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**JOINT IDA-IMF STAFF ADVISORY NOTE**

**ON THE**

**POVERTY REDUCTION STRATEGY PAPER**

**April 30, 2013**

**Poverty Reduction and Economic Management 4  
AFCW3  
Africa Region**

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INTERNATIONAL DEVELOPMENT ASSOCIATION

AND

INTERNATIONAL MONETARY FUND

GUINEA

**Joint Staff Advisory Note on the  
Poverty Reduction Strategy Paper 2013–15**

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

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April 30, 2013

**I. OVERVIEW**

1. **This Joint Staff Advisory Note (JSAN) reviews Guinea’s third Poverty Reduction Strategy Paper 2013–15 (PRSP).** Implementation of the second PRSP, adopted in August 2007 and covering 2007–10, was interrupted by a military coup in December 2008. In early 2011, a new democratically elected Government extended the original PRSP to cover 2011–12 and reported on this implementation in 2011. The JSAN 2012 commented on these documents.<sup>1</sup> Since then, the authorities have been preparing a full PRSP for 2013–15; on March 4, 2013, the authorities sent the draft PRSP to the Bank and Fund staff to benefit from a JSAN on the basis of a shared understanding that its priorities shall remain substantially unchanged pending validation. The JSAN is based on this version.

2. **The PRSP aims to accelerate economic growth and progress toward the Millennium Development Goals (MDGs).** The strategic vision of the PRSP-III is to use Guinea’s potentially large mining rents toward poverty alleviation and development of a competitive employment-generating private sector. Priority is given to the following issues: (1) strengthening democracy and state effectiveness; (2) accelerated and diversified growth; (3) employment; and (4) reduction of regional inequalities. The strategy aims to take advantage of the recent political and

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<sup>1</sup> World Bank document IDA/SecM2012-0459/1, August 22, 2012; IMF document EBD/12/55 (August 30, 2012).

social stability to accelerate progress toward meeting the set objectives. As was the case on previous occasions, the PRSP was prepared with input from extensive public consultations.

3. **The PRSP addresses the difficulty of implementing poverty alleviation in a resource rich environment with limited institutional capacity.** Channeling resource revenues to poverty alleviation activities offers economic challenges—such as managing exchange rate expectations during a resources boom—but also tests governance and institutional structures. Staff notes that in this context sophisticated state institutions legitimized by credible elections will be particularly important. The upcoming parliamentary elections are important to increase the legitimacy of state institutions and policies.

## II. POVERTY AND GENDER

4. **As reported in JSAN 2012, poverty indices have deteriorated and poverty now affects some 55 percent of the population.** Staff notes that the increase as of 2012 may reflect poor policies implemented by the government during 2009–10 and that recent improvement in the policy framework is not yet reflected in the data. Poverty rates are much higher in rural areas but increased sharply in urban areas, reaching 35.4 percent of the population. Rural-urban migration mitigated rising rural poverty, but contributed to poverty and income inequality in urban areas due to the lack of employment opportunities and rising food prices. The latter contributed to child malnutrition rates of over 30 percent.

5. **The recently collected poverty data have adequately informed the poverty alleviation strategy.** The most important determinants of poverty are location, gender and education of household head. The agricultural development strategy focuses on development of small-scale farms, which may help to address the most extreme poverty in rural areas and the related issue of child malnutrition. The transport strategy will reduce food to market costs and hence urban poverty. The implementation of the education strategy and the consequent rising school enrollment ratios for girls is expected to reduce poverty in particular because educated women may have more control over family budgets including health and birth control options. Staff welcomes these initiatives, but notes that a vibrant employment-creating private sector is vital to sustained poverty alleviation.

6. **Labor market participation rates in the formal economy remain low, in particular for women.** Guinea's formal enterprises employ only 10 percent of the workforce. Women are discriminated against in both private and public formal employment, while they dominate the informal sector and subsistence farming. The PRSP notes that gender-based violence remains widespread and there is insufficient institutional capacity to address this issue. Staff notes that gender equality is not only a moral concern but also an economic priority to sustain Guinea's long-term development.

### III. MACROECONOMIC PERFORMANCE

**7. Staff agrees with the baseline growth projections underpinning the PRSP.**

Baseline economic growth is projected to accelerate to 5.2 percent in 2014 and beyond up from just under 4 percent in 2012. This projection is based on an acceleration of economic growth in the construction sector in response to massive investment outlays by mining companies. Private investment is projected to increase from 17.8 percent of GDP in 2012 to over 40 percent in 2014. This is an ambitious expansion, but realistic and based on firm commitments from mining companies. The PRSP also summarize a more optimistic “accelerated” scenario. Staff appreciates the effort to assess the macroeconomic implications of alternative policies, but also note that this more optimistic scenario is not consistent with Guinea’s historical performance. A higher growth rate is desirable but such projections cannot be the basis for responsible policy making in a high-risk external environment.

**8. The macroeconomic projections could have paid more attention to the underlying risks.** The scenario is based on prices for Guinea’s mineral exports remaining at the levels experienced during 2010–12. This is appropriate for a baseline scenario. However, the crisis of 2008/09 also illustrates that prices could abruptly decline with dire consequences for economic growth and fiscal revenues. Moreover, as recent developments have shown, investment in the mining sector could be much slower than anticipated, negatively affecting short-term growth. The PRSP notes that the economic diversification program will hedge these risks. This is true but it also takes time to materialize. Hence, the PRSP could give more attention to policy options in case economic growth and fiscal revenue is considerably lower than projected under the baseline scenario.

**9. Staff welcomes the sectoral budget allocation proposed in the PRSP but notes that implementation requires well-defined institutional arrangements.** The PRSP proposes a sharp increase in funding for education as a share of total public expenditures over the PRSP period, while total fiscal resources also increase. To yield results, a rapid expansion in public resources for this and any other sector requires an effective public financial management system and clear institutional arrangements. Currently, the overlapping mandates of various ministries and agencies undermine their effectiveness. Further, the PRSP Priority Action Plan is presented as a medium-term investment program; this is welcome, but also somewhat at odds with the budget planning in the Ministry of Economy and Finance, which has a one year time horizon.

**10. Staff appreciates the authorities’ efforts to improve the remuneration of senior staff.** Still, staff advises that this is done in the context of an overall civil service reform plan and that the authorities remain mindful of using the most efficient instruments towards this task. Specifically, distribution of subsidized gasoline and rice is not an efficient instrument to remunerate government employees.

**11. The limited coverage of financial sector issues in the PRSP gives insufficient weight to the potential contribution of that sector to growth and productivity.** Staff notes that steps have been taken to improve banking supervision and the legal framework for leasing operations. Notwithstanding this progress, important challenges remain and the staff urges the government

to step up efforts in this area, including actions to deepen financial intermediation, strengthen banks' compliance with minimum capital requirements, and improve the financing mechanisms of the agricultural sector. Regulatory reforms should also be extended to the insurance market and strengthened over microfinance institutions. The staff urges the authorities to finalize a financial sector development plan and stands ready to provide support on selected issues identified in that plan.

12. **Staff reiterates that macroeconomic stability will be critical to deliver the PRSP's objectives.** Reducing inflation will necessitate continued sound fiscal and monetary policies. Mobilizing more public revenue—including through limitation of tax exemptions—improving the quality of expenditure, and securing debt sustainability by borrowing only on highly concessional terms would create space for an increase in pro-growth and pro-poor spending. Staff recommends the development of a medium-term debt strategy to ensure debt sustainability after the HIPC completion point. Staff urges the government to exercise prudence in financing its possible participation in the Simandou iron ore megaproject and other large-scale infrastructure projects to ensure that these projects do not destabilize the hardly-won macroeconomic gains.

#### IV. STRATEGIC PILLARS

##### A. Reforming the State

13. **The PRSP highlights the need to reform the State but does not clearly delineate functions to be performed by the public and the private sectors.** The legitimacy of the state is gradually strengthened by elections and the establishment of democratic institutions. The proposed partnerships of the State with private initiatives to alleviate administrative constraints is useful, but requires clearly defined roles for both partners to avoid capture of public resources by private partners. Among other things, this may require a sound diagnostic, well-designed policies, and clarification of—and commitment to respect—the institutional arrangements and expected intermediate and final results to deliver public goods such as the following:

- (a) **Security.** Guinea has a large and well-equipped army compared to some of its neighbors. Staff appreciates reforms that (1) modernize management practices of forces under the Ministries of Security and Defense; (2) encourage the army to focus on external security threats; and (3) clarify the legal status of contracts issued during the military regime but suspended after the democratically-elected Government took office. The PRSP could also elaborate on organizational, human resources, and financial issues, and the link between the PRSP and the strategy for the reform of the security sector.
- (b) **Justice.** Staff welcomes the efforts to restore the courts and legal structures to their former role of upholding the rule of law, testing and enforcing laws and adjudicating disputes, including disputes between private parties with the state, and they recognize the challenges of implementing the PRSP objectives on this issue.
- (c) **Administration of mineral rights and other public assets.** Land, mineral rights, as well as other state assets require a functioning public record system, whether administered directly by the State or through State-owned enterprises or agencies. Staff

welcomes the progress that has been made on this issue but note that more needs to be done—notably, sector ministries could establish asset registries.

- (d) **Public administration.** Staff welcomes the focus on administrative governance as an important element for implementing the objectives of the PRSP. This effort could be further strengthened through a more comprehensive description of the Program for the Modernization of the State, the legal framework, and the responsibilities of the different institutions and stakeholders.
- (e) **Public financial management (PFM).** The authorities recognize that Guinea's PFM system needs to be strengthened. Staff welcomes the reforms that aim to address this issue, notably, the reform of the procurement and public investment management systems. The current cash-based expenditure managed system has contributed to macroeconomic stabilization, but at this stage it serves mainly to accommodate urgent expenditures that are being decided outside the regular procedures. Hence, implementation of a modern system based on the budget adopted by Parliament and executed through commitments made at the sector ministry level, is desirable. The rapid increase in public investment is in itself welcome, but will only have the expected impact if projects are properly prepared and monitored (see below).
- (f) **Decentralization and deconcentration.** Staff welcomes the decentralization/ deconcentration agenda, but notes that implementation requires greater monitoring and evaluation (M&E) of policies and projects implemented at the local level. Such M&E can be realized by development of social accountability networks or by oversight from the national Government.
- (g) **State-Owned Enterprises (SOE) and Agencies.** The mandate of state-owned enterprises and agencies and their effective oversight by the state could be further highlighted given their importance and potential for the economy, service delivery, investments, and employment.

## **B. Promoting Private-Sector Development**

14. **The PRSP documents the abundant opportunities for economic growth.** The PRSP highlights the potential for environmentally sustainable growth in all sectors. Staff notes that the agricultural sector in particular provides good prospects for forward and backward linkages, certainly in comparison to the mining sector. In contrast, the tourism sector's small size will prevent it from making a significant contribution to growth, employment, or poverty alleviation over the PRSP period, but it may attract private investment. The PRSP rightly emphasizes the need for a vibrant private sector to spearhead economic growth, employment creation, and thus poverty reduction. It lists obstacles to this development: deficient infrastructure, corruption and low efficiency of public services, a deficient judicial system, lack of skills and training, high tax rates that penalizes tax compliance, and limited access to the financial sector. Staff notes that the growth pole approach proposed in the PRSP could be presented as an effort to overcome

coordination and information failures. However, development of effective coordination among decision makers takes time. Hence, it may be prudent to learn from policies and investment decisions applied in pilot growth pole regions before applying these policies more widely as proposed in the PRSP.

## (1) Growth Sectors

15. **Agriculture.** The PRSP rightly highlights the importance of the agricultural sector in terms of employment and prospects for backward and forward linkages. Further, agriculture has a direct impact on food prices, which have by definition a disproportionate share in the poor's consumption basket. Staff encourages the authorities to empower farmer organizations in the distribution of government goods and services as a transition to a more market-based mechanism. Medium-term policies are framed by the Government's adoption of the agricultural sector investment plan (PNIASA). Staff commends the Government for focusing on (1) the need to strengthen the role of the private sector; (2) developing sector policies aiming at improving competitiveness and private sector productivity; and (3) organizing the public sector as an enabler rather than an executor of agricultural development, which would include a reform of the extension services, seed development and delivery of rural infrastructure.

16. **Mining.** Staff notes that the mining sector contributes to national development mainly through its impact on fiscal revenues. Employment in modern mines typically is relatively small. The PRSP reports that some 20,000 positions may be created in the mining sector, which represents less than half a percent of the labor force. Further, following the construction, phase the prospects for backward and forward linkages are modest. To safeguard the sector's contribution to fiscal revenues, staff is encouraged by the publication of all mining contracts—required by the mining code—but they are disappointed with the slow progress with meeting the requirements of the Extractive Industries Transparency Initiative (EITI), which would offer a well-established process for monitoring actual against expected revenues. The institutional mechanisms guiding the use of exceptional mining revenues and the functioning of the Special Investment Fund could be further elaborated.

17. **Urban development.** The rising urban poverty highlights the need for an urban development strategy that creates employment and offers access to food and basic services. Such strategy should address: (1) zoning for industrial development and commuter services; (2) decongestion of port activities; and (3) urban potable water services. Staff notes that these issues are covered but not adequately prioritized in the PRSP.

## (2) Cross-Cutting Issues

18. **Infrastructure.** The PRSP envisages energy and telecommunications services to be largely provided by private suppliers, subject to government regulation. By contrast, road and potable water services are to be provided directly by public agencies. Staff concurs with this approach and have the following observations:

- **Power.** Staff suggests that across-the-board subsidies be replaced with an escalating price structure with lower rates for small consumers. This will target subsidies at low income households and reduce subsidies from the budget to the power generating and distribution company (*Electricité de Guinée*). Liberalization of the electricity price for large consumers will also help to develop Guinea as a hub for regional power generation and distribution. Furthermore, a legal framework for public private partnerships would attract private investors. In parallel, a poverty-oriented power strategy could focus on sustainable biomass harvesting and more efficient stoves.
- **Telecommunications.** Staff welcomes the proposed approach that will allow the private sector to play a key role in the development of the telecommunications sector. As noted, this requires a legal framework for public-private partnerships (PPPs).
- **Transport.** Staff concurs with the “road fund approach” but notes that this Fund may need more resources to be able to adequately fulfill its functions. Further, it could become more efficient by issuing performance-based road maintenance contracts. The authorities may also wish to address regulatory issues that limit the efficient use of existing infrastructure.

19. **Business registration.** The PRSP gives adequate attention to small- and medium-sized enterprises (SMEs) as an instrument for poverty alleviation. Staff notes that some form of registration is required to provide these companies access to financial services, hence they encourage the Government to further facilitate company registration.

20. **Financial sector.** The PRSP documents the obstacles to financial sector growth. Staff welcomes the increase in market penetration of microfinance institutions to 25 percent. To maximize the benefits from this strategy, the authorities may wish to (1) encourage competition in the financial services industry; and (2) establish a credit registry to generate and disseminate information on existing financial services.

