

THE INTERNATIONAL DEVELOPMENT ASSOCIATION
AND THE INTERNATIONAL MONETARY FUND

GUINEA

Joint Staff Assessment of the Interim Poverty Reduction Strategy Paper

Prepared by the Staffs of the International Development Association and
the International Monetary Fund

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Introduction

1. The interim PRSP (I-PRSP) prepared by the Guinean authorities consists of a description of poverty in Guinea; a presentation of Guinea's current strategic framework for changing the country's economic and social environment; a statement of the government's commitment to poverty reduction and the objectives and strategies of the poverty reduction effort; a three-year macroeconomic framework; and a detailed description of the participatory process and timetable for the formulation of the full PRSP.

2. Between 1992 and 1994, Guinea was considered to be the poorest country in the world, based on the Human Development Index published by the United Nations Development Program (UNDP). Today, Guinea ranks 162nd out of 174 countries covered by the UNDP's *Human Development Report*¹. The groundwork for Guinea's poverty reduction policies was established in December 1996 with the formulation of the "Guinea—Vision 2010" document. The development objectives set out in this document were discussed with Guinea's external partners during the meeting of the Consultative Group on Guinea held in Paris in June 1998. The approach to poverty reduction set out in the I-PRSP builds on this, as well as on other specific steps taken to make operational the Vision 2010 (see below). This paper assesses the government's I-PRSP, and the process and time frame envisaged for completing the full PRSP.

Government Commitment to Poverty Reduction

3. The I-PRSP provides a clear statement of the government's commitment to poverty reduction, setting this commitment within the framework of the Guinea—Vision

¹ Nonetheless, despite its poverty, Guinea has taken in hundreds of thousands of refugees fleeing the civil strife in Sierra Leone and Liberia over the last few years.

2010 document. Specific poverty reduction initiatives have been taken to make this document operational, including, in particular, the formulation of a National Human Development Program (NHDP) in 1995-97, and the government's active contribution to the definition of a strategic approach to poverty alleviation that is reflected in the World Bank's Country Assistance Strategy (CAS, 1998-2000) for Guinea. Both of these initiatives were the result of an in-depth consultation process with key Guinean stakeholders, in which strategic priorities have been ranked. Since then, work has focused on translating these goals into short- and medium-term poverty reduction policies, whereby the medium-term expenditure framework (MTEF) has played an integral part in the government's allocation of resources toward the priority areas and enhancing the efficiency of government spending. As a result, there has been a marked increase in the relative share of budgetary resources allocated to the priority areas (health, education, rural development, road maintenance, and justice).

4. Structural reforms—aimed at fostering a favorable environment for economic growth and poverty reduction—also demonstrate the government's commitment to poverty reduction. These reforms include (i) an enhanced service delivery at the decentralized level; (ii) a more proactive program to privatize major public enterprises; and (iii) improved public expenditure management. In terms of specific actions, poverty alleviation measures have taken the form of increased efforts to fully fund agreed programs in the priority sectors.

5. The government has assumed full ownership of the PRSP process, which builds on the tradition of consultation and participation mentioned above. The government sees the PRSP as providing an integrating framework for its approach to fostering growth and reducing poverty, and will seek the same understanding from its development partners.

6. The I-PRSP presents a candid analysis of the obstacles to recent poverty reduction policies. This is a promising approach that seems to underline the government's commitment to address these obstacles. However, as the Interim PRSP notes, the strategy by which to overcome these obstacles in the future should be strengthened, including through decentralized service delivery, a more proactive privatization program, improved public expenditure management, and improved governance, transparency and accountability.

Poverty Analysis

7. Guinea lacks up-to-date data on income and expenditure that would permit reliable measurement of the incidence and depth of poverty, as well as trends over time. National survey data are available only for 1994. However, good use has been made of the 1996 population census, two population and health surveys (1992 and 1999), and other more specialized surveys. This information has been supplemented by a recent agricultural survey (2000).

8. The poverty analysis presented in the I-PRSP is limited by the availability of data, but it does provide useful information about the overall scale of poverty and some poverty profiles across prefectures, income level, health, education, occupancy, and

gender. The I-PRSP also presents a brief discussion of the interdependencies among the different dimensions of poverty in Guinea, as well as a description of some of the factors contributing to poverty. The government recognizes the weaknesses of its poverty-monitoring tools, and a new comprehensive household consumption survey is scheduled for 2001/02. This will strengthen the poverty database. Although the government intends to complete the full PRSP before the results of the 2001/02 survey will be available, the staffs recommend that the poverty profile and benchmarks be updated in the full PRSP by using the qualitative data that would be generated from the ongoing baseline survey and participatory surveys undertaken as part of the preparation of the CAS and the NHDP.

9. The full PRSP should expand on the analysis of the interdependencies of the determinants of poverty, and establish more clearly the link between these and the policy priorities of the poverty reduction strategy. Based on this analysis, the full PRSP should also prioritize actions (both across and within sectors/themes) and sharpen its focus on issues of strategic importance that can offer synergies. The full PRSP should also present the objectives of the national poverty reduction strategy in the context of the international development goals for 2015—namely, to indicate to what extent progress has been made thus far, and to assess the feasibility of achieving these goals. The government should be prepared to update its poverty reduction strategy when the results of the 2001/02 survey become available, thus making the PRSP a living document.

10. There are some indications that the quantification of the objectives for poverty reduction will need to be reviewed by the authorities, especially those listed in Table 4. For example, (i) though increases in future growth rates are feasible, a GDP growth rate of 10 percent for 2010 may be too optimistic, (ii) the GDP growth rates should be consistent with the percentage reduction in poverty, and (iii) the suggested reduction of poverty by only 10 percent between 1995 (40 percent) and 2010 (30 percent) would imply that the absolute number of poor people in Guinea would increase (due to population growth) even though the percentage of poor people would decrease.

Framework for Poverty Reduction

11. Guinea's poverty reduction strategy has three main pillars: (i) to increase economic growth and create income-earning and employment opportunities, particularly for the rural poor; (ii) to develop equal access to basic services; and (iii) to improve governance and to strengthen institutional and human capacity. This implies fully integrating macroeconomic goals with structural policy reforms and poverty reduction policies.

12. The attempt at integration is to be commended, but stronger linkages among these three pillars and an analysis of the impact on poverty of each component will need to be more fully developed in the full PRSP. The government's existing strategy appropriately emphasizes the creation of income-earning opportunities for the poor as the central element of the poverty reduction strategy. However, the full PRSP should articulate more clearly how employment opportunities for the poor would be generated. Depending on this impact analysis, the poverty reduction strategy could consider placing greater emphasis on important areas like rural poverty reduction, gender equity, and the fight

against AIDS. For instance, the fact that the incidence of poverty in Guinea is twice as high in rural areas as in urban areas and eight times higher in rural areas than in Conakry seems to call for an even stronger rural development strategy.

Macroeconomic Framework

13. The three-year macroeconomic policy framework and the policy matrix for the Poverty Reduction and Growth Facility (PRGF) were updated with the negotiation of the third annual arrangement under the PRGF in the last quarter of 1999. The policy framework provides an appropriate basis for the formulation of the poverty reduction strategy, as it integrates the foreseen poverty reduction into an overall framework and thus facilitates its implementation. The authorities are prepared to adjust the objectives and targets of the macroeconomic framework in light of the results of the PRSP process and to accommodate specific poverty reduction measures, while ensuring macroeconomic stability.

14. The authorities recognize the central importance of increasing government revenue as a means of enhancing their ability to pursue poverty-reducing policies effectively. On the expenditure side, the MTEF will be extended to all areas of government expenditure in the context of the ongoing efforts to enhance the efficiency and transparency of government spending. The government has also implemented a series of measures to improve budget preparation and implementation in the areas of budget classification, government procurement, a computerized expenditure tracking system, and dissemination of budget information.

15. Since mid-1996, changes in economic management have been introduced and have inspired more optimism in the country's future. While the fragility and riskiness of the situation are recognized, given Guinea's past history of economic management failures and frequent policy reversal, the results achieved are encouraging: the achievements in the area of participation, the commitment to decentralization of service delivery, and performance in the social sectors, especially education, are a few illustrations of this turnaround, which was commended by donors at the Paris Consultative Group meeting.

16. However, the I-PRSP does not directly address the issues surrounding Guinea's inconsistent past track record of policy implementation, or some of the bottlenecks that have lessened the efficacy of policy. One such structural bottleneck is the weak capacity for policy formulation and implementation, which has contributed to policy slippages in the past; another is the large and inefficient public enterprise sector. In dealing with capacity building and private sector development, therefore, the full PRSP should address the issue of building capacity within the government and at all levels, including through civil service reform. In particular, it is important to build up budgetary management and service delivery capacities of the local administrations to prepare for their central role in implementing the poverty reduction strategy. It should also spell out more clearly the government's intentions with regard to the public enterprise sector, particularly in the area of the major public utilities. Similarly, given its importance for rural development and the promotion of women, the development of microfinance institutions would benefit from a more comprehensive treatment in the full PRSP.

Access to Basic Services

17. The government's existing strategy emphasizes the importance of greater efficiency in the provision of basic social services. Progress has already been made in improving service delivery in the education and health sectors, and the intention to bring the delivery of services closer to the beneficiaries through decentralization is commendable. The full PRSP will need to deal with this aspect of the poverty reduction process in more detail.

Governance

18. The I-PRSP devotes an entire section to governance issues and rightly stresses the importance of improving public resource allocation, improving the effectiveness of government spending, and strengthening judicial capacity. However, the full PRSP would benefit from a more explicit treatment of the issue of strengthening personal and institutional accountability within the government, so as to lend credence to the anticorruption effort. In the interim period, the authorities should concentrate on assuring the effectiveness of the anti-corruption committee, and should further take steps to improve government procurement procedures as a complement to the expenditure management measures already taken. The full PRSP would also benefit from a fuller treatment of the question of access to justice by the poor, especially on how the government plans to achieve the availability of "free legal advice."

Poverty Monitoring

19. Guinea's poverty reduction policies are based on decentralized service delivery whereby monitorable benchmarks are set to keep track of service delivery outcomes. A small monitoring and evaluation team established under the Ministry of Economy and Finance has direct responsibility for monitoring overall service delivery. The evaluation component is carried out mostly as an independent activity to be contracted out to a qualified organization, including universities and non-governmental organizations (NGOs).

20. To assist the recently launched Village Communities Support Program (VCSP, 1999) and the Capacity Building for Service Delivery Program (CBSD, 2000), a baseline service delivery survey (BSDS) is being carried out. In addition to building measurement and analytical capacities, a budget/expenditure tracking exercise is being introduced, which would help measure the actual spending that reached the intended facilities and to proxy public sector efficacy by a simple indicator—the ability of the public sector to translate budgetary allocations into actual spending for the intended purpose. The staffs believe that the implementation of these programs, with the active support of IDA, will considerably enhance the government's capacity to monitor progress made in reducing poverty.

21. The Guinea DNS (Direction Nationale des Statistiques) – with the assistance of donors – proposes the strengthening of its capacities within the framework of an Integrated System of Statistical Information on Poverty Reduction (SISIRP). In addition,

the DNS plans to create a Poverty Observatory responsible for monitoring the indicators mentioned in the PRSP. It is also important that the government spell out in the full PRSP the scope and content of the master plan for statistics that would improve the process of decision making by policy makers. The full PRSP should furthermore spell out the key elements of the debt management strategy that Guinea intends to implement.

Consultation and Participation

22. Guinea has a well-established participatory tradition with a range of different forms of participation. As indicated above, the NHDP and the CAS were both based on in-depth consultations with beneficiaries. The results of these consultations, and the beneficiary ranking of priorities, have also informed the choice of policy priorities. The authorities are committed to the principle and practice of active participation, as demonstrated in their approach to putting together the I-PRSP, including a first round of consultations with civil society through a series of five seminars in different parts of the country. As pointed out in the I-PRSP, the government plans on continuous, more in-depth, and more systematic participation by civil society, as well as the introduction of a permanent consultation mechanism. However, the I-PRSP provides limited detail on the participatory processes envisaged for the full PRSP. Participation in the poverty reduction strategy should be structured in a meaningful and sustainable way, drawing on recent participatory experiences to ensure broad ownership of the strategy.

23. The authorities also regularly consulted donors and sought their views on key areas of policy in the course of preparing the I-PRSP. It is expected that donors will be closely associated with the consultative process of preparing the full PRSP and will provide needed technical and analytic support.

Timeframe

24. As indicated in the I-PRSP, the full PRSP should be completed by end-2001. This schedule may be ambitious, particularly given the need to integrate the qualitative results of participative exercises, as well as any newly available quantitative poverty data, into the existing strategy and to translate these revisions fully into the MTEF. Moreover, although some donors have indicated their willingness to provide financial assistance for the consultative process, financing has not yet been identified for all aspects of the process. Maintaining the original schedule will thus require considerable coordination and efforts to ensure that the necessary financial resources are available as needed.

Risks

25. The I-PRSP discusses the risks attached to the proposed approach, which include the possible difficulty in ensuring the availability of appropriate additional financial resources for implementing the poverty reduction strategy, and attaining the ownership of the strategy and policies in the country. Other risks inherent in the process, which have not been explicitly dealt with in the I-PRSP, include: (i) the possible difficulty of fully overcoming the underlying causes of slippages in implementing policies that characterized economic performance in the past; (ii) the possible difficulties of

significantly enhancing revenue mobilization and thus increasing the resources available for the poverty reduction strategy; (iii) the difficulty of ensuring that administrative decentralization is successful, and that the local governments have the human and financial resources necessary to assume their intended role in the poverty reduction strategy, while maintaining fiscal discipline at all levels of government; and (iv) the possibility of strong resistance from vested interests.

26. Moreover, the past political system has left a legacy of deep mistrust of the State. Failure on the part of the government to build up the confidence of the population in the role of the State and in its commitment to the effective implementation of the poverty reduction strategy may undermine efforts to fight corruption, and thus reduce the credibility of the government's entire program. Further exogenous risks that negatively affect growth, macroeconomic stability, fiscal targets, and related benchmarks include the possibility of terms of trade shocks, and the threat of a major deterioration related to the civil disturbances and rebel incursions arising from the conflict situation in neighboring countries. The authorities will need to be prepared to adjust their policies to exogenous shocks, as appropriate. It would be desirable if the authorities could outline how they intend to reduce the poor's vulnerability to such exogenous shocks and how they intend to help them cope with adverse shocks when they occur.

27. The I-PRSP stresses the importance of taking steps to build human and institutional capacity at all levels of government. Successful execution of these programs, which are actively supported by the World Bank and other donors, should help mitigate the risks of policy slippages and contribute to success in transferring responsibility for service delivery to decentralized institutions.

Conclusion

28. The staffs of the World Bank and IMF consider that this I-PRSP provides a sound basis for the development of a fully participatory PRSP, for reaching the decision point under the Initiative for Heavily Indebted Poor Countries (HIPC Initiative), and for Bank and Fund concessional assistance. The staffs recommend that the respective Executive Directors of the World Bank and the IMF reach the same conclusion.

Key Bank/Fund events, December 2000 - December 2001

Event	Tentative Board Date
Structural Adjustment Credit (SAC) IV	March 2001
New three-year PRGF arrangement	March 2001
CAS progress report	March 2001
Education for All Project	April 2001
Presentation of the full PRSP	December 2001

REPUBLIC OF GUINEA

Labor – Justice - Solidarity

INTERIM POVERTY REDUCTION STRATEGY PAPER

October 2000

**Interim Poverty Reduction Strategy Paper:
Republic of Guinea**

	Page
	7
I. Introduction	8
II. Poverty in Guinea	
A. The concept of poverty and people's perceptions of poverty	8
B. The poverty profile	8
C. The determining factors in poverty	12
III. The current strategic framework	21
A. The macroeconomic framework	21
B. Bolstering the private sector	22
C. Medium-term expenditure framework (CDMT)	23
D. Rural development	23
E. Decentralization	25
F. Specific poverty reduction initiatives	26
IV. Poverty reduction objectives and strategies	28
A. Macroeconomic stabilization and growth	30
1. Macroeconomic policies	30
a) Fiscal policy	31
b) Monetary, financial, and exchange policy	32
c) External debt management	33
d) Subregional integration	33
2. Support for the main growth-oriented sectors	34
a) Support for the rural sector	34
b) Mining sector	36
c) SMEs/SMIs and employment promotion	36
d) Basic infrastructure development	38
B. Development and access to basic services	39
1. Education	40
2. Health, nutrition, and HIV/AIDS	40
3. Water, sanitation, and housing	42
4. Electricity	42
5. Transportation infrastructure	43
6. Gender and equity	43
C. Improving governance and capacity-building	46
1. Better allocation and transparency in resource management	46
a) CDMT and priority sectors	46

b) <i>Decentralization for better-quality expenditure</i>	47
c) <i>Transparency and action to combat corruption</i>	48
2. <i>Participatory process and institutional and human capacity-building</i>	48
a) <i>Participatory process, decentralization, and beneficiary involvement</i>	49
b) <i>Strengthening of judicial capacities</i>	50
V. <i>Debt relief, resource allocation for the social sectors and medium-term indicators</i>	51
1. <i>Debt relief and resource allocation for the social sectors</i>	51
2. <i>Medium-term indicators</i>	53
a) <i>Basic education sector</i>	53
b) <i>Health sector</i>	54
c) <i>Village water supply</i>	54
d) <i>Rural roads</i>	55
V. <i>Risks</i>	55
VII. <i>Plan for preparation of the Poverty Reduction Strategy Paper</i>	56

Annexes:

- Annex 1: Government poverty reduction policy statement
- Annex 2: Matrix of poverty reduction strategies and policies
- Annex 3: Poverty reduction strategy preparation plan: Period June 2000-March 2002
- Annex 4: Sampling and results of consultations for the Country Assistance Strategy (CAS)
- Annex 5: Cost of priority actions for the education and health sectors
- Annex 6: Evolution of spending in priority sectors, 1995-2000
- Annex 7: Village water supply

Acronyms and Abbreviations

<i>AIDS</i>	<i>Acquired immune deficiency syndrome</i>
<i>APEAE</i>	<i>Association des Parents et Amis de l'Ecole</i>
<i>BCRG</i>	<i>Central Bank of the Republic of Guinea</i>
<i>CDMT</i>	<i>Cadre des Dépenses à Moyen Terme [Medium-Term Expenditure Framework]</i>
<i>CRD</i>	<i>Communauté Rurale de Développement [Rural Development Community]</i>
<i>DNB</i>	<i>Direction Nationale du Budget [National Budget Directorate]</i>
<i>DND</i>	<i>Direction Nationale de la Douane [National Customs Directorate]</i>
<i>DNI</i>	<i>Direction Nationale des Impôts [National Tax Directorate]</i>
<i>DNP</i>	<i>Direction Nationale du Plan [National Planning Directorate]</i>
<i>DNS</i>	<i>Direction Nationale de la Statistique [National Statistics Directorate]</i>
<i>EDS</i>	<i>Enquête Démographique et de Santé [Population and Health Survey]</i>
<i>EIBC</i>	<i>Enquête Intégrale Budget-Consommation [Comprehensive Consumption Budget Survey] (1994/95)</i>
<i>GDP</i>	<i>Gross domestic product</i>
<i>GF</i>	<i>Guinean franc</i>
<i>GNP</i>	<i>Gross national product</i>
<i>HIV</i>	<i>Human immunodeficiency virus</i>
<i>IDA</i>	<i>International Development Association</i>
<i>IMF</i>	<i>International Monetary Fund</i>
<i>LADP</i>	<i>Letter of Agriculture Development Policy</i>
<i>MEF</i>	<i>Ministry of Economy and Finance</i>
<i>MEPU/EC</i>	<i>Ministry of Pre-University and Civic Education</i>
<i>MHE</i>	<i>Ministry of Water Resources and Energy</i>
<i>MPC</i>	<i>Ministry of Planning and Cooperation</i>
<i>NAFA</i>	<i>Second-chance schools</i>
<i>NGO</i>	<i>Nongovernmental organization</i>
<i>OHADA</i>	<i>Organisation pour l'Harmonisation du droit des Affaires [Organization for the Harmonization of Business Law in Africa]</i>
<i>PACV</i>	<i>Programme d'Appui aux Communautés Villageoises [Village Community Support Program]</i>
<i>PAIB</i>	<i>Programme d'Appui aux Initiatives de Base [Grass Roots Initiatives Support Program]</i>
<i>PNDH</i>	<i>Programme National de Développement Humain [National Human Development Program]</i>
<i>PPP</i>	<i>Purchasing power parity</i>
<i>PRCI</i>	<i>Projet de Renforcement des Capacités Institutionnelles [Capacity-building for Service Delivery Program]</i>
<i>PRS</i>	<i>Poverty Reduction Strategy</i>
<i>PRSP</i>	<i>Poverty Reduction Strategy Paper</i>
<i>RGPH</i>	<i>Recensement Général de la Population et de l'Habitat [General Population and Housing Census]</i>
<i>SAG</i>	<i>Stratégie d'Assistance à la Guinée Country Assistance Strategy]</i>
<i>SFD</i>	<i>Système Financier Décentralisé [Decentralized Financial System]</i>

<i>SISIRP</i>	<i>Système d'Informations Statistiques Intégré pour la Réduction de la Pauvreté [Integrated Statistical Information System for Poverty Reduction]</i>
<i>SMEs</i>	<i>Small and medium-sized enterprises</i>
<i>SPTD</i>	<i>Service Public de Transfert des Déchets [public trash removal service]</i>
<i>STD</i>	<i>Sexually transmitted disease</i>
<i>UNDP</i>	<i>United Nations Development Program</i>
<i>VAT</i>	<i>Value-added tax</i>
<i>WB</i>	<i>World Bank</i>

I. Introduction

1. The need to improve the overall framework for its economic development prompted the Guinean government, at the start of the Second Republic in 1985, to implement a comprehensive program of economic and financial reforms. This program was aimed at promoting rational development of the country's potential by reducing macroeconomic imbalances within the context of a liberalized economic system.
2. Implementation of the stabilization package over the first ten years made it possible to control inflation, make significant progress in the area of public finances, and achieve average rates of economic growth that exceeded the population growth rate. Between 1995 and 1999, for example, the economic growth rate was 4.4 percent on average, while the population grew at a 2.8 percent rate, resulting in a per capita growth rate of 1.6 percent.
3. In addition, the implementation of programs and projects in the social sectors made it possible to increase the gross school enrollment ratio from 29 percent in 1989 to 53.5 percent in 1999, and to reduce the infant mortality rate from 136.3 per thousand in 1992 to 98 per thousand in 1999. Access to safe water improved from less than 30 percent in 1989 to 49 percent in 1999 (Table 2).
4. Despite these gains in social areas, Guinea remains ranked toward the bottom of countries in the Human Development Index published by the United Nations Development Program (UNDP). Between 1992 and 1994, Guinea was ranked 174th out of 174, and in 1999 and 2000, 161st and 162nd out of the 174 countries covered by the *Human Development Report*. In the health and education areas, the following comparison is telling: in Guinea, the infant mortality rate was 98 per thousand and the net primary school enrollment ratio 41.5 percent in 1999, as against averages of 106 per thousand (1998) and 56.2 percent (1997), respectively, for sub-Saharan Africa as a whole. For all developing countries taken together, these indicators were 104 per thousand (1998) and 60.4 percent (1997), respectively (see Table 1). To this must be added the challenge represented by the stealthy advance of AIDS in Guinea: in 1998, HIV prevalence in the adult population was estimated at 2–4 percent. This epidemic threatens to reach proportions that will undermine the country's entire economic and social equilibrium.
5. Furthermore, the poverty profile prepared in 1994/95 revealed that 40.3 percent of the population was still living below the poverty line, defined at the time as approximately US\$300 per person per year. This situation would appear not to have improved. Indeed, in recent years the overall performance of the economy has been uneven, characterized by phases of progress followed by sizable slippages. Such a situation is a serious impediment in the fight against poverty, and falls well short of the country's natural and human potential and of the expectations of the Guinean people.
6. For these reasons, between 1996 and 1998 the government formulated an overall vision of development, set forth in the document entitled "Guinea, Vision 2010" and based on the principles of justice, accountability, solidarity, and participation. Its ultimate objective was to improve the living conditions of the population.

