I. Introduction and Context

Country Context

After years of military dictatorship and instability, and a disastrous transition under military rule during 2009-10, Guinea’s first democratically elected president assumed power in December 2010. The main challenge for the new Government will be to seize the window of opportunity created by the presidential elections to transform the nature of the State, from a purveyor of private benefits to be shared between social and ethnic groups, to an organization working for the benefit of the nation as a whole. The main goals of the first phase of this transformation are: (i) good governance: parliamentary and local level elections; zero tolerance for corruption; national reconciliation; and a big push to modernize the army; (ii) macro-economic stabilization, including reducing fiscal deficits to sustainable levels, in ways that protect the poor, while increasing revenues by increasing the tax base and renegotiating mining contracts; and a rapid attainment of the HIPC completion point; and (iii) the implementation of an emergency recovery plan with emphasis on agriculture, the rehabilitation of infrastructure, and the social services.

The last household survey undertaken in 2007 suggested that more than half (53 percent) of the population was living below the poverty line, up from 49 percent in 2002, reflecting a negative per capita economic growth during the period. The proportion of the rural population living below the poverty line was 63 percent, against 31 percent for the urban population. With high prevalence of poverty, household vulnerability to negative shocks is also high. Vulnerability to food price shocks is particularly high among the poor who spend a much larger share of their incomes on food.

Sectoral and Institutional Context

Guinea registered a good crop year in 2010, but food insecurity remains a serious concern in the country. Compared to 2009, aggregate cereal production is estimated to have increased by about 7 percent to 2.85 million tons. In spite of this good harvest, access to food continues to be negatively affected by high price and inflation rates. Driven by a renewed and rapid depreciation of the Guinean franc, inflation is estimated to have accelerated from 2009 to 15% in 2010. The inflation-driven high food prices have forced Guinea onto the list of #Countries Requiring External Assistance for Food#, as of June 2011. The situation is particularly worrisome because past episodes of steep depreciations have resulted in severe food insecurity fueled by high prices. This was the case between 2006 and 2007 when the price of rice - the staple food for Guineans- more than doubled in response to a strong depreciation of the local currency.

In addition, the rigidity of structural determinants of food insecurity in Guinea weakens the country’s ability to adapt to high food prices. For example, the budget share of essential food items (rice, maize, oil, fish, meat and vegetables) in total consumption is high (about 69 percent overall, 77 percent in rural areas), implying that increases in the relative price of essential food commodities would result in a significant negative impact, particularly on the poor and near poor, as observed in 2008. This is specifically the case for imported rice, given that the consumption of rice accounts for 48.5 percent of the population’s calorie intake. Under current projections, imported rice could see its price on the domestic market go up by 45 percent in nominal terms.

Inflation and high food prices have shown negative impact on poverty in past. Past household survey-based estimates indicate that poverty has increased, especially among the rural poor, as a result of the acceleration in food price inflation. In particular, Wodon and Engelke (2008) have shown that a 50 percent increase in rice prices add another 1.5 to 3 percentage points to an already high poverty headcount index (54 percent in 2005). Large numbers of people are also exposed to chronic food insecurity and malnutrition. According to the WFP’s latest detailed survey of food security and vulnerability (April 2009), about 600,000 people...
II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)

The development objective of grant is to improve the productivity and value-added of targeted commodities. The commodities targeted are rice, maize, and cassava and traditional poultry. They were chosen based on the following factors: (i) importance in the diet of the Guinean population, (ii) widely cultivated by smallholders, and (iii) an important source of income for women (traditional poultry).

Key Results (From PCN)
Expected project results include: (i) a 25% average increase in yields of rice, maize and cassava for beneficiary farmers, (ii) a 50% reduction of the mortality rate of traditional poultry for beneficiary farmers, (iii) a 25% increase in the production of targeted commodities in project areas; and (iv) a 10% increase in the quantity of transformed production (e.g. milled and parboiled rice) in project areas.

III. Preliminary Description

Concept Description

Activities under the proposed project will be organized around the following three components: (i) Rehabilitation and improved management of irrigation infrastructure in selected rice producing areas; (ii) Access to improved inputs and post-harvest equipment; and (iii) Capacity Building, Project Coordination and M&E.

Component 1: Rehabilitation and improved management of irrigation and drainage infrastructure in selected rice producing areas (USD 7.8 million). This component aims at increasing the productivity of irrigated rice production systems in targeted areas through the rehabilitation of infrastructure and improved management. Specific objectives include: (i) improved water control through the restoration of degraded works and equipment that will allow abandoned or low yielding perimeters to be used productively; (ii) restructuring water management and maintenance systems by strengthening the technical capacity of irrigation management organizations; and (iii) improved storage and marketing capacity through the rehabilitation and construction of storage facilities and threshing platforms, and strengthening the management capacity of the producer groups.

In particular, the component will finance: (i) the rehabilitation of irrigation and drainage infrastructure totaling 3,620 hectares, (ii) the rehabilitation and construction of post-harvest infrastructure (storage and drying/threshing facilities), and (iii) organizational support and capacity building for water management and maintenance of the rehabilitated infrastructure (perimeters, storage facilities, etc.) so as to ensure sustainability.