21. **Trade policy and facilitation.** Staff welcomes the emphasis on the role of foreign trade as an engine of economic growth, including growth in agricultural, electricity and transport services to regional markets. Since 2005, Guinea has aligned its import duties with the tariffs of the Economic Community of West African States (ECOWAS) and staff encourages continuing this policy. Staff agrees that deeper integration with neighboring countries may require better trade facilitation, and reform of the customs code and other legal instruments. Further, liberalization of trade in goods and services will also provide a more competitive environment to the benefit of downstream companies and—ultimately—consumers.

### C. Human Development

22. **The PRSP human development strategy should be assessed in the context of a rapidly growing population.** Guinea has one of the highest population growth rates in the world and projected aging of the population, both of which will contribute to a rapid increase in education and health services.

23. **Education.** The PRSP balances the need to provide additional resources and measures to improve education quality. It also highlights appropriately the reforms undertaken to strengthen personal management. Staff notes, however, that some issues may need to be addressed more explicitly:

- (a) **Over the past few years, the private schools' share of enrollment in primary education has grown sharply.** Private schools represent 63 percent of students enrolled in Conakry and close to 30 percent nationally. The government needs to closely investigate this development to assess the reasons why parents are sending their children to private school despite worsening living standards.
- (b) **Reforms are needed to make sure Guineans have the right skills for the needs of emerging and export-oriented sectors such as agriculture, tourism, and mining.** The lack of vocational training programs in secondary and tertiary education leads to an excessive orientation towards general education with a focus on humanities. This is a serious problem for a country that requires manpower with technical and scientific knowledge and competencies—including basic problem solving, communication, and adaptability skills—for its economic and social development. Staff further suggests that short-term courses and degrees may be targeted towards alleviating this constraint.
- (c) **There is a positive relationship between the development of human capital and quality of work.** The analysis of household surveys shows that higher education graduates have slightly higher unemployment rates than primary and secondary completers. However, they have also the tendency to be more selective and to benefit ultimately from higher income, demonstrating the demand for higher skills.
- (d) **The education budget does not reflect the government's priorities and objectives.** The budget envelop (2.3 percent of GDP in 2011 which is much below the SSA average of 4.5 percent GDP) would need to increase, but the current inefficient allocation within the subsectors also needs to be addressed. While a medium-term expenditure framework has been developed for education, the authorities do not yet use this framework to plan the education budget.

24. **Health.** Staff endorses the PRSP's health strategy objectives and are heartened by the intention to (1) prioritize service delivery to the poorest people; and (2) improve maternal and child health including neonatal services to reduce maternal and child mortality. Staff thinks that more emphasis should be put on:

- (a) **Improving community-based health service delivery.** Results Based Financing (RBF) of the nutrition and health outcomes of mothers and children could contribute to realizing this objective;

- (b) **Mobilizing resources.** This is a big issue in Guinea given the very low budget share directed to health, but no mention has been made in the document on a new strategy to increase health financing; and
- (c) **Introducing new ways of doing business.** In particular by introducing a result-based financing scheme to improve health indicators, while maintaining health personnel in the poorest areas.

25. **Social protection.** Staff welcomes the approach to the delivery of social services, which is particularly important because Guinea does not have an explicit social protection policy. The current limited interventions are scattered among several institutions with very limited or no coordination. Financing is inadequate and largely funded by donors on an ad-hoc basis. The Government should take measures to extend social protection coverage and improve its quality in the short to medium term. It also needs to develop a coherent social protection strategy and an effective safety net system capable of reducing inequality and increasing the population's resilience to shocks and access to socio-economic opportunities and participation in the development process.

## V. MONITORING AND EVALUATION

26. **The PRSP plans to monitor and evaluate Guinea's progress towards the Millennium Development Indicators based on three sources of information:**

- (a) Regular household surveys;
- (b) Reinforced established procedures, through which programs and policies will be monitored continuously; and
- (c) Self-standing impact evaluations.

27. **Staff notes that greater efforts should be made to systematically plan specific actions and/or projects, as well as to monitor and evaluate the overall implementation of the PRSP.** Possible steps to improve this are:

- (a) **Planning, monitoring and evaluation of investment projects,** including standardized appraisal techniques that allow selection of projects based on rational criteria and which diminish the risk of politicized prioritization and implementation. The result of monitoring and evaluation of projects should inform revisions to the standardized appraisal techniques. To prevent this process from becoming politicized itself, it should be implemented by an agency that is independent of the agency implementing the project.
- (b) **Regular household surveys** can be useful to assess the impact of policies and practices on the households. Such assessments do not require necessarily a new survey but can also be done on the basis of partial information.
- (c) **Explicit poverty targets.** The PRSP should include an ambitious poverty target based on a macroeconomic assessment that quantifies the relationship between non-mining GDP growth and poverty alleviation.

28. **Staff welcomes the communication strategy included in the PRSP.** A coherent communication strategy to encourage the utilization of collected data will enable the Government to gauge the usefulness of the information being tracked and to strengthen the demand side of the monitoring system.

## VI. CONCLUSIONS, RISKS, AND ISSUES FOR DISCUSSION

29. **Staff commends the Guinean authorities for the strategy presented in the PRSP but notes that it could benefit from greater prioritization.** The PRSP provides valuable analysis of many of the socio-economic challenges facing Guinea and offers a good overview of the policy reforms necessary to address these challenges. The comprehensive approach provides many possible policy options, but does not offer a strategic prioritization of the options.

30. **The approach to public financial management reforms is welcomed, notably transparency in revenue mobilization, expenditure prioritization, and contract allocation.** Staff welcomes the greater transparency in the mining sector and the publication of all contracts, but regrets the lack of progress in the implementation of the EITI Initiative and the Kimberly Process. Staff also notes the need to design and implement a medium-term expenditure framework to implement the priority action plan attached to the PRSP.

31. **Staff recommends a deeper commitment to monitoring and evaluation, that is to be independent from the ministries and agencies implementing policies and projects.** Application of standardized appraisal methods that are revised in view of monitoring and evaluation results may contribute to more information-based project and policy selection, which is inherently more robust to resist political interference in the process.

32. **The main risks to successful implementation of the PRSP are:** (1) a deterioration in the political and security situation; (2) a sharp fall in international commodity prices and delays in developing the country's abundant mineral resources, which would weaken the outlook for growth and limit Guinea's financial resources; and (3) the long-term risk of state capture by vested interests, a major concern in a small economy with a history of weak governance and institutions, dominated by a limited number of major companies and surrounded by widespread poverty.

33. **The PRSP and JSAN are submitted for the Executive Directors' consideration, in view of the ongoing implementation of Guinea's program that is supported under the IMF's Extended Credit Facility (ECF) and the upcoming discussion of the World Bank Country Partnership Strategy (CPS).**

REPUBLIC OF GUINEA

Labor – Justice - Solidarity



Ministry of State in Charge of Economy and Finance

PERMANENT SECRETARIAT for  
POVERTY REDUCTION STRATEGY (PS-PRS)

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## ACRONYMS AND ABBREVIATIONS

AENF	: Literacy and Non-Formal Education
AEP	: Safe Drinking Water Supply
AGER	: Rural Electrification Agency
AIDS	: Acquired Immunodeficiency Syndrome
ANLC	: National Agency for the Fight Against Corruption
APRM	: African Peer Review Mechanism
ARAM	: Regional Arts and Crafts School
ART	: Antiretroviral therapy
ASS	: Africa South of the Sahara
AU	: African Union
BCRG	: Republic of Guinea Central Bank
BTP	: Construction and public works
CBG	: Guinean Bauxite Company
CE	: 2 <sup>nd</sup> and 3 <sup>rd</sup> grade (US)
CECOJE	: Youth Assistance, Counseling and Orientation Centers
CEDAW	: Convention Eradicating All Forms of Discrimination Against Women
CENI	: National Independent Elections Commission
CENTIF	: National Unit for the Treatment of Financial Information
CeSIM	: Sectorial, Industrial and Mining Center
CFC	: Companies' Training Center
CFP	: Professional Training Center
CFPP	: Post-Initial Training Center
CM	: 4 <sup>th</sup> and 5 <sup>th</sup> grade (US)
CNLS	: National Committee to Fight Against AIDS
CNSS	: National Social Security
CNT	: National Transition Council
CP	: 1 <sup>st</sup> grade (US)
CPI	: Presidential Investment Council
CPMV	: Private Center for the Production of Vegetal Material
CR	: Rural Communities
CRC	: Convention on the Rights of the Child
CTPSE	: Prefectural Technical Committee for Monitoring and Evaluation
CTRSE	: Regional Technical Committee for Monitoring and Evaluation
CU	: Urban Community
DAF	: Financial Affairs Division
DB	: "Doing Business"
DGD	: Customs Office
DNI	: National Tax Administration
ECOWAS	: Economic Community of West African States

EDG	: Électricité de Guinea
EDM	: Energy Demand Management
EDS	: Demography and Health Study
ELEP	: Limited Poverty Assessment Survey
ENAM	: National School for Arts and Crafts
ENI	: Normal School for Teachers
ESCOMB	: Biological and Behavioral Study
FODER	: Rural Electrification Development Fund
FONIJ	: National Youth Integration Fund
FSI	: Special Investment Fund
FSD	: Security and Defense Forces
GDP	: Gross Domestic Product
GNF	: Guinean franc
GSER	: Gross School Enrollment Rate
HAC	: High Authority for Communication
HDR	: Human Development Report
HIDC	: Heavily Indebted Developing Countries
HIMO	: High Intensity Labor
HIV	: Human Immunodeficiency Deficiency Virus
ICT	: Information and Communications Technology
IDE	: Foreign Direct Investment
IES	: Institute of Higher Education
IFEM	: Inter-Bank Foreign Exchange Market
IGSJ	: Judicial Services Inspectorate General
IHRL	: International Humanitarian Law
INS	: National Statistics Institute
ISSEG	: Superior Institute For Educational Sciences of Guinea
ITIE	: Extractive Industries' Transparency Initiative (EITI)
LMD	: Degree, Master's, Doctorate
MDG	: Millennium Development Goals
MICS	: Multiple Indicator Cluster Survey
MMS	: Strategic Measures Matrix
MFP	: Multi-Functional Platform
MTCTP	: Mother-to-Child Transmission Prevention
MTEF	: Medium Term Expenditure Framework
NBA	: Niger Basin Authority
OMVG	: Gambia River Basin Development Organization
OMVS	: Senegal River Basin Development Organization
OPA	: Professional Agricultural Organizations
OPG	: Guinean Post Office

OVC	: Orphans and Vulnerable Children
PAC	: Autonomous Port of Conakry
PAP	: Priority Action Program
PERD	: Decentralized Rural Electrification Project
PIDEP	: Postal Investment and Development Plan
PIP	: Public Investment Program
PLWHA	: Persons Living with HIV/AIDS
PNAEPA	: National Drinking Water and Sanitation Program
PNE	: National Environmental Policy
PNHG	: Guinean National Housing Policy
PNIASA	: National Agricultural Investment and Food Security Plan
PNRSE	: National Socio-Economic Reintegration Program
PNT	: National Transport Plan
PPP	: Public-Private Partnership
PREMA	: Government Reform and Modernization of the Administration Program
PRS	: Poverty Reduction Strategy
PRSP	: Poverty Reduction Strategy Paper
QIP	: Quick Impact Project
SAE	: Water Supply System
SBK	: Kindia Bauxite Company
SCAD	: Civic Action Service for Development
SME/SMI	: Small and Medium-Sized Enterprises/Small and Medium-Sized Industries
SNAPE	: National Water Supply Service
SNDS	: National Statistics Development Strategy
SOGUIPAMI	: Société Guinéenne du Patrimoine Minier
SOTELGUI	: Société Guinéenne de Télécommunications
TOE	: Ton of Oil Equivalent
TFP	: Technical and Financial Partner
TFR	: Total Fertility Rate
UFM	: Mobile Training Unit
UN	: United Nations
UNDP	: United Nations Development Program
WFP	: World Food Program
ZAAP	: Planned Agricultural Zone

## EXECUTIVE SUMMARY

1. The third poverty reduction strategy (PRS III) is the frame of reference for the overall development planning process that will be reoriented to the 2011-2015 Five-Year Plan. It presents a medium-term development framework to achieve Millennium Development Goals (MDGs) and fulfill the authorities' vision of Guinea as an emerging country in 15 to 25 years, respectful of Human Rights, gender equality and supportive of the Rule of Law.

2. PRS III builds on the gains of PRS I and PRS II in terms of reinforcement of democracy, macroeconomic stability, development of human capital and management of the environment. Recovered political stability and social calm have created a climate favorable to better governance of public affairs, resumption of international cooperation and substantial debt relief. Also, the overall economic performance of Guinea reflects relatively stabilized macroeconomic indicators, with reduced inflation, a clearly diminishing level of foreign debt and notably improved budget revenues, matched by better control of public spending. The economy is on the path to growth, with real GNP going from 1.9% in 2010 to 3.9% in 2012. These results can be attributed to effective economic and financial policy measures, as well as to the good performance of growth sectors (especially agriculture and mining) in the economy.

3. In spite of this overall performance, the incidence of poverty has increased at national level, moving from 53% in 2007 to 55.2% in 2012. This increase is attributable more to a redistribution of income, than to economic performance, with different effects in urban and rural areas. At national level, the incidence of poverty rose by 2.2 points, with 1.3 points due to the growth effect and 0.9 points to an unfavorable rate of income distribution to the poorest. In rural areas, poverty increased by only 1.7 points, mostly because of weak economic growth, confirming that inequality of revenues is stable in rural areas. In the cities, however, the 4.9 point rise in poverty levels is due largely (3.1 points) to unfavorable income distribution among the poorest and much less (1.8 points) to the economic growth effect. Two main factors have impacted the progression of real income in urban areas over the last few years: inflation and employment.

4. Youth unemployment remains a major concern for authorities. Unemployment affects 15% of those with a secondary school education, 42% of those with a technical professional diploma and nearly 61% of those with a university degree. Of girl graduates, 85.7% cannot find jobs, compared with 61% of boys with the same level of education. Of those not in school, idleness and lack of an occupation affect 70% of those under 25, regardless of educational level and residential setting.

5. With regard to this picture, evaluation of Millennium Development Goals (MDG) shows that, at the current rate of progress and despite sustained efforts, only Goal N° 6 "the fight against AIDS" and Goal N° 7 "access to safe drinking water" might be achieved by the end of 2015. Consequently, the major challenges to meet in order to ensure economic takeoff and progress toward achievement of MDG are: (i) governance; (ii) acceleration and diversification of economic growth; (iii) social sector deficit; (iv) employment and inclusion; (v) reduction of inequalities in revenue distribution and gender disparity; (vi) the socio-demographic challenge and reinforcement of human resources; (vii) regional development and urban planning and (viii) adaptation to/offset of climate change.

6. To meet these challenges, government economic policy over the medium term (2013-2015) essentially aims to build and consolidate the bases for the future emergence of Guinea. Accordingly, there are new policy priorities: (i) Restoration of the Rule of Law and Reform of the Public Administration; (ii) Acceleration and diversification of growth; (iii) Development of social sectors; and (iv) Reduction of regional disparities and promotion of development based on decentralization. Particular attention also will be paid to promotion of human right and gender equality in each of these four priority areas.