7. To make this vision operational, the government has, on the basis of broad-based consultation with the people and civil society, formulated a National Human Development Program (PNHD) and participated in the definition of the World Bank's country Assistance Strategy (CAS).

8. It is in this spirit that various programs and projects have been initiated and implemented in the sectors of education, health, water supply, agriculture, and transportation. **However, the limited effectiveness of these programs rapidly became clear, owing to the absence of a coherent strategy garnering the support of all players.** In these circumstances, it has become imperative to develop a cohesive framework for economic and social development policies and programs.

9. **The government's objective is to devise and implement an integrated approach to the problem of combating poverty by developing a strategy that will serve as the framework for all development policies and programs.**

10. This new approach will be based on (1) objectivity in decision making (need for reliable information); (2) a global approach to examining and prioritizing actions; (3) participation and accountability; (4) efficiency and effectiveness in the provision of public services; and (5) transparency in administering public affairs.

11. This paper sets forth the broad outlines of that strategy and centers on the following lines of approach: analysis of poverty in Guinea; review of the existing strategic framework; poverty reduction objectives and strategies (macroeconomic stabilization and growth, development and equitable access to basic services, good governance, and capacity-building); the risks associated with implementing the Poverty Reduction Strategy Paper (PRSP), and the plan for drawing up the final PRSP.

II. Poverty in Guinea

A. The concept of poverty and people's perceptions of poverty

12. The concept of poverty encompasses vast life issues; some are quantitative in nature (income levels, for example), while others are essentially qualitative (access to basic services). Consultations held early this fiscal year revealed that the people perceive poverty in terms of lack of jobs and low income levels, limited access to basic social services (education, health, etc.), poor quality of public services, exclusion of the handicapped, inadequate basic infrastructure, scant participation in decision making, etc. These perceptions of poverty have an impact on the approaches adopted for consideration and preparation of the PRSP.

B. The poverty profile

13. Poverty in Guinea is a multidimensional phenomenon unevenly spread among the various socioeconomic groups and the various regions of the country. Despite some progress in recent

years, the various indicators of the different dimensions of poverty remain sources of concern. The tables that follow allow for international comparison (Table 1), a trend analysis (Table 2), and analysis of the differences between geographical areas in Guinea (Table 3).

1. Poverty by area of residence

14. Map 1 shows the level of poverty in the various prefectures of Guinea on the basis of a composite index reflecting 15 socioeconomic variables (number of water points per 100 km², percentage of dirt roads repaired or built, percentage of passable roads, electrification rates, number of private telephones, surface area of improved bottomlands, surface area of improved plains, total cultivated land per labor force participant, proportion of farmers covered by projects, number of inhabitants per health center, number of inhabitants per doctor or nurse, gross school enrollment ratio, number of inhabitants per civil servant, amount of wages, retirement payments, and pension paid per person, and amount of investments planned by rural development communities (CRDs). This map shows that the prefectures in the northwest and northeast of the country (Haute Guinée and Moyenne Guinée) are poorer than those on the Atlantic coast and in the southern part of the country. This band of poverty is generally characterized by a low degree of urbanization, undeveloped infrastructure and scant production and communications equipment, and a lower concentration of health, education, and agricultural services.

15. The incidence of poverty is twice as high in rural areas as in urban areas, and 7.8 times higher than the poverty level in Conakry. In urban areas, despite a lower incidence of poverty, a number of problems continue to be acute. In particular, some urban zones are overpopulated and poorly served by urban infrastructure (transportation, schools, health centers, municipal services, etc.). These urban problems are compounded in particular by urban drift and the rapid expansion of population centers.

2. Poverty by income level

16. In income terms, in 1994/95, 40.3 percent of the population had a consumption level below the national poverty threshold, estimated at about US\$300 per person per year. The consumption of the poorest 20 percent of individuals represented scarcely 7 percent of total consumption, and that of the next 20 percent represented 10 percent of the total, while the wealthiest 20 percent consumed 47 percent of the total (Gini coefficient of 0.33).

17. Some regions are more affected by poverty than others. On the basis of 1994/95 consumption expenditure, the incidence of absolute poverty in Haute Guinée and Moyenne Guinée was estimated at 62 percent and 51 percent, respectively. The incidence was 42 percent in Basse Guinée, 33 percent in Guinée Forestière, and 7 percent in Conakry (Table 3). It would thus appear that poverty is markedly more pronounced in these regions than in Conakry.

18. However, the income gap between the wealthiest and the poorest is considerably greater in Conakry than in the four regions. Moreover, within each region, the gap is more pronounced in the urban centers than in rural areas.

3. Poverty by access to health care

19. Life expectancy at birth was 54 years in 1999, up from the 45 years recorded in 1983. The infant mortality rate, child mortality rate (children under the age of 5), and maternal mortality rate all declined significantly between 1992 and 1999, from 136 to 98 per thousand, from 229 to 177 per thousand, and from 666 to 528 per 100,000, respectively (Table 2). There are relatively sizable swings in these health indicators from one region or socioeconomic category to another.

20. As Table 3 shows, health conditions are a significantly greater concern in rural areas than in urban areas (for example, the rate of child mortality is 148.7 per thousand in urban areas, as against 210.6 per thousand in rural areas). The proportion of children who have been fully vaccinated is 51.1 percent in Conakry, while in Moyenne Guinée it is only 22.4 percent.

21. Child mortality, for the most part associated with infectious diseases (malaria, respiratory infections, and diarrhea) and with nutritional deficiencies, remains higher in Haute Guinée and in Guinée Forestière than in other regions. This difference in mortality rates may be explained in large measure by shortcomings in the care for the sick, given that the prevalence of infectious diseases is relatively homogeneous across all regions. Iodine deficiency and anemia are also widespread among women (60 percent of pregnant women are anemic).

4. Poverty by AIDS

- In Guinea, the cost of treating AIDS is US\$480 in public hospitals and US\$1,190 in semipublic hospitals, for an average hospitalization of 21 days. This corresponds to an average cost of US\$560, some 20 percent of which represents direct costs (consultation, hospitalization, laboratory, X-rays, and medicines) and 80 percent indirect costs (electricity, telephone, water, food, and funerals).
- On the basis of this average cost, estimated in 1995, hospital treatment for all AIDS victims will cost US\$12 million in 2000 and US\$21 million in 2005.
- The most productive segment of the population, spanning all socioprofessional categories, will be hardest hit. All activity sectors (industrial, agricultural, government, etc.) will be affected by a significant reduction in qualified labor, an increase in spending, and a decline in incomes.

5. Poverty by access to education

22. Despite the significant progress made over the past ten years, the level of school enrollment remains low. In 1999, the gross primary enrollment ratio was 53.5 percent, as compared to 29 percent in 1989. According to data from the 1996 population census, only 25 percent of the population over age 15 is literate. The Moyenne Guinée and Haute Guinée regions have the lowest literacy rates, at only about 13 percent in Haute Guinée and 19 percent in

Moyenne Guinée, as against 23 percent and 26 percent, respectively, for Guinée Forestière and Basse Guinée. In urban areas, male and female literacy rates were 60 percent and 36 percent, respectively, while these rates were 25 percent and 6 percent, respectively, in rural areas.

23. While the education of children is strongly associated with parental income level, there is also a strong correlation between the level of poverty and the head of household's education level. In 1994/95, 62 percent of families headed by an illiterate were situated below the poverty line, as compared to 42 percent for households headed by an individual with primary education and only 5 percent of those headed by someone with a university education (according to the Comprehensive Consumption Budget Survey (EIBC)).

6. Poverty by socioprofessional category

24. Farmers in the subsistence food crop subsector appear to be the least well-off. This group alone accounts for 68 percent of the poor. The next-largest group is made up of export crop farmers, while wage earners and those working in informal trade are less affected by poverty (Figure 1). Overall, farmers represent 61 percent of the population but over 80 percent of the poor. **These results underscore the need to focus on development of the agricultural sector and rural areas in general in any undertaking intended to reduce poverty.**

25. The poor earn most of their income from agricultural work (almost 67 percent) and jobs in the informal sector. They devote nearly 62 percent of their household budget to food, and a marginal share to medical care and educating their children.

7. Poverty by gender

26. A gender analysis of poverty also shows sizable disparities, to the disadvantage of women. In the field of education, the gross primary school enrollment rate in 1999 was estimated at 67.6 percent for boys as compared to only 39.9 percent for girls. Adult literacy (age 15 or over) was measured at 15 percent for women and 37 percent for men (data from the 1996 population census).

27. In addition to the unfavorable situation of women as regards education noted above, women also suffer from a disadvantage in terms of hours worked, owing to the combined total of family and professional activities. Women in agriculture have a workload ranging from 15 to 17 hours a day. In addition, women's work is made more onerous by the lack of tools, the low degree of processing of food products, and the distances to water points and sources of firewood. In addition, although they account for nearly 80 percent of the country's food crop production, women have only limited access to credit and to land tenure.

28. In urban areas, women are penalized in terms of wage-earning jobs. They hold 22 percent of the jobs in the public sector and 11 percent of jobs in the formal private sector. They are underrepresented in political life, and account for less than 10 percent of the members of parliament and members of government.

29. Moreover, because of the influence of sociocultural values, the opportunities for social advancement available to women are limited in a number of ways, both within the family and at the community level, as their access to land ownership (boys are frequently the sole heirs of family property), housing, education, categories of professional activity, the decision making process, etc., is restricted. These constraints impede the advancement of women, on the individual and collective levels, and are determining factors in the particular type of poverty lived by a sizable majority of Guinean women.

30. In the final analysis, poverty is considerably more pronounced among women, whether one speaks of access to education, formal employment, or income, or of working conditions or the distribution of responsibilities (the social responsibilities associated with procreation and maintaining the family make considerable demands on women that are not evaluated in the creation of wealth, and consequently are not compensated in any way).

31. As regards the living conditions of women (80 percent of the poor live in rural areas, and 53.3 percent are women) and their representation in the population (51 percent of the population is female), the poverty of Guinean women would appear to be a societal phenomenon and not simply a gender phenomenon. The problem therefore requires a new approach, both in terms of perceptions and in terms of the solutions sought.

8. Interdependencies between different dimensions of poverty

32. The gross primary school enrollment ratio is only 28 percent for the poor as against 64 percent for the nonpoor. Children of farmers are at the greatest disadvantage, with only 19 percent of children in school (EIBC, 1994/95). This kind of inequality may also be observed in access to health services. It would appear that poor households have less access to health care: only 12 percent of the poorest 20 percent turn to the public health services when they are ill, as compared to over 50 percent for the wealthiest 20 percent. The low degree of access to health care on the part of the poorest appears to result from their low incomes, on the one hand, as well as from the scarcity of nearby health services in rural areas, on the other (Table 3). Similarly, there is a significant interconnection between the education level of mothers and their children's health, with an infant mortality ratio twice as high among uneducated mothers (112 per thousand) as among mothers with secondary education (61 per thousand, Population and Health Survey (EDS), 1999).

C. The determining factors in poverty

33. Poverty depends upon the structure of the economy, the focus of public action, and its implementation through an institutional framework encompassing the family, the community, the government, and markets.

34. One of the determining factors in poverty appears to be associated with the centralized administration that prevailed in Guinea for many years. The culture developed in those years favored a wait-and-see attitude on the part of the people and stood in the way of changes in behavior compatible with the implementation of policies aimed at reducing poverty. Moreover,

there was a paucity of tools and incentives aimed at promoting an increased productive effort by the population, and weaknesses in the institutional framework for formulating and implementing development strategies.

35. Poverty may be traced in part to the scarcity and distribution of the resources (both financial and human) available for the development of infrastructures and the supply of basic social services. In 1991, for example, schools were an average of 16 kilometers from residences in the Haute Guinée region, 12 kilometers in Basse Guinée, 11 in Moyenne Guinée, and 8 in Guinée Forestière. Moreover, only 56 percent of the population outside Conakry lived less than 5 kilometers from a health post or health center, and 19 percent lived more than 10 kilometers away. Access to safe water was also lower in rural areas (45 percent of households had access to it in 1994/95, Table 3) than in the cities (49 percent for the same period).

36. The same inequalities may be observed in the allocation of human resources. Thus Conakry, with less than 20 percent of Guinea's population, employs 48 percent of the country's doctors, 51 percent of its midwives, and 39 percent of its nurses.

37. There is also a quite pronounced difference between urban and rural areas in terms of access to production factors. For example, in 1996, fewer than 1 percent of rural households used electricity as the principal source of lighting, as compared to 87 percent in Conakry and 30 percent in the other towns (Table 3). In addition, the proportion of households with access to mechanized agricultural equipment is insignificant, and only 10 percent of households have animal traction tools (EIBC, 1994/95). The same is true as regards transportation equipment in rural areas, where only 0.4 percent of households have an automobile and 3 percent a motorcycle (compared to 11 percent and 4 percent in Conakry, and 6 percent and 16 percent in the other urban centers, respectively, EIBC, 1994/95). The processing of agricultural products for sale is also a very limited activity, engaged in by only 5 percent of households (EIBC, 1994/95).

38. The isolation of some areas and the high cost of transportation thus also appear to be important factors in poverty. Indeed, they limit access to the markets needed for selling produce, reduce the competitiveness of products, and increase the cost of inputs required for production.

39. Improved access to such areas, public investment in the areas that have shortages of equipment and infrastructure, a redeployment of basic services, and an effort to improve agricultural techniques would thus appear to be key to reducing poverty in the rural areas that are home to the poorest groups of people in the country.

40. Access to credit seems to be a major obstacle to the creation of enterprises and activities. The shortage of capital or credit was cited by 37 percent of respondents active in the nonagricultural informal sectors as a major obstacle to the creation of enterprises (EIBC, 1994/95). Thus the major source of funding for developing businesses is still individual or family savings (74 percent); private banks, credit institutions and *tontines* are used by only 3 percent of those surveyed. By comparison, the lack of market outlets is cited by only 7 percent.

41. In sum, the major obstacles to the development of economic activities cited so far relate to the following factors:

- Inadequate infrastructure:
 - Paved roads, dirt roads, and bridges
 - Communications
 - Energy
- Inadequate basic social services:
 - Education
 - Health
 - Water supply points
- Low access to physical capital and to the techniques necessary for production:
- Access to land, and secure land tenure
- Access to credit
- Access to production tools (farm machinery, etc.)
- Access to improved agricultural techniques (farm extension services)
- Human resource training poorly adapted to the labor market
- Administrative weaknesses:
 - Limited services offered, sometimes of poor quality
 - Lack of support for the development of private sector economic activities (absence of secure land tenure, complicated formalities, lack of readily accessible public services, etc.)

42. The poor performance of the economy and the persistence of institutional, legal, economic, social, and financial obstacles have also lessened the impact of public efforts aimed at reducing poverty. An analysis of these policies in hindsight reveals a number of obstacles to their implementation:

- Insufficient budgetary resources, the poor allocation thereof, and the inadequate management of public expenditure. Guinea continues to be characterized by poor mobilization of budgetary resources and deficiencies in the system for managing public expenditure. Moreover, the revenue level and slippages in the management of public expenditure have prevented the substantial allocation of resources required to combat poverty effectively. Despite the introduction of a medium-term framework for expenditure, the impact of improved management of public expenditure has not yet been reflected in a significant reduction in poverty.
- The lack of transparency in resource management and the “ culture of impunity,” which have worked in favor of misappropriations of public funds and corruption.
- The low institutional capacity of public agencies and the fragility of basic public services.
- The low degree of ownership of development programs felt by Guineans and the poor coordination of development initiatives.
- The lack of equitable access to the resources available (geographical or financial exclusion).
- The scant involvement of recipients in political, economic and social decision making at the national and local levels, and policy implementation and monitoring. The level

of involvement of the people has heretofore been limited to simple consultation for purposes of determining priorities. The largely centralized management of public expenditure has done nothing to increase the accountability of local governments and the people in economic and social development. It should also be noted that civil society does not yet have all the skills it needs to engage in a true partnership with the central government and the other players in development.

43. This poverty profile is limited by the absence of recent data that would have made it possible to monitor the evolution of poverty and its characteristics. Moreover, detailed studies on individual subjects (in particular on employment), a modeling of household behavior in respect of health, education, and housing, and an analysis of the recipients of basic services would allow for greater understanding of the phenomenon of poverty and its determining factors. Such steps are provided for in the plans set forth in Section VI and Annex III of this document, and will make it possible to enrich the analysis in the final Poverty Reduction Strategy Paper. The participation of many users of data in this effort (in particular, departments and the university) will help improve the structure and quality of the information and analysis.

44. Guinea thus has two population and health surveys (1992 and 1999), one comprehensive household survey (1994/95—a new survey is scheduled for 2001/02), one recent agricultural survey (2000), and other more specialized surveys. Furthermore, it will be advisable for future investments and programs to be monitored systematically and evaluated in order to clearly identify their impact. Such analyses will be used to reorient certain activities, in particular to favor the poorest population groups and ensure that new activities have a maximum impact in terms of reducing poverty. Monitoring and evaluation activities should therefore be an integral part of all the activities called for under the strategy.

Explanatory note: Poverty level in the prefectures (composite index)

Map 1 presents the incidence of poverty as reflected by a composite index of the socioeconomic constraints to development. Fifteen indicators are used, each with a threshold corresponding to a poverty criterion. The indicators and their respective values are as follows: number of water points per 100 km² fewer than 5; percentage of dirt roads repaired or newly built less than 40 percent; percentage of passable roads lower than 30 percent; electrification rate of less than 3 percent; number of private telephones equal to 0; surface area of developed bottomlands less than 100 hectares; total area under cultivation per member of the labor force less than 1.8 hectares; proportion of farmers covered by projects less than 10 percent; number of inhabitants per health center in excess of 22,000; number of inhabitants per doctor or nurse in excess of 7,000; gross school enrollment ratio less than 42 percent; number of inhabitants per government worker in excess of 293; amount of wages, retirement payments, and pensions paid by the government less than GF 13,800 per person; and amount of investments planned by CRDs less than GF 50 million. A zone is ranked as Priority 1 if at least 10 of these criteria are met (6 prefectures), Priority 2 if 8 or 9 criteria are met (9 prefectures), Priority 3 if 7 criteria are met (5 prefectures), and Priority 4 if fewer than 7 criteria apply (14 prefectures).

Source: Republic of Guinea, Ministry of Planning and Cooperation, "Establishment of a poverty map of the Republic of Guinea," March 1999.

Table 1: Economic and Social Development Indicators: International Comparison ⁽¹⁾

Indicator	Year	Guinea <i>a</i>	Countries in subregion				Develop- ing countries	Less developed countries	Sub- Saharan Africa
			Côte d'Ivoire	Senegal	Mali	Ghana			
Real per capita GDP (\$, PPP)	1998	1782	1598	1307	660	1735	3270	1064	1607
Per capita GNP (\$)	1998	530	700	520	250	390	1250	270	530
Life expectancy at birth (years)	1998	54 ⁽³⁾	46,9	52,7	53,73	60,4	64,7	51,9	48,9
Infant mortality rate (per thousand)	1998	98 ⁽⁴⁾	90	70	144	67	64	104	106
Child mortality rate (per thousand)	1998	177 ⁽⁴⁾	150	121	237	105	93	161	172
Maternal mortality rate (/100,000 live births)	1990-98	525 ⁽⁴⁾	600	560	580	210	-	-	-
Population without access to health services (%)	1981-93 ⁽²⁾	55	40	60	80	75	-	-	-
Population without access to safe water (%)	1990-98 ⁽²⁾	52 ⁽⁶⁾	58	19	34	35	28	36	46
Net primary enrollment ratio (%)	1997	41.5 ⁽⁵⁾	58,3	59,5	38,1	43,4	85,7	60,4	56,2
Adult literacy rate (%)	1996	25 ⁽⁵⁾	44,5	35,5	38,2	69,1	72,3	50,7	58,5

(1) Unless otherwise indicated, data are drawn from the Human Development Report 2000 of the UNDP. See acronyms and abbreviations for definition of sources.

(2) Latest year available during the period indicated.

(3) RGPH, 1996.

(4) EDS, 1999.

(5) RGPH, 1996.

(6) EIBC, 1994/95.

Table 2: Evolution of Development Indicators in Guinea

	1985-1995	1999 or latest year available
Economy and public expenditure		
<i>Per capita GDP (PPP \$)</i>	1446 (1985-95)	1785 (1997)
<i>Growth rate of per capita GDP (%)</i>	0.8 (1985-90)	1.6 (1995-99)
<i>Public expenditure (% GDP)</i>	17.4 (1994-95)	14.0 (1998)
<i>Current expenditure on health (% GDP)</i>	1.6 (1994-95)	1.6 (1998)
<i>Current expenditure on education (% GDP)</i>	0.3 (1994-95)	0.4 (1998)
Health		
<i>Annual population growth rate (%)</i>		2.8 (1995-98)
<i>Composite index of fertility (children per woman, A)</i>	5.7 (1992)	5.5 (1999)
<i>Life expectancy at birth (years, B)</i>	45.1 (1983)	54 (1999)
<i>Infant mortality rate (per thousand, A)</i>	136,3 (1992)	98 (1999)
<i>Child mortality rate (per thousand, A)</i>	229 (1992)	177 (1999)
<i>Maternal mortality rate (per 100,000 live births, A)</i>	666 (1992)	528 (1999)
<i>Children underweight for their height (% , C and A)</i>	12 (1994/95)	9 (1999)
<i>Children who are short for their age (% , C and A)</i>	29 (1994/95)	26 (1999)
<i>Children with no immunizations (% , children 12-23 mos., A)</i>	36 (1992)	21 (1999)
<i>Physician- or midwife-assisted births (% , A)</i>	30.5 (1992)	34.8 (1999)
<i>Sexually active women using contraception (% , A)</i>	4.8 (1992)	6.2 (1999)
Education		
<i>Gross primary enrollment ratio of girls (% , D)</i>	20 (1991/92)	40 (1998/99)
<i>Gross primary enrollment ratio of boys (% , D)</i>	45 (1991/92)	68 (1998/99)
<i>Female literacy rate (% , B)</i>		15 (1996)
<i>Male literacy rate (% , B)</i>		37 (1996)
Access to basic services		
<i>Access to safe water (% , B and E)</i>	29 (1989)	49 (1999)
<i>Access to electricity (% , A and B)</i>	12.5(1996)	16.4 (1999)

Sources: A: EDS 1992 and 1999, B: RGPB 1983 and 1996, C: EIBC 1994/95, D: MEPU/EC, E: MHE. See acronyms and abbreviations for definition of sources.

Table 3: Poverty Indicators in Guinea: Regional Variations

	Total	Urban areas *excl. Conakry	Rural areas	Conakry	Basse Guinée	Moyenne Guinée	Haute Guinée	Guinée Forestière
Incomes/spending								
Incidence (% with less than \$300 per person per year, B)	40	24*	52	7	42	51	62	33
Depth (gap between spending and \$300 per person per year, %, B)	13	7*	18	1	14	17	23	9
Share of nationwide poverty (% , B)	100	9*	88	3	22	28	32	15
Share of food in total spending (% , B)	50	43*	61	36	51	61	55	57
Health								
Infant mortality rate (% , A)	98	79	116	74	92	100	129	126
Physician- or midwife-assisted birth (% , A)	35	76	22	85	33	18	21	37
Children with no immunizations (% , 12-23 mos. , A)	21	6	26	4	15	28	36	16
Children suffering from chronic malnutrition (% , 3-59 mos. , B)	29	22*	33	19	31	30	29	33
Sexually active women using contraception (% , A)	6.2	13.9	3.4	13.1	4.8	2.6	6.8	6.5
Composite index of fertility (children per woman, C)	5.6	4.1	6.0	3.6	5.0	5.9	6.4	5.2
Education								
Female literacy rate (% , C)	15	36	6	43	13	8	6	12
Male literacy rate (% , C)	37	60	25	63	39	30	20	34
Gross primary enrollment ratio of girls (% , C)	38	68	24	74	36	25	24	41
Gross primary enrollment ratio of boys (% , C)	52	83	40	88	51	39	38	58
Access to services								
Access to safe water (% , B)	52	49*	45	80	43	45	47	48
Electricity as main source of lighting (% , B)	19	30*	0	87	14	3	4	2
Other indicators								
Urban population (% , C)	30	100	0	100	23	9	16	22
Population density (inhabitants per square kilometer, C)	29	-	-	2429	31	31	14	34
Gross birth rate (per thousand, C)	40	30	43	28	41	42	48	38

Sources and dates: A: EDS 1999 ; B: EIBC 1994/95 ; C: RGPH 1996. See acronyms and abbreviations for definitions of sources.

