ◆ Government of Bungo had previously launched a public sector wide civil service reform program in order:
 - To improve the efficiency of public service delivery,
 - By building a highly-skilled and accountable civil service.
- ◆ Working with the Civil Service Reform Commission, the Ministry of Agriculture started implementing internal institutional reforms and retraining programs in order to strengthen the institutional capacity of the Ministry to perform its remaining functions.
- ◆ The management information system was to be strengthened in order to enhance policy formulation, implementation, and monitoring.
- ◆ A review of the legal framework was initiated.

Summary

- ◆ While a vision and a mission statement provide a strategic direction for policy managers and analysts to proceed, specific institutional reforms are required in order to move in this direction.
- ◆ There is a need to carry out a range of institutional analyses in order to identify the institutional reforms that are required in all subsectors.
- ◆ A functional analysis is one type of institutional analysis:
 - That relates specifically to an existing organization, and
 - That analyzes which functions the organization should perform.