7. Two scenarios are envisaged to this end. The first, called the Reference Scenario, prolongs and accentuates trends registered over the last two years and should bring the average rate of economic growth from 3.2% (2010 to 2012) to 5.0% per year (2013 to 2015). Assumptions for this scenario are: consolidation of the macro-economic framework, sustained public investment in equipment and pursuit of reforms in numerous areas, at a rate, that, despite undiminished political will, unfortunately will be constrained by the human and financial

resources of the country. This scenario is aligned with the economic and financial program supported by the IMF. It should, at least, allow the incidence of poverty to stabilize by 2015.

8. An alternative scenario, called Accelerated Growth Scenario, also is planned. It sets out medium-term policies that Guinea should implement in order to place itself on a path to development that would allow it to fulfill its ambition to become an emerging economy by 2035. This scenario foresees strong and lasting average annual growth (7.1%), supported by ambitious policies for modernization of agriculture, more intense focus on the mineral and geostrategic potential of the country, sustained promotion of the manufacturing industry, shared social progress and a significant decline in underemployment, poverty and inequity. This is the scenario that the authorities really desire in order to be able to effectively address the great challenges listed above. Aware of the many difficulties and obstacles to be overcome along the way, the Government nevertheless is determined to make a strong effort to mobilize the Nation's resources and civil society, in the conviction that, with its own means and those of its external partners, Guinea will be able to fulfill its legitimate ambition for progress. The Government also intends to establish an environment favorable to the development of the private sector, with particular attention to the impact on the people's standard of living. In fact, it is convinced that the business environment has an important influence on the development of the private sector, on economic growth and on the creation of jobs and wealth. In this context, a Presidential Council for Investment will be established in order to provide a framework for exchange and direct consultations between the Government and the private sector.

9. A four-pronged strategy has been selected to reinforce the bases of emergence in the future. The four axes of this strategy, which complement each other and interact in order to achieve political priorities, are: (i) Governance and reinforcement of institutional and human capacities; (ii) Acceleration and diversification for durable growth; (iii) Development of infrastructure to sustain growth; (iv) Reinforcement of access to basic social services and the resilience of households.

10. *On governance and reinforcement of institutional and human capacities:* the political governance program will focus on the pursuit of institutional reforms, reinforcement of national unity, consolidation of peace, reform of the security sector and reinforcement of civil society. Specifically, reform of the security sector (RSS), reform of the judicial system and the fight against corruption will take a new form and dimension, with the objective of guaranteeing the neutrality of the Army and its participation in the processes of economic and social development, morality in public life and providing the country with an independent, fair and professional justice system able to be a strong pillar to protect the population, at national as well as local level (integrating, if possible, aspects of traditional justice resolve local conflicts), with the ultimate result that investors are reassured and investments essential to any economic and social resurgence are secure.

11. Economic governance will focus on reforming public finance, specifically on the improvement of budgetary policy and the reinforcement of monetary and currency exchange policy. In this regard, the Government is determined to pursue prudent budgetary and monetary policies to break the spiral of inflation and currency depreciation. It also is determined to pursue structural reforms to remove the constraints that keep the country from realizing its enormous economic potential and to support strong, durable and diversified growth.

12. For strategic management of development, Guinea is committed to the development of a national forecasting study, "Guinea 2035." This study will establish the basis for reflection on the future. Its main aim is to anticipate the obstacles that could arise along the way, identify and evaluate different policies and strategies and outline future plans that could be implemented. Forecasting also will make it possible to identify sectoral and thematic issues that need to be better understood so that endogenous tools to predict developments can be used, specifically in the mining and energy sector, transportation, employment and the army.

13. Administrative governance will focus on the implementation of a Program for Government Reform and Modernization of the Administration (PREMA) in order to improve the actions of the public administration and orient it toward the satisfaction of its users, along the following lines: Institutional Development and Administrative Reorganization; Reform of the Civil Service; Economic and Financial Governance.

14. Local governance will focus on the implementation of the National Policy Charter for Decentralization and Local Development in two large stages of five years each: (i) creation of the conditions, means and instruments needed for effective decentralization and devolution; and (ii) greater power for local communities and other

actors with a direct impact on national growth. The selected program will allow citizens to appropriate decentralization policy and promote its implementation.

15. Local community development responds to the risk that economic growth only benefits a tiny portion of the population. It is a way of reaffirming the appropriation and resolution of socio-economic challenges by the communities themselves. The Government's objective is to make it possible for all village and city communities to have access to basic social services, especially a well-equipped healthcare center, decent and accessible education for women, as well as the young; safe drinking water, income-generating activity etc. Particular emphasis will be given to the challenges and opportunities of the young and of women, with a view to reinforcing their access to and participation in community development.

16. Reduction of regional imbalances and of poverty depends on making the most of the economic potential of each region. It implies the balanced emergence of growth poles, balanced development of human capital, balanced reinforcement of growth-related infrastructure and spatialization of projects and programs. In this context, a national Land Development Plan will be undertaken and completed in order to plan the use of land for development and create a more balanced national economic space based on dynamic and competitive regional economies, in which the planning of regional capitals and secondary towns is sufficiently under control to permit real growth centers to emerge. Urban planning, therefore, will be a Government priority.

17. *Regarding the acceleration, diversification and durability of growth*, the Government intends to emphasize, as a priority, the development of agriculture, mining and manufacturing and services (tourism and commerce) because these sectors will be the main generators of strong and durable growth. In parallel, the Government intends to promote growth poles to make the most of sectoral potential and local resources. These growth poles will make it possible to structure the means of production, diversify and increase the range of products on offer, ensure food security for the population and export revenue for the country. Development of potential will begin in sectors where the country enjoys comparative advantages: Agriculture, Mining and Tourism. Further, to ensure continued economic development, the Government will seek to consolidate the economic integration of Guinea into the sub-Region by pushing to effectively implement the strategic concept of growth corridors.

18. *Regarding the development of infrastructure to sustain economic growth*, the Government intends to put in place modern, multimodal and efficient transport infrastructure, including, especially, maritime, rail, and road and airport facilities to ensure the transport of people, goods and services and support the development of mining projects. To this end, it will prepare an infrastructure development master diagram, as an important planning tool.

19. *Regarding reinforced access to basic social services and the resilience of households*, efforts will be intensified in order to promote representative human resources, in the quantity and of the quality needed to implement the Government's chosen approach to development. Basic social services (education, health, housing, safe drinking water-sanitation, etc.) must respond to the needs of the people and be created and evaluated with a vision of Human Rights that corresponds to that stipulated by the international and regional Human Rights instruments that Guinea has ratified.

20. Education and training will continue to be a priority. Particular emphasis will be placed on more coverage and the quality of primary and secondary school education, on reinforcement of technical and profession education and training, as well as on improvement in the quality of higher education. Specific measures should permit the reduction of disparities in terms of girls' access to school and their ability to stay in school, at all levels.

21. Healthcare also is a priority. Established objectives include emphasis on prevention and on the reinforcement of capacities in order to provide accessible, quality healthcare to all the people, with a reduction of infant and maternal mortality and malnutrition and a continued fight against transmissible and non-transmissible diseases, along with better care for victims of gender-based violence. Particular attention will be paid to the effective devolution of decision-making, human resources and financial management to local health centers, in order to make access to healthcare really effective and equitable throughout the country.

22. The fight against AIDS will be intensified. The Government will orient its efforts toward: targeted prevention; better care for Persons Living with HIV/AIDS (PLWHA) and their households; leadership response in the spirit of the "Three Principles"; mobilization of internal and management resources; and the conduct of socio-

demographic impact studies of key socio-economic sectors. Particular attention will be paid, also, to the well-entrenched causes of the feminization of the pandemic.

23. High growth rate of the population is a major challenge. Control of population growth demands innovative measures that include better reproductive healthcare and family planning services.

24. *To reach the goal of satisfying energy needs with biomass and renewable energies*, action will focus primarily on: rational exploitation of forest resources, with the empowerment of local communities and the pursuit of the better housing programs, the promotion of substitute and renewable energies (butane gas, biogas and solar energy). Development of rural electrification will proceed by generalizing a model successfully tested by the Decentralized Rural Electrification Project (PERD).

25. With regard to access to hygiene, sewage treatment and safe drinking water, specific policy will aim to increase the level of service, build infrastructure and reinforce competences, organize coordination and financing for the sector, all key to improved performance.

26. In the area of reinforced social security, short-term strategy calls for development social safety nets adapted to the needs of the poorest and the most vulnerable, while working to develop a complete social security system (including the social safety nets and employment) for the medium and long term.

27. Regarding the young, women and employment, the Government intends, through national policies, to develop initiatives to facilitate the access of the young and women to high-quality professional training, promote employment, ensure that training matches the needs of employers, improve governance of the labor market and promote decent work.

28. A National Gender-Equality Policy (PNG) will focus on the reduction, over the medium and long-term, of the disparities between men and women, through a systemic approach that will involve all sectors in order to contribute to the autonomy of women and their effective participation in decision-making at all levels of the development process and of consolidation of peace.

29. Strategy for the reduction of poverty (PRS) encompasses a certain number of transversal themes, including, human rights, population, employment, prevention of conflicts, gender, environment, climate change and HIV-AIDS. Wherever possible, these themes will be integrated into sectorial policies and strategies.

30. The total cost of implementing the strategy is estimated, on average, to be GNF 15,466.6 billion per year (excluding debt service) against average annual national financing capacity of GNF 10,779 billion. The total cost of investment comes to an average GNF 7,818.6 billion per year, which is 49.4% of the cost of financing the Poverty Reduction Strategy (PRS).

31. Budget resources will finance 69.7% of the PRS and 25.9% will come from external resources, for an estimated 4.4% gap in financing of the total cost of the strategy. This gap will be covered by loans, grants (debt relief), mobilization of national savings, including from Guineans abroad and by bank financing.

32. PRS includes a monitoring and evaluation system, overall and by sector. Two principal tools for monitoring and evaluation will be developed at national level, consistent with the Executive Budget formulation process: a matrix of strategic measures and a priority action program. A group of key indicators (disaggregated by gender, if possible) will be identified in order to measure the impact of these interventions. At sectorial level, the PRS will rely on processes developed at the level of each sector (ministerial department), specifically, sectorial policy/strategy action plans with a table of results to permit performance monitoring and evaluation at sectorial level.

33. A midway review of the PRS specifically will permit evaluation of the pertinence of objectives, links between different levels of the results chain, progress toward targets and how each level will make it possible to obtain desired results. If difficulties become apparent, components of the chain can be modified and action reoriented for better achievement of results.

## INTRODUCTION

1. In August 2007, Guinea adopted a strategy for the alleviation of poverty over the 2007–2010 period. But between 2008 and 2010, implementation of this strategy was handicapped by a difficult socio-political situation that had disastrous consequences for the country's institutions (break down of the State, higher crime rate and insecurity, poor quality public services, culture of impunity); economy (weak growth; badly deteriorated administration of public finance, with big budget deficits; high inflation; heavy public debt) and social situation (spread of poverty, gender disparity).

2. After presidential elections in 2010, PRS II was extended for two years (2011–2012) to correct the deficiencies revealed by a performance review. In a favorable political and institutional context, the strategy envisaged a renewal of strong and lasting economic growth sustained by the private sector.

3. The implementation of this strategy, which benefited from the support of partners, allowed the pursuit of reforms in the context of macroeconomic management and governance. Important progress was made: reform of security services, fight against corruption, stabilization of public finances, better management of mining revenue, promotion of employment, etc. Satisfactory results from the extension of PPRS II contributed to the achievement of the goal set by the Initiative in favor of Heavily Indebted Poor Countries (HIPC) in September 2012. In fact, annulment of two-thirds (2/3) of Guinea's recorded foreign debt, equivalent to USD 2.1 billion, represented a 66% reduction in the level of debt servicing that would have been required over a period of forty (40) years. This will allow the country to maintain its debt at sustainable levels, to sufficiently finance essential areas like education, healthcare and infrastructure and to breathe new life into the economy.

4. This situation opens up new opportunities for Guinea to maximize its growth potential and fight against poverty. In fact, the weak performance of economic and social indicators in Guinea over the last few years have not allowed a reduction in the incidence of poverty which was 55.2% in 2012, compared with 53% in 2007 and 49% in 2002. In spite of all the resources that Guinea has at its disposal, the country remains in a worrisome state of poverty and underdevelopment that is becoming more and more unbearable. The legitimate frustration and impatience of its people lead to social movements for more freedom, democracy and well-being. Measures taken since 2011 have, on a macroeconomic level, made it possible to record a rise in real GDP, a decrease in the budget deficit and a reduced rate of inflation. There are advances in other areas such as reorganized management of the mining sector, the fight against corruption, reform of security services, revival of the food-producing agricultural sector, etc. Despite these highly laudable efforts, important challenges persist: the level of human development is still very low and the likelihood that MDG will be reached by 2015 is practically nil; the Guinean economy is still fragile and vulnerable to exogenous shocks. In this context, appreciable results registered over the last two years, notably, in reaching the achievement point of the HIPC Initiative, do not reflect the end of a process. Rather, they are the beginning of a long progression that will see Guinea accelerate the implementation of economic and social reforms to allow the country to benefit from its economic potential and make development inclusive.

5. Building on lessons learned in the course of implementing PRS I and PRS II, the Poverty Reduction Strategy Paper (2013-2015) responds to these major challenges. It is dictated by the will of the Government to strengthen not only the political, economic and social gains registered in recent years but also to ensure the consolidation of the bases for economic growth and the reinforcement of social sectors. It establishes reference points for the transformation of Guinea's economic potential, specifically for agriculture, mining, infrastructure, hydroelectricity and tourism.

6. PRS III is the result of a participatory process. As a *document*, it serves as road map for the Government, development partners, the private sector, civil society and unions. It indicates the strategic orientations of Guinea, the requirements needed to reach strategic objectives, the best way to achieve them, the means of financing as well as the tools for monitoring and evaluation of the strategy. It sets out the vision of lasting human development over the medium term for Guinea and proposes a way to progress toward Millennium Development Goals (MDG). It includes a certain number of salient features that will constitute the frame of reference for Government policy over the three-year period 2013–2015.

7. PRS III is the frame of reference for the overall development planning process that will be recast to correspond to orientations of the 2011–2015 Five-Year Plan. A Priority Action Program (PAP) linked to sectorial and multi-sectorial planning and programs, on the one hand, and a Medium-Term Expenditure Program (CDMT) linked to Sectorial Medium-Term Expenditure Programs, on the other hand, will articulate the Strategy for the Reduction of Poverty (PRS). At sectorial level, the planning process will be reviewed to reflect management by results, so that PRS III can be translated into operational planning tools.