Figure 1: Contribution to Total Population and Total Poverty by Socioprofessional Category (EIBC, 1994/95, Category of Head of Household)

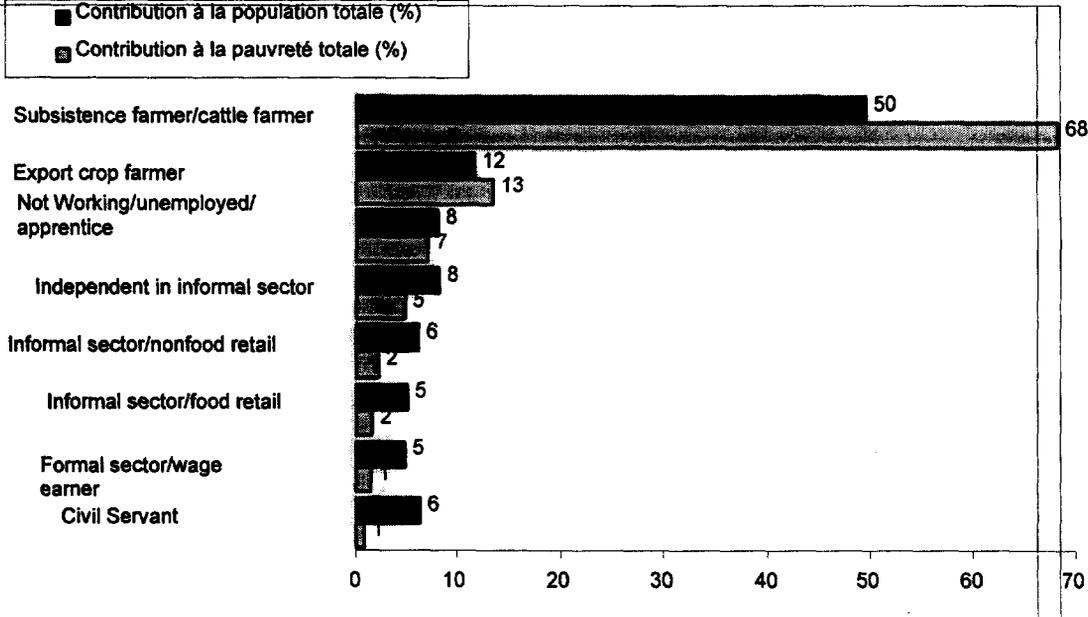
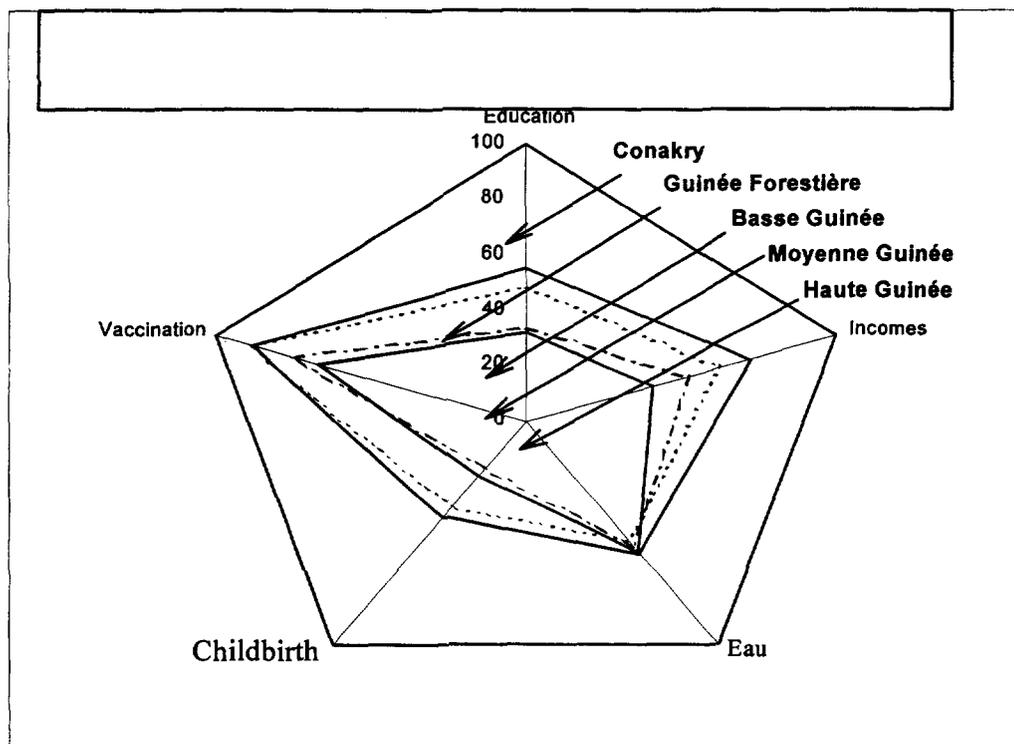


Figure 2: Regional Differences in 5 Dimensions of Poverty

Measures: Value of regional indicators in relation to the value in the highest ranking region.

Definitions: Incomes (*revenus*): individuals with more than \$300 per person per year; Water (*eau*): households with access to safe water; Education: primary school enrollment of girls; Childbirth (*accouchement*): childbirth assisted by a physician or midwife; Vaccination: children who have received particular vaccinations.



Source: Table 3.

Note: For reasons pertaining to the methodological approaches used by the different sources (EIBC 94/95, RGPH 96, EDS99 and appropriate ministries—see acronyms and abbreviations), there are discrepancies between some of the data in Tables 2 and 3. These concern the level of access to safe water and electricity. In the case of access to services, the most recent data have been used (those from Table 2); Table 3 serves to highlight regional disparities.

The discrepancies with respect to enrollment levels are attributable mostly to the dates on which observations for the indicators were made.

III. The current strategic framework

45. The current development strategy reflects the policies launched in 1985, as well as the changing economic and social environment in Guinea. The strategy is designed to reduce poverty through sustained, sustainable, and diversified growth, predicated on private sector performance in a broader context of decentralization. The main aims of this strategy are as follows:

- (1) maintaining macroeconomic stability;
- (2) bolstering the private sector by enhancing the institutional and regulatory framework for business and further developing basic infrastructure;
- (3) upgrading basic social services (education, health, and water supply in particular);
- (4) promoting rural development;
- (5) achieving decentralization and delegation of authority in the management of public services; and
- (6) protecting vulnerable and disadvantaged population groups.

46. This framework bears witness to the nation's commitment to fight poverty. It reflects the policies initiated in the late 1980s with the aim of reconciling economic development and social progress. Furthermore, it incorporates the experience acquired in recent years (at the procedural and substantive levels) in the areas of policy implementation and assessment.

A. The macroeconomic framework

47. During the period 1996-99, the government pursued a restrictive budgetary policy with a view to achieving fiscal consolidation, while monetary policy was aimed at maintaining low inflation and unifying the exchange rates.

48. These policies have helped to reduce macroeconomic imbalances while ushering in a more stable economic environment. On average, GDP growth in real terms exceeded 4 percent per year during the period 1996-99, while inflation averaged approximately 3 percent during that period (inflation was 4.7 percent in 1999). The primary budget surplus increased from 1.3 percent of GDP in 1996 to 2.4 percent of GDP in 1998 through the application of rigorous expenditure control.

49. Average investment, as a percentage of GDP, stood at 18.9 percent in 1998 as against 17.5 percent in 1996. This increase was primarily attributable to the upturn in private investment, which rose from 12.5 percent of GDP in 1996 to 15.1 percent of GDP in 1998. The net foreign assets of the central bank were equivalent to 3.1 months of imports as at end-1999.

50. In spite of these achievements, major challenges remain in store for the Guinean authorities, particularly in the area of budget management, in light of the ambitious poverty reduction agenda. In spite of many reforms implemented in recent years, including the introduction of the value-added tax and the signing of a contract with the SGS to strengthen

customs revenue, fiscal revenue performance is quite poor in Guinea (the tax ratio is 11 percent, compared to an average of 16 percent for all countries in the subregion). This problem of revenue performance is compounded by the issue of tax burden sharing (a sizable proportion of the economy escapes the tax net).

51. The constraints on revenue performance are numerous: lack of a taxpaying culture among Guinean citizens, and deficient tax administration, not to mention the tactics employed by some tax collection officials.

52. In the area of expenditure management, the resource constraints continue to make for difficult trade-offs in the allocation of resources. This has resulted, inter alia, in limited transfers of funds to the decentralized entities and entities with delegated authority. This problem has been compounded by the insufficient allocations and disbursement difficulties experienced in the various sectors.

B. Bolstering the private sector

53. Since 1985, Guinea has been engaged in a program of market-oriented economic reforms, aiming to entrust the private sector with responsibility for growth and job creation. In embarking upon a wide-ranging privatization program, the government has thus steadily withdrawn from production and marketing activities.

54. To facilitate this process, accompanying measures have been implemented, including efforts to strengthen the economic infrastructure (transportation, energy, and telecommunications) and to enhance the legal and regulatory framework governing business, chiefly through the promulgation of laws to promote entrepreneurship, safeguard private property, and ensure a level playing field for domestic and foreign players in the eyes of the law. The establishment of an arbitration board to deal with economic and financial disputes, and the ongoing reorganization of the courts of first instance, with the creation of two financial divisions within the Conakry court of first instance, should also help improve the business climate in Guinea.

55. These arrangements are being supplemented by efforts to rehabilitate the financial and macroeconomic framework and by the introduction of numerous incentives, particularly in the areas of customs and taxation.

56. However, these reforms have had but limited effect: the long-term investments needed to expand and modernize production capacity (particularly in agriculture and processing industries) and to enhance the potential for national development have not had the expected results. Thus, Guinea continues to face persistent problems in achieving growth and alleviating poverty. This is partly attributable to the difficulties associated with (1) the restoration of an ethic of public service conducive to private sector development; (2) the administrative and legal environment, which is a prerequisite for a flourishing private sector; (3) the effectiveness of the institutional support structure (chambers of commerce, industry, and agriculture; employer organizations; the private investment promotion office; and the financial system);

and (4) access to information, and the transparency required to facilitate a productive dialogue between the government and the private sector.

C. Medium-term expenditure framework (CDMT)

57. The participatory process, involving grassroots consultations in connection with the National Human Development Program (PNHD) and the Country Assistance Strategy (CAS), served to identify the priority sectors for government intervention from the perspective of the general public. To ensure that public expenditure allocation reflected these strategic priorities and to enhance its efficiency, the government in 1997 adopted a medium-term expenditure framework (CDMT). The aim of this expenditure rationalization mechanism was to prioritize resource allocations across sectors and within sectors; and to implement a public service delivery system based on accountability (with ex post evaluation to be provided through the use of objective, measurable performance indicators).

58. The government decided to begin implementation of the medium-term expenditure framework (CDMT) by using it for four priority sectors in 1998 (education, health, rural development, and road infrastructure). In 1999, this application of the CDMT approach was expanded to include three additional sectors (justice, urban development and housing, and social affairs).

59. The proportion of the nonwage operating budget (titles III and IV) accounted for by the first four priority sectors taken together increased from 25.5 percent in 1997 to 29.2 percent in 1998, and 32 percent in 1999. However, partly as a result of the delays involved in mastering the CDMT approach, budget execution levels were less satisfactory in 1998. The rate of execution was 82 percent in 1998 compared to 80 percent in 1997 for education, and 56 percent in 1998 as against 59 percent in 1997 for the health sector. In 1999, the execution rate of the nonwage operating budget for health rose to 65 percent.

60. In tandem with the restructuring of expenditure according to the CDMT approach, the government implemented a package of measures designed to strengthen budget tracking and supervision, to enhance the regulatory framework governing the treatment of public expenditure, and to standardize and simplify budget procedures.

D. Rural development

61. The rural sector has been a consistent priority of government policy for the last 15 years. This reflects the importance of diversifying the economy (traditionally dominated by the mining sector) and of reducing poverty in rural areas. The main features of the sectoral policy were identified in 1991 in the Letter of Agriculture Development Policy (LADP 1), and further updated in LADP 2 in 1997. These primarily focus on:

- ensuring food security by expanding the volumes of food production and improving distribution channels;
- contributing to economic growth and boosting export revenue;

- giving people better income-earning opportunities by diversifying production and boosting farm productivity;
- promoting private investment in the rural sector through further efforts to withdraw the government from commercial activities and enhance the legal and regulatory framework;
- strengthening the efficiency of agricultural projects and services and further developing basic infrastructure; and
- protecting the environment and ensuring the rational and sustainable use of natural resources.

62. The implementation of this policy has led to significant progress on a number of fronts. Real growth in GDP in the rural sector averaged 4.1 percent between 1992 and 1997, 5.2 percent in 1998, and 5.5 percent in 1999. With its growth outpacing overall GDP, the rural sector has been especially buoyant in recent years. Food and livestock production has benefited greatly from this dynamic performance (between 1991 and 1997, rice production increased by 26 percent, while the production of corn, cassava, and meat grew by 74 percent, 170 percent, and 48 percent, respectively).

63. In the efforts to boost agricultural exports, coffee, cotton, fruits (pineapple and mango in particular) and hevea rubber are the main products targeted. While the results are encouraging and may point to a more favorable outlook for exports of cotton (30,000 metric tons exported in 1998, compared to 12,547 metric tons in 1995) and hevea rubber, coffee and fruit exports have made limited progress.

64. These results notwithstanding, the challenges involved in developing and modernizing the rural sector remain considerable. The gains in food production primarily reflect the expansion of surface areas under cultivation. The improvement in yields has been negligible: between 1991 and 1995, average yields increased from 1.38 to 1.43 metric tons per hectare for rice, from 0.96 to 1.03 metric tons per hectare for corn, and from 0.87 to 0.91 metric tons per hectare for groundnuts, and decreased from 7 to 6.1 metric tons per hectare for cassava. The low level of private investment and the persistence of traditional practices—partly reflecting low skill levels within the sector—have not been conducive to a reform of the sector leading to a significant reduction in rural poverty and ensuring the rational use of natural resources. The modernization of the production structure is an essential step in reforming rural sector production and productivity.

65. The constraints impeding the rural sector's development are numerous and include the severe decline in production potential (soil, water, and forests), a legacy of farming methods that have remained at a virtual standstill for decades; insufficient rural infrastructure (dirt roads, irrigation facilities, etc.); and deficiencies in the framework governing private sector development (access to land and secure land tenure, access to and cost of financial services, scant support services, etc.). The outlook for the rural sector's development will be largely contingent upon the reforms implemented to overcome these constraints.

E. Decentralization

66. The reform of territorial government was initiated in 1986, characterized at first by territorial delegation of government authority to the regional, prefectural, and subprefectoral levels. The subprefectoral level is the basic territorial unit for the state's territorial activities.

67. In the area of decentralization, the reform process led to the adoption of a legal framework and the establishment of decentralized local governments in rural and urban areas. The financial and administrative organization of these entities is governed by laws and regulations as follows:

- *Ordonnance* No. 079/PRG/SGG/86 of March 25, 1986 on the territorial reorganization of the Republic of Guinea and the establishment of the decentralized local governments [*collectivités décentralisées*];
- *Ordonnance* No. 019/PRG/SGG/90 of April 21, 1960 on the organization and operation of the communal governments [*communes*] in Guinea; and
- *Ordonnance* No. 092/PRG/SGG/90 of October 22, 1990 on the organization and operation of the rural development communities (CRDs) in Guinea.

The current configuration of the decentralized entities is as follows:

- 38 urban communes, including 5 communes in the city of Conakry, encompassing 330 neighborhoods; and
- 303 rural development communities (CRD's), encompassing 2,300 rural districts.

68. These local government entities are all financially autonomous and have one deliberative body (a communal council in the case of the urban communes, and a community council in the case of the CRDs) and one executive body (a Mayor's Office for the communes, and a President's Office for the CRDs). This decentralization process has been strengthened by the mobilization of civil society in a variety of grassroots organizations (Nongovernmental Organizations NGOs, professional associations and cooperatives, etc.). At this writing, Guinea has 690 domestic NGOs, 78 foreign NGOs, and 3,800 cooperatives and associations. Thus, at the institutional level significant progress has been achieved in decentralizing the development management process.

69. In practice, the process has encountered a variety of constraints, including resistance to change, at the central government and decentralized government levels; limited capacity of the grassroots organizations to design, prepare, manage, or evaluate development projects; and the limited financial resources available.

70. Confronted with this situation, the government in recent years has initiated a variety of grassroots consultations and discussions. This dialogue has highlighted the commitment at the grassroots level to play a role in managing the development process. The Village Communities Support Program (VCSP) and Capacity-Building for Service Delivery Program (CBSDP) for improved delivery of public services are designed to build on this process and to lay the groundwork for sustained and sustainable development aimed at achieving significant reductions in poverty. While strengthening local capacity to design, implement, and manage

development programs, these mechanisms have helped to mobilize resources in support of local communities. In addition, the government this year decided to pass the entire amount of the minimum tax for local development on to local governments.

F. Specific poverty reduction initiatives

71. It is helpful to review past efforts in the poverty reduction process, in order to analyze their scope and draw the right conclusions, with a view to designing and implementing the new poverty reduction strategy.

72. The need for specific measures to reconcile economic progress and social development emerged from the earliest years of the economic and financial program (PREF). The various social programs initiated at that time (PASE I for education, PEV/SSP/ME for health, and PNIR I for rural infrastructure) reflected this concern. This was also the focus of the pilot community development program for the project to support social and economic development (PADSE), which helped assess the extent of poverty and identified a number of its characteristics (incidence and profile), in particular through the findings of the 1994/95 EIBC.

1. The Human Development Initiative (IDH)

73. Poverty once again became a focus of discussion when Guinea ranked at the bottom of the UNDP Human Development Index in successive years (1992, 1993, and 1994). In 1995, this state of affairs prompted the government to engage in a series of discussions and consultations culminating in the preparation of the National Human Development Program (PNDH), with the assistance of the country's external partners, primarily the UNDP and the Canadian International Development Agency CIDA. The challenge was to place human beings at the center of the development process by considering improvement in prosperity and the quality of life as the ultimate aims of this new approach.

74. Emphasis was consequently placed on securing the large-scale participation of grassroots stakeholders in the development process (local communities, NGOs, etc.), as well as external partners, from the diagnostic assessment phase through to the validation of the PNDH in March 1997. The PNDH has two main focuses, namely, governance and the fight against poverty and marginalization. The PNDH was designed to be implemented through the five framework programs as indicated below:

- gender and development framework program (PCGD);
- framework program to support grassroots initiatives (PCAIB);
- framework program to support private sector development (PCSDSP);
- framework program to support decentralization and strengthen civil society; and
- framework program to support macroeconomic management.

2. The SAG initiative

75. In the same vein as the IDH, the Guinean government and the World Bank in 1997 decided to join forces to implement a strategic approach to poverty alleviation based on

grassroots ownership of the process. The exercise launched during that period would enable the World Bank to prepare a new Country Assistance Strategy (CAS). Using this new approach, the consultations with the general public were performed on a broader basis: 25 prefectures were covered, out of the 33 prefectures in Guinea; and 66 subprefectures and 21 urban communes (CU) were visited out of a total of 303 subprefectures and 38 CU. All in all, the consultations directly reached 3,380 individuals (including 1,015 women) and communities encompassing 2,732,476 inhabitants.

76. These consultations enabled the communities in question to identify their development priorities and to set up programs and projects for achieving village-level development and institutional capacitybuilding for local communities. Specifically, the communities were free to assess their problems as they saw them in their day-to-day lives, and they themselves proposed program areas capable of bringing about a brighter future. By order of priority, the chosen sectors were the social sector (with 29 percent of the votes), infrastructure (25 percent), rural development (24 percent), small and medium-sized enterprises SME/SMI (13 percent), and governance (9 percent). The 9 priority subsectors identified by the local populations out of the 22 proposed are (1) dirt roads, paved roads, and bridges; (2) health; (3) agriculture; (4) education; (5) village water management; (6) employment; (7) electricity; (8) stock raising; and (9) justice and security. The structure of the sample and detailed results of the consultations are shown in the annex (Annex 4).

77. These results largely bore out the grassroots concerns expressed at the time of the consultations in connection with the preparation of the PNDH (1995). Together with the conclusions of the public expenditure review conducted in 1995, the results provided input for the preparation of the public expenditure management reforms initiated between 1997 and 1999, with expenditure redirected toward those sectors identified as priority sectors by the general public.

78. These same findings were used to design a new generation of projects and programs with the primary aim of reducing poverty in Guinea. These included the Village Communities Support Program (VCSP), the institutional capacity-building program (PRCI) for improved delivery of public services, and the reproductive health project (PSG). These programs and projects are being implemented; the passage of time will determine their effectiveness in terms of their impact on the living conditions of the general public.

79. At the macroeconomic level, a medium-term expenditure framework (CDMT) was implemented in 1998 to support efforts to improve the quality of services through centralized management of the available resources with a focus on measurable results.

IV. Poverty reduction objectives and strategies

80. The objective of all of the government's actions is to reduce poverty in Guinea and improve living conditions within a time horizon of 2010. By that date, the government hopes to have reduced the poverty rate to 30 percent, from the 40.3 percent recorded in 1995.

81. Specific objectives are mainly the following: faster growth; better income-earning opportunities for the poor (through the sustained and lasting development of the rural sector); mobilization of more substantial resources for the development of infrastructure and basic social services; improved governance; continuation of the struggle against AIDS; and the inclusion of the concerns of women in all development policies and strategies. To achieve these objectives requires an overall, coherent, relevant, and realistic strategy that takes into consideration all the problems that account for the state of poverty in Guinea. The scope of these problems, and those already identified, will be defined through surveys and consultations that will be held during the stage of fine-tuning the PRSP.

82. The approach to poverty reduction strategy has three main facets:

- *increased economic growth and income earning opportunities for the poor;*
- *development of and equal access to basic services; and*
- *improved governance and strengthening of institutional and human capacity.*

83. In light of the disparities observed in the poverty analysis (regional disparities, disparities between urban and rural areas, gender disparities, etc.), the principle of equity will guide all government action.

84. This strategic platform is based on a knowledge of poverty and the concerns of the population, expressed during consultations within the framework of the National Human Development Program (PNDH) and the Country Assistance Strategy (CAS) and largely borne out by the workshops organized in March 2000. At each stage of the process, the strategy will be enhanced by the assessment of new data and the impact of action already taken.

85. It will be reinforced by institutionalizing the participation of all the players and beneficiaries in the choice and management of steps to be taken and by establishing a tracking and assessment system for a better appreciation of the progress achieved and the timely identification of any necessary corrective measures.