Organizational and capacity building activities supported by the component include: (i) the formation and technical training of the producer groups and water user associations in charge of the water management and maintenance of irrigation and drainage infrastructure; (ii) the establishment of an annual system of maintenance of the rehabilitated facilities including the programming and implementation of maintenance programs; (iii) estimation of hydraulic fees and establishment of an efficient system for the management of recovered funds to be exclusively devoted to maintenance; and (iv) organization and training committees in charge of the management of the storage facilities.

The irrigation infrastructures to be rehabilitated have already been selected among a long list of sites identified by FAO as easy to rehabilitate at a cost of approximately 1,000 to 1,500 USD/ha. The sites are distributed regionally as indicated in table 1 below. The selection of intervention sites were based on specific criteria that will allow the project development objectives to be reached. These criteria include: (i) level of commitment/engagement of beneficiary producer organizations to sustainable maintenance, (ii) accessibility of sites, (iii) the potential for increases in productivity, and (iv) the unit cost associated with the rehabilitation.

To arrive at the final identification of project intervention sites, and a more precise estimate of the size and cost of the rehabilitation work and postharvest investments, the following studies will be launched as soon as possible: (a) identification of sites to be rehabilitated by rigorously applying the selection criteria, and in coordination with extension services (ANPROCA) and the producer organizations (unions and federations); (b) prioritization of the identified work and postharvest investments, technical specifications and evaluation of costs; (c) preparation of the tender documents. Preparatory studies will be entrusted to the National Directorate of Rural Engineering (DNGR) which will appoint a national coordinator who will be supported by the technical offices of Rural Engineering (BTGR/SPGR) at the prefecture level.

Component 2: Access to improved inputs and post-harvest equipment (USD 9.9 million). This component aims to improve smallholder access to improved inputs and food processing equipment, enabling them to increase the yields of targeted commodities and their value-added.

Sub-component 2.1: Seed multiplication and distribution of technology packages (USD 8.3 million): This sub-component expands the successful farmer-based seed multiplication system for rice that was supported by the PUAPA and disseminates improved technology packages and advisory services to smallholders operating on 3,600 hectares of irrigated rice and 55,000 hectares of rainfed rice and maize. This subcomponent will also finance a vaccination campaign for local poultry which will help reduce the mortality rate by 30 to 40%. A summary of the composition of the input packages and annual distribution is provided in Table 2 below.

As with the PUAPA, the proposed project will work through the Confederation Nationale des Organisations Paysannes de Guinée (CNOP-G) and its member federations and unions. The CNOP-G will be responsible for the distribution of the input packages following procedures piloted under the PUAPA. Inputs are sold to members on a #cropping-season# credit basis. Seed is reimbursed in-kind at the end of the cropping season. Fertilizers and herbicides are sold at subsidized prices (based on the government-set rate) and reimbursed in cash at the end of the cropping season. The recovered funds (lodged in a separate account) are used to capitalize a revolving fund for the purchase of inputs in future seasons. An evaluation of these procedures and a study detailing the proposed management and use of the revolving fund (including annual audit procedures) is being carried out.
out under the on-going PUAPA. Results will be incorporated into the implementation manual of the proposed project.

Sub-component 2.2. Support for post-harvest processing to increase value-added (USD 1.6 million): The sub-component aims to increase the value-added of agricultural products by improving small-scale primary processing activities. More specifically, it aims to develop economic opportunities for rural women who are the main actors in agricultural transformation, and improve the quantity and quality of products processed locally.

This sub-component will finance (i) matching grants to women’s groups for the acquisition of small-scale processing equipment for the production of parboiled rice and the processing of cassava into flour, (ii) training for members of the beneficiary groups in management and marketing techniques, (iii) training of artisans for repairing the equipment, and (iv) possible studies and assessments for the establishment of food processing micro-enterprises.

Component 3. Capacity Building, Project Coordination, and M&E (USD 2.3 million). This component will ensure the effective management and coordination of the project and finance capacity building activities for key stakeholders along the supply chain. The project will facilitate the upgrading of technical skills of key staff and farmers involved in the process. Fiduciary oversight will be provided by the fiduciary unit of the Bank-funded national CDD program (the PACV).

In particular, the component will finance (i) the preparation and implementation of a plan to strengthen the capacity of staff directly involved in the implementation of the project including the CNOP-G, ANPROCA (Agence National de la Promotion Rurale et du Conseil Agricole), DNA (Direction National de l’Agriculture), and DNSV (Direction National de la Protection des Végétaux) (ii) the rehabilitation of demonstration farms at the National Agricultural and Animal Husbandry Schools (Ecoles Nationales d’Agriculture et d’Elevage, ENAE) of Tolo, Koba, Macenta, and Bordot-Kankan for continuing education of extension agents and farmers (iii) additional contractual personnel, operational costs and the necessary equipment for the project management, and (iv) supervision and monitoring, internal and external assessment studies, and studies to establish baseline and monitor the evolution of the indicators.

IV. Safeguard Policies that might apply

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V. Tentative financing

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