8. As a process, PRS III has been developed according to a sequential approach defined in a participatory manner. The formulation process breaks down into five main stages: *i) development of a road map* that provides an overall view of the PRS III development process, identifying the main reference points and defining the main steps of the process; *ii) surveys and studies* to refine data and improve knowledge of the different sectors, as well as the needs of the most vulnerable in order to better target appropriate strategies to implement: specifically, there was a Limited Poverty Assessment Survey for the year 2012 (ELEP 2012) in order to update the most recent (2007) data on poverty, a status report on 2011 PRS a six-month (January–June 2012) progress report on 2012 and a study of the accelerated growth study and the development of the fourth Demographic and Health Survey coupled with the EDS-MICS 2012 Multiple Indicators Survey; *iii) strategic planning work* to allow the proposal of overall and sectorial strategies compatible with the authorities' vision of development. To this end, four (4) Sectorial Policy Notes<sup>1</sup> were prepared. At the same time, specific contributions from the different actors at central level (Conakry) and at the administrative centers of the country's four (4) natural Regions (N'Zérékore, Kankan, Labé et Kindia) were taken into consideration in the participatory spirit of the PRS III formulation process. This approach made it possible to collect the concerns of civil society and the private sector, on the one hand, and, on the other hand, to inventory regional development priorities with an eye to the consistency of these priorities with sectorial strategies established at national level and with development plans at regional level. These contributions helped to formulate PRS III; *iv) drafting of a preliminary version of the strategy*: on the basis of PRS II progress reports, survey data, sectorial policy notes, specific contributions from the private sector, civil society, the regions and other national policy documents, a preliminary version of the document was formulated. Resource persons accompanied the process to guarantee its technical quality; *v) validating and adopting the draft document*: the process involved dialogue on three levels: The first level concerned technical reconciliation of regional and central levels with regard to the preliminary version. Meetings were organized from \_\_\_ to \_\_\_ March 2013, in order to collect their respective opinions on the pertinence of strategic directions reflected in the document and the likelihood that they will accelerate economic growth in order to create employment and alleviate poverty. The second level of dialogue was the organization of two regional workshops and one national validation workshop to assess strategic options and their feasibility and reach a consensus on the draft document. The workshop brought together all categories of development actors with a view to achieving consensual agreement on the substance of the strategy. The third level of dialogue consisted of examination of the document by the National Transition Council (CNT). Its observations and amendments were compiled before finalizing the draft. After this last level of consensus, the draft document was submitted to the Council of Ministers.

9. It is important to stress that the process benefitted from technical assistance, in order to ensure that transversal themes (population, gender, human rights, HIV/AIDS, youth employment, environment) were taken into account and that the final document reflected quality results. Overall, the PRS III formulation process lasted six months, from September 2012 to February 2013, with wide participation of different actors at central and decentralized levels.

10. The present document, product of the participatory process described above, is broken down into three (3) chapters. The first chapter presents the recent socio-economic situation, with an analysis of the poverty situation articulated as a direct result of macro-economic and sectorial policies as well as measures and action implemented in the context of PRS extended into 2011–2012. It reflects lessons learned for the development of the basis for PRS III. The second chapter presents the strategic framework for the alleviation of poverty. To do so, it lays out the bases and strategic directions for the 2013–2015 period. Four strategic axes have been selected to constitute its framework. They are: (i) Governance and reinforcement of institutional and human

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<sup>1</sup> For health, mining, tourism and handicrafts.

capacities; (ii) Acceleration, diversification and durability of growth; (iii) Development of infrastructure to support growth; (iv) Reinforced access to basic social services and the resilience of households. The third chapter presents the framework for implementation of the strategy. To this end, it outlines the macro-economic and budgetary context, describes the measures as well as the tools for implementation, monitoring and evaluation and defines the main risks that could threaten the development approach selected by the Government. Five main risk categories have been identified to focus attention on the measures to take to minimize these risks. They are: risk linked to political instability, financial risk, risk linked to a lack of national leadership and weak support from actors, risk linked to the international and regional situation and risk linked to climate change.

11. Document annexes include a table of key results, a matrix of strategic measures, indicator tables and different macro-economic and budget scenarios.

12. A separate document containing matrixes for programming and monitoring of the implementation of sectorial strategies (Priority Action Plans) is annexed to, and is an integral part of, this document.



## CHAPTER 1: RECENT SOCIO-ECONOMIC SITUATION

### 1.1 POVERTY AND INEQUALITY IN GUINEA

13. Poverty is a multidimensional phenomenon characterized by weak consumption of goods, malnutrition and bad living conditions, as well as by difficult access to public and basic social services (education, healthcare, safe drinking water and sanitation, etc.). It also is the result of loss of autonomy and of exclusion. It should be perceived not only as a lack of material goods and possibilities, such as, for example, employment and property, but also as the absence of physical and social assets, such as healthcare, corporeal sovereignty, shelter from fear and violence, a sense of belonging, cultural identity, ability to have political influence and the possibility of living with respect and dignity.

14. In order to better understand the phenomenon, three complementary approaches generally are taken, specifically: (i) monetary approach to poverty; (ii) non-monetary approach based on living conditions; (iii) approach based on populations' perceptions of poverty or a subjective approach to poverty. Data employed comes mainly from the two Small-Scale Surveys for the Evaluation of Poverty (ELEP), conducted in 2007 and 2012 by the National Institute of Statistics (INS).

#### 1.1.1. Monetary poverty

##### 1.1.1.1 Evolution of monetary poverty

15. Monetary poverty concerns individuals whose living standard is considered to be inferior to a minimum defined by a poverty threshold. Measurement methodology for this type of poverty consists of two (2) fundamental elements: aggregate standard of living and poverty threshold. In the monetary approach used, the standard of living indicator is based on consumption. The poverty threshold is fixed at 3217305 GNF per capita and per year at 2012 prices, or nearly 8815 GNF per capita, per day. This threshold was determined on the basis of a 2002/03 survey, updated in 2007 and 2012 to reflect inflation. As for poverty, it can be measured with several indicators. The difference among these indicators depends on how well they are able to reflect the phenomenon. The most widely used indicator is the incidence of poverty, that is, the percentage of individuals that live below the poverty threshold. The table below shows different thresholds.

16. According to results of the two surveys, the incidence of poverty at national level has gone from 53% in 2007 to 55.2% in 2012, an increase of 2.2 percentage points (cf. [Table 1](#)). The trend shows that the number of individuals living below the poverty line went from 5.1 million in 2007 to 6.2 million in 2012. This increase in the number of poor poses a real challenge in terms of access to basic social services, employment and land development planning.

17. On the other hand, the extent and severity of poverty have worsened between the two periods, moving, respectively, from 17.6% to 18.4% and from 8.2% to 8.4%. This reflects a widening of the gap between average spending by the poor and the poverty threshold. Furthermore, the extent and severity of poverty are greater in rural areas than in urban areas, along with the incidence of poverty itself.

**Table 1: Poverty and Inequity Trends by Residential Setting**

Indicators	Years					
	2007			2012		
	Urban	Rural	Total	Urban	Rural	Total
Incidence	30,5	63,0	53,0	35,4	64,7	55,2
Extent	7,7	22,0	17,6	9,6	22,6	18,4
Severity	3,0	10,5	8,2	3,8	10,5	8,4
% Population	30,7	69,3	100	32,1	67,9	100
% Poor	17,7	82,3	100	20,8	71,2	100
Number of poor	907 519	4 224 191	5 131 710	1 285 039	4 927 703	6 212 742
Gini	0,290	0,295	0,312	0,315	0,290	0,317

Source: Poverty and inequity in Guinea 1994-2012, preliminary version, June 2012, p. 12.

### 1.1.1.2 Regional disparities

18. Depending on residential setting, Table N° 3 below shows that poverty is characterized by the impoverishment of cities, even if poverty continues to be a rural phenomenon. In fact, over the last five years, urban poverty rose by nearly 5 percentage points. The spread between urban and rural poverty rates was 29.3 percentage points in 2012, compared with 32.5 points in 2007. As a consequence of this trend, the percentage of poor in the population rose from 17.7% in 2007 to 20.8% in 2012, making urban poverty a veritable challenge for the Government in order to reduce social tensions. Causes of the rise in urban poverty are mainly linked to a dramatic increase in the price of food in recent years, notably for rice, as well as to the evolution of the labor market toward less productive jobs.

19. Depending on the regions, poverty indicators in Table N°2 below show that poverty increased in most regions. The increase was slight in Conakry (from 26.3% in 2007 to 27.4% in 2012) and in Nzérékoré (+ 2.6 percentage points), but much worse in Faranah (from 53% to 64.8%), Mamou (+ 10.7 percentage points, Boké (+ 6.9 points and Labé (+ 5.2 points). By contrast, poverty declined in the Kindia region, moving from 64.1% to 62.5% and declined very strongly in the region of Kankan (-10.6 percentage points). In 2012, the regions most affected by poverty were Nzérékoré (66,9%), Labé (65%), Faranah (64,8%), Kindia (62,5%), Mamou (60,8%) and Boké (58,9%). Nzérékoré and Kindia also contributed the most to overall poverty in Guinea : 21.4% and 18% respectively. These regions have a high incidence of poverty and a highly concentrated population. Despite a relatively lower incidence of poverty (48.7%), the Kankan region is the third highest region in terms of contribution to national poverty (12% of the total number of poor) because of its demographic weight in the total population.

Table 2: Poverty indicator trends by region, 2007–2012

Regions/Indicators	Years					
	2007			2012		
Poverty	Incidence	Extent	Severity	Incidence	Extent	Severity
Boké	52.0	15.7	6.8	58.9	18.8	8.1
Conakry	26.3	6.1	2.2	27.4	6.2	2.0
Faranah	53.0	14.9	6.1	64.8	25.0	12.3
Kankan	58.7	24.0	13.4	48.7	17.2	8.7
Kindia	64.1	25.0	12.5	62.5	19.3	8.1
Labé	59.8	17.8	7.4	65.0	25.8	13.4
Mamou	50.1	16.2	7.2	60.8	21.3	10.0
Nzérékoré	64.3	20.8	9.2	66.9	22.0	9.6
All	53.0	17.6	8.2	55.2	18.4	8.4

Source: Poverty and inequity in Guinea 1994-2012, preliminary version, June 2012, p. 12.

### 1.1.1.3 Poverty and inequity

20. With a view to a strategy of inclusive growth, it is important to analyze the evolution of inequity in the distribution of income and the effects of this evolution on the dynamics of poverty. Moreover it is indispensable to highlight the inequality of access to basic social services that also have a determinant effect on the evolution of poverty.

#### (A) Evolution of inequalities in the distribution of income

21. Gini inequity coefficients calculated with data from the 2007 and 2012 ELEP reveal that inequity of income distribution increased over the period. In fact, the Gini index went from 0.312 to 0.317 (see Table 1). This increase is most strongly felt in urban areas (0.290 in 2007 to 0.315 in 2012). In rural areas, by contrast, there was a slight decline, with the Gini index moving from 0.295 in 2007 to 0.290 in 2012.

## (B) Growth, inequalities and poverty

22. The poverty increase registered between 2007 and 2013 is much more attributable to redistribution of income than to weak growth, with different effects in the cities compared with the countryside. At national level, the incidence of poverty increased 2.2 points over the 2007-2012 period, with 1.3 points due to the growth effect and 0.9 points to income distribution unfavorable to the poorest.

23. In rural areas where poverty increased by only 1.7 points, the quasi-totality is due to the growth effect, which confirms that income inequity is stable in rural areas. In this context, this strategy has a large rural development component, with special emphasis on small farmers and women. In fact, disparities in the access of women to resources limit their productivity and economic productivity, which has an incidence on growth and the standard of living of women.

24. In urban areas, on the other hand, a 4.9-point increase in poverty is due mostly (3.1 points) to unfavorable distribution of income to the poorest populations as opposed to only 1.8 points because of the growth effect. Two main elements have impacted the evolution of real income in urban areas over recent years: inflation and employment. They are the consequence of a worldwide increase in prices for food and energy, inappropriate macroeconomic policy conducted between 2008 and 2010 and the weakness of economic growth. Other poverty indicators of the extent and severity of poverty yield similar results.

25. Analysis also shows that inequity (measured by Gini, Atkinson and Theil indexes) did not vary too much between 2007 and 2012 in the countryside. This would seem to indicate that the potential for reducing poverty through measures designed to reduce inequalities would be very limited in this area. This assumption has been confirmed by the breakdown of a "growth" effect and a "redistribution" effect on the evolution of poverty between 2007 and 2012. This breakdown shows that nearly all the rise in poverty in rural areas is attributable to weak economic growth.

26. As opposed to rural areas, the evolution of poverty in urban areas between 2007 and 2012 can be explained in part by unfavorable distribution of income to poor households. A preliminary conclusion may be drawn from two elements that impacted the evolution of real income in urban areas over the course of the last few years, specifically, on the one hand, the strong rise in inflation and, on the other hand, the lack of employment as a result of the economic crisis during this period.

**Table 3: Breakdown of poverty variations between 2007 and 2012**

Indicators	Area	Years		Total Variation	Growth effect	Distribution effect	Residual effect
		2007	2012				
Incidence of poverty	National	53.0	55.2	2.2	1.3	0.9	0.0
	Urban	30.5	35.4	4.9	1.8	3.1	0.0
	Rural	63.0	64.7	1.7	1.6	0.1	0.0
Extent of poverty	National	17.6	18.4	0.8	0.5	0.3	0.0
	Urban	7.7	9.6	1.9	0.6	1.3	0.0
	Rural	22.0	22.6	0.6	0.8	-0.2	0.0
Severity of poverty	National	8.2	8.4	0.2	0.3	-0.1	0.0
	Urban	3.0	3.8	0.9	0.3	0.6	0.0
	Rural	10.5	10.5	0.0	0.4	-0.4	0.0

Source: Poverty and inequity in Guinea 1994-2012, preliminary version, June 2012, p. 12.

### 1.1.2. Non-monetary poverty

27. Over the course of the last few years, the Government of Guinea has emphasized several factors other than monetary – health and nutrition, education and training, standard of living, social protection, gender equity and equality, employment and culture – that affect the well-being of household. In spite of efforts made, the level of human development in Guinea is substantial below average when compared with other countries in sub-Saharan Africa, in spite of the country's enormous potential (0,344 in 2011 compared with 0,463 according to data from the 2011 UNDP HDR). Moreover, the progression of this indicator was weaker in Guinea between 2005 and 2011 (0.9% on average) than in other sub-Saharan African countries (1.2%), which makes social sectors (especially education and health) absolute priorities.

### 1.1.2.1 Demographic factors

28. Demographically, Guinea is characterized by rapid population growth and marked by strong regional disparities. In fact, total population grew from 9.7 million inhabitants in 2007 to about 11.3 million in 2012, for an average annual growth rate of 3.1% (equivalent to doubling every 22.5 years), and is made up mostly of women (52%). An age breakdown shows a high proportion of youth. In fact, 22% of women and 23% of men are aged 15-19 years. About 18% of women and 17% of men belong to the 20-24 age group. This demographic growth rate remains worrisome and prejudicial to the economic development of the country, for it leads to strong social demand (specifically for education, healthcare, housing, employment and transport) to which social policy must respond.