Table 4: Quantified objectives for poverty reduction in Guinea

Indicators	Current Status		Objectives	
	Date	Value of the Indicator	Date	Value of the Indicator
Poverty reduction				
Percentage of poor	1995	40.3 %	2010	30
Economic growth				
GDP growth (in % per year)	1999	3.2	2010	10
Per capita GDP growth (%)	1995-99	1.6	2010	3.6
Investment rate (% of GDP)	1995-99	18.5	2010	25
Macroeconomic stability				
Inflation rate (in %)	1999	4	Period	4
Budget balance (% of GDP)	1999	-2.6		
External balance (% of GDP)	1996-99	-1.02		
Rural development				
Agricultural growth rate (% per year)	1997-99	5.3	2010	10
Annual consumption of fish (kg)	1997	13	2007	17
Quantity of meat produced per capita				
Education (*)				
Gross primary enrollment rate (%)	1998/99	53.5	2007	100
Gross enrollment rate for girls (%)	1998/99	40	2007	100
Adult literacy rate	1998/99	36	2007	45
Improvement in health conditions				
Life expectancy at birth (years)	1999	54		
Child mortality rate (‰)	1999	98	2010	65
Mortality rate for mothers (per 100,000)	1999	528	2010	260
HIV seroprevalence rate (%)	1998	2-4	2010	< 5
Transportation				
Road network density (km / 100 km ²)	1997	2.7	2007	6
Percentage of the road network in good condition	1997	25	2007	40
Increase access to electricity				
Electrification rate (in %)	1999	7	2020	65
Price per kWh	1999	GF 176		
Increase access to safe water				
Pop. having access to safe water (%)	1999	49	2010	90
Allow every Guinean to exercise their rights				
Average cost (per case) borne by those seeking justice				
Average duration of a case				
Rate of execution of judicial decisions				

(*) Objectives of the "education for all" program.

The incomplete indicators will be assessed to complete the table during the second stage of drafting of the final PRSP.

86. In order to take into account the objectives pursued by the sectors and to provide an overview of strategies and policies, a matrix of objectives, strategies, and indicators was constructed. This makes it possible to concisely and precisely establish the elements of the poverty reduction strategy. It will also be useful for intersectoral trade-offs. Furthermore, the matrix will underscore the possible synergies arising from interventions in the various sectors. It will also make it possible to take into account some issues that span all the sectors, such as gender, governance, follow-up, and assessment.

87. The matrix attached as Annex 2 is divided into four columns: (1) general objectives in the context of combating poverty; (2) more detailed objectives; (3) strategy developed, and measures envisaged or in place to attain these aims and objectives; and (4) indicators chosen to assess progress relative to the aims and objectives set for policies and programs.

A. Macroeconomic stabilization and growth

88. Basic principles must guide the conceptualization of a viable strategy for poverty reduction: (1) without a strong and sustainable economic growth strategy, there can be no significant improvement in the income levels of the poor; and (2) low income levels actually compromise any prospect of access to proper nutrition, safe water, quality education and health services, and decent housing, which are all essential to the well-being and development of the individual and the community.

89. To accelerate growth, diversify the economy, and increase income-earning opportunities for the poor, structural measures and support policies for sectors that propel growth are needed, in addition to a viable macroeconomic framework. Of course, in accordance with the liberalizing approach adopted since 1985, the private sector will play a decisive role in wealth creation and income distribution. In exercising its functions in support of the private sector, the government will give priority to those choices that favor the poor.

1. Macroeconomic policies

90. In the medium term, the main specific objectives targeted are the following:

- Achieve economic growth in real terms of 5 percent, 5.5 percent, and 5.6 percent, respectively, in 2001, 2002, and 2003. For better targeting of the poor, this growth will be largely based on the agricultural sector (with an annual agricultural GDP growth target of 10 percent in 2010). The mining sector, in which Guinea has strong potential and clear comparative advantages, will also constitute one of the pillars of growth and will contribute to the stability of the macroeconomic and financial framework, owing to the export revenue and budgetary resources generated.
- Maintain inflation at an annual rate of around 4 percent,
- Reduce the external current account deficit, excluding official transfers, to about 6 percent per year by 2003, to bring official reserves to the level of close to six months of imports in that year.

91. There has been an upturn in investment that should continue and reach 21 percent of GDP by 2003, with a private sector contribution that should exceed 13 percent of GDP as a result of a policy to encourage domestic saving and foreign investment. The target for saving is 18 percent of GDP by 2003.

a. Fiscal policy

92. In the context of preparation and implementation of a strategy for poverty reduction, the budget remains one of the instruments of redistribution of national wealth and protection of the vulnerable segments of society. Fiscal management in Guinea faces a twofold challenge: increasing revenue and strengthening the effectiveness of government expenditure.

93. In terms of objectives, the authorities aim to increase the primary surplus to more than 3 percent of GDP by 2002. Given the precarious nature of government revenue from bauxite and alumina, as these commodity prices fluctuate, the authorities will enhance their efforts to raise nonmining revenue, which should move from 7.8 percent of GDP in 1999 to about 10 percent in 2002.

94. Revenue mobilization efforts will initially involve the implementation of existing provisions, including: (1) the elimination of a large number of exemptions by imposing the VAT on mining companies; and (2) the extension of SGS intervention to mining company imports. In addition, the following measures will be taken: (1) the setting of revenue quotas for customs surveillance units, requiring results on penalty of sanctions; and (2) application of tax-inclusive purchasing procedures to all beneficiaries of petroleum product tax exemptions, with subsequent reimbursement.

95. In the interest of increasing nontax revenue, efforts will be made to mobilize the royalties collected by the government and the revenue generated by administrative services.

96. In the area of expenditure management, the approach introduced with the medium-term expenditure framework (CDMT) will be extended to all sectors, and its implementation mechanisms will be consolidated. This approach targets the intersectoral reallocation of profits to key sectors in combating poverty, while seeking an intrasectoral allocation of resources compatible with equal access to public services, emphasizing the need to maximize the resources available to the decentralized entities.

97. To improve the budgetary process, the government has undertaken a set of reforms, including (1) simplification and strict observance of budget execution procedures; (2) greater transparency and circulation of information; and (3) reform of the budget nomenclature for a better breakdown of expenditure between the central and decentralized units. Other measures aimed at improving the government contracting regime and capacity-building for the decentralized entities, in terms of budget drafting and execution, will also be pursued. Lastly, the drafting of budget review laws at regular intervals should figure among the actions to be taken.

b. Monetary, financial, and exchange policy

98. Monetary policy has two basic objectives: to keep the level of inflation low (under 4 percent per year), and to adequately finance economic activity. Inflation control will have the double advantage of helping to stabilize the framework for economic activity and preserving the population's purchasing power.

99. To achieve these objectives, the central bank will implement policies based on controlling base money expansion by using indirect instruments (particularly required reserves and treasury bill auctions) and by tailoring the growth of the money supply and credit to the financing needed for sustained, sound, and balanced economic growth.

100. To ensure the financial soundness of the Guinean banking system, the government is committed to strengthening banking supervision on the basis of the Basel Committee principles, through the Central Bank of Guinea-Bissau (BCRG), which will seek to exercise strict control of banks and observance of prudential regulations by financial institutions. This policy will be associated with (1) strengthening the role of the market in determining interest rates, as well as defining the terms and conditions of bank lending; (2) redefining the role assigned to treasury bills, with a view to making them more competitive and a true monetary policy instrument; and (3) limiting budget deficit financing to increase the availability of financing for the private sector (by 2003, bank financing of the budget deficit should not exceed 10 percent of the tax revenue of the preceding fiscal year, as opposed to the current ceiling, which is set at 20 percent).

101. Furthermore, the monetary authorities will continue their efforts to restructure and institutionalize the main decentralized financial systems, with a view to doubling their customer base and the level of lending and saving by 2008, as well as to promoting growth. In this regard, particular attention will be paid to supporting poor areas and vulnerable groups, especially women.

102. Finally, this measure will be backed by the creation of conditions for the introduction of insurance products covering the agricultural sector in particular, and, in order to boost domestic saving, the removal of taxes on life insurance products.

103. In terms of exchange policy, the objective remains the promotion of the competitiveness of the national economy and the elimination of the distortions created by the exchange rate differentials between the formal and informal exchange markets. To that end, the BCRG will implement a flexible exchange rate policy resulting in greater efficiency in the functioning of the foreign exchange auction market and will continue to liberalize the exchange market. Finally, and this is intimately linked to the exchange rate unification policy, the mobilization of foreign exchange by the formal system will be a real challenge to the monetary authorities.

c. External debt management

104. In pursuit of the socioeconomic objectives of recent years, the Guinean government has made sizable investments, largely financed by concessional loans from external partners. The development of basic infrastructure (water, electricity, roads, communications, and development of agricultural areas) has gone hand in hand with a considerable increase in the stock of debt. At December 31, 1999, the country's debt was assessed at US\$3.366 billion—a present value of US\$2.414 billion.

105. Despite the concessional terms of the debt and the reschedulings negotiated with the Paris Club (five in all), the country faces serious debt-management problems. A large portion of its budgetary resources and foreign exchange revenue is devoted to debt service. As a result of this situation, Guinea was declared eligible for the HIPC (Heavily Indebted Poor Countries) Initiative.

106. To ease the burden of the debt weighing on its economy and to provide financing for the poverty reduction strategy, Guinea hopes that the HIPC Initiative will be quickly implemented. In this regard, bilateral and multilateral creditors should coordinate and tailor their assistance to the requirements of the poverty reduction strategy. For its part, the government will ensure transparent management of debt-relief revenues in a framework that involves the development partners.

107. In respect of the additional financing that would be necessary to implement all the strategies set out in the PRSP, the government will implement a borrowing policy based on two main principles: highly concessional financing (with a grant element of at least 35 percent) and the matching of financing to national development priorities.

108. Lastly, the strengthening of institutional capacity of the entities responsible for debt management will allow for better mastery of the mechanisms and procedures as well as for the definition and follow-up of a better borrowing policy for the country.

d. Subregional integration

109. Subregional integration is now an important dimension of the national development policy. It is no longer a matter of political will but obeys an essentially economic and financial rationale.

110. The ongoing integration process should contribute to poverty reduction through the following three channels: (1) faster growth, propelled by trade in goods and services and the creation of community infrastructure; (2) reduced military and diplomatic expenditure, which would allow for more substantial financing of poverty reduction objectives; and (3) establishment of subregional stability and an end to refugee movements, which would halt environmental degradation and the deterioration of physical infrastructure.

111. In this integration process, considerable progress has already been made toward freedom of circulation of goods and persons within the Economic Community of West African States (ECOWAS) zone (15 member countries). With an observation post for surveillance of interstate road transportation in place, the incidence of racketeering along the major roadways could be reduced.

112. The monetary stability policies envisaged are designed to create a second West African monetary area in 2003 and a single monetary area in 2004. They will translate into stricter macroeconomic and financial management and an improvement in the system for reporting and tracking the economic and financial performance of member countries. This new economic space will be larger and more integrated, thus offering the countries real prospects for economic stability, trade promotion, and support for economic growth.

113. Guinea's ratification of the Organization for the Harmonization of Business Law in Africa (OHADA) treaty also has the same objectives: it aims to contribute to economic growth through the harmonization of policies and institutional and legal frameworks at the subregional level. It will have the advantage of contributing to the authority of the judicial system in Guinea and, in a broader sense, to the improvement of the business environment.

2. Support for the main growth-oriented sectors

114. An analysis of the structure of the Guinean economy shows that three sectors are key to GDP formation: agriculture, mining, and commerce (including restaurants and hotels), accounting for 16 percent, 19 percent, and 28 percent of GDP, respectively.

a. Support for the rural sector

115. The challenge of reducing poverty in Guinea is largely a question of accelerating the development of the rural sector. By 2010, the main objective will be to reduce the incidence of absolute poverty from 52.5 percent to 40 percent, and extreme poverty from 18 percent to 12 percent.

116. In terms of specific objectives, the government intends to attain a GDP growth rate of 10 percent in 2010; to ensure the food security of the Guinean population (in that connection, assisted by all the subsectors, to increase fish consumption from 13 to 17 kg annually, per capita, between 1997 and 2007); to maximize the economic and social benefits of the use of agricultural, livestock, and fishing resources; and to preserve the productive base by sustainable natural resource management.

117. To attain these objectives, the government's strategy should alleviate the major constraints to the development of the rural sector. This action should revolve around the following areas:

- quantitative and qualitative improvement of basic infrastructure, particularly for transportation and irrigation;

- development of community financial services, taking into account the specific needs of rural activities;
- strengthening of the sector's productivity by means of a policy that encourages the use of better inputs (improved varieties, fertilizers, or phytosanitary treatments), and the adaptation of production techniques;
- pursuit of a policy to develop the livestock subsector, with a view to increasing the quantity and quality of animal-based foods;
- support for organizing professional groups of farmers, ranchers, and fishermen, in order to promote participation, ownership, and sustainability in development efforts;
- support for the activities of rural women, with a view to developing their economic and social potential;
- assessment of the impact of macroeconomic and financial policies, particularly tax and customs policies, on the development of rural activities and the tailoring of these policies to the needs of the poverty reduction strategy; and
- rehabilitation and continued development of the sales channels for inputs and outputs of the sector, with a view to improving its competitiveness and incorporating it into the world market of industries with strong growth potential.

118. To ensure that the various segments of the population have the same income-earning and social development opportunities, specific measures will target vulnerable groups, particularly women (including preferential access to land, credit, and agricultural inputs; support for training and organization; and increase in the value of the products offered).

119. Lastly, in terms of security of land tenure in rural areas, a government policy declaration is being drawn up. The declaration has two main objectives: to improve the security of land tenure, with a view to establishing the conditions for investment in rural areas; and to give more responsibility to rural communities in land management. A pilot operation to improve security of land tenure was launched within the framework of the second national rural infrastructure program. This operation hinges on the implementation of institutional, technical, and legal systems for secure land tenure and the development of rural land plans.

120. In the long term, the government's divestment of the rural sector will extend to producer support services and will help strengthen the takeover of upstream and downstream production services by well-qualified and motivated operators. Also, as a result of the promotion of private investment and incentives to increase the share of assets created for this purpose, development of the rural sector should be sustained and its production system modernized. This will result in major changes in production, preservation, and marketing techniques and will at the same time entail significant improvements in the sector's production and productivity.

121. In addition, the rural development policy will serve as an effective channel for combating HIV/AIDS. Almost three-fourths of the Guinean population lives in rural areas, and AIDS prevention education, information, and communications are the responsibility of all

players in these areas. Officials in the national rural promotion and extension department have already been trained and are now heavily involved in the fight against AIDS. To expand these efforts and improve the quality of outreach, the government will increase its efforts by involving the 15,000 livestock sector workers currently in the field.

b. Mining sector

122. Source of a substantial share of national wealth, government revenue, and the bulk of the country's export revenue for several decades now, the mining sector will remain at the core of the national poverty reduction strategy. It must bear a considerable share of economic development, job creation, and income distribution.

123. Development of the sector will be two pronged: intensification of mining activity in Guinea, and enhancement of the value of mining output. These goals will require major investments, in terms of both mining activity and development of the energy and transportation infrastructure. The policy envisaged by the government will have to provide the best incentives for private investment.

124. At the regulatory and institutional level, the new mining code adopted in 1995 and the Center for Mining Promotion and Development (CPDM) reflect the great strides made in the private investment promotion policy. They ratify the liberalization of mining activity (by allowing for the establishment of wholly privately owned and managed companies) and create a simplified and investment-friendly host environment. These provisions are reinforced by the progress made in restructuring the large mining companies (CBG, FRIGUIA, and SBK) and the action taken by the government in researching and establishing a reliable database on the country's geological potential.

125. Enhancement of the value of Guinean mining output will be derived mainly from the aluminum/bauxite subsector. The strategy envisaged for that purpose involves development of the energy potential essential for bauxite-alumina-aluminum processing. The government, along with private investors, intends to develop a project for an integrated aluminum smelter in Konkouré, which will include an aluminum plant with an annual capacity of some 250,000 metric tons (entirely funded by private investment) and a hydroelectric plant capable of producing 3,496 GH/year, with the bulk of this energy production going to the aluminum industry. The policy for developing the energy sector is defined to ensure the best possible synergy between the two sectors.

c. SMEs/SMIs and employment promotion

126. In Guinea, unemployment and income insecurity are the main characteristics of poverty. Poor access to basic services (education, health, transportation, and communications) is partly linked to low incomes. Creating wealth and distributing income to as wide a cross-section of the Guinean population as possible, especially the youth, are therefore the primary challenge for the poverty reduction strategy.

127. In addressing the problem, the government has consulted the groups most affected by unemployment: young, unemployed graduates, labor unions, the handicapped, and the NGOs. Essentially, the strategy envisaged will revolve around technical and professional training, development of entrepreneurial skills and managerial capacity, and access to production assets as well as the opportunities provided by the domestic and external markets.

128. In light of the current state of the labor market, support for self-development and innovation must be at the center of the employment and income distribution policy. To that end, access to technical and vocational training will be provided in response to the demands of the labor market and to the technological change required for better development of potential in a market largely open to competition. This training will be carried out in-house at companies and through conventional programs in vocational schools. It will also be a question of designing and implementing a strategy for promoting entrepreneurship and the managerial capacity of small and medium sized enterprises SMEs/SMIs.

129. To take full advantage of the knowledge acquired and to develop private initiative, a support system will be required to provide funding and other production assets, such as land. To that end, there is an urgent need to develop a financial system capable of mobilizing savings to finance investment for sustainable development. This system will be enhanced by the creation of an appropriate institutional and legal environment that is development oriented, as well as of sound and competitive infrastructures.

130. The choice of growth-oriented and income-generating sectors includes manufacturing SMIs and agricultural and tourism activities. The country's major tourism potential has long remained undervalued. Aware of the contribution that the sector can make to economic and social progress (direct jobs and induced employment in other sectors, such as transportation, agriculture, forestry, crafts, etc.), the government has implemented a tourism policy and craft industry code. The development of integrated rural tourism can shore up poverty reduction efforts, with such specific objectives as the involvement of local populations in a system of decentralization with effective responsibility for choices, a definition of tourism products of which the local populations would be the primary beneficiaries, and the promotion of vulnerable population groups (women and youth in rural areas).

131. The policies to be implemented to that end would involve alleviating the constraints on tourism development in Guinea. Accordingly, the policies will aim to rectify the failure to develop tourist sites; eliminate the shortage of trained human resources; promote Guinea's image as a tourist destination; ensure security for tourists and their property; promote the hitherto insufficient development of supervisory and support structures for the private sector; simplify the procedures for land acquisition; etc.

132. Lastly, in the context of implementation of public investment programs, employment will also be created by using labor-intensive techniques. This approach will be grounded in the optimal use of local Small and medium sized enterprises SMEs and SMIs for the development of basic infrastructure. Such an approach has the advantage of tapping local expertise, boosting employment, and encouraging community participation.

133. As a result of a particularly difficult employment environment for young people, the government will examine the best way to ensure their economic and social development by reviewing the following:

- conditions for implementing an institutional framework conducive to the development of initiatives for young people, using technical and financial support for youth association movements, NGOs, and volunteer organizations;
- ways and means to construct, renovate, and equip socioeducational facilities; and
- support for incorporating youth into the labor market and the economy by setting up a national youth integration fund.

This review will be carried out in collaboration with youth organizations, development partners, and local governments.

d. Basic infrastructure development

134. It is clear that Guinea lags behind in the development of basic infrastructure. Efforts over the last 15 years have considerably upgraded the available infrastructure and the quality of services provided, resulting, in particular, in the expansion of production capacity (water, energy, and telecommunications) and improved accessibility of a large part of the country. However, in many ways, the development framework requires more substantial advances for the economy to become viable and competitive. Similarly, some sectors, particularly the energy sector, are faced with a debt burden and financial needs that could seriously jeopardize their development in the short and medium terms.

135. With a view to reducing poverty, infrastructure development faces two major challenges: (1) to provide adequate services for private sector development; and (2) to ensure that a larger number of Guineans enjoy good basic services (this question will be discussed in the chapter on access to basic services).

Energy subsector

136. The strategy seeks to increase the supply in order to cover the needs of the national economy, including those linked to the development of the mining industry. Given Guinea's enormous hydroelectric potential, the ultimate goal will be for the country to become an exporter of electrical energy.

137. To address the need for investment, the government has already implemented institutional mechanisms and systems to allow private sector investment in infrastructure. These mechanisms are governed in particular by the BOT (Build, Operate and Transfer) law. In the context of implementing these provisions and linking them to the development of the mining industry, major projects (e.g., the Tiopo project on the Cogon River) have already been identified, technical studies undertaken, and discussions initiated with private sector partners. In the same vein, with the support of the World Bank, the government has just initiated a

review of the regulatory framework aimed at more sustained private sector participation in the financing and management of basic infrastructure. The review covers all the main infrastructure sectors (water, energy, telecommunications, and transportation). It will contribute to the implementation of institutional reforms currently under way, to the adaptation of the regulatory framework, and, thus, to improvement in the technical and financial efficiency of the sectors.

Transportation subsector

138. Owing to their impact on economic development and on the living conditions of the entire Guinean population, appropriate policies are required for all road and port subsectors.

139. The road infrastructure development policy will be based on extension of the network by opening up 40,000 km of dirt roads by 2007, within the context of implementation of the second national rural infrastructure program, and by upgrading the existing infrastructure by implementing an appropriate system of road maintenance. A second-generation road maintenance fund will be established with user contributions, and the government's efforts in terms of budgetary appropriations for the sector will be used to finance maintenance activities. However, in order to maintain the entire network of roads that will be laid, more substantial resources will be needed. To that end, the government will reassess its objectives for mobilizing resources for dirt roads and will request support from its development partners for their completion.

140. The national strategy will also ensure better linkages between the national road network and dirt roads, partly with a view to making production zones more accessible and improving the distribution of agricultural products to urban areas. By facilitating access to production zones, this policy will revitalize rural activity and raise the value of production of the rural population (narrowing the margin between the producer price and the consumer price), thereby helping to reduce poverty.

141. For the ports subsector, the challenge will be to ensure the competitiveness of the national economy and protect the purchasing power of the population by offering quality services at competitive prices. At present, the general level of prices is largely related to the cost of port transactions. Transportation policy in the subsector, especially as it relates to the institutional and regulatory framework and to competitiveness, is being reviewed in the broader context of rethinking the regulatory framework for infrastructure, with a view to establishing greater private sector participation in infrastructure funding. This exercise is being carried out with the support of the World Bank. Its findings could lead to concrete measures that would allow for improvement of the framework for economic activity in Guinea.

B. Development and access to basic services

142. It is useful to bear in mind the inequalities revealed in the poverty analysis (inequalities among regions, between urban and rural communities, between men and women, and among socioprofessional groups). Reducing these inequalities and ensuring equitable distribution of the national wealth will be among the major challenges addressed by the new government

strategy. Hence, in all policies to be adopted, particularly those related to the priority social sectors, special attention will be paid to those areas identified as pockets of poverty and to vulnerable segments of the population (women in rural communities, young people seeking their first jobs, retrenched workers, the handicapped, etc.).

1. Education

143. The government's objective in this area will be to establish a general education system that will facilitate the development of human resources and the scientific potential required to meet the country's economic and social needs. While the objective of primary education for all is being pursued, national education policy will therefore be aimed at

- increasing enrollment ratios (raising first-year entry rates to 70 percent) and ensuring equity between the genders and among geographical areas;
- improving the quality and internal and external cost-effectiveness of education (through the use of better-qualified teachers, the provision of ample teaching aids, and adequate systems management);
- improving systems management so as to make better use of available resources (capacity-building for school management, inspections, and oversight of the entire system);
- improving educational programs, with account taken of the STDs/AIDS dimension, to encourage better hygiene and health practices, especially among young people; and
- promoting and expanding private education at the various levels.

144. Also, sectoral policy will be aimed at improving the links between the various levels of education (preuniversity, technical and vocational, and higher) and establishing open, flexible relations between technical and vocational education and higher education, on the one hand, and the economic and labor environment, on the other hand (matching training with employment needs). This policy will facilitate the integration of all actions within a systemic, dynamic view of the education system, using the sectoral simulation model under construction.

145. Lastly, special attention will be paid to promoting nonformal education and to holding families responsible for the training of children, as well as to promoting the school enrollment of young girls, especially in rural areas.

2. Health, nutrition, and HIV/AIDS

146. Public action will hinge upon four lines of approach, as follows: (1) the improvement of access by the poor to essential health services; (2) the improvement of social checks and balances and of the capacities of decentralized institutions, based on the principle of community participation; (3) the strengthening of action to combat HIV/AIDS and consideration of the nonmedical aspects of HIV/AIDS; and (4) the reduction of nutritional deficiencies.

147. The development of health infrastructure will primarily involve basic health units, in particular health posts, based on the health map. This will be accompanied by a human resources management policy that can ensure the availability of qualified, motivated personnel in rural areas. To this end, contracting will be based largely on performance, which will have the advantage of improving the quality of services and lowering staff turnover in rural areas. Also, the availability and quality of services will be increased through consolidation of the minimum package of services (with an adequate supply of consumables, generic essential medicines, and vaccinations); improvement in access to financial support through phased subsidies for services, depending on the socioeconomic situation in the various regions; and the establishment of locally mobilized and managed social safety net funds. This will all be supported by a larger allocation of resources to the sector (the target being 10 percent of the budget in 2010, compared with the current allocation of 4-5 percent).

148. In keeping with the decentralization process launched at the national level and with the principle of community participation, there will be greater involvement of the entities with delegated authority (regions, prefectures, and subprefectures) and the decentralized entities (CRDs, urban communes, and districts/neighborhoods) in health development. Over time, they will be granted management autonomy, which will also ensure that they assume responsibility for factual analysis, planning, management, and performance assessment. The participation of user committees in these entities will be expanded and institutionalized.

149. At the subprefecture level, the social welfare of the poor and social checks and balances will be enhanced through the establishment of structures and appropriate mechanisms for dialogue, such as health councils for monitoring, microplanning, and budgeting; solidarity funds to cover the needs of the poor; and health cooperatives for risk sharing.

150. Health policy will also take up the challenge of dealing with emerging and reemerging diseases, in particular STDs/AIDS. Two basic objectives will be to stabilize or reduce the incidence of HIV/AIDS and to control the socioeconomic impact of AIDS. With this in mind, action against STDs/AIDS will be incorporated into all development programs, and particularly into the 2000–10 national health development plan currently under preparation. The specific cases of persons living with HIV and groups most at risk (truckers, itinerant merchants, inhabitants of areas with a large refugee population, members of the armed forces, and prostitutes) will have to be considered. Also, an intersectoral approach will be taken in the development of communications and information programs, especially the targeting of young people, with a view to considering aspects other than the purely medical in the fight against AIDS and encouraging behavioral changes in light of AIDS-related risks.

151. Moreover, initiatives against malnutrition will be aimed at eliminating the deficiencies in micronutrients (iodine, iron, and vitamin A) found primarily in rural areas and at promoting breastfeeding as the sole source of nutrients for infants aged up to 6 months. Community-based activities will be supported to improve food security and reduce protein-calorie malnutrition.

152. Lastly, with a view to improving health conditions for women and young girls, efforts will be pursued to combat the practice of female genital mutilation. The specific objectives in this regard are to abandon this practice and integrate women currently practicing this procedure

into other professions. To this end, the measures under consideration will relate to raising public awareness, identifying projects, and providing support for training and for the implementation of small projects to retrain women practicing this procedure.

3. Water, sanitation, and housing

153. Significant efforts have been made to develop water supply infrastructures in both urban and rural areas. In urban areas, these efforts have involved increasing production capacities (production and transportation capacities serving Conakry have increased from 45,000 m³ in 1989 to 100,000 m³ in 2000) and increasing the number of towns (27 urban centers) covered by a water supply network. Work (drilling, repairing wells, and installing water supply points) has been largely stepped up in rural areas (in all, about 9,400 water points had been installed in March 2000, compared with only 10,000 up to 1985). No specific report exists on the operational status of these installations, but the rate of access to safe water was estimated at 49 percent in 1999.

154. Within the framework of the poverty reduction strategy, the objective will be to raise the rate of access to safe water to 90 percent in 2010, with an average of 150 liters of water per inhabitant daily in urban areas and 50 liters of water in rural areas. To provide access to safe water and improve health conditions for the people, the government will pursue its efforts to install water supply infrastructures in urban areas and water points in rural areas. It will also rely on private participation in the financing of infrastructures, as envisaged by the ongoing review of the regulatory framework related to infrastructures. This policy will be carried out in collaboration with NGOs in recipient communities. The contribution of rural communities to the initial investment and their involvement in the operation and maintenance of water points will ensure the durability of the equipment and a higher quality of services.

155. For greater improvement of living conditions, previous measures will be supplemented by sustained efforts to achieve the harmonious development of urban centers. To this end, the measures under consideration will hinge primarily on preparing blueprints for developing the various towns around the country, improving the accessibility of poor neighborhoods by repairing or opening up the roads leading to them and developing the major roadways leading to poor suburbs, providing sanitation services (beefing up the collection and elimination of trash, and supporting SMEs engaged in trash collection), and improving the security of land tenure.

4. Electricity

156. The efforts of these past few years have led to an appreciable increase in the electricity supply and thus helped improve the quality of life of a large portion of the people, in Conakry and in a number of inland urban centers. Notwithstanding, the rural population, which makes up the vast majority of Guineans, as well as people in several urban centers, do not as yet have access to electricity.

157. The government plans to pursue its program of supplying electricity to inland towns, in particular with the support of its partners, and to improve management of the sector. This will facilitate private participation in the financing of infrastructures.

158. As regards supplying electricity to rural areas, the government, with World Bank support, has launched a pilot program to bring electricity to villages. This initiative consists of developing and supplying services on the basis of private financing. In this context, the government will ensure as much legal and regulatory consistency as possible with the institutional approach adopted in the conventional electricity sector.

5. Transportation infrastructure

159. From the standpoint of social development, the main objective is to provide equitable access to transportation services for the majority of Guineans. The required measures are to be taken as part of a procedure consistent with pursuit of the objective of improving the framework of economic activity.

160. In rural areas, the expansion and maintenance of dirt roads are helping to improve living conditions, access to better-quality urban services at less cost, and employment opportunities. To sustain previous gains and exert a greater influence on living conditions, the general public will be involved in all phases of the process. In addition, preference will constantly be given to the use of local labor and to a labor-intensive approach. This will help reduce construction and maintenance costs, promote employment, and revitalize local Small and medium-sized enterprises SMEs/SMIs.

161. Along with improvement of the road infrastructure, the strategy to be introduced will include a component for the promotion of intermediate means of transportation.

162. In urban areas, the government policy will be to develop road infrastructure and regulate the sector. In addition to the liberalization, already in effect, of transportation services, priority will be given to increasing road safety and strengthening the current regulations.

6. Gender and equity

163. Despite the affirmation of equality between men and women before the law and the policies adopted in favor of the emancipation of women, only very limited progress has been made in this area, particularly as a result of the superimposition of positive law and the discriminatory customary law, as well as sociocultural barriers. Differences are evident in all areas (economic, social, and political) between the conditions faced by men and those experienced by women.

164. But the scope of the problem can also be measured by the number of people directly affected by it (women make up 51.3 percent of the total population) and by its impact on the overall process of economic and social development. Thus, beyond mere discrimination

against women, the gender problem represents a major dimension that should be taken into account when economic and social strategies are being devised.

165. In recent years, several actions have been taken by the government to achieve the objective of reducing poverty among women. They include, in particular, the following:

- the establishment of a legal framework providing for the equality of men and women before the law;
- the gender and development framework program, which has a component aimed at strengthening institutional arrangements for the promotion of women and dissemination of information about the gender concept and approach;
- the project to remove legal constraints on reproductive health and the promotion of women, including the mission of passing and disseminating information about laws to strengthen the promotion and protection of the legal status of women;
- the project to increase school enrollment among girls, which is part of a campaign in this area;
- the project in support of women engaged in economic activity, consisting of promoting the economic activities of women by providing them with access to training; small technologies; microcredit; and information, education, and communications activities, in order to bring about a positive change in behavior toward women; and
- the establishment of a fund in support of income-generating activities for women in urban and peri-urban areas.

166. The challenge is to foster the economic and social emergence of women by establishing a strategic framework that can guarantee equity among the various groups making up the nation, in particular between men and women. Specifically, the primary objectives are access to education, training, employment, production assets, protection, and decision-making. The logical approach envisaged for this purpose is based on an objective analysis of the status of women (poverty analysis using a gender approach) and research on the best conditions for the participation of women, especially the poorest of them, in the development process. Well beyond establishing access to resources and to essential social services, the real challenge of women's participation remains that of ensuring that they have decision-making powers and influence on the policies underpinning development strategies.

167. For greater impact, the gender dimension aspect will be addressed in an across-the-board approach. In other words, all sectoral strategies to be instituted will take account of the status of the underprivileged segments of the population in general, and of women in particular. Also, as regards strategic policies for the promotion of women, the education of girls will remain among the government's major priorities. To this end, various measures will be taken, including public awareness and information campaigns, as well as steps to promote the access of girls to the various educational levels.

168. In the health sector, policies to be adopted relate to the expansion and development of basic health services, with a view to addressing effectively the needs of women (minimum care packages, prenatal care, childbirth assistance, and family planning) and children (vaccinations, and integrated management of childhood illness). The recently established reproductive health project will help in this effort. Steps will also be taken to introduce the measures necessary for protecting women and children from AIDS.

169. On the economic front, strategic policies will be aimed primarily at developing job- and income-generating initiatives, building up the technical and organizational capacities of women, supporting the mobilization of production factors (credit and other production assets), and ensuring access to opportunities on the local and international markets.

170. In addition, specific actions are under consideration to increase awareness and provide incentives. They will be pursued with a view to encouraging positive changes in those socio-cultural practices that hinder the development of women.

171. To fine-tune these policies in the final PRSP, the gender dimension will be taken into account throughout the process. This will involve including a gender analysis in all the studies and surveys planned for the final PRSP and ensuring the active participation of women in the identification, formulation, and management of actions to be taken, as well as in the assessment of their impact. The studies to be carried out will be enriched with the new data collected and will take account of all the economic, social, and cultural handicaps that characterize poverty as experienced by women.

172. Along with the economic liberalization and the progressive disengagement of the state from the productive sectors, the most vulnerable groups of society, particularly the handicapped, drugs addicts, AIDS patients, the aged, and youths and children in difficult situations have experienced a clear deterioration of their living conditions. In part, this is due to: the inadequacy of public action in this area (there are few structures adapted to the specific needs of handicapped persons, or, where they do exist, their state of functionality is unsatisfactory); the continued rise in unemployment (reducing the possibilities of family assistance); and the selectivity of the formal economy in matters of hiring.

173. Faced with this situation, numerous associations and NGOs have been created to contribute to the training and professional and social development of these persons in difficulty. To this day, however, there is no systematic study evaluation of the dynamics of these organizations.

174. Moreover, the shortcomings of social coverage are evident. Less than 2 percent of the country's population benefits from social security coverage—essentially, only a part of salaried workers, their dependents, and civil servants. In a context of very low incomes, this absence of social security increases the vulnerability of large segments of the population.

175. In the framework of the poverty reduction strategy, important efforts will be directed toward social action. In this context, there are two facets: support for persons in difficulty, and the development of social security in Guinea. With regard to the first aspect, the government's

policy will aim to improve and make operational the structures responsible for social action in Guinea. A number of specific measures are foreseen, including: studies on the living conditions of the vulnerable groups; and improvement of the institutional capacity to formulate a better social policy in Guinea; the development of infrastructures properly adapted to the targeted groups; and the mobilization of all partners for the cause of the most vulnerable.

176. With regard to social security, a concerted reflection involving all partners (the state, civil society, professional organizations, etc.) will be necessary to define the orientation of policies to improve social security in Guinea. Initiatives taken in the area of public health (to protect the poor) and social checks and balances on the local level (putting in place a solidarity fund for taking care of indigents; health cooperatives for sharing risks, etc.) could prove to be instructive in this context.

C. Improving governance and capacity-building

177. The government is aware of the direct links between the quality of governance and the performance of economic and social programs and, therefore, has for several years been engaging in discussions and operations designed to improve public management. Government action in this regard has included initiating the decentralization process, ceding its central role to the private sector and local governments, and improving the legislative, regulatory, and judicial systems by means of the participatory process adopted during the identification of the major strategic policies for national development.

178. This policy will be pursued through two main lines of approach: improving public management through better allocation of resources and greater transparency in budget execution; and strengthening institutional and human capacities, with a view to providing better public services.

1. Better allocation and transparency in resource management

a. CDMT and priority sectors

179. The medium-term expenditure framework (CDMT) continues to be targeted primarily to making better use of the available resources, with a view to achieving basic poverty reduction objectives. This approach has been adopted by the priority sectors (education, health, rural development, and road maintenance) since 1998 and by three new sectors (justice; urban development and housing; and social affairs, promotion of women, and childhood) since 1999. It facilitates the establishment of better links between the objectives set (main poverty reduction objectives) and the allocation of resources. It also seeks to assess the impact of measures taken (measurement of the extent to which objectives have been attained). However, the CDMT has admittedly had limited success because of the tardy mastery of the process by the various participants and the worsening of the government finance position, the latter of which is related especially to the lack of external assistance and to the financial burden generated by the lack of security in the subregion.

180. With the aim of improving the effectiveness of public spending, the CDMT approach will be consolidated and extended to include all sectors. On the basis of the strategic priorities defined for poverty reduction, this approach will foster better collaboration among the professionals and officials in charge in the central and technical ministries through participation in the entire process and shared analysis of the principles and constraints that must guide public expenditure management.

181. Efforts in coming years will be aimed at mastering the institutional and technical procedures associated with implementation of the CDMT approach (adoption of a strategic basis for budget preparation, and assessment of the strategies adopted for attaining agreed targets, indicators, and performance appraisal procedures, etc.). This approach will also facilitate better coordination of assistance and harmonization of the participation of the various partners.

182. As a basic PRSP principle, the prioritization of objectives will govern expenditure allocation. Over the past three years, the adoption of the CDMT approach has been accompanied by expenditure restructuring in favor of those sectors defined by the people as of priority. The participatory process that has been initiated will make it possible to establish priorities on a consensual basis, with the involvement of all partners (government, population groups, and development partners).

b. Decentralization for better-quality expenditure

183. The government's strategy centers on the objective of establishing a development administration to serve the people. From this standpoint, the government has set up decentralized entities and administrative units that are closer to the people (communes, rural development communities, neighborhoods, and districts), in addition to the entities with delegated authority (regions, prefectures, and subprefectures).

184. As these entities are already operational, the challenge today is that of providing the human, financial, and material resources necessary for designing and implementing basic development plans. The reluctance observed at the central level to transfer resources to the grassroots level, the weak capacity of local governments in development planning and management, the absence of supporting financial institutions, and the inadequacy of performance-enhancing mechanisms represent a real drag on the forward thrust toward decentralization.

185. To address the resource deficit issue, the government has already taken important measures: introduction of the Village Communities Support Program (VCSP), and the passing on to local governments of all funds collected for the minimum tax for local development (IMDL), with effect from fiscal 2000. The PACV initiative will generate support for consolidation of the basic entities (improvement of the institutional and regulatory framework of decentralization), the establishment of operational frameworks for dialogue, development of the technical and institutional capacities of rural communities, and the provision of a local investment fund to be managed by community-based groups.

186. Moreover, reforms are under way with a view to providing larger allocations of budgetary resources to entities with delegated authority. Accordingly, a new budgetary nomenclature has been prepared to allow for a breakdown of expenditure between the central services and those with delegated authority, and it will be strengthened by a delegation of authority for fiscal management (transfer of competencies and responsibilities to the delegated authority level).

c. Transparency and action to combat corruption

187. Within the framework of the government finance management reform introduced in 1998, several important measures were initiated, with the aim of achieving transparency and compliance with the regulations on expenditure management. These measures include the simplification and strict observance of budget execution procedures; increased coordination among administrations for the collection and consistency of fiscal data, including on financing; computerization of expenditure procedures, from commitment to payment; and the routine production of consolidated balance sheets of the treasury. To these must be added the positive effects of the involvement of population groups in the formulation, implementation, management, and assessment of development actions.

188. To complete these arrangements and improve expenditure effectiveness, regulations on public procurement and a series of measures aimed at improving procurement procedures were introduced and will be pursued.

189. In addition, the government established a National Committee to Combat Corruption and uphold ethics in economic activities, by Decree D/2000/017/PRG/SGG of February 4, 2000. This committee is made up of representatives of all political persuasions, civil society, and professional organizations. With the support of development partners, the activities of this committee will facilitate a grasp of the magnitude, forms, and mechanisms of corruption, as well as the preparation of a strategy and an action plan for more vigorous action against corrupt practices.

2. Participatory process and institutional and human capacity-building

190. As noted above, the weak institutional and technical capacity of local bodies is one of the factors hampering the decentralization policy initiated by the government. This factor is also a constraint on the functioning and efficiency of services, both those provided to the public and those designed promote private business. This will be one of the areas of remedial action to be taken within the framework of Guinea's poverty reduction strategy.

191. With this in mind, the government has created two structures responsible for formulating and implementing the strategies established for capacity-building at the national and local levels. At the national level, the National Secretariat for Capacity-building (SENAREC) is responsible for formulating and implementing a national program to strengthen the capacities of government employees, to rationalize and revitalize entities, to promote the private sector and civil society, and to coordinate capacity-building actions. At the local level, the Capacity-Building for Service Delivery Program (CBSDP) will address the basic needs of

the structures in terms of their capacity to assume responsibility for development and poverty reduction programs.

a. Participatory process, decentralization, and beneficiary involvement

192. All the wide-ranging discussions held in recent years with a view to reducing poverty in Guinea have required the involvement of community-based groups. However, local population groups and governments have not really assumed their responsibilities in connection with this policy implementation.

193. For preparation of the interim PRSP, grassroots participation was broad. Despite the very short period set by the government for preparation of the interim PRSP, the government organized consultations last March in the four natural regions of the country and in Conakry. Target groups were chosen primarily from within the vulnerable segments of the population (in particular, the handicapped, the unemployed, street children, and women in rural areas), and the consultations addressed the perceptions of poverty held by the various population groups and their proposed remedies. The results of the various regional workshops were validated at a national workshop held in Conakry on March 22, 2000.

194. To build on these successes and ensure that population groups assume responsibilities in the effective management of development actions, the government undertook to establish a permanent participatory mechanism. To this end, efforts will focus on the following:

- strengthening community councils within the CRDs (rural development communities), setting up prefectural development councils as deliberative bodies, and promoting partnerships between local associations and local governments;
- improving the degree of participation and involvement of population groups, NGOs, villager and/or community-based associations, and associations of citizens, especially for program formulation and the management and tracking of community and local affairs, with the PACV playing a role in the attainment of this objective;
- establishing and strengthening bodies for consultations among population groups, levels of government with delegated authority, and elected representatives, with a view to promoting the dissemination of laws and documents, identifying impact indicators, and monitoring programs;
- making communities responsible for the creation and management of poverty monitoring agencies at the local and national levels; and
- preparing simplified planning and programming tools, using a participatory approach (drawing up community development plans, and monitoring and assessing investment programs), and programming investments on the basis of the plans drawn up.

195. The new approach involves creating favorable, lasting conditions for broadening the participation of population groups, the private sector, and civil society in the poverty reduction strategy. For this to be successful, population groups will also have to share the responsibilities involved by playing a role in development actions.

196. The approach will be governed by two principles: distribution of responsibilities, and rate of implementation of the reforms. Indeed, the assumption of responsibilities will be productive and effective only if shared by all the parties concerned. Hence, the government plans to involve as many participants as possible in the process, so that the objectives can be shared by all Guineans because they were defined by them.

197. Moreover, given the concern to have all population groups play a role, a gradual approach to implementation is recommended. Accordingly, the responsibilities delegated to population groups and local governments will depend on their capacities to assume them effectively.

b. Strengthening of judicial capacities

198. Despite past efforts to ensure effective, equitable justice in Guinea, serious problems continue to limit the efficiency of the judiciary a situation that and this is truly detrimental to economic activity and to living conditions. These problems relate, in particular, to the organization of the judiciary, labor conditions and work equipment, the quality and moral fiber of justice personnel, and the procedures and conditions under which court decisions are applied.

199. To address this issue, in 1995 the government launched a wide-ranging program of reforms aimed at encouraging a better match between the authority, organization, and functioning of the judicial system, on the one hand, and its mission of economic and social promotion, on the other hand. In this context, several laws were passed in recent years, including the law on the organization of justice, providing for the creation, within courts of first instance and courts of appeal, of special chambers to deal with economic disputes, and a new code on civil, economic, and administrative procedures.

200. In addition, steps were taken to develop human resources (by creating at by the Ministry of Justice a legal training and documentation center and by instituting refresher courses for several magistrates, court clerks, and criminal investigation officers) and revise arbitration procedures (by clarifying of the relationship between the criminal investigation department and the public prosecutor's office, and by allowing attorneys to be present with their clients at criminal investigation department hearings).

201. To make Guinea's justice system as efficient as necessary and thus help improve the context of economic activity and ensure easy, equitable access for all persons subject to legal proceedings, reforms will be pursued especially to improve the functioning of the judiciary: the speed and cost of legal proceedings, and the quality and implementation of court decisions. Important discussions have to be held on the actual functioning of the judiciary and on the steps necessary for adapting it to current economic and social needs.

202. In the meantime, major reforms are planned by the government, including revision of the rules and regulations applicable to judicial personnel; implementation of a program for the specialized training of magistrates, particularly with respect to business-related economic and financial issues; training of paralegals; wide dissemination of the law and information on legal

and administrative remedies (a foundation for the promotion of the law in Guinea was created for this purpose); and introduction of a policy of access to justice through the institution of legal aid to enable the poorest segments of the population to have access to the courts and to receive free legal advice.

V. Debt relief, resource allocation for the social sectors and medium-term indicators

1. Debt relief and resource allocation for the social sectors

203. At this stage of preparation of the PRSP, poverty reduction strategies are being elaborated. They will be finalized and quantified and the financing needs assessed during the drafting of the final PRSP. At the same time, the level of debt relief and the methods used for to provide it will be specified.

204. Meanwhile, the Guinean Government is committed to deploying all the resources released as a result of debt relief, as well as any domestic resources it raises for the country's development, in pursuit of these strategies. It will request additional resources from its partners to cover the financing needs related to poverty reduction strategies.

205. In respect of the constraints on poverty reduction and the priority objectives set, the government is committed to the following strategy for resource use:

1. resources from debt relief and all other resources will be incorporated into the budget;
2. budgetary allocation will be based on priorities set by the communities (education, health, water supply, rural development, road construction, and other sectors);
3. within these sectors, priority will be given to basic services, those targeting the poorest segments of the population (basic education, primary health care, etc.);
4. more substantial resources will be transferred to the decentralized and localized structures with a view to providing better basic services. To that end, a portion of locally collected revenue will revert to the local governments (single professional tax—TPU, tax on vehicles—TUV, unified real estate tax—CFU). The terms and conditions of implementation of this policy will be set out in the final PRSP. In addition, based on their commitment to combating poverty and their performance in raising local revenue, the local governments could benefit from government incentives;
5. the budget will be managed by efficiently dividing resources between operating and investment expenditure, to maximize the impact on economic development and poverty reduction;
6. activities targeting women and the vulnerable segments (the handicapped, street children, the elderly, etc.) will be given high priority owing to the high incidence of poverty in that population segment. Also, equity will be the guiding principle in resource allocation between Conakry and the interior of the country, between different regions, between rural and urban areas, and between pockets of poverty and areas that are not as poor;

7. the resulting resources will be tapped for combating STD/AIDS, which have a negative impact on development.