29. The Synthetic Fertility Index (ISF) remains high: 5.1 children per woman (EDS4-2012). This TFR level is putting more and more pressure on social services and employment. It can be explained by, among other things, by the precarious socio-economic status of women, especially by their low level of education, generally low standard of living in the household, weak economic power and lack of knowledge of/responsibility for their own reproductive system.

### 1.1.2.2 Health situation



30. The health system in Guinea is not efficient, accessible or equitable. It cannot guarantee the right to health for all, particularly, not the most vulnerable. The difficult socio-economic situation that the country has faced for more than a decade negatively affects overall health statistics. As a result, attainment of MDG targets 4, 5 and 6 by 2015 is jeopardized, along with the contribution of the health sector to the alleviation of poverty. The principal constraints are the following:

- *in terms of supply and use of healthcare services*, geographic, economic and social inequalities remain. While most healthcare facilities are concentrated in urban centers, the percentage of sick individuals that frequent a modern health center rose in rural areas from 53.4% in 2007 to 58.2% in 2012. In urban areas, by contrast, frequentation declined (from 73% in 2006 to 69.7% in 2012). Non-use of healthcare services reflects a double constraint in terms of supply and demand. By region, sick people who live in the regions of Conakry, Nzérékoré, Kankan and Boké are more likely to frequent healthcare centers (higher frequentation rate) than people who live in other places. It is important to note that the regions where the frequentation of health centers is higher are not necessarily the less poor. Financial accessibility to primary care and, above all, the insufficient quality of care explain the low level of use of public services, especially by poor households;
- *in terms of access to medicine*, the supply system cannot ensure the permanent availability of medicine and other medical-sanitary material for healthcare centers, which limits the accessibility of the most vulnerable to treatment. This situation leads to the proliferation of a black market for poor quality pharmaceutical products that are dangerous for public health. This has led the Government to adopt a national policy of security for health and reproduction products, which contributes to the promotion of maternal health;
- *in terms of healthcare finance*, the portion of the budget allocated to health services is very low (2.3% on average) with regard to the Abuja Declaration, which stipulates that 15% of an Executive Budget should be dedicated to improve the health sector. In this regard, urban health centers, including those in Conakry, receive about 60% of all (public) expenditures for health, while decentralized primary healthcare centers only receive a fraction of their budget allocations and then, generally, only at the end of the budget year. The absence of health insurance and bad management of the sector's resources (abusive evacuations for health reasons, for example), reduce the needy population's access to healthcare;
- *in terms of health information*, the system is not very efficient because of a lack of human, material and financial resources.

31. Inadequacies in the health system, as cited above, explain the high level of maternal (980 deaths per 100,000 live births – EDS 2005) and infant mortality (91 per thousand - EDS 2005). This impacts the living conditions of the population (especially of the most vulnerable) and productivity (especially of women). This is why the Government, with the support of partners, has paid particular attention to the improvement of maternal and infant health through the implementation of a road map on the reduction of maternal mortality and through a Campaign for Accelerated Reduction of Maternal Mortality in Africa (CARMMA).

32. **Reproductive health:** According to results of the 2012 Demographic Health Study (EDS), 85% of women consulted a healthcare professional in the course of their latest pregnancy and birth compared with 82% in 2005. Women who live in urban areas consult healthcare professionals more frequently (96%) than their rural counterparts (81%). Outside of Conakry (96%), the region of Nzérékoré stands out with a rate of 93%, while Labé and Mamou have the lowest rates of prenatal consultation (73%). Results also reveal that the proportion of births at health centers is increasing. It reached 40% in 2012, compared with 31% in 2005, but remains low.



33. The high fertility rate affects the health of mother and child since it leads to many pregnancies, in close succession, induced and often fatal teen-age abortions and multiple obstetrical complications. Add to this a low rate of use of modern contraception methods and dangerous practices like female genital mutilation (especially excision). Family planning (PF) appears to be an appropriate solution to reduce maternal, neonatal and infant mortality.

34. **Infant mortality:** Survey results show a trend toward better vaccination coverage of children in Guinea from 2005 to 2012, for certain vaccination. For BCG, the rate went from 79% to 82%; for polio 0, from 61% to 66%; for polio 1, from 83% to 85% and from 68% to 71% for polio 2. Vaccination coverage against measles went from 50% to 62%.

35. Still, malaria remains the major endemic and the primary cause of morbidity. Routine statistical data show that it is the leading cause of (healthcare) consultation (33%) and hospitalization (25.4%), with an incidence rate of 108.3 per thousand inhabitants. According to EDS 2012 results, the prevalence of malaria, revealed by a thick-smear stained blood test, is 44%. There are strong variations, depending on residential setting (53% in the countryside against 18% in cities, largely influenced by Conakry). At regional level, Faranah (66%) and Nzérékoré (59%) have the highest prevalence, while malaria incidence is lowest in the city of Conakry (3%). To fight against malaria, the Government, with the help of its partners, has distributed insecticide-treated mosquito nets (ITNs) and assured treatment of malaria cases at community level and healthcare centers.

36. Wretched living conditions, environment and consumption of contaminated water are cited as underlying causes of infant mortality in Guinea. Bad disposal of household waste, sewage and excreta and the consumption of contaminated water are the sources of the spread of illnesses (cholera, for example) that impact health and the living conditions of the people, especially the poorest.

37. **Re-emergent or tropical illnesses:** Tuberculosis remains a major health problem in Guinea because of its burgeoning demography, precarious socioeconomic conditions and the development of HIV. The annual incidence of new cases of microscopically positive pulmonary tuberculosis in the city of Conakry is estimated at 75 cases per 100,000 inhabitants, compared with 50 cases for 100,000 inhabitants in rural areas. Over the last two years, the Government has continued to fight against this illness with the total number of notified cases of all types of TB coming to 11,576, with 6,912 cases of microscopically positive pulmonary tuberculosis. Of the 6,881 contagious cases treated, about 5,200 (76%) were declared cured.

38. The fight against onchocerciasis and blindness continues with (i) the provision of Mectizan to 12 Health Districts; epidemiological surveillance at six capture points and positive entomological findings at six capture points out of eight (8) surveillance sites; (iii) organization of a cataract camp at CADESSO, the University hospital eye clinic; development and finalization of a plan to direct the fight against tropical illness, and v) development of a map to reflect the incidence of trachoma in the health districts of Faranah, Dabola, Dingiraye, Kissidougou and Kouroussa.

### 1.1.2.3 Nutritional situation

39. Malnutrition is a major health problem that continues to seriously affect children. Regardless of the indicator used, children continue to suffer from lasting malnutrition, which is largely responsible for the very high level of infant mortality. Nutritional deficiency has serious consequences for health, in terms of morbidity, mortality and health expenditures, on the cognitive development of children, on performance in school and, long term, on economic productivity.

40. According to survey results, overall, 31% of children suffer from chronic malnutrition, nearly half (14%) severely. The level of arrested development rises sharply with age: from 16% in children aged 6 to 8 months, it goes to 21% in those from 12 to 17 months, and then reaches a maximum of 40% in children aged 36-47 months.

41. The level of chronic malnutrition is slightly higher in male children (33%) than in female children (30%); children in rural settings (36%) are more likely to grow more slowly than those in an urban setting (18%). The influence of the mother's educational level is clear: from 34% of children with uneducated mothers, the proportion drops to 25% of those whose mothers have an elementary school education and to 17% of those whose mothers have a secondary education or higher.



42. Results also show that 10% of children are emaciated, slightly less than half (4%), severely. Children from 12 to 17 months have the highest levels of emaciation (20%). Levels of acute malnutrition do not vary much depending on the region of residence: from 7% to 9%, with the exception of Kankan where the proportion is as high as 18%. But the situation worsens according to the mother's level of education: 10% of children of mothers with no education are emaciated compared with 7% when she has a secondary education or more.

43. Finally, the 2012 EDS found that about 18% of children in Guinea are underweight, nearly a third (5%) of them severely. The condition is much more frequent in rural (21%) rather than urban (9%) areas, and more among children of completely uneducated mothers (20%) as opposed to those whose mothers had a secondary level education or more (9%). The regions of Kankan (25%) and Labé (23%) are particularly affected. Traditional practices harmful to child health are determining factors for malnutrition that leads to neonatal and infant/juvenile mortality.

44. Breastfeeding is widely practiced in Guinea. Survey results show that 98% of children under six months are breastfed and 96% of children from 9 to 11 months are still on the breast. Still, the recommendation that children should be fed breast milk exclusively for the first six months of their life is not very well followed. In the 0-5 months age group, the survey shows that only one in five children (21%) has been exclusively breast fed, compared with 27% in 2005.

45. Regarding the prevalence of anemia among children and women, at national level, 77% of children from 6 to 59 months are anemic: 24% suffer from slight anemia; 45% are moderately anemic and 8% are severely anemic. Children in rural areas (79%) are more frequently stricken with anemia than children in urban areas (69%). Moreover, the prevalence of severe anemia in rural areas (9%) is significantly higher than that in urban areas (3%). The Faranah region has the most severe and highest prevalence of anemia (17%). In general, women are less affected by anemia than children. At national level, 49% of women suffer from anemia: 36% are slightly anemic, 13% moderately anemic and less than 1% severely anemic. Women in rural areas (52%) suffer slightly more from anemia than women in urban areas (44%). Lack of Vitamin A has serious repercussions on the intellectual development of children and their learning abilities, which affects the progress of primary education.

### 1.1.2.4. Response to HIV/AIDS

46. Of all diseases linked to sexual activity and procreation, HIV/AIDS is the most deadly and the one that spreads the most rapidly. It threatens the development prospects of poor countries more seriously than any other

illness and its impact is most felt among the poor in precarious conditions who receive less support from society than any other group.

47. The Government is committed to respond appropriately to the HIV/AIDS epidemic by formulating an efficient national response based on a multi-sectorial governmental approach, involvement of civil society, of the private sector and of organizations in civil society, including PLWHIV. The Government has developed strategic plan, adopted quantifiable objectives and established the National Council to Fight Against AIDS (CNLS) to ensure coordinated and effective program implementation. Efforts are reflected in campaigns to raise awareness, mass media and local communication, distribution of condoms, creation of PMTCT and diagnostic sites, Youth Assistance, Counseling and Orientation centers (CECOJE) and care for AIDS orphans and vulnerable children (OEV). In the context of legal protection for and rights of PLWHIV, including the fight against stigmatization and discrimination, Law L/2005/025/AN of November 22 2005 relative to the prevention, treatment and control of HIV/AIDS in Guinea was amended by a multi-sectorial commission established by the CNLS with the technical and financial support of the UNAIDS country office. The national partners' forum is in place and data gathering on PLWHIV is underway.

48. The epidemic is moderately generalized in Guinea with a 1.5% rate of HIV prevalence in the general population. Infection is particularly important among women from 15 to 49 years of age (1.9%), which means that the epidemic is feminized because of their status and vulnerability. Youth from 15 to 24 are also affected (0.9%). The rate of infection is higher in urban areas (2.4%) than in the countryside (1%) (EDSGIII+2005). In 2009, HIV prevalence in pregnant women was 2.5%.

49. According to EDS4 results, 20% of men 15-49 said they had had at least two sexual partners in the course of the last 12 months. Men married or with partners (24%) more frequently had multiple partners over the last 12 months. As with women, this pattern of behavior is practically the same in rural (19%) and urban (18%) areas, and it is more frequent among uneducated men (20%) than among men with a primary education (16%). At regional level, Kankan registered the highest proportion (30%), while the proportions for Boké and Mamou are 12% and 11% respectively.

50. Results of the 2012 Behavioral and Biological Surveillance Study (ESCOMB), which targeted nine groups most at risk (sex workers, men who had had sexual relations with other men, youth, miners, truck drivers, prisoners, tuberculosis patients, men in uniform and fishermen) show that HIV prevalence among these groups varies from 3 to 56%. Men having sexual relations with other men constitute a worrisome group with a 56.6% prevalence followed by sex workers (34%), defense and security forces (6.5%) truck driver (5.5% and miners (5.5%). The study also showed that these high-risk population groups are barely reached by prevention programs, which should target more risk areas (mining areas, bus stations, etc.)

51. It also is established that there is a high correlation between poverty and prevalence rates. In 2011, Spectrum 3.51 software forecast that HIV/AIDS would impact the size and composition of the Guinean population. By 2015, the number of PLWHIV is expected to increase by about 82,515 people, 17% of which will be children; 4,099 and 3,445 people will be newly infected or die from AIDS. By 2015, the number of PLWHIVA needing antiretroviral therapy (ART) is estimated at 47,574, of which 6,668 will be children. As for Orphans and Vulnerable Children (OVC), 2013 estimates are that 9,108 children, under 18, are orphaned and vulnerable and living with foster families.

#### **1.1.2.5 Education and training**

52. The educational system in Guinea is not able to contribute to the economic growth that is indispensable to the reduction of poverty. This imperatively makes investment in education a priority. Efforts remain to be made to reduce the sociocultural burdens and poverty that still keep children, particularly girls, from moving to and staying in school. The role of girls in households (such as the time devoted to household chores), early marriage and inadequate school infrastructure (latrines, women teacher, etc.) are, among other things, factors that explain why so few girls are enrolled in school.



53. Moreover, problems connected with internal effectiveness and the quality of education make the situation even more alarming. The student/teacher ratio remains very high (60) especially in urban areas (120 to 150) creating crowded classes and making the administration of education inefficient. In 2012, the French book/student ratio was 1.23 for 1<sup>st</sup> grade, 1.13 for grades 2/3 and 1.92 for grades 4/5. Student/math book ratios for the same grade level in 2012 were 1.06, 1.17 and 1.47, respectively. This situation has a negative impact on exams preparatory to entering 5<sup>th</sup> grade.

54. It is, therefore, urgent to provide schoolbooks that are a very important component of educational quality. The ratio of men/women teachers is unequal at primary school level (0.35).

55. The educational system continues to use didactic methods that are not suited to economic and solution evolution of the country and that do not work when teachers are obliged to manage a wider gamut of more and more students. These pedagogical practices, added to the factors cited above, produce mediocre learning results.

56. In addition, the primary education available cannot meet rising demand. There are still regional disparities in terms of access and groups of children do not go to school at all. They most often are the most vulnerable (especially the handicapped). Finally, the private sector is becoming more and more important in the educational sector, especially in Conakry, which helps to exclude the children of the poor from the educational system. In 2012, at national level, 30% of classrooms were private. At regional level, the private sector is more present in Conakry (79.3%), Kindia (30.1% and Kankan (18%).

57. In terms of unequal access to education, the Net School Enrollment Rate (NSER) at primary school level practically stagnated in rural areas between 2007 (48.3% and 2012 (48.7%). Depending on sex, it is (\_\_\_%) for girls and (\_\_\_%) for boys in 2012. In urban areas, on the other hand, there has been clear progress, with the rate moving from 81.6% to 86.5%, with an NSER for girls of (\_\_\_%) compared with (\_\_\_%) for boys in 2012. This shows that efforts still are needed to improve the access of poor children in rural areas. Regions with the lowest schooling rates are Kankan and Faranah, followed by Kindia, Labé and Mamou. It should be noted that this profile does not always correspond to monetary poverty.