206. To follow up the implementation of strategies, a quarterly evaluation will be conducted to examine the level of disbursements in relation to projections. In addition, an inspection mission will be sent out into the field biannually to take stock of the actual transfer of resources to the grassroots level and to assess the quality of expenditure.

207. To ensure transparency in resource management and thus contribute to the quality of expenditure and the effectiveness of poverty reduction, the permanent framework for dialogue between the government, civil society, and the development partners will analyze, orient, and disseminate information on poverty reduction. Among other tasks, this framework should monitor progress in the implementation of the PRSP and its impact on the living conditions of the population and should examine the level and structure of needs and support for national development. Lastly, this permanent framework will ensure that the population is consulted throughout the entire process.

Main indicators for monitoring resource allocation

I. Indicators (*) (In percent)	Average 1995- 2000	Average 2001-2003	
		Basic	Accelerated
Expenditure on education sector/total expenditure	15.34	16.0	17
Expenditure on basic education/total expenditure on Education	66.18	67	70
Expenditure on basic education/total expenditure	10.15	10.7	11.9
Expenditure on health/total expenditure	3.74	5	6
Expenditure on basic health care/total expenditure on health	46.16	47.5	48.5
Expenditure on basic health care/total expenditure	1.73	2.37	2.9
Expenditure on rural development/total expenditure	5.10	6.5	7.5
Expenditure on road infrastructure/total expenditure	1.45	1.6	1.8
Social expenditure/total expenditure	19.36	22	24
Expenditure on poverty reduction/social expenditure	58.36	60	65
Share of expenditure on poverty reduction/total expenditure	13.7	15	17

- (*)
- *Expenditure on basic health care is estimated for the period 1996-2000.*
 - *Social expenditure here is taken to be expenditure on education and health.*
 - *In the case of health, the expenditure taken into account for poverty reduction is that of the prefectures/districts.*
 - *In the case of education, the expenditure taken into account for poverty reduction is expenditure on pre-university schooling.*
 - *Expenditure on road infrastructure is allocations to the highway fund.*

2. Medium-term indicators

208. The government's policy for the next three years is consonant with the poverty reduction strategy being prepared. It targets the medium-term objectives of the PRSP within the same horizon.

209. In accordance with the general focus of the poverty reduction and growth strategy, education and health are among the government's priority sectors. These priorities will be reflected in the government budget. So, in addition to the financing efforts accomplished in recent years, resource allocations will favor these sectors in absolute and relative terms. The implementation of the HIPC Initiative will contribute to this additional financing.

210. For a better impact on the living conditions of the poor, the proceeds from debt relief will be applied to investment. The resources needed to cover operating costs will be financed with own resources, based on planned revenue collection efforts. The table below presents the plans for reallocation of the investment budget, including the debt relief projected for 2001, 2002, and 2002.

The medium-term objectives and corresponding costs are as follows:

a. Basic education sector

	1999	2000	2001	2002	2003
Gross enrollment rate (percent)	53.5	56	62	71	81
Gross enrollment rate for girls (percent)	39.9	43	51	60	70
Teachers required 1/		1,817	2,402	3,088	3,782
Number of classrooms to be built		245	560	985	1,537
Number of classrooms to be refurbished		703	703	703	822

1/ The stated number of teachers required is related to the increase in the number of students, taking into account the school infrastructure put in place by grassroots communities and integrated development projects (PAIB, PDR, PACV, etc.).

Investment expenditure on classrooms (in thousands of Guinean francs—GF)

	2001	2002	2003
Total cost of construction	10,708,687	19,580,355	31,786,156
Cost of refurbishing classrooms	9,880,055	10,275,258	12,496,546
Cost of classroom equipment	4,790,849	6,928,156	9,684,590
II. Total	25,379,601	36,783,767	53,967,292

III. Extensions IRE/DPE

Expenditure on renovations and extensions	20,364,699	21,201,848	22,060,872
IV. Total investment	45,744,290	57,985,615	76,028,164

V. Operating expenses (in thousands of GF)

	2002	2003	2004
Personnel expenditure	32,931,452	35,306,542	38,171,171
Operating expenditure/supplies	6,026,686	6,615,901	7,366,827
Expenditure on books and manuals	3,434,606	3,537,644	3,643,773
VI. Total expenditure	88,137,033	103,445,703	125,209,935

These costs are estimated on the basis of a financial simulation model. They may be adjusted when the strategies are refined and costs are assessed in detail.

b. Health sector

211. An important segment of the health program concerns health care for women and children. To that end, the government has begun implementation of an ambitious vaccination program for children under 1 year old and women of child-bearing age. This program will run from 2000 to 2004.

The vaccination coverage targets are as follows:

Vaccines (*)	Vaccination coverage targets				
	2000	2001	2002	2003	2004
BCG	80	85	90	95	95
DTC	70	75	80	85	90
VHB	20	30	40	45	50
VAR	80	85	90	90	90
VAA	20	30	40	45	50
VPO	70	75	80	85	90
VAT-2+	60	65	75	85	90

212. The BCG, DTC, VHB, VAR, VAA and VPO vaccines are designed for children, whereas the VAT-2+ vaccine is designed for women of child-bearing age. Implementation of this program requires financing in the amount of US\$12,669,848 to cover the following budget:

	2000	2001	2002	2003	2004	Total
Vaccines	879,685	1,106,314	1,360,720	1,539,242	1,706,448	6,592,409
Injection supplies	520,229	581,432	612,034	657,937	688,538	3,060,170
Other	512,936	573,281	603,454	648,712	678,886	3,017,269
Total	1,912,850	2,261,027	2,576,208	2,845,891	3,073,872	12,669,848

The detailed breakdown of costs is shown in Annex 5. As in the case of education, these data may undergo some adjustment on the basis of the ongoing review.

c. Village water supply

213. Over the past 15 years, substantial efforts have been made to develop water supply infrastructure in rural areas. From 1985 to end-1999, some 8,500 water points (including more than 6,600 wells) were set up. Performance statistics for 1980-1999 are given in Annex 7.

214. The program currently being implemented by the national water point development service (SNAPE) aims to increase the number of water points in service to 15,000 by 2005. It should be noted that the total number of water points had reached 9,402 at December 31, 1999. The program targets the installation of 800 water points per year between 2001 and 2003, at an annual cost of US\$16.2 million.

	2001	2002	2003	2000-2005
Number of water points to be installed	800	800	800	5,598
Corresponding cost (in US\$ millions)	16.25	16.25	16.25	113.7

This program also has a sanitation component for the installation of household and community latrines. However, the beneficiary population is expected to defray the cost of maintenance and repair of the facilities installed, the aim being to ensure more effective management of the equipment.

d. Rural roads

215. Rural development policy is composed of several elements, one of which is the development of rural roads. The program for the period 2001-05 aims at rehabilitating 5,000 km and maintaining 13,500 km of rural roads, with an average of 1,000 km rehabilitated and 2,700 km maintained each year. Annual costs of this effort are US\$30 million for rehabilitation and US\$4.6 million for maintenance.

Indicators	2001		2002		2001-05	
	Length	Cost	Length	Cost	Length	Cost
	Km	US\$ millions	Km	US\$ millions	km	US\$ millions
Rehabilitation	1.000	30	1.000	30	5.000	150
Maintenance	2.700	4,6	2.700	4,6	13.500	23
Total	34,6		34,6		173	

VI. Risks

216. Implementing the poverty reduction strategy is not without risk. Success will depend in part on the availability and rigorous management of resources. The experience gained since 1999, with no external support and financial costs generated by the lack of security in countries of the subregion, has revealed budget execution difficulties, especially for the management of a long-term strategy. To reduce this risk as far as possible, the principle of prioritization of objectives and underlying activities will be constantly applied, with a view to achieving greater efficiency in spending. The implementation of poverty reduction strategies will be accompanied by debt relief for Guinea. Additional financing could be sought from Guinea's partners to cover all financing requirements. Discussions will be held for the introduction of resource management procedures, with a view to ensuring that available resources are used exclusively for poverty reduction within a transparent, shared framework.

217. A second significant risk relates to ownership of the strategy and policies by the beneficiaries. This is one of the essential factors for ensuring the sustainability of the actions to be taken. Acceptance of ownership it will depend partly on the institutional and human

capacities of the entities responsible for strategy implementation at the central and decentralized levels. Considerable efforts are necessary for addressing these issues, for which real, sustained government commitment is required. To this end, the decentralization process initiated by the government, the participation of the responsible parties preparing and implementing the PRSP, and the actions to be carried out by the PRCI will be decisive.

VII. Plan for preparation of the Poverty Reduction Strategy Paper

218. The discussions under way on the means of reducing poverty in Guinea are part of a continuous, sustained process. The strategy to be implemented will be enriched by all the information systems and analytical tools to be introduced. To gain a better grasp of the disparities between the genders and take appropriate account of them in the strategic policies to be adopted, surveys to be carried out for the final PRSP will embrace the gender approach. A set of activities will be undertaken on the basis of the final PRSP, with a view to achieving the following:

1. a better understanding of poverty and its determinants;
2. more in-depth, systematic, continuous participation by civil society and the introduction of a permanent consultation mechanism;
3. the updating of macroeconomic, sectoral, and intersectoral strategies;
4. a better knowledge of the impact of public spending;
5. trade-offs among the objectives within each sector and among the objectives of the various sectors, and consistency with the macroeconomic framework and budgetary resources;
6. the establishment of a system for monitoring poverty and assessing the impact of all policies, programs, and strategies; and
7. coordination of the activities of drafting the PRSP.

219. The matrix in Annex 3 summarizes this action plan and lists all the participants in the reduction of poverty and in the updating and further development of the poverty reduction strategy. It is set out in seven columns, as follows: objective, activities to be carried out, responsible parties, partners, expected results and outputs, cost, and preparation and implementation timetable.

220. This action plan will be further developed and discussed with all parties concerned, including Guinea's development partners, with a view to finalizing the financing of these activities.

Annex 1: Government poverty reduction policy statement

I. Context and justification

1. Prompted by the need to improve the economic and social development climate, the government began implementing an ambitious program of economic and financial reforms in 1985. This program was designed to facilitate rational development of Guinea's economic potential, while minimizing macroeconomic imbalances within the framework of a market-oriented economy.
2. The implementation of these reforms has yielded substantial progress in recent years, particularly the creation of a more favorable development climate responsive of the international economic environment.
3. Useful though these reforms have been, the Guinean government has observed not so much a significant deterioration as a stagnation of the living conditions of a large part of the population, in spite of the progress obtained at the macroeconomic and financial levels. The comprehensive consumption/budget survey (EIBC 1994/95) estimated the proportion of the population living below the poverty line at 40.3 percent.
4. In view of these trends, the government has since 1995 been engaging in discussions and pursuing a variety of efforts designed to reconcile economic growth with social progress. This approach culminated in the preparation in 1997 of the document entitled "Guinea, Vision 2010," which reflects the concerns of economic growth and poverty alleviation. These goals were outlined and discussed with Guinea's partners during the meeting of the Consultative Group on Guinea held in Paris in June 1998.
5. Nonetheless, poverty remains severe, and the responses attempted thus far have failed to take account of all aspects of the problem, in terms of both how poverty emerges and how it gets worse. The persistence of poverty is reflected in low income levels and in disparities in access to available resources, low levels of education and training among the general public, persistence of disease and undernutrition, etc.
6. This, then, is the context in which the government is resolutely and solemnly committed to pursuing, amplifying, and systematically organizing its measures and efforts to combat poverty.

II. Objectives

7. The government proposes to implement a consistent package of measures encompassing all sectors in a holistic fashion. In this context, the government's policy will focus on building an environment conducive to sustainable social and economic progress geared toward poverty eradication.

8. To achieve its objectives in the area of poverty reduction, the government is committed to strengthening its macroeconomic policy framework, to achieve effective management of public resources, to improve the climate for the private sector and to enhance the efficiency of the government sector. Thus, the government is intending to pursue and build upon measures geared toward decentralization and delegation of authority.

The poverty reduction strategy paper

9. An interim poverty reduction strategy paper has been prepared on the basis of nationwide consultations conducted with the general public using a participatory approach. This paper focuses on strengthening growth and ensuring the equitable distribution of resources across the various population groups. For its implementation, the operational strategies are designed at the sectoral and intersectoral levels, with overall consistency being assured by means of the strategy preparation and execution process.

10. Because the general public has played a role in the design, implementation, and evaluation of this strategy, the resulting measures will be based on an objective analysis of social and economic realities at ground level. Thus, in light of the multiplicity of needs and requirements, it will be essential to set priorities. Pursuant to this interim paper, a final poverty reduction strategy paper will be prepared.

11. The following principles will guide the design and preparation of the poverty reduction strategy paper:

- a holistic approach;
- participation and accountability;
- prioritization;
- transparency in the management of public resources;
- efficient and effective delivery of quality services to the public at large.

12. In addition, a monitoring and evaluation system, based on suitable indicators, will be implemented to assess the appropriateness and rigorously measure the impact of the chosen policies.

13. Finally, the government is committed to ensuring that the poverty reduction strategy paper (PRSP) is the sole frame of reference for its development activities; and the government will seek the same undertaking from its partners.

Annex 2: Matrix of poverty reduction strategies and policies

Contents

- I. Budget policy**
- II. Monetary, financial, and exchange rate policy**
- III. Rural development**
- IV. Mining sector**
- V. Energy**
- VI. Transport**
- VII. Education**
- VIII. Health**
- IX. Water**
- X. Housing and urban development**
- XI. Gender and equity**
- XII. Environment**
- XIII. Medium-term expenditure framework (CDMT) and priority sectors**
- XIV. Decentralization**
- XV. Judicial capacity-building**
- XVI. Poverty monitoring and analysis system**

A- Macroeconomic stabilization and growth

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
I. Budget policy:			
Improve fiscal management	<p>Improve revenue levels, particularly nonmining revenues</p> <p>Enhance the efficiency of allocation of public resources</p> <p>Ensure budget discipline</p> <p>Strengthen the expenditure control</p>	<ul style="list-style-type: none"> - Improve tax administration by restructuring the tax departments in Conakry and the regions / Strengthen VAT management, particularly through the systematic transfer of information from the DND to the DNI. - Ensure more effective control over tax collection through the implementation of indicators and incentives for tax collection officials. - Improve the collection of customs revenue through: (i) improved coordination between the customs services and the SGS; (ii) redeployment and training of staff; and (iii) fewer exemptions and increased monitoring of the remaining exemptions. - Strengthen the medium-term expenditure framework (CDMT) focusing on: (i) regular updating of sectoral objectives and strategies; (ii) enhanced capacity to execute and monitor the CDMT; (iii) decentralization of budget resource management; (iv) application to all sectors. - Generate detailed data on the impact of new projects on recurrent expenditures. - Improve medium-term forecasting of intersectoral expenditures and allocations, ensuring compatibility with the macroeconomic framework. - Produce audited final budget accounts for each 	<p>Generate a gross domestic surplus of 3% of GDP in 2002</p> <p>Raise nonmining receipts from the equivalent of 7.8% in 1999 to 10% in 2002</p>

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
	<p>framework</p> <p>Improve the efficiency and competitiveness of the procurement process</p>	<p>fiscal year (budget review law) no later than 6 months after the end of the fiscal year.</p> <ul style="list-style-type: none"> - Set up a database containing information on unit costs for current categories of equipment and projects. - Strengthen project preparation, execution, and monitoring. - Adopt a new system to manage local contributions for IDA-funded projects / Prepare independent audits of government contracts awarded by each sectoral ministry. - Monitor missed deadlines for the signing of government contracts and late payments. - Apply budgetary and regulatory procedures and harmonize the related texts; - Reorganize the National Directorate of the Treasury. 	
II. Monetary, financial, and exchange rate policies			
<p>Ensure economic and financial stability and improve financing conditions within the economy</p>	<ul style="list-style-type: none"> - Stabilize inflation - Stabilize the exchange rate 	<ul style="list-style-type: none"> - Promote prudential use of domestic liquidity through reliance on indirect management instruments while ensuring strict compliance with required reserve ratios. - Pursue a policy of nonintervention by the government authorities in the setting of the exchange rate, and forego all discriminatory currency practices and exchange restrictions. - Authorize the exchange bureaus to operate on the foreign currency auction market. - Encourage the informal private sector to surrender all its export receipts to the formal system 	<p>Lower inflation to an annual rate of less than 4 percent</p> <p>Raise the level of official exchange reserves to the equivalent of 6 months of imports in 2003.</p> <p>Narrow the differential between the parallel and official exchange rates to below 4% in</p>

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
	<ul style="list-style-type: none"> - Promote the sustainable development of microfinance; - Enhance supervision over financial institutions; - Create a second monetary zone in 2003 - Facilitate efforts to harmonize the microfinance entities in operation within the subregion. 	<p>system</p> <ul style="list-style-type: none"> - Design and implement the principles of mutual financing in microfinance institutions. - Prepare a regulatory framework for microfinance and train personnel to implement these regulations. - Involve grassroots communities in managing local savings and loan funds and in designing safeguards. - Harmonize prudential rules with the regulations prescribed by the Basle Committee. - Implement a new banking chart of accounts and strengthen the role of the auditors. - Standardize the tax regime applicable to banks. - Exercise week-by-week monitoring over base money expansion and enhance the effectiveness of monetary policy instruments. - Prohibit any overshooting of this threshold, even in exceptional cases. - Encourage the public to hold public debt securities. - Pursue a flexible and realistic exchange rate policy. - Standardize the prudential rules and regulations applicable to microfinance entities in operation in the subregion. 	<p>2002.</p> <p>Provide all CRDs with at least one savings and loan fund.</p> <p>Limit the rate of arrears on loans to 5% in 2003.</p> <p>Conduct twice-yearly inspections of financial institutions.</p> <p>Limit the budget deficit excluding grants (commitment basis) to a maximum of 4% of GDP.</p> <p>Limit monetary financing of the Treasury to 10% of the previous year's tax revenue.</p>

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
III. Rural development			
<p>1. Improve food and food security.</p> <p>2. Raise the incomes of the inhabitants of rural areas</p>	<p><u>Agriculture</u> Raise agricultural productivity and production and facilitate product processing and marketing</p>	<ul style="list-style-type: none"> - Promote improved techniques for production and storage. - Develop basic infrastructures: transportation, water, etc. - Reform the legal and regulatory institutional framework: code governing property and public lands, in particular; improve access to land for less-favored or marginalized groups. - Enhance access to microcredit. - Protect the environment and ensure the rational and sustainable management of natural resources: regulations, enhancement of know-how (e.g., improved fireplaces). - Enhance rural organization in order to strengthen the capacities of farmers. 	<ul style="list-style-type: none"> - Rate of growth of agricultural GDP of 10% per year in 2010. - Rate of increase in the yields and harvests of various crops. - Quantity of calories available per inhabitant. - Volume of rice imports. - Surface area where grazing is prohibited. - Number of associations created and trained.
	<p><u>Fisheries</u> 1. Maximize the economic benefits of the rational use of fishery and aquaculture resources, and increase fish-farming production;</p>	<ul style="list-style-type: none"> - Promote community involvement (establish and support committees for the development of landing areas); - Upgrade facilities (landing areas and dirt roads); - Procure equipment (engines, nets, spare parts) by reducing taxes on imports of fishery equipment and providing tax advantages; - Product processing and development; - Facilitate access to credit; - Protect fishery resources and ensure the rational and sustainable use of resources. 	<ul style="list-style-type: none"> - Rate of growth of subsector GDP. - Annual per capita fish consumption from 13 kg in 1997 to 17 kg in 2007. - Catch sizes. - Export revenues generated by fishery products.

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
	2. Raise the incomes of fishermen and enhance job creation	<ul style="list-style-type: none"> - Support artisanal fishing; - Ensure the rational management of the industrial fleet; - Management of inland fisheries; - Promote shrimp farming; - Management of human resources. 	<ul style="list-style-type: none"> - Number of jobs created and income distributed.
	<p><i>Stock raising</i> Provide a secure environment for the general public, ensure them an acceptable standard of living, with the generation of marketable surpluses to raise the incomes of livestock farmers.</p>	<ul style="list-style-type: none"> - Intensify stock raising through the development of higher-potential sectors (poultry, hog, small ruminant, and dairy farming, etc.); - Support the formation and development of professional associations and groups; - Integrate stock raising into agriculture through the development of animal traction, the use of animal fertilizer in agriculture, and the collection and use of agricultural byproducts in animal feed; - Ensure environmental protection through the use of forest- and pastureland-dwelling species and the management of pastureland watering places. 	<ul style="list-style-type: none"> - Livestock count, by species; - Quantity meat produced. - Number of animals vaccinated. - Surface area of forage banks / number of developed pastureland watering places.
	<p><u>For the three subsectors</u> Improve the information on the framework of activities, tracking, and problem-solving.</p>	<ul style="list-style-type: none"> - Support applied research; - Upgrade the information system. 	<ul style="list-style-type: none"> - Proportion of farmers familiar with the code governing pasturelands.

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
IV. Mining sector			
Accelerate economic growth by harnessing Guinea's mining potential	<ul style="list-style-type: none"> - Reduce the mining sector's expenses and enhance its competitiveness; 	<ul style="list-style-type: none"> - Pursue plans to reduce costs for CBG, Friguia, and SBK; - Adopt new restructuring measures for SBK; - Reduce the State's equity stake in Friguia and/or enter into a new private concession arrangement. 	Growth rate for the sector (in % per year)
	<ul style="list-style-type: none"> - Promote private investment and upgrade the sector's products; 	<ul style="list-style-type: none"> - Promulgate implementing decrees to harmonize the provisions of the mining code with the provisions of other legislation. 	
		<ul style="list-style-type: none"> - Reform the institutional framework and set up an integrated development policy focusing on the processing of bauxite into aluminum. 	
		<ul style="list-style-type: none"> - Restructure the geological services and involve the private sector in their management. 	

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
V. Energy			
Improve the economic development climate and living conditions of the general public through the provision of an adequate, consistent, competitive and accessible supply of energy	1. Develop local resources to reduce the cost of imports of petroleum products and [...]	<ul style="list-style-type: none"> - Strengthen the financial autonomy of enterprises; - Enhance the role of the private sector; - Establish a regulatory agency; - [...] - Seek to achieve performance gains (productivity, profitability, consistency, quality); - Support the Energy Development Fund; - Control the management of the distribution network by reducing commercial and technical losses; - Restructure management, rationalize and reduce expenditure – clean up costs 	<ul style="list-style-type: none"> - Rate of access of at least 65% by 2020 (starting from a rate of 7% in 1999); - Price of one kWh reduced by 30 percent in 2000 (based on the average price of GF 176 in 1999;) - Billing rate of 53% in 2000, 70% in 2001, 75% in 2002, 80% in 2003 and 85% in 2004 (compared to a rate of 43% in 1999) - Rate of bill collection exceeding 85% as of 2000 (compared to a rate of 83% in 1999).
	2. Promote hydroelectricity and renewable sources of energy (solar, biomass);	- Design and implement incentive policies, in terms of improving the investment framework and through the implementation of complementary measures and tax advantages.	
	3. Promote decentralized rural electrification	- Increase the density of the network by boosting the number of subscribers and reducing access costs.	