58. As far as access to secondary school is concerned, there is a higher dropout rate in the countryside compared with the city, in spite of a slight improvement at national level. This underlines the need to continue efforts to increase opportunities for access to secondary school education in rural area, especially for children from poor households. The girl/boy parity index was 0.59 in 2011. The men/women teacher ratio is unequal (0.06). At secondary school level, there is slight progress. But the imbalance is greatly in favor of urban areas.

59. Even though there has been notable progress in the enrollment of girls at primary and secondary level, great inequality persists between that of girls and that of boys, depending on residential setting, The girl/boy parity index was 0.81 in 2011 at national level, (...) in urban areas and (...) in rural area. This situation makes the ability of girls to go to and stay in school a major concern in Guinea. The positive impact that women's education has on their families is well known.

60. Literacy and informal education (AENF) are considered to be indispensable in Guinea to ensure effective participation of the population in society and the economy, contributing to human development and to the reduction of poverty. Nevertheless, data indicates that, between 2007 and 2012, the rate of adult (15 and over) literacy declined in rural areas and stabilized in cities. Literacy levels are low in all regions except Conakry. In addition, there is great disparity between women and men, with rates of 22.8% and 47.2% respectively. Two essential questions deserve to be addressed in order to promote AENF. Is the quality of AENF suited to the context, needs and characteristics of the groups concerned, as well as to the development requirements of the country and the implementation of a mechanism to guide, coordinate, finance, monitor and evaluate the efficacy and efficiency of AENF policy?

Table 4: Education and Literacy Indicator Trends, by Residential Setting, 2007–2012 (%)

Indicators	Years					
	2007			2012		
	Urban	Rural	All	Rural	Urban	All
Primary NSR	81.6	48.3	56.0	86.5	48.7	59.5
Secondary NSR	40.9	12.3	21.2	38.0	11.8	21.7
Higher NSR	21.3	3.6	10.9	23.8	3.8	13.1
Literacy rate (15 and over)	58.5	21.5	32.9	58.9	20.2	34.0

Source: Poverty and inequity in Guinea 1994-2012, preliminary version, June 2012, p. 18.

61. Finally, the Executive budget allocation for education (average 12%) is very low, as is that for the human resources needed to administrate public spending for education. Add to this (i) inadequate arbitration among the different teaching orders; (ii) less than optimal distribution among spending categories; (iii) the prominence of social transfers in university subsidies (iv) heavily centralized management of financial and material resources at the level of central financial services and (iv) scarce resources at the level of decentralized services.

62. In spite of these many difficulties, the country has made progress in recent years. The overall rate of access to primary education has significantly increased, moving from 78.3% in 2009/2010 to 84.8% in 2011/2012, for an increase of 6.5 points. For the same period, there was an increase for girls (from 75.6% to 78%). The Gross School Enrollment Rate (GSER) also is rising, moving from 78.3% in 2009–2010 to 81% in 2011/2012. The trend is the same for girls: up from 70.1% in 2009–2010 to 73.5% in 2011/2012.

63. The primary school completion rate has improved, moving from 56.6% in 2009-2010 to 58.5% in 2011–2012, which is still low. This indicator also has risen in rural areas, where 42.3% of pupils completed primary school in 2011/2012, compared with 26% in 2009-2010. For girls, the primary school completion rate dropped 11 points, going from 45% in 2009/2010 to 34% in 2011/ 2012. The Government is implementing the Productive Social Safety Net Project, financed by the World Bank in the amount of USD 25 million, in order to eradicate this phenomenon through its “Monetary Transfer” component.

64. The number of primary classrooms increased by 2,049, going from 33,755 in 2009-2010 to 35,804 in 2011–2012. The total number of primary pupils went from 1,453,355 to 1,536,722 (725,543 of them girls) between 2010 and 2011, to reach 1,599,839 in 2012, an increase of 146,484 pupils between 2010 and 2012.

65. Technical education and professional training in Guinea are marked by the fact that training does not match the needs of the job market and by weak socio-professional integration of training program graduates. There is a notable absence of girls in this type of training. In spite of the goodwill and combined commitments of the State and the international community, it is a fact that a sizeable part of the Guinean population is barely trained or not all, and that the country seriously lacks qualified workers; this explains, in large measure, why unemployment persists. The most important action taken has been the establishment of new post-primary and post-high school professional networks.

66. Curriculum revision is important to institutional development plans at higher education level, in order to revitalize the sub-sector and improve the quality of training provided to students. Recruitment efforts produced 157 new professors. Renovated courses of study, programs and training methods have been incorporated into the Master Doctorate Degree (LMD) program. Efforts to renovate curricula have been accompanied by intense training and development of teachers, the modernization of laboratories and scientific equipment, the reinforcement of library and scholastic services, and the provision of books and computer equipment to institutions. Still, it is possible to hope that the introduction of the LMD system might help fix the internal problem of efficiency. At stake is the number of years that it takes a student, on average, to obtain a degree, a master’s or a doctorate.

67. With regard to the above, important reforms are underway to improve university governance and the financing of institutions of higher learning and scientific research, to create advanced (doctoral) graduate school, to implement a system of quality assurance, to develop relevant professional networks in higher education, as well as to promote access to information and communications technology and its use for teaching, scientific research and administration.

68. Finally, because of a lack of human resources to effectively administrate the financing of the Education sector, the Government, following a joint review of the sectorial Program for Education, already has begun to institute reforms that would modernize and restructure Financial Affairs Divisions (DAF) by making education a pilot sector. To this end, a strategy to reinforce human resources management in the education sector has been established. In this context, the Government plans to conduct a biometric census of civil servants and those under permanent contract with the State, and, simultaneously, at ministerial department level in the region of Conakry and in seven (7) other administrative regions.

#### 1.1.2.6 *Standard of living*

##### (A) Access to housing

69. Urbanization still is not under control, with consequences on the standard of living and wellbeing of the people. These problems are present in terms of pollution and various nuisances due to poor or absent management of sewage, rainwater drainage, municipal solid waste disposal, dangerous industrial hospital waste, atmospheric pollution, greenhouse gas emissions and invasive aquatic vegetation. The absence of urban waste treatment is a real environmental and health problem in urban environments, especially Conakry.



70. In terms of inequity of access to decent housing, the percentage of individuals who have shelter with permanent walls grew nearly 9 points in the countryside between 2007 (22.6%) and 2012 (31.5%). On the other hand, there has been quasi-stagnation in urban areas between 2007 (82.7%) and 2012 (83.3%). In terms of residential setting, Nzérékoré, Faranah, Kankan and Boké are not well served.

71. There also are problems in terms of access to property. Of 77.4% homeowners, about 32% own their houses in urban areas. The rate of rented houses remains high, in Conakry (about 54%) as well as in other cities in the country (about 55%).

72. Access to home ownership is hampered by: (i) the lack of a suitable financing mechanism, (ii) the inexistence of a Bank dedicated to housing (especially social) and the lack of credit channels specific to housing in classic banking and financial networks; (iii) weak support for a wide-scale do-it-yourself construction system; (iv) a high level of poverty that deprives a large segment of the population of access to housing; (v) the absence of public-private partnerships and the weak performance of the Guinean private sector in the development of real estate; (vi) women's weak access to property ownership.

73. To tackle these problems, the Government, over the last few years, has taken a certain number of initiatives: (i) a third urban development plan with objectives like the reinforcement of basic public infrastructure and services in Conakry and in cities in the interior and better administrative and financial management of communes to support the decentralization process; (ii) the High Intensity Manual Labor (HIMO) Emergency program which aims to create jobs and work on more than 60 streets with a cumulative linear extent of 7 km in the five communes of Conakry; (iii) an autonomous sewage project in the Yimbaya-Ecole neighborhood and the big Matoto market, (iv) a project to clean up 10 towns in the interior, etc.

74. In terms of real estate development and construction, results are relatively significant. They include: (i) the laying of the cornerstone of a cement factory in Conakry; (ii) renovation of public buildings in Beyla by the Rio Tinto company; (iii) development of a project to build social housing; (iv) negotiation and signature of fifteen (15) protocol agreement and three (3) contracts for real estate development; (v) continuation of a pilot project for 320 housing units; (vi) finalization of the tender offer for the *Palais des Nations* reconstruction project; (vii) revival of building construction on the Kipé site in Conakry.

## (B) Access to hygiene, sewage treatment and safe drinking water

75. Causal analysis of the plan for access to Hygiene, Sewage Treatment-Safe Drinking Water (HAEP) in Guinea reveals a number of unfavorable, overlapping factors that constitute a vicious circle.



77. The most striking are: (i) strong demographic growth leading to significant demand for basic services in a context of weak financial, technical and human capacities of the actors responsible for the supply of safe drinking water and sewage treatment service; inadequate control of urban development characterized by the proliferation of spontaneous housing; (ii) a decentralization process that, from now on, makes local communities responsible for the supply of basic services to the people (water, hygiene, sewage treatment, health, education, energy, public transport, housing, socio-cultural infrastructure, leisure, etc.), devolution that is difficult

for local communities without technical, financial, human and material resources to assume; (iii) a population trapped in a cycle of poverty-illiteracy, lack of information and communication, perpetuating hazardous practices with regard to water, hygiene and sewage treatment; (iv) poor communities and vulnerable groups, victims of inequities of all sorts: residential segregation, lack of infrastructure and transport, difficult access to services, prohibitive access cost, etc.; (v) a civil society full of organizations but often confronted with financial difficulties, lacking in partners to help populations claim their rights and to promote local development; and (vi) an emerging private sector lacking in structure and professionalism in the HAEP sector.

78. The unfavorable factors observed have harmful effects on the environment, human health and the people's productivity.

### (i) access to safe drinking water in rural and urban settings.

79. *In rural settings*, the National Water Supply Service (SNAPE) manages village water supply. The main constraints that hamper the development of this sub-sector are: (i) insufficient financing allocated to village water supply; (ii) anarchic interventions because the rule books that apply to the sub-sector are not in phase with the evolution of the political, legal, economic and social environment in Guinea; (iii) absence of any consultation/coordination mechanism between the sub-sector and the actors because the institutions established to guide the sub-sector (notably the National Water Commission (CNE) and the structures responsible for water) have not really functioned with regard to monitoring the implementation of policies and strategies.

80. *In urban settings*, since 2001, the Guinean Water Company (SEG) administers access to safe drinking water. In spite of efforts made by the Government, with the support of its partners, this sub-sector remains marked by the inadequacy of investment, rising operating costs, the weakness of incomes, bad management of the sub-sector's resources, progressively rising demand in the face of limited production capacity, inadequate access to safe drinking water as a result of accelerated and badly controlled urbanization, low operating capacity of electricity services, abandonment of public fountain outlets to the serve the community because of non-available water, the refusal and/or the non-solvability of the majority of households to pay water and electricity bills and the dilapidation of installations.

81. Taken together, these factors have considerably hampered steps taken to maintain the public supply of safe drinking water in Conakry as well as in towns in the interior of the country.

82. Nationally, wells are still the first source drinking water for households, especially in rural areas (42.3%). Most households in Conakry (more than 85%) and in secondary towns (about 42%) get their drinking water from the faucet. Insufficient access to safe drinking water, especially in the countryside, adds significantly to the workload of women, who are obliged to walk long distances to get water. This prevents them from doing other work that could bring in income.

83. Work to inventory village water resources in 2008 led to the identification of 12,957 installations, including 11,037 wells; 857 modern wells; 988 springs and 75 Water Supply Systems (SAE). With this kind of infrastructure, only 42.3% of the rural population has access to a modern water supply point within a radius of less than 1 km, for an average daily supply of 101/day/inhabitant and a ratio of 360 inhabitants for one Equivalent Water Supply Point; which seems low in terms of supply and too high as a ratio. The functionality rate for these facilities was 80% for water pumps in good condition, 4% for water pumps in bad condition and 7% out of order. Since 2008, the National Water Supply Service (SNAPE) has built 2,104 new water supply points to bring the total number of modern water supply points to 14,457.

84. Nevertheless, it is still difficult for people to access a source of safe drinking water. Access rates even went down between 2007 and 2012, going from 74.1% to 68.6%, mainly due to lack of maintenance in rural areas where the rate dropped strongly (67.8% in 2007 compared with 57.1% in 2012), while there was a slight improvement in the towns (90% in 2007 compared with 92.9% in 2012).

85. According to these statistics, the regions of Mamou and Boké are the least well served in terms of access to a source of clean drinking water. There are enormous hygiene and sanitation difficulties in all of the regions.

#### **(ii) Access to public hygiene**

86. With regard to public hygiene, results remain quite unsatisfactory, in spite of Government efforts to raise awareness and promote hygiene. There is a very low level of practical hygiene, which remains a major concern. According to MICS 2008, only 48.3% of persons wash their hands after using the toilet, 37.4% before eating and 23.9% after taking children to the toilet. It also should be noted that 85.9% of persons do not wash their hands before feeding children.

#### **(iii) Access to sewage treatment services**

87. Insalubrious environment, especially for water, as well as inadequate evacuation of human excrement, are important factors in the transmission of illnesses such as cholera, typhoid fever, malaria or polio. To make a difference, household must have access to better sanitation facilities. The sewage treatment situation is critical in Guinea, especially in the city of Conakry, with some of the lowest rate in the world. The majority of public primary schools in Guinea do not have enough facilities to handle excreta produced on the spot. Cities in Guinea generally lack water drainage facilities. Flooding, overflowing pipes (if they exist), stagnating water, deteriorated sidewalks and dwellings add to this deficit, which helps to aggravate the situation of the most vulnerable. To improve it, household need better sanitary facilities.

88. In 2012, only 30.7% of the population lived in households with improved sanitary facilities. Difficult access to sewage treatment infrastructure accounts for this deteriorating rate, which was 31.8% in 2007. Access to improved sanitation installations is rare in rural areas (14.5%) compared with urban areas (64.7%).

89. Generally speaking, the use of hygienic toilets (toilets with a flush and covered or improved latrines) has declined in rural areas, where the level is low (18.4% in 2007 compared with 14.5% in 2012), as in urban areas (67.6% in 2007 compared with 64.7% in 2012). At the same time, garbage treatment remains a challenge in urban areas where the percentage of households disposing of garbage in a hygienic manner declined by more than 10 percentage points between 2007 and 2012. This situation is made even more difficult by the low level of synergy among actions taken by several ministerial departments and services responsible for Sewage Treatment administration, viz. (i) the Ministry of Urbanism, Housing and Construction (MUHC), with its National Office for Land Development and Urban Planning (DATU)/Sewage Treatment Division; (ii) the Ministry of Health and Public Hygiene (MSHP) with the National Office for Public Hygiene (DNHP)/Basic Sewage Treatment Division; (iii) the Ministry of State responsible for Energy (MEE) through the National Water Supply Service (SNAPE); (iv) the Ministry for Territorial Administration and Decentralization responsible for the local Communities which article 31 of the Community Code makes responsible for development, inter-community administration, local public services to distribute safe drinking water, control hygiene and healthiness and assure the diffusion of information of public interest; (v) the Ministry of the Environment, Water and Forests with its National Office for Sewage Treatment and the Quality of Life (DNACV).