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS/GOALS
VI. Transport			
Improve the mobility of citizens	1. Improve transportation conditions for the most disadvantaged members of society.	<ul style="list-style-type: none"> - Plan and manage road maintenance; - Develop road transportation intermediaries. 	<ul style="list-style-type: none"> - New infrastructure built or improved: <ul style="list-style-type: none"> . Km of dirt roads . Km of paved roads
	2. Expand, improve, and maintain the road system.	<ul style="list-style-type: none"> - Ensure the sustainability of financing for the extension and maintenance of paved roads and dirt roads; - Ensure the construction and paving of the North highway corridor. 	<ul style="list-style-type: none"> - Budget allocated by the State - % of the network in good condition - Number of vehicles per km and per day
	3. Improve access to regional economic centers.	<ul style="list-style-type: none"> - Revitalize railroad transportation services; - Implement a policy of achieving complementarity among the various modes of transport. 	<ul style="list-style-type: none"> - % commercial traffic - Number of centers
	4. Enhance national institutional capacities, and pursue capacity-building for SMEs.	<ul style="list-style-type: none"> - Strengthen and redeploy national capacities - Promote SMEs and NGOs. 	<ul style="list-style-type: none"> - Number of financially viable SMEs - SME turnover - Volume of work performed
			-

B- Development of and equitable access to basic services

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
VII. Education			
Raise the level of education of the general public	1. Broaden access to education by enhancing internal efficiency through the adoption of regulatory measures to significantly reduce repeater rates at the primary and secondary school levels, with a view to attaining educational objectives. 2. Raise the literacy rate.	<ul style="list-style-type: none"> - Build classrooms, recruit, train, and provide further training for teachers, supervisors, and administrators; - Provide special education for the physically handicapped; - Promote the development of private education; - In urban areas, assess the possibility of expanding the double shift system to classrooms; - Offer opportunities to uneducated and undereducated young people through the development of NAFA Centers ("second chance" schools), vocational literacy centers, and community-based literacy centers. 	<ul style="list-style-type: none"> - Rate of admission to the 1st year of school - Number of classrooms built - Number of classrooms renovated - Teacher/pupil ratio - Supplementary teaching positions - Contractual teaching positions - Number of NAFA centers, vocational literacy centers, and community-based literacy centers built and operational
	3. Improve the quality of education. 4. Enhance the effectiveness of training and education.	<ul style="list-style-type: none"> - Supply school textbooks; - Raise the caliber of teaching through initial and continuing training for teaching staff. - Develop the capacity to systematically check the knowledge acquired by schoolchildren; - Improve the training and motivation of teachers; - Review syllabuses, and launch specially designed curricula; 	<ul style="list-style-type: none"> - Average number of textbooks per pupil; - Number of professional competitions; - Percentage of trained teachers (continuing training) - Pass rates for graduation exams - Repeater rate - % of teachers inspected - Number of programs revised and operational;

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
			<ul style="list-style-type: none"> - Number of curricula established
	<p>5. Pursue the policy of achieving equity between the sexes and among regions in the enrollment rate, and enhance the role played by communities in identifying the aims of school and school management (construction, renovation, and maintenance).</p>	<ul style="list-style-type: none"> - Educate parents through the use of APEAEs, NGOs, and other associations. 	<ul style="list-style-type: none"> - Enrollment rates for girls and boys in urban and rural areas - Average age of entry to school for girls and boys
	<p>6. Ease the constraints impeding access to education for poor people.</p>	<ul style="list-style-type: none"> - Reduce expenditure on private education tuition, particularly for lower-income groups; - [...] 	<ul style="list-style-type: none"> - Average expenditure for entry to school
	<p>7. Enhance the information and research system at the sector level</p>	<ul style="list-style-type: none"> - Generate statistical yearbooks within timeframes that facilitate decision making; - Generate yearbook annexes focusing on specific topics (personnel, examinations, repeater rates, etc.); - Research the internal efficiency of the system (particularly at the secondary school level) - Research the external efficiency of the system (training-employment issues); - Publish separate yearbooks for public and private education; - Ensure that statistical yearbooks incorporate financial data; - Establish regulations to govern the dissemination of statistical yearbooks. 	<ul style="list-style-type: none"> - Number of statistical documents generated - Number of research / assessment documents produced - Periodicity - Number of people affected

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	8. Institution building through the creation of an education policy strategy and coordination office.	<ul style="list-style-type: none"> - Create a strategy office in response to the recommendations of the report on the economic and financial analysis of the education sector; - Install the strategy office and appoint its management personnel; - Identify the tasks and research to be performed with regard to the education sector. 	<ul style="list-style-type: none"> - Consolidated legislation prepared, tasks and responsibilities identified
VIII. Health			
Improve the health of the general public	1. Improve the access of poor people to quality essential services.	<ul style="list-style-type: none"> - Improve the regional access of poor people to the minimum health care package, expand coverage and develop community-based services; - Improve the availability and promotion of affordable, high-quality generic essential consumables and drugs; - Enhance financial access by increasing equity in the allocation of resources and pricing of services; - Improve the quality of essential care by implementing standards of technical quality and receptiveness. 	<ul style="list-style-type: none"> - Infant mortality rate from 98‰ to 70‰ - Fertility rate in rural areas from 6.6 to 5 - Share of the national budget devoted to health from 5% to 10% - Rate of those excluded by geographical factors from 40% to 20% - Rate of those lacking the ability to pay from 25% to 10% - Rate of service utilization from 30% to 60% - Rate of disruption of medical supplies from 20% to 5%

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	2. Improve the social checks and balances and the capacity of decentralized institutions.	<ul style="list-style-type: none"> - Promote mutual aid organizations to provide emergency obstetrical care; - Establish health care councils, under the aegis of the rural development communities; - Create user advisory committees in prefectural, regional, and national hospitals; - Conduct a pilot experiment to subsidize community-based social funds. 	<ul style="list-style-type: none"> - Rate of maternal mortality from 660 to 350 per 100,000, - Use of childbirth assistance services from 35% to 50%.
	3. Take more forceful action against HIV/AIDS.	<ul style="list-style-type: none"> - Expedite nationwide implementation of activities geared toward the most exposed groups (prostitutes, truckers, travelers, army, etc.), through the distribution of condoms, treatment of STDs, and provision of advice; - Set up a youth outreach campaign communicating key messages on behaviors to be adopted in order to avoid sexual contamination; - Open a voluntary screening center in the most important urban center within each region. 	<ul style="list-style-type: none"> - Rate of HIV prevalence under 5% at the national level - 40% rate of systematic condom use in extramarital sexual relations - 100% availability of AIDS-fighting drugs - Percentage of people using STD/AIDS preventative measures
	4. Modify unhealthy behaviors and curb harmful traditional practices.	<ul style="list-style-type: none"> - Educate the general public; - Information/Education/Communication (IEC) program; - Assess requirements and help (training, financing, etc.) integrate female practitioners of genital mutilation into other professions; 	<ul style="list-style-type: none"> - Rate of early marriage and sexual relations from 30% to 10% - Rate of contraceptive use. - Number of practitioners of genital mutilation moved to other professions - % of girls subjected to genital mutilation

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	5. Take action to address nutritional deficiencies.	<ul style="list-style-type: none"> - Boost the use of iodized salt: marketing campaign, multisector system of quality control and monitoring; - Establish nutritional rehabilitation services in the hospital environment; - Community-based nutritional promotion activities; - Promote the exclusive use of breast-feeding up to the age of 6 months. 	<ul style="list-style-type: none"> - Rate of low birth weight in newborns from 25% to 15% - Rate of chronic malnutrition from 26% to 15% - Rate of anemia among pregnant women from 60% to 40%. - Consumption of iodized salt > 90% - Iron consumption for pregnant women from 50% to 80%.
IX. Water and sanitation			
Improve living conditions and economic competitiveness by ensuring a consistent, adequate, and affordable water supply, including safe drinking water.	1. Protect water sources and reserves, watersheds, soil, forests, and vegetation	<ul style="list-style-type: none"> - Ensure optimal use of natural resources; - Set up an integrated water supply information system; - Develop the Water Fund; - Launch and support programs for the protection of natural resources and ecosystems through regional and international cooperation; - Strengthen continuous sanitation operations (ensure functional drainage for towns, make adequate capital investment for the collection, treatment, and disposal of wastewater). 	<ul style="list-style-type: none"> - Morbidity linked to poor water quality reduced by more than 50% - Rate of access to safe water (from 10% in 1985 and 50% in 1998) to over 90% by 2010 - 150 liters and 50 liters of water provided per inhabitant per day in urban and rural areas, respectively, by 2020 - 15,000 modern water points built in 2005, with a standard of 100 liters per day per inhabitant for all villages with more than 100 inhabitants

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	2. Facilitate the supply of water to agriculture and industry.		
X. Housing and urban development			
Improve housing conditions for the general public	1. Equip 22 towns and their CRDs with resource handbooks (<i>documents guides</i>).	- Prepare urban development master plans for 22 towns and CRDs.	- Availability of resource handbooks
	2. Improve the physical environment of urban and rural populations.	- Ensure delivery of sanitation services; - Restructure old neighborhoods.	- Improved collective and independent sanitation systems
	3. Mobilize local resources.	- Ensure delivery of sanitation services; - Restructure old neighborhoods.	- Improved individual and collective sanitation systems
	4. Facilitate access to land title.	- Construct commercial infrastructure for communes and CRDs.	- Enhanced revenue
	5. Develop residential areas.	- Increase the density of geodetic points.	- Access to a larger number of potential customers
	6. Ensure the rational development of the housing and urban development sector.	- Development of 900 hectares of urban land.	- Availability of developed land
Other programs	Develop residential areas and provide priority basic services (waste management, etc.); Develop and maintain road network; Promote employment in urban areas.	- Improve the land tenure situation by conducting a review of land legislation as set out in the code on property and public lands; - Improve the supply of urban services through the gradual decentralization of urban management and the implementation of independent financing mechanisms. - Support SMEs in operation in the trash collection sector. - Restructure the SPTD (public trash removal service). - Perform environmental impact assessments and construct a new landfill. - Execute the neighborhood rehabilitation	- Number of jobs created. - Availability of studies, and new landfill.

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
		<p>program with a focus on labor-intensive projects.</p> <ul style="list-style-type: none"> - Undertake the preparation of feasibility studies and bidding documents for invitations to tender for the primary road network. - Launch an urban and financial audit for ten communes. - Execute priority investment programs and commune development programs in these ten communes. 	
XI. Gender and equity			
Improve the living conditions of women by raising their economic and social status	<ol style="list-style-type: none"> 1. Improve the quality of services rendered by public entities. 2. Raise women's incomes. 	<ul style="list-style-type: none"> - Improve the supply and quality of basic services for women (education, health, etc.). - Boost the technical and technological skills of women and enhance their entrepreneurship. - Boost access to production factors and facilitate the integration and advancement of distressed populations. 	<ul style="list-style-type: none"> - Rate of women's access to basic services - Prevalence of poverty among women
Promote de jure and de facto equality between the sexes in the various legal instruments	<ol style="list-style-type: none"> 3. Improve the legal status of women. 	<ul style="list-style-type: none"> - Strengthen the legal framework governing the protection of women and children; - Produce and disseminate a legal guide on women's rights 	<ul style="list-style-type: none"> - Number of legal texts drafted, or revised and adopted - Availability of the guide and number of persons and partners affected by its publication

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
XII. Environment			
Protect Guinea's natural potential	1. Protect water sources and reserves, watersheds, soil, forests, and vegetation.	<ul style="list-style-type: none"> - Adopt laws and regulations, inter alia with respect to environmental impact assessment, in order to establish benchmarks for safeguarding the environment. - Establish monitoring systems to oversee mining activities, protect coastal regions, and ensure sustainable use of forestry resources. - Adopt and implement a plan for the community-based protection and management of Fouta Djallon. 	<ul style="list-style-type: none"> - Availability of laws and regulations - Availability of protection plan

B- Governance and Capacity-Building

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
XIII. Medium-term expenditure framework (CDMT) and priority sectors			
Enhance the impact of public expenditure on poverty reduction through more effective resource allocation	1. Enhance efficiency in the allocation of public resources.	<ul style="list-style-type: none"> - Strengthen the medium-term expenditure framework (CDMT) with a focus on constant updating; - Review sector objectives and strategies, improve medium-term expenditure forecasting and priority allocation of expenditure, and enhance the capacity to execute and monitor the CDMT; 	<ul style="list-style-type: none"> - Proportion of budget allocated to priority sectors - Share of budget accounted for by poverty reduction expenditure / total expenditure - Proportion of expenditure allocated to the entities with delegated authority

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	2. Improve the quality of services rendered by public entities.	<ul style="list-style-type: none"> - Ensure the adoption of the CDMT by all sectors. - Strengthen the human resources and the institutional framework to enhance the delivery of public services. - Enhance communication between those who provide services and those who receive them. - Implement appropriate performance-based incentive systems and institute penalties. 	
	3. Enhance transparency in expenditure management.	<ul style="list-style-type: none"> - Adopt a system for auditing government contracts and investment projects; - Prepare and disseminate performance indicators; - Prepare budget review laws on an annual basis for submission to Parliament. 	
XIV. Decentralization			
Improve the quality of public services through decentralization	1. Strengthen the resource base of local governments.	<ul style="list-style-type: none"> - Itemize sector allocations to the level of decentralized entities, and monitor execution; - Study other measures for mobilizing resources in favor of local governments; 	<ul style="list-style-type: none"> - Share of the budget allocated to the decentralized entities, by sector

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	2. Build institutional and human capacities.	<ul style="list-style-type: none"> - Strengthen the institutional framework for grassroots entities and empower them to design, implement, and evaluate development projects; - Enhance communication between those who provide and those who receive services; - Establish and reinforce fora for dialogue between the general public, levels of government with delegated authority, and elected officials; - Prepare simplified planning and programming tools using a participatory approach; - Make communities accountable for the creation and management of local poverty monitoring centers; - Implement appropriate, performance-based incentive systems. 	
	3. Reduce the impact of corruption on the country's economic and social development.	<ul style="list-style-type: none"> - Assess the nature and extent of corruption; - Devise a strategy to take action against corruption; - Set up an action plan to step up the fight against corruption. 	

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
XV. Strengthening the capacity of the judiciary			
Enable each Guinean to exercise his or her rights	1. Guarantee the independence, integrity, and professionalism of the justice system.	<ul style="list-style-type: none"> - Strengthen the Judicial Service Commission (<i>Conseil Supérieur de la Magistrature</i>); - Ensure that judges' careers are managed more effectively; - Put an end to interference with the judiciary; - Eliminate corruption (assets disclosure mechanism, establishment of a monitoring center, capacities); - Enhancing the ethical outlook within the sector (education); - Establish a pool of judges and auxiliary personnel, prepare documentation for the professions in the judiciary, as well as a career stream for judges. 	
	2. Ensure that petitioners have access to the courts.	<ul style="list-style-type: none"> - Ensure that Guineans have access to information (simplification, outreach, translation); - Ensure that poor people have access to the judicial system (legal aid offices, reduce court filing costs); - Expedite the administration of justice (logistics, equipment, penalties); - Adapt the justice system to reflect needs and realities; - Monitor enforcement (see goal of improving information). 	<ul style="list-style-type: none"> - Average processing time for cases.

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
	3. Promote greater efficiency in the organization and administration of justice.	<ul style="list-style-type: none"> - Strengthen structures and rehabilitate the public service; - Reform the financial management of the justice system; 	<ul style="list-style-type: none"> - Trends in recourse to the courts (number of cases). - Average cost borne by the petitioner. - Rate of enforcement of court decisions.
	4. Foster accountability and transparency.	<ul style="list-style-type: none"> - Reduce lawlessness, and curb legal abuses by judicial professionals by effectively punishing misdeeds and publicizing them (inspection reports, court decisions) 	
	5. Help to bring about a legal system that is more in tune with local realities.	<ul style="list-style-type: none"> - Harmonize laws and regulations currently in force, and adapt them to the goals of African integration (OHADA) 	
	6. Enhance information, monitoring, and analysis.	<ul style="list-style-type: none"> - Create a center to monitor the justice system for the purpose of measuring performance indicators (judicial personnel, civil society, government, religious, and traditional authorities, women) - Conduct a series of studies prior to finalizing the strategy (focusing on its various objectives) to allow for fine-tuning. 	<ul style="list-style-type: none"> - Availability of quality data on aspects of poverty.

C- Poverty Monitoring and Analysis System

GENERAL OBJECTIVE	DETAILED OBJECTIVES	STRATEGIES/ACTIVITIES	INDICATORS AND GOALS
Monitor and report on poverty trends and the impact of poverty alleviation policies and programs	Produce a poverty profile.	<ul style="list-style-type: none"> - Conduct an integrated household consumption/budget survey; - Prepare and update a poverty map; - Perform an employment survey; - Carry out participatory surveys; - Create and operate an integrated statistical information system (SISIRP); - Establish a poverty monitoring center and keep track of performance indicators for projects and programs; 	<ul style="list-style-type: none"> - Publication and dissemination of poverty profile - Publication and dissemination of poverty map
	Improve the decision making process.	<ul style="list-style-type: none"> - Establish a master plan for statistics; - Produce final accounts for 1995-96; - Generate provisional national accounts for 1997-98; - Prepare a single consolidated balance of payments after consultations between the Ministry of Planning and the BCRG; - Model household demand; - Prepare a social accounting matrix; - Prepare public expenditure reviews; 	<ul style="list-style-type: none"> - Publication of the master plan for the nation's accounts.
	Improve the AIDS information base.	<ul style="list-style-type: none"> - Sero-surveillance and voluntary testing for HIV; 	Publication of statistical data on HIV/AIDS.

Annex 3: Poverty reduction strategy preparation plan: Period June 2000 – March 2002

OBJECTIVE	ACTIVITIES	RESPONSIBILITY	PARTNERS	RESULTS/OUTPUTS	COST	TIMETABLE AND COMMENTS
1- A more precise understanding of poverty and its root causes	. Conduct EIBC II	DNS	Users Civil society Donors and lenders	. EIBC II report . Poverty profile	US\$2,000,000 US\$50,000	Preparation: June-Dec. 2000 Execution: January 2001 Results: March 2002
	. Prepare and update a poverty map with 15 to 20 indicators	DNS DNP	Statistics producers Donors and lenders	. Poverty map	US\$50,000	October 2000 – January 2002
	. Create and operate an integrated core statistical information system (SISIRP)	DNS	All producers of documents	. Master plan for statistics . CD-ROMs of available publications	US\$80,000	June 2000 – January 2002
	. Model household behaviors (health, education, housing, employment)	DNS	Social sectors Donors and lenders	. Results of models and proposed actions	US\$80,000	June – December 2001
	Diagnostic study of women in the informal sector;	DNPF	World Bank FAO Users	Research report	US\$50,000	
	Study on the working conditions of children and on street children	DNEPPE	ILO, UNICEF, WB, HCR, NGOs	Research report	US\$60,000	
	. Various analyses on poverty and equity	University	Social sectors, Donors and lenders	Reports	US\$120,000	October 2000 – January 2002

OBJECTIVE	ACTIVITIES	RESPONSIBILITY	PARTNERS	RESULTS/OUTPUTS	COST	TIMETABLE AND COMMENTS
2- Ensure a more thorough, systematic, and ongoing role for civil society and implement a permanent dialogue	. Identify field counterparts and assess their skills and training and logistical needs	DND DNP	Donors and lenders NGOs Local government	. Better training and organization of civil society	US\$30,000	September 2000 – June 2001
	. Implement an ongoing process of dialogue	DND DNP	Donors and lenders NGOs Local government	. Permanent mechanism for dialogue with the general public	US\$50,000	June – December 2000
	. Annual field consultations (all regions)	DNS DNP	Civil society Other ministries Donors and lenders	Ensure that the general public has a meaningful role to play in choosing development projects	US\$80,000	2 consultations during the period
	. Surveys of beneficiaries (by specific zones)	DNS	Entities providing services	Beneficiaries' views regarding services rendered through programs or projects	US\$120,000	6 surveys during the period
3- Update macroeconomic, sectoral (see below), and intersectoral strategies	Macroeconomic strategies focusing on poverty reduction	MPC MEF BCRG	IMF WB Other donors and lenders	Projections of macroeconomic and financial indicators	US\$50,000	May – June 2000
	Education	Sector	Other sector partners, donors and lenders, civil society	Updating of goals, strategy, costs, etc.	US\$40,000	Financing through the sectors
	Gender	MASPFPE	Idem	Research reports	US\$150,000	September 2000 – June 2001
	Health	Sector	Idem	Idem	US\$25,000	Idem
	Infrastructure	Sector	Idem	Idem	US\$25,000	Idem

OBJECTIVE	ACTIVITIES	RESPONSIBILITY	PARTNERS	RESULTS/OUTPUTS	COST	TIMETABLE AND COMMENTS
	Water	Sector	Idem	Idem	US\$25,000	Idem
	Other sectors	Sector	Idem	Idem	US\$75,000	Idem
4- More precise data on the impact of public expenditure	Review public expenditure on health, education, and agriculture;	Sectors, DNB, DNS	Other sector partners, donors and lenders, civil society	Review of expenditures, and recommendations	US\$120,000	2001
	Analyze impact of public expenditure	Sectors, DNB, DNS	Other sector partners, donors and lenders, civil society	Impact analysis report	US\$35,000	2001
5- Tradeoffs among goals within individual sectors and across sectors, and their consistency with the macroeconomic framework and the available budget resources	Evaluate and prioritize objectives across sectors and within specific sectors; Analyze their consistency with the macroeconomic framework and available resources	Sectoral departments, MPC MEF BCRG	Donors and lenders	Realistic and relevant programming basis	US\$30,000	Mid-2001
6- Implement a system to monitor poverty and assess the collective impact of policy,	Select indicators and implement mechanisms to monitor and evaluate actions by beneficiaries	DNS	DNP Sectoral departments	Tools for the monitoring of actions by beneficiaries	US\$40,000	3rd quarter 2000

OBJECTIVE	ACTIVITIES	RESPONSIBILITY	PARTNERS	RESULTS/OUTPUTS	COST	TIMETABLE AND COMMENTS
programs, and strategies	Establish a poverty monitoring center and track performance indicators for projects and programs	DNS DNP	Sectoral statistical departments University Donors and lenders	Social indicators; Monitoring of performance indicators	US\$200,000	Design: Oct. – Nov. 2000 Collection: ongoing
	Update the macroeconomic and financial model (incorporate a social component)	DNP	World Bank, IMF, other donors and lenders	Model	US\$50,000	2001
7- Coordinate the activities involved in preparing the poverty reduction strategy	Produce the poverty reduction strategy paper; hold meetings, workshops, etc.; monitor work; produce reports	Interministerial committee and technical units	All sectors, donors and lenders, civil society	DRSP	US\$350,000	Period
Total					US\$3,875,000	

Annex 4: Sampling and results of consultations for the Country Assistance Strategy (CAS)

Table 1: Representativeness of women

Natural region	Number of women	Total participants	%
Basse Guinée	160	661	24.2
Moyenne Guinée	218	755	28.9
Haute Guinée	161	666	24.2
Guinée Forestière	52	580	9.0
Conakry metropolitan area	424	718	59.1
Total	1015	3380	30.0

Table 2: Summary of votes by sector, at the national level

Regions	Basse Guinée		Moyenne Guinée		Haute Guinée		Guinée Forestière		Conakry		Total	Rank	%
	Votes	Rank	Votes	Rank	Votes	Rank	Votes	Rank	Votes	Rank			
Social	479	2	645	1	513	2	506	3	830	1	2973	1	29
Infrastructure	756	1	591	3	565	1	340	2	267	4	2519	2	25
Rural development	338	3	634	2	359	3	616	1	487	2	2434	3	24
SMEs	318	4	244	4	210	4	215	4	384	3	1371	4	13
Governance	92	5	151	5	351	5	63	5	206	5	863	5	9
Total votes	1983		2265		1998		1740		2174		10160		100
Total voters	661		755		666		580		718		3380		

Table 3: Summary of votes by subsector at the national level

Regions	Basse Guinée		Moyenne Guinée		Haute Guinée		Guinée Forestière		Conakry		All regions		National Total	
	Votes	%	Votes	%	Votes	%	Votes	%	Votes	%	Votes	%	Votes	%
Subsectors														
Paved/dirt roads	1095	33	599	16	840	25	482	17	95	3	3016	23	3111	18
Health	380	11	556	15	310	9	346	12	580	16	1592	12	2172	13
Agriculture	363	11	568	15	513	15	349	12	334	9	1793	13	2127	13
Education	295	9	558	15	372	11	343	12	362	10	1568	12	1930	11
Village-level water supply	363	11	347	9	179	5	81	3	0	0	970	7	970	6
Employment	73	2	64	2	69	2	49	2	445	12	255	2	700	4
Electricity	83	3	111	3	79	2	243	8	138	4	516	4	654	4
SME	188	6	178	5	97	3	75	3	109	3	538	4	647	4
Stock raising	28	1	155	4	13	0	96	3	173	5	292	2	465	3
Justice/Security	95	3	146	4	129	4	15	1	70	2	385	3	455	3
Youth	0	0	76	2	15	0	109	4	248	7	200	2	448	3
Promotion of women	0	0	33	1	0	0	88	3	316	9	121	1	437	3
Commune infrastructure	45	1	122	3	50	2	145	5	80	2	362	3	442	3
Tax decentralization	61	2	29	1	101	3	160	6	61	2	351	3	412	2
Environmental protection	91	3	30	1	30	1	132	5	93	3	283	2	376	2
Good governance	45	1	0	0	256	8	0	0	0	0	301	2	301	2
Telephone/telecom.	56	2	46	1	66	2	0	0	73	2	168	1	241	1
Fisheries	0	0	0	0	0	0	0	0	216	6	0	0	216	1
Urban public health	0	0	48	1	0	0	0	0	127	4	48	0	175	1
Water, forestry, environment	24	1	82	2	22	1	29	1	0	0	157	1	157	1
Rail transportation	0	0	27	1	24	1	2	0	72	2	53	0	125	1
Other (religions)	20	1	0	0	165	5	150	5	0	0	335	3	335	2
Total votes	3305	100	3775	100	3330	100	2894	100	3592	100	13304	100	16896	100

Table 4: Result of the vote validating the priority sectors

Sectors	Groups					Total	%
	I	II	III	IV	V		
99 votes							
Infrastructure	22	19	6	34	16	97	33
Social	19	10	18	14	20	81	27
Rural development	12	10	25	17	17	81	27
Governance	6	4	2	5	5	22	7
SMEs	1	2	6	5	2	16	5
Total	60	45	57	75	60	297	100

Table 5: Results of the vote validating the priority subsectors

Subsectors	Groups					Total	%
	I	II	III	IV	V		
Paved/ dirt roads	26	27	25	39	19	136	30
Agriculture	17	7	14	17	12	67	15
Health	17	8	10	13	19	67	15
Education	14	8	12	13	19	66	15
Village-level water supply	1	0	3	5	4	13	3
Environment	5	1	2	0	2	10	2
Stock raising	0	0	4	0	2	6	1
Fisheries	0	5	2	1	0	8	2
Jobs	2	3	1	1	3	10	2
Youth	4	2	0	0	0	6	1
Promotion of women	4	6	0	0	3	13	3
SME/SMI	1	5	0	0	9	15	3
Security	0	0	8	2	10	20	4
Electricity	0	2	5	4	3	14	3
Total	91	74	86	95	105	451	100

Annex 5 : Cost of priority actions for the education and health sectors

Primary Education (costs in thousands of Guinean francs)

Years	1998	1999	2000	2001	2002	2003	2004
Timeframe of the model	7						
Total population	7,625,367	7,871,737	8,126,404	8,389,659	8,661,803	8,943,148	9 234 017
Annual growth rate (*)	3,1%						
Percentage of population aged 7-12 years	16,8%						
School-age population aged 7-12 years	1,279,900	1,321,254	1,364,001	1,408,190	1,453,870	1,501,095	1 549 920
Percentage of girls in the school-age population	48%						
School-age population: girls	614,352	634,202	654,720	675,931	697,858	720,526	743 961
School-age population: boys	665,548	687,052	709,281	732,259	756,013	780,570	805 958
Population moving into CP1	719,794	751,974	785,625	820,815	857,616	896,104	936 356
Progression rate of population moving into CP1	5%						
Population acceptable into CP 1 public	642,761	671,576	701,710	733,227	766,189	800,666	836 727
population acceptable into CP 1 public: girls	309,285	323,142	337,634	352,791	368,642	385,221	402 562
population acceptable into CP 1 public: boys	333,477	348,434	364,076	380,436	397,547	415,445	434 165
Total of public primary school pupils in Guinea	619,925	668,523	756,998	874,174	1,025,436	1,212,131	1 428 286

Years	1999	2000	2001	2002	2003	2004
Gross primary enrollment rate	54%	56%	62%	71%	81%	92%
Boys	65%	69%	74%	82%	92%	104%
Girls	40%	43%	51%	60%	70%	82%
Annual growth rate at primary level	7,8%	13,2%	15,5%	17,3%	18,2%	17,8%
Boys	7,8%	13,2%	15,5%	17,3%	18,2%	17,8%
Girls	12,4%	18,8%	20,8%	21,4%	21,5%	20,0%

(*) The population growth rate takes into account the presence of the refugees.

Years	1998	1999	2000	2001	2002	2003	2004
Projections of teaching personnel							

Requirement of classroom teachers	12,299	13,285	15,101	17,503	20,592	24,380	28,726
Annual teacher requirement (with increase in number of pupils)	-	986	1,817	2,402	3,088	3,788	4,347

Year	1998	1999	2000	2001	2002	2003	2004
Investment spending							
Number of classrooms to construct, starting in 2000			245	560	985	1,537	2,061
Total cost of classroom construction			4,01,753	10,708,687	19,580,353	31,786,156	44,341,089
Number of classrooms to rehabilitate starting in 2000			703	703	703	822	822
Cost of rehabilitation of classrooms in bad condition			9,500,053	9,880,055	10,275,258	12,496,546	12,996,408
Number of classrooms to be equipped starting in 2000			1,419	2,213	3,138	4,300	5,369
Cost of equipment			3,011,541	4,790,849	6,928,156	9,684,590	12,334,881
Number of classrooms to equip with common use furniture starting in 2000			1,419	2,213	3,138	4,300	5,369
Cost of equipment for common use in classrooms			613,882	995,731	1,468,183	2,092,555	2,717,464
Investment in classrooms (millions)			17,627,229	26,375,322	38,251,950	56,059,847	72,389,842

Cost of administrative investment							
Number of administrative units to be renovated or extended			2,000	2,012	2,014	2,015	2,016
Spending on renovations and extensions IRE /DPE			19,468,800	20,364,699	21,201,848	22,060,872	22,954,695
Total investment spending			37,096,029	46,740,021	59,453,798	78,120,719	95,344,536

Years	1998	1999	2000	2001	2002	2003	2004
Summary of spending on personnel, operations, and investment							
A. Personnel costs	29,350,223	29,942,097	31,104,384	32,931,452	35,306,542	38,171,171	41,330,737
B. Operation costs – Material and supplies	3,393,696	4,119,947	4,923,337	5,030,955	5,147,718	5,274,272	5,396,704
C. Investment, construction, and equipment costs	-	-	37,096,029	46,740,021	59,453,798	78,120,719	95,344,536
Total spending	32,743,919	34,062,044	76,458,319	88,137,033	103,445,703	125,209,935	145,825,064
Spending used to calculate unit costs	32,743,919	34,062,044	36,027,721	37,962,406	40,454,260	43,445,442	46,727,441
National unit cost per pupil	55,748	54,968	53,489	50,496	47,986	45,695	44,077

Health sector

Vaccinations		Target population and vaccination rate				
		2000	2001	2002	2003	2004
BCG	Target population	320,068	329,030	338,243	347,714	357,450
	Rate.	0.80	0.85	0.90	0.95	0.95
DTC	Target population	320,068	329,030	338,243	347,714	357,450
	Rate	0.70	0.75	0.80	0.85	0.90
VHB	Target population	320,068	329,030	338,243	347,714	357,450
	Rate.	0.20	0.30	0.40	0.45	0.50
VAR	Target population	320,068	329,030	338,243	347,714	357,450
	Rate	0.80	0.85	0.90	0.90	0.90
VAA	Target population	320,068	329,030	338,243	347,714	357,450
	Rate	0.20	0.30	0.40	0.45	0.50
VPO	Target population	320,068	329,030	338,243	347,714	357,450
	Rate	0.70	0.75	0.80	0.85	0.90
VAT	Target population	2,000,424	2,056,436	2,114,016	2,173,209	2,234,058
	Rate	0.60	0.65	0.75	0.85	0.90

Vaccinations	Unit cost unitaire	Annual Cost (in \$ US)					Cumulative
		2000	2001	2002	2003	2004	
BCG	0.080	51,211	55,935	60,84	66,066	67,915	302,011
DTC	0.090	112,860	124,307	136,307	148,881	162,053	684,407
VHB	0.650	232,885	359,109	492,219	569,251	650,211	2,303,676
VAR	0.160	76,434	83,485	90,871	93,416	96,031	440,237
VAA	0.214	76,673	118,230	162,054	187,415	214,070	758,441
VPO	0.090	150,480	165,743	181,742	198,508	216,70	912,543
VAT	0.040	179,142	199,505	236,644	275,706	300,097	1,191,094
Sub total vaccinations		879,685	1,106,314	1,360,720	1,539,242	1,706,448	6,592,409
<i>Refrigeration equipment</i>		79,833	89,225	93,921	100,965	105,661	469,603
<i>Injection equipment</i>		520,229	581,432	612,034	657,937	688,538	3 060,170
<i>Transport</i>		293,251	327,751	345,001	370,876	388,126	1 725,005
<i>Fuel for preservation</i>		16,263	18,176	19,133	20,568	21,525	95,665
<i>Maintenance (1)</i>		15,000	16,765	17,647	18,971	19,853	88,235
<i>Training</i>		31,810	35,553	37,424	40,231	42,102	187,120
<i>Social mobilization campaigns</i>		35,263	39,411	41,486	44,597	46,671	207,428
<i>Monitoring and evaluation</i>		38,250	42,750	45,000	48,375	50,625	225,000
<i>Implementation and management (2)</i>		3,266	3,650	3,843	4,131	4,323	19,213
TOTAL VACCINATION		1,912,850	2,261,027	2,576,208	2,845,891	3,073,872	12,669,848

NB: (1) Refrigeration equipment, motorcycles, vehicles, and bicycles.
(2) Supervision, advance activities, reports and other management tools..

**Annex 6 : Evolution of spending in priority sectors, 1995-2000
(in thousands of Guinean francs)**

	1995	1996	1997	1998	1999	2000 Proj.
<i>Higher education and scientific research</i>	13,456,099	19,226,498	21,206,695	24,042,336	22,041,021	26,320,372
Personnel	2,265,971	5,176,495	6,432,314	7,900,696	8,047,824	7,688,372
Operating costs	619,727	5,289,685	4,586,849	781,436	1,097,914	2,220,000
Transfers/Subsidies	8,114,152	6,736,318	7,719,847	11,616,320	11,804,117	13,479,100
Investment	2,456,249	2,024,000	2,467,684	3,743,884	1,091,166	2,932,900
<i>Pre-university and civic education</i>	49,996,692	51,344,242	42,889,856	50,619,321	55,150,679	64,291,960
Personnel	43,457,029	47,320,954	41,370,439	44,432,755	47,802,210	51,848,160
Operating costs	6,489,663	4,023,287	1,519,417	4,811,566	6,240,705	10,205,000
Investment				1,375,000	1,107,764	2,238,800
<i>Technical education and professional training</i>			11,409,195	5,687,236	7,456,038	9,770,578
Personnel			7,919,415	3,110,534	3,848,497	4,246,878
Operating costs			3,489,780	2,451,702	3,454,821	4,985,000
Transfers/Subsidies						200,000
Investment				125,000	152,720	338,700
<i>Total –Education Sector</i>	63,402,79	70,570,739	75,505,746	80,348,893	84,647,738	100,382,910
Personnel	45,723,000	52,497,449	55,722,168	55,443,985	59,698,531	63,783,410
Operating costs	7,109,390	9,312,972	9,596,046	8,044,704	10,793,440	17,410,000
Transfers/Subsidies	8,114,152	6,736,318	7,719,847	11,616,320	11,804,117	13,679,100
Investment	2,456,249	2,024,000	2,467,684	5,243,884	2,351,650	5,510,400

Public Health	16,405,916	17,127,774	20,392,017	18,023,700	18,965,531	24,764,820
Personnel	8,822,093	10,925,315	12,204,274	12,377,631	12,729,090	13,992,170
Operating costs	343,074	1,119,825	2,185,657	995,496	1,850,672	3,850,000
Transfers/Subsidies	2,000,000	1,270,000	2,000,000	1,500,000	2,434,531	3,542,750
Investment	5,240,749	3,812,634	4,002,086	3,150,573	1,950,976	3,379,900
Agriculture and Animal Husbandry	23,442,385	21,052,708	23,762,520	23,203,415	27,911,280	25,055,070
Personnel	16,110,317	17,216,000	17,791,186	18,254,566	17,961,916	18,603,520
Operating costs	224,655	158,017	159,384	777,668	502,238	795,150
Transfers/Subsidies				50,000	-	50,000
Investment	7,107,412	3,678,691	5,811,950	4,121,181	9,447,126	5,606,400

	1995	1996	1997	1998	1999	2000 Proj,
Fishery and aquaculture	614,420	1,353,142	2,210,001	2,558,811	2,931,558	2,728,300
Personnel	25,789	882,000	1,130,921	1,496,857	1,276,509	1,511,900
Operating costs	122,340	121,142	234,153	360,464	155,049	480,500
Transfers/Subsidies				65,000	-	185,500
Investment	466,291	1,350,000	844,927	636,490	1,500,000	550,000
Transport and public works	10,068,464	16,170,577	15,163,931	19,571,499	20,381,570	25,853,740
Personnel	ND	1,056,694	960,243	3,488,120	3,253,091	3,302,790
Operating costs	4,301,654	5,512,500	7,206,183	7,231,201	10,413,949	13,616,350
<i>of which: Road Fund</i>	<i>4,100,000</i>	<i>4,625,000</i>	<i>7,000,000</i>	<i>6,450,000</i>	<i>9,975,000</i>	<i>12,800,000</i>
Transfers/Subsidies				32,250	-	80,000
Investment	5,766,810	9,601,383	6,997,505	8,819,928	6,714,530	8,854,600

Total budgetary expenditure (in thousands of Guinean francs)

	449,844,000	376,582,000	469,888,000	503,540,000	566,584,000	728,205,000
Public debt	122,623,000	112,483,000	163,209,000	152,014,000	216,485,000	243,050,000
	27.26%	29.9%	34.7%	30.19%	38.2%	33.38%
Personnel wages	168,673,000	172,282,000	169,106,000	180,900,000	190,778,000	203,250,000
Operating costs	87,562,000	52,922,000	80,804,000	87,097,000	79,087,000	120,650,000
Transfers/Subsidies	21,116,000	15,322,000	18,419,000	33,285,000	38,912,000	76,907,000
Investment	48,840,000	22,880,000	32,077,000	43,928,000	41,322,000	70,005,000
Financial investment	1,030,000	693,000	6,273,000	6,316,000	-	14,343,000

Share of priority sectors in the national budget

	1995	1996	1997	1998	1999	2000 Proj,
Education sector	14.09	18.74	16.07	15.96	14.94	13.78
Pre-university education	11.10	13.63	11.56	10.05	9.73	8.83
Health	3.65	4.55	4.34	2.91	3.35	3.40
Rural development	5.21	5.59	5.06	4.61	4.93	3.44
Road Fund	0.9	1.2	1.45	1.28	1.76	1.76

Share of priority sectors in the current operations budget (Titles III and IV)

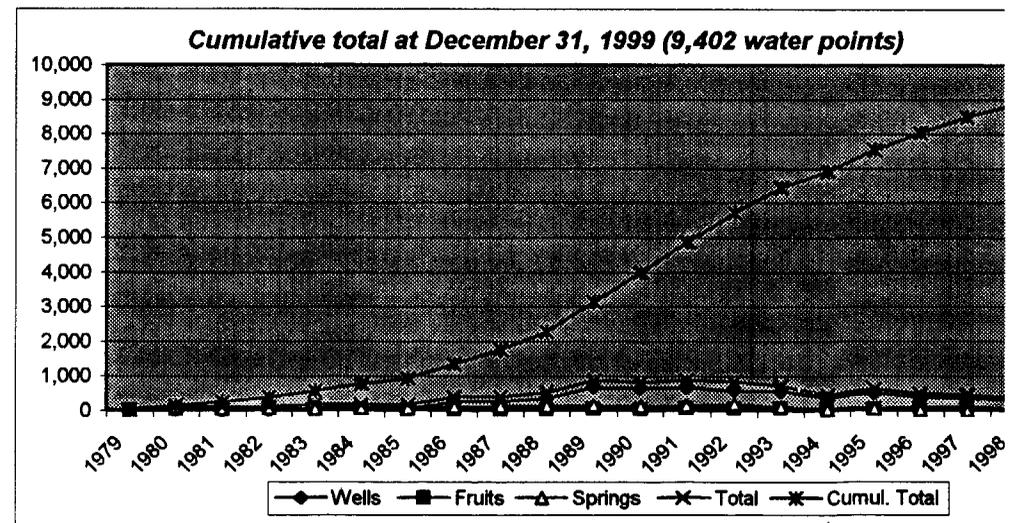
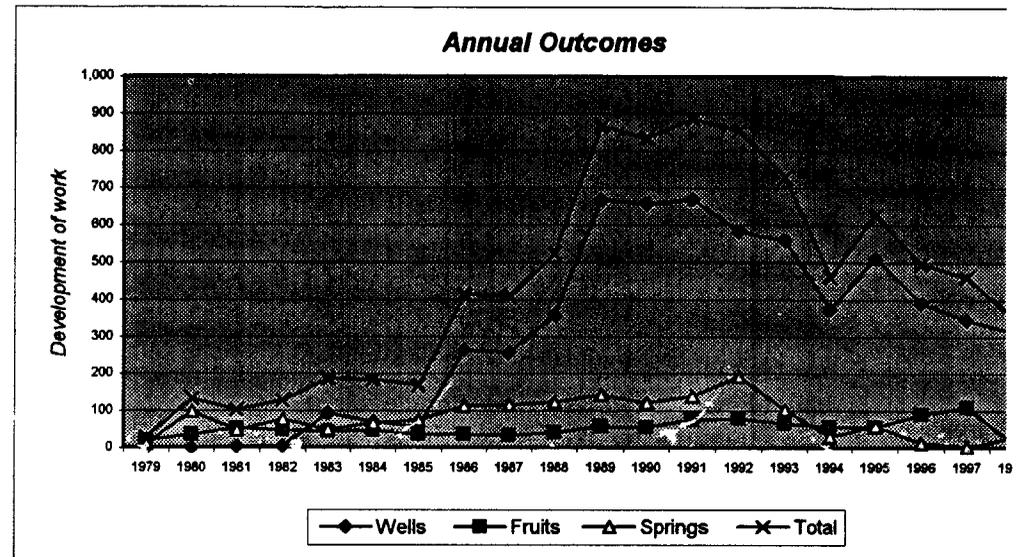
	1995	1996	1997	1998	1999	2000 Proj,
Education sector	14.0	23.5	17.45	18.77	19.15	15.7
Pre-university education	5.97	5.89	1.53	4.0	5.29	5.17
Health	2.16	3.5	4.21	2.1	3.63	3.74
Rural development	0.32	0.4	0.4	1.04	0.56	0.76

Source : National Budget Directorate (Ministry of Economy and Finance),

Annex 7: Village Water Supply

Summary of outcomes

Years	Wells	Fruits	Springs	Total	Cumul. Total
1979	0	19	11	30	30
1980	0	36	98	134	164
1981	4	53	47	104	268
1982	5	47	77	129	397
1983	93	45	49	187	584
1984	71	47	67	185	769
1985	58	36	75	169	938
1986	264	37	114	415	1,353
1987	258	35	117	410	1,763
1988	358	41	124	523	2,286
1989	667	57	143	867	3,153
1990	657	56	121	834	3,987
1991	670	76	139	885	4,872
1992	582	79	192	853	5,725
1993	559	65	104	728	6,453
1994	374	56	30	460	6,913
1995	512	56	60	628	7,541
1996	392	91	13	496	8,037
1997	346	111	4	461	8,498
1998	314	13	28	355	8,853
1999	524	0	25	549	9,402
	6,708	1,056	1,638	9,402	



Guinea: Selected Economic and Financial Indicators, 1997-2003 1/

	1997	1998	1999	2000	2001	2002	2003
		Est.	Est.	Proj.	Proj.	Proj.	Proj.
	(Annual changes in percent, unless otherwise indicated)						
Income							
GDP at constant prices	4.8	4.5	3.3	4.5	4.5	5.1	5.4
Consumer prices							
Average	1.9	5.1	4.6	7.7	9.5	3.5	3.0
External sector							
Exports, f.o.b. (in U.S. dollar terms)	8.2	8.6	-9.3	-10.1	-8.5	8.2	8.1
Imports, f.o.b. (in U.S. dollar terms)	-1.9	0.7	3.5	-7.2	-3.8	9.0	8.3
Terms of trade							
Percentage change	13.1	4.9	-17.4	-7.4	-1.1	6.9	1.0
Average effective exchange rates (depreciation -)							
Nominal index	-0.6	-6.8	-17.1
Money and credit							
Net foreign assets 2/	20.4	5.6	-6.9	-3.1	20.2
Interest rate 3/	9.0	9.0	7.5	7.5	7.5
	(In percent of GDP)						
Central government finances							
Total revenue and grants	14.6	14.1	13.0	14.0	15.6	15.7	15.8
Current expenditure	9.1	8.7	8.9	9.6	9.9	9.2	8.8
Capital expenditure and net lending	8.4	6.0	7.1	7.4	5.8	5.3	4.8
Gross investment	23.6	21.0	22.0	22.2	21.8	22.5	22.4
External public debt 4/	82.8	95.7	93.9	104.9	115.9	111.3	105.8
	(In percent of export earnings)						
External debt-service ratio 5/	25.6	19.3	17.2	16.8	16.4	14.9	13.8
External public debt	406.2	416.0	441.0	366.6	351.6	338.4	323.9
	(In millions of U.S. dollars, unless otherwise indicated)						
Exports 6/	660.0	716.5	649.7	740.4	814.3	881.4	953.0
Imports 6/	572.4	576.6	596.8	588.5	634.7	691.6	748.8
Gross official reserves (in months of imports)	3.0	3.2	2.7	2.3	2.6	3.5	3.5
Nominal GDP	4,266	4,434	4,831	5,356	5,917	6,508	7,147

Sources: Guinean authorities; and staff estimates and projections.

1/ This table reflects the results of the discussions with the authorities in October-November 2000. The projections for 2001-03 will be adjusted following the negotiations of a new three-year PRGF arrangement in the first quarter of 2001.

2/ In percent of broad money stock at beginning of period.

3/ Minimum annual rate on bank savings deposits, at end of period.

4/ Including debt owed to the Fund and to the Baltic countries, Russia, and other countries of the former Soviet Union.

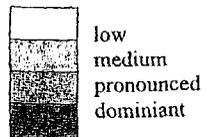
5/ Scheduled public debt service, including IMF charges and repurchases.

6/ Merchandise trade figures only.

Map 1. Degree of Poverty by Prefecture, Based on 15 indicators

Ministry at the Presidency
 responsible for Foreign Affairs
 Secretary of State for Cooperation (SSC)
 National Directorate of Cooperation (NDC)
 Information Systems Unit (ISU)

Degree of Poverty



15 indicators and threshold values

- number of water points per 100 km² < 5
- prefectural percentage of rehabilitated or reconstructed roads < 40%
- percentage of viable roads < 30%
- rate of electrification < 3%
- number of private telephone lines = 0
- area of improved marshlands < 100 ha
- area of improved plains < 100 ha
- total cultivated area for farmer < 1,8 ha
- share of active population covered by projects < 10%
- number of inhabitants per medical center > 22,000
- number of inhabitants per doctor or nurse > 7,000
- gross enrollment rate < 42%
- number of inhabitants per civil servant > 293
- amount of salaries and pensions paid by the State < GF 13,800 per person
- amount of investment planned by the rural development centers < GF 50 billion.