90. If the institutional framework for the administration of Safe Drinking Water is relatively clear (SNAPE for the countryside and SEG for urban areas), the sewage treatment sub-sector suffers from the involvement of several ministerial services that do not work in synergy. Policy documents exist, initiative are undertaken or planned by one department or another, depending on its area of competence, but there is rarely any coordination of the sector for the sake of consistency and synergy.

### (C) Access to energy services

91. Guinean households barely use clean energy (gas and electricity) because of low income. Rather, they have access to wood and its by-products. More than 74% of households (ELEP 2012) use firewood for cooking and more than one household in five (23.9%) use charcoal. This, on the one hand, adds to the burden of women and girls, notably in rural areas, when they have to walk long distances to find wood for cooking. And, this situation leads to the degradation of resources, especially because of strong pressure from the poor population that depends on these resources (especially on the outskirts of Conakry), along with deforestation and deteriorating soil fertility, which could reduce agricultural productivity.

92. In terms of unequal access to electricity, the percentage of individuals benefitting from this source of lighting grew slightly in the countryside between 2007 (1.4%) and 2012 (2.6%). On the other hand, in urban areas, there has been a strong decline of 10.2 percentage points between 2007 (65.7%) and 2012 (55.5%).

93. In 2012, one out of five households at national level used electricity as a light source, mainly in urban areas. In rural areas, the service was virtually unavailable. All regions, with the exception of Conakry, find it difficult to access this source of energy because the supply is weak, and poverty has worsened, especially in the towns.

94. Electricity production capacity in Guinea is too low to cover the needs of the country and meet accelerated growth objectives. Development of the sector has been held back for a long time by (i) the difficulty of mobilizing the large amounts of financing needed to invest in the development of production, transport and distribution of electricity; and by (ii) flawed governance, especially in terms of regulations and at the level of Electricité de Guinea (EDG), the public utility. Guinea's level of energy performance is among the weakest in the world. Consequently, energy consumption per inhabitant is less than the equivalent to half a ton of petroleum (TEP), with 80% coming from biomass, 18% from hydrocarbons and 2% from electricity. Firewood for cooking and wood coal are the main fuels used by households.

95. At the level of the "electric energy" sub-sector, Guinea may well be endowed with about 6,000 MW of hydroelectric potential, but thermal energy still is important. It represents 61% of total capacity installed in the country (including mining) and 25% of EDG production. Since 2002, EDG has faced important financial and technical difficulties that translate into bad distribution and quality of service: only 50% of demand is met and households supplied receive less than 12 hours of service per day in Conakry. Moreover, coverage is extremely



low, especially in Guinea Forestière and in Haute Guinea. The country seems to be "cut in half, in terms of energy, with the border being a North-South Ouré-Kaba/Tougué axis, with, to the west of this axis, electricity supply of nearly 30%, while to the East of the same axis, supply is barely more than 5%.

96. In view of this difficult situation, the Government has developed, over the last few years, the energy infrastructure needed to improve the supply of electricity in urban as well as rural areas and to reinforce the basis of the economy's competitiveness. To this end, efforts since 2011 have concerned the rehabilitation of generators in Tombo in order to improve the supply of electricity to the city of Conakry and grow production capacity by about 40 additional MW. And, the Government has signed a contract with China Water Electricity (CWE) to build the Kaléta dam, launched a tender offer for the supply of photovoltaic public lighting to prefectures in Guinea, the purchase of 25 generators of two (2) MW each, accelerated implementation of the Decentralized Rural Electrification Project (PERD), the electrification of nine (9) villages of Boué in the Siguiri prefectures. With the same objective, the Government also has launched studies of four (4) mini hydroelectric project in Kogbédou, Zébélla, Touba and Daboya and ensured that

feasibility studies will be finished for the sub-regional interconnection of Ivory Coast, Liberia, Sierra Leone and Guinea.

97. A number of challenges remain to be addressed: the country's hydroelectric potential needs to be exploited in order to produce plentiful, clean, low-cost electricity and extend the interconnected electricity network in the country, while also ensuring the connection of this national network with those of other countries in the West African sub region.

#### ***1.1.2.7 Youth and Employment***

98. As a social category, young people are a major structural component, as much for their demographic importance as for their active involvement in all spheres of political, economic and social life. More than 74% of the population is under the age of 35 and this proportion will remain constant in the age pyramid for the next two decades. More than half the population (55.1%) is under the age of 20, which amounts to about 6.215 million young. In view of growing development and urbanization in the years to come, a demographic transition should be anticipated so that the young are the focus of the challenges and issues to be faced.

99. Youth development is hampered in Guinea by several factors, including: (i) dysfunctional institutional framework characterized by bad coordination of youth and sports associations, insufficient and non-distribution of existing texts; (ii) insufficient or bad condition of socio-educational and sports infrastructure and equipment. Out of thirty-seven (37) youth centers in prefectures and communes in the country, only about a dozen are functional, meaning renovated and equipped; thirteen (13) are in good condition but not equipped and 14 are non-functional; (iii) a huge lack of personnel qualified to design, lead, manage and monitor-evaluate socio-educational and sports activities; (iv) unemployment; (v) difficult youth access to health and reproduction services, plus their low participation in the fight against HIV/AIDS; (vi) non-implication and participation of youth in public life, especially in the decision-making process.

100. The question of employment and socioeconomic integration remains the major concern in the face rising unemployment and sub-employment that particularly affect the young, women and the handicapped. To face this major challenge, several initiatives have been taken to ease their integration into working life. For example, the creation of centers for Youth Assistance, Counseling and Orientation (CECOJE); promotion of micro-enterprise in favor of 400 young in partnership with several non-governmental organizations; implementation of the "Living and Apprenticeship" program; implementation of the youth volunteer program for the socio-professional integration of 300 young graduates; organization of employment fairs to initiate young people into the search for their first job; launch of motor-taxi companies and the construction of plastic and organic waste sorting centers in four Conakry Communes (this project has employed 430 young from the Youth Associations Consortium).

101. The Government has organized regional employment and technical training fairs for 10,000 youth, as well as a national employment and investment congress in December 2011, which opened the door to recruitment of 518 young in public administration and finance, the reintegration of 2000 demobilized young in the Kaleya camp with the technical and financial support of partners, as well as the establishment of a Civil and Action Service for Development (SCAD). And, along the same lines, the Government, through the National Fund for Youth Integration (FONIJ) has delivered 140 moto-taxis and 100 multi-service kiosks to youth in seven (7) administrative regions of the country. In spite of these different initiatives, the problem of employment, in general, and that of the young, in particular, remains intact.

102. Another important issue to analyze concerns the labor market which in recent years has been characterized by a job structure that has trended toward less productive jobs. This situation no doubt has been favored by the expansion of the informal economy and the spread of under-employment. It is, therefore, important for initiatives to be taken to favor of the expansion of employment to be accompanied by measures designed to reinforce worker productivity

Table 5. Labor market trends (15 years and over) between 2002 and 2012

Worker categories	Years								
	2002			2007			2012		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Public/large company salaried	18.8	1.1	4.9	13.3	1.0	4.0	16.4	1.4	5.4
Micro-enterprise salaried	5.5	0.3	1.4	5.9	0.4	1.8	9.5	1.3	3.5
Owner	1.8	0.8	1.0	1.3	0.4	0.7	2.0	0.8	1.1
Agricultural independent	4.8	51.9	41.9	6.4	60.0	46.7	10.0	58.6	45.8
Non-agricultural independent	66.1	8.7	20.9	53.2	9.4	20.3	49.5	9.2	19.8
Other dependent	2.9	37.2	29.9	20.0	28.7	26.6	12.6	28.7	24.4
Total	100.0	100.	100.	100.0	100.	100.	100.0	100.	100.
		0	0		0	0		0	0

Sources: EIBEP-2002, ELEP-2007 and ELEP 2012

### 1.1.2.8 Environmental management

103. Guinea has great natural resource potential, with (i) forests, (ii) internationally renowned and protected sites and areas, (iii) springs and river beds that make Guinea the water tower of West Africa, (iv) a diverse ecosystem and (v) significant biodiversity.

104. But most of these natural resources are currently threatened due to the lack of strategies and resource for their protection. Human impact on these resources is significant because of the extent of poverty, especially in rural areas, plus the accelerated development of mining and urbanization. Taking into account the pressure of man on nature due especially to the growing poverty cited above and mining, there are multiple challenges to be faced, especially: (i) the fight against soil degradation; (ii) control of water resources; (iii) better contribution of national resources to the national economy; (iv) preservation of biological diversity on land and sea; (v) durable supply of energy. To these elements, should be added those linked to the harmful effects of climate change and the control of biotechnological hazards.

### 1.1.2.9 Gender equality

105. The Government adopted its National Gender Policy in January, 2011. With this policy, it intends to "make equality between men and women the center of the values and moral and ethical standards" of Guinean society in line with the international and regional legal instruments that it has ratified on the subject. The policy objective is to wipe out men-women disparities through a systemic approach that will involve all sectors and all key players in the socio-economic development of the country. In spite of this declaration of political will, analysis of human development indicators reveals gender inequity in Guinea. With a gender index of 0.439 (OECD SIGI Index), Guinea is among the eight countries (78 out of 86) with the greatest disparities among women and men in the non-OECD world. Inequalities between women and men deepened between 2009 and 2002, with the index going from 0,228 to 0,439. These inequalities hamper the achievement of gender equality and the autonomy of women. The main challenges are:

106. On a legal level Guinea has ratified the main international and regional instruments relative to the rights of women and has a legal arsenal that guarantees the principle of equality between men and men (Organic Law, Criminal Code, etc.) Yet, this framework has not allowed women their full rights because of insufficient application of the texts as well as the existence of legal loopholes in certain sectors. Further, the lives of women remain governed by custom (rules and practices) that makes them subordinate to men.

107. So, practices such as repudiation, several forms of violence, as well as other types of discrimination in the area of marriage and inheritance, persist. Moreover, the Civil Code, revised in 2002, has not been adopted to this day.

108. The socio-economic situation of women remains precarious with great disparities, as show above, in the area of education, health and employment. Progress is perceptible only at primary school level where the girl/boy ration reached 0,84 in 2011. Despite their strong contribution to the agricultural sector where they are 80% present, women face discriminatory access to the means of production (credit, land, etc.), which consequently limits their economic benefits. The proportion of salaried women in non-agricultural sectors is only 27.1%.

109. Violence against women also is a worrisome phenomenon, with 91.2% of women having suffered from violence in the course of their lifetime (2009 National Study). In 76.5% of cases, physical violence was involved, while 49.7% of cases concerned sexual violence. The most widespread forms of sexual violence against women concern feminine genital mutilation (98.4%), early marriage and conjugal violence (85%). Every time that there is a social crisis in the country, women are the first victims of sexual violence, often at the hands of the defense and security forces. Because of the high level of illiteracy, sociocultural burdens, poverty and the low affirmation and knowledge of their rights, plus the weakness of the judicial system, women rarely seek legal redress.

110. Women continue to be under-represented in public and political life, particularly at decision-making level. As a result, they are only minimally able to influence the process of transition and consolidation of peace. Only 26% of civil servants are women and most only have limited responsibilities. Of 155 members of the National Transition Council, which is chaired by a woman, only 20.6% are women. Women represent 17.6 of Supreme Court judges, 11% in the sector of the Police and 15% of the Gendarmerie (2012 ECOWAS Evaluation). This rate is much lower in the Army, with 5.9% (2012 Biometric Census Report). It should be noted that women in the Defense and Security Forces (FDS) are nearly absent from higher ranks.

111. Overall, the analyses mentioned above reveal that challenges persist: (i) respect for the right of women, their access to justice and the prevention of/protection from violence based on gender (ii) participation in political and economic spheres, including efforts to achieve lasting peace, (ii) parity in the educational sector (primary, secondary, superior and technical education), (iii) access to information and to health services, (especially reproductive health) and (iv) access to productive resources and job opportunities. In addition, a recent study has demonstrated the causal link between poverty and the strong prevalence of violence based on gender endured by nine (9) out of ten (10) women, aged 15 to 64<sup>2</sup>. Add to this a weak institutional framework for the recognition of gender in policies and programs at national and sectorial level, along with a lack of application of fundamental documentation on the subject of gender<sup>3</sup>.

112. There are gains in gender equity and equality, among others: ratification of the Conventions on the Elimination of all Forms of Discrimination with Regard to Women (CDAW) and on the Rights of the Child (CRC), adoption of the Code of the Child, of law 10-01 on health and reproduction, and of a law imposing a 30% quota for women on all electoral list. And, in order to support the implementation of different strategies and programs, Guinea has proceeded to create several mechanisms, derived generally from the MASPFE (i) nomination of high-level gender focal points in all ministries, (ii) establishment of an enlarged gender theme group, (iii) establishment of a Network of Women Ministers and Parliamentarians, (iv) creation of Regional Committees to Fight against Gender-Based Violence of the National Committee for the Cessation of Feminine Genital Mutilation/Excision – MGF/E and (v) establishment of the Committee to Monitor Application of CDAW Recommendations and its regional committees.

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<sup>2</sup> Study Report on the Determinants of Gender-Based Violence in Guinea, UNFPA, 2011

<sup>3</sup> Refers to the National Gender Policy, of the National Strategy for the fight against violence based on gender, and the National Action Plan 1325 and 1820 for the participation and recognition of the special needs of women in initiatives for lasting peace.

### 1.1.3. Determinants of poverty

113. Analysis of 2007 and 2012 studies show that the main determinants of monetary poverty are, on the one hand, residential setting and ethnicity and, on the other hand, gender inequality, socio-demographic category, age of household, level of education, socio-professional category and possession of the means of production that equally influence the poverty status of households.

114. Residential setting is the first determinant of poverty in Guinea. Poverty is more widespread in rural, as opposed to urban, areas. The incidence of poverty is 64.7% in rural areas as opposed to 35.4% in urban areas and 27.4% in Conakry in 2012.

115. Belonging to a region influences the poverty statute, regardless of residential setting. Regional characteristics, in terms of job opportunity, infrastructure and climate, influence the standard of living. In general, residence anywhere outside the capital is associated with a lower standard of living. This gap is less pronounced, however, for two regions in urban areas: Labé and Mamou.

116. Poverty analysis by socio-demographic category has shown that, depending on the gender of the household head, households headed by a man register 6 percentage points higher on the poverty scale than those headed by women. In Guinea, half of women's households are headed by a widow or divorcee and the other half by a married woman who only heads the household because her husband is absent. In this latter case, the husband who remains the legal head of household continues to provide for the needs of the household.

117. As far as the age of the head of household is concerned, study results show that poverty increases along with the age of the head of household. The incidence of poverty is lower in households where the head is under 30 years old. As of 30 and until the age of 40-49, poverty incidence remains constant until an advanced age.

118. Educational level of the head of household has a positive impact on the level of poverty. For example, the incidence of poverty in Guinean households where the head has not been to school is 2.5 times higher than it is in households where the head has had a university education. Study results show that households where the head has not been to school contain nearly 8 out of 10 people while they represent nearly 72% of the population. These results also indicated that the incidence of poverty for households where the head has had technical and professional training is lower than that where the head has had higher education. This serves as a guideline for future educational policies.

119. Poverty analysis by socio-professional category has shown that there are important difference between the group of salary earners in the public sector and in large companies (with a poverty incidence of 24.6% concentrated on 3% of the poor population) and that of independent agricultural works (with a poverty incidence of 42% and a 68.5% contribution to overall poverty). The high poverty level registered among agricultural workers' household can be explained by the fact that nearly all agricultural workers practice subsistence farming that makes it difficult to earn substantial revenue.

120. Furthermore, access to the means of production (land, human and financial capital, electricity), to produce markets and to health infrastructure impacts significantly on the incidence of poverty in rural areas, particularly for women who represent 80% of the labor force in the agricultural sector.

### 1.1.4. Households' perceptions of poverty

#### *1.1.4.1 Individual perceptions of poverty*

121. Households' perceptions confirm the wide extent of poverty in Guinea. Overall, results of the 2012 ELEP study show that 50% of households consider that their economic situation has worsened, with emphasis on the urban poor (57.9%).

122. In terms of satisfaction of basic needs, nearly 94% of households consider that access is difficult to electricity, to leisure pastimes, 93%; to transport, 86%; to clothing and medical care, 82%; to running water, 76%;

to food and education for children, 75%, and 71% to decent housing. These proportions are similar from region to region, except for Conakry. Further, nearly 75% of household said that they had had to reduce spending for “shoes and clothing” over the last 12 months; for food, the proportion is 71%; for transport, 67%; and about 66% for health.

123. With regard to what the authorities should do to fight poverty, 25% of households said that development of revenue-generating activity was a priority, while 23% cited job creation as a priority.

124. In the face of falling revenue, households' adjustment strategies focus on the purchase of less expensive products (89%), purchase of the same products in smaller quantity (88%), no spending for leisure (83%), fewer meals (81%), no spending for transport (80%) and a search for cheaper housing (65%).

125. In hard times, 57% of households intended to turn to parents and 52% to friends and neighbors. Percentages are higher among the rural poor: 61% and 59%, respectively.

#### ***1.1.4.2 Regional actors' perceptions of poverty***

126. Reports from regional workshops that took place from September 17 to December 14 2012, respectively, in Nzérékore, Kankan, Labé, Kindia and Conakry highlight the concerns of all the actors (public administrations, population and communities on the ground, private sector, civil society, decentralized structures in Regions, Prefectures and CR/CU, development partners) in terms of regional and local development and the fight against poverty.

127. With regard to governance and reinforcement of human and institutional capacities, the actors consider that corruption is widespread throughout all sectors of the administration. The resurgence of insecurity in the larger cities, poor access of women to management posts, weak capacities of actors and the non-effective involvement of civil society organizations in the democratic management of the country are cumulative factors that greatly affect the success of reforms undertaken by the Executive in favor of development and the fight against poverty at regional and local level. The decentralization process that began in 1985 has not led to real transfer of resources and capacities for the benefit of local communities.

128. Concerning basic economic infrastructure, major preoccupations are (i) the poor condition of communications networks (national roads, rural pathways), the absence of rail and air infrastructure; (ii) weak electric energy supply; (iii) lack of safe drinking water supply to most prefectures and insufficient hydraulic infrastructure to serve villages in numerous localities; (iv) weak radio and television coverage of the national territory; and (v) insufficient marketplaces (especially in the Conakry region) and bus stations; (vi) insufficient hotel, handicraft and socio-educational infrastructure.

129. With regard to rural development, the actors consider that (i) food security in rural areas is a concern that should be addressed by increasing agricultural production and productivity; (ii) the isolation of production areas seriously handicaps the distribution and sale of agricultural products; (iii) the advanced degradation of the environment (pollution), especially by certain mining companies, requires reforestation of exploited sites; and (iv) the resurgence of conflicts between farmers and animal breeders is the main reason why communities find it difficult to get along with each other.

130. In terms of the development of human capital, the actors focused on education and health. With regard to education, they stress that school infrastructure is insufficient to meet expressed community needs, that teachers are unwilling to be affected to far-off localities and that low levels of training and qualifications partially explain why teaching quality is so bad.

131. As far as health is concerned, major preoccupations are (i) the low quality of health services, especially in rural areas; (ii) insufficient healthcare infrastructure (hospitals in the capital and health centers in rural areas); and (iv) the proliferation of parallel pharmacies and counterfeit medicine harmful to the health of the people.

132. With regard to all these concerns, regional actors insist on the need for the Government to work to preserve the orientation given to the social sectors, especially education and health, because poverty essentially is manifested by non-satisfaction of the need for education and health. They also insist on the need to assure consistency and complementarity when policies linked to decentralization and basic development are implemented. This need also applies to proposed approaches to, as well as the mechanisms of, financing. Consistency and complementarity would permit greater involvement and responsibility on the part of the population, local communities and organizations in civil society. Also, decentralization would make it possible to capitalize on the numerous investments already allocated to several localities in the country. The decentralization process also could benefit from the experience and the investment of structures already established in the context of local development.

#### ***1.1.4.3 Priority needs of households***

133. With regard to the above analysis, priority needs of household are focused on the development of social sectors (education and health, development of income and job generating activities, reinforcement economic infrastructure (electricity and rural roads), the fight against corrupt and insecurity in the large towns and decentralization for more involvement and responsibility of local populations.

#### **1.1.5. MDG evaluation**

134. Evaluation of progress toward MDG reflects the particularly difficult situation that the country has known over the last decade; a situation marked by, among other things, problems of governance, deterioration of the political environment, diminished internal as well as external financial resources, a slowdown in the pace of investment and growth, plus clearly inadequate investment in the social sectors (especially education and health), macroeconomic risks, lack of diversification and market failures. For these reasons, most MDG probably will not be reached by 2015.

Table 6: Situation report: MDG Indicators

Objectives	Targets selected for analysis	Indicators selected in Guinea	Current indicator value		Situation 2012	MDG target value 2015
			Reference year	Situation 2007		
1. Eradicate extreme poverty and hunger	1. Reduce by 50%, between 1990 and 2015, the proportion of the Guinean population living below the poverty level.	Monetary poverty indicator	62.5% -(1994/95)	53%- (ELEP 2007)	55.2%- (ELEP 2012)	31.3%
	2. Reduce by 50%, between 1990 and 2015, the number of people suffering from malnutrition	Proportion of underweight children	23% - (EDS 1999)	26.1% - (ENENSE)	18%- (MICS4)	11.5%
2. Achieve universal primary education	3. By 2015, provide all children, boys and girls, all over the world, the means to complete a full cycle of primary education	Net school enrollment rate Primary	27% -(1990)	56% -(ELEP 2007)	59.5% - (ELEP 2012)	100%
		Primary completion rate		56.6% -(2009-2010)	58% -(2010-2011)	100%
		Literacy rate - 15 -24 years	22.5% -(EIBC 1994)	32.9% -(ELEP 2007)	34% -(ELEP 2012)	
3. Promote gender equality and the empowerment of women	4. Eliminate disparities between the sexes in primary and secondary education by 2015 if possible and at all educational level by 2015 at the latest	Girl-boy parity index Primary	0.50 -(1995)	0.89		1
		Girl-boy parity index Secondary	0.33 -(1995)	0.55		1
		15-24 years literacy rate women vs. men	9.9% -(EIBC 1994)	21.5% -(ELEP 2007)		
		Percentage of salaried women in the non-agricultural sector	10.7% -(EIBC 1994)	27.1% -(2003)		
		Proportion of seats occupied by women in the National Assembly	17.5% -(MPFE-2000)	16.7% -(MPFE-2007)		
4. Reduce child mortality rates	5. Reduce the mortality rate of children under five by two-thirds between 1990 and 2015	Mortality rate, children under 5	229‰ -(1992)	163‰ -(2005)		76.4‰
		Infant mortality rate	136‰ -(1992)	91‰ -(2005)		45,3‰
		Rate of measles vaccination		50%-(2005)	62%	100%
5. Improve maternal health	6. Reduce maternal mortality rate by three-quarters between 1990 and 2015	Number of maternal deaths per 100,000 live births	666-(1992)	980-(2005)		220
		Percentage of deliveries assisted by qualified healthcare personnel	30,5%-(1992)	46% -(ENENSE 2007)	85% -(ELEP 2012)	100%

		Contraceptive prevalence rate	1.5%-(1992)	6.8%-(2005)		30%
6. Combat HIV/AIDS, malaria and other diseases	7. By 2015, stop spread of HIV/AIDS, begin to reverse current trend	HIV prevalence rate in sexually active population 15-49		1.5%-(2005)		< 1,5%
		Rate of contraceptive use for high-risk sexual relations	Women 28.5%-(EDS 2005)	Women 62% -(ESCOMB 2007)		
			Men 37.2% -(EDS 2005)	Men 68%-(ESCOMB 2007)		
	8. By 2015, control malaria and other diseases and begin to reverse current trend	Malaria prevalence in children under five (5) years	41.9% -(1999)	43.3%		
		Children under five who sleep under ITNs		1.6%-(2005)		
		Children under five who have received correct anti-malaria treatment	17.6%-(1992)	43.6%-(2005)		90%
		Percentage of tuberculosis cases detected and treated	61%-(1999)	61%-(2009)		70%
	7. Ensure environmental sustainability	9. Integrate sustainable development principles into national policies and reverse the current trend toward attrition of environmental resources	Proportion of productive forested zones			
Part of protected ecosystems			4.8%- (1958)	7%- (FCD 2008-17)		10%
10. By 2015, reduce by half the percentage of the population without access to safe drinking water		Proportion of the population that uses a source of safe drinking water	62% - (2002)	74.1%- 2007	68.1%	75%
11. By 2020, succeed in significantly improving the life of about 100 million slum dwellers		Proportion of the population with access to improved sanitary facilities	23%- (2002)	31.8% - (2007)	30.7%	
8. Develop a global partnership for development	12. Mobilize development resources 13. Make new information and communications technologies available to all	Level of public aid to development (in USD millions)	293 (1990)	408.3 (2008)		
		Rate of telephone penetration			40% -(2010)	50%
		Rate of computer and Internet penetration			1%- (2010)	5%

Source: PRS – PS, February 2013

## 1.2 PRINCIPAL CAUSES OF POVERTY IN GUINEA

135. In short, more than half the Guinean population lives below the monetary poverty threshold. This poverty is reflected also in social indicators (nutrition, primary education, maternal mortality, infantile mortality, housing, safe drinking water and sewage treatment...) and in gender disparities that are still largely short of established global goals.

136. This situation stems mainly from a system of governance that, for a long time, held back the fulfillment of the economic potential of Guinea and blocked opportunities for the people to create wealth.

137. The consequences of this bad governance are insufficient growth and inflation too high to reduce poverty.

138. This weak economic performance also stems from the long-standing delay in the implementation of structural reforms intended to clean up the management of public finances and create a good business climate.

139. It is due also to the lack or low quality of basic infrastructure (energy, roads...)

140. This spread of poverty is the result of a failed redistribution policy, characterized especially by low budget allocations to priority social sectors, inequitable geographic distribution of these allocations and the lack of a social security system that would allow the most vulnerable to deal with natural, social and economic risks.

141. Finally, this spread of poverty also is connected to important gender disparities with regard to the low status of women (education, health, decision-making) that does not allow them to contribute substantively to the creation of wealth and that compromise their living conditions.

### 1.2.1 System of governance and limited capacities

142. Since independence, the Republic of Guinea has been undermined by problems of governance, especially by periods of autocratic and military authority, recurrent political instability and corruption that pervaded every level of the Public Administration with almost total impunity. Public administration and State institutions, including justice and the security forces functioned, for the most part, problematically, especially over the course of the last two decades. Moreover, as gender analysis has shown, women are not well represented at political and public decision-making levels, nor in the mechanisms to prevent conflict and consolidate peace. Between 2008 and 2010, certain of these governance problems jeopardized national unity and threatened peace, further aggravating the catastrophic management of public finances marked by widespread corruption and impunity.

143. **Insecurity and violence** are at the root of the fragile political, social and economic stability of the country. In Guinea, the security sector is at the lowest standard in years: disorganized defense and security force, lack of civil control, absence of means, violations of human rights, etc. This situation has generated crimes of all types, facilitated by the presence of massive and uncontrolled arms on Guinean territory: road high-jackings, drug trafficking, rapes, holdups, etc. without any efficient intervention by authorities. This situation has represented a danger for the civilian population and deprived the country of the foreign direct investment needed to build the private sector.

With regard to this situation, the current response of the Government, with the support of its partners, is to implement reform of the security sector through a certain number of measures intended to reinforce internal discipline and create a climate of peace and security for all, necessary for business to develop.

144. On a political and institutional level, the institutional instability that prevailed in 2008 and 2010 persists somewhat, due to delay in the effective establishment of all the constitutional institutions, notably, the National Assembly. This has held back the participation of certain political and civilian actors in the process of developing the country and contributed to the even greater fragility of the country's socio-economic situation. The first free presidential elections in Guinea, organized in two rounds between June and November 2010, have, however, opened a new chapter in the history of the country. Better governance is a priority set by political authorities, with the stated goal of building the foundations necessary for the reinforcement and modernization of State institutions, with the implementation of real change to improve the living conditions of the Guinean people. To this end, the Government has initiated reforms in several areas: the promulgation of a new mining code that meets international standards, overhaul of the public administration and public finances, restructure of defense and security forces, organization of States General of justice, adoption of a National Gender Policy, preparation of the Program for State Reform and Modernization of the Public Administration.

145. Consolidation of these reforms is indispensable to good management of Guinea's potential (mining, agriculture, energy...), which demands the total elimination of the bad governance that has kept the country from realizing its economic potential for the benefit of the people. To this end, a strong institutional environment is necessary to guarantee the Rule of Law, combat corruption and ensure transparency in the mobilization/use of resources. Restoration of the Rule of Law is key to the consolidation of peace, which is a prerequisite for the solid revival of the economy and for development that is inclusive and sustainable.



146. **With regard to judicial governance**, while the judiciary authority should be the guarantor of the Rule of Law and ensure the good application of the laws of the Republic, along with respect for the fundamental rights of citizens, the administration of justice is not always efficient, equitable, transparent and serene. Overall, Justice in Guinea is in such a state of disrepair that it threatens individual liberties. There are three main reasons for this: (i) the absence of a culture of democracy and respect for the separation of powers; (ii) lack of training and means for magistrates and officers of the court; (iii) justice remains too mysterious and unknown to most citizens and its overall dysfunction has ruined its credit. The way that Justice has operated has not been very favorable to the development of social equity.

147. *Administrative governance* over the last few years has been marked by the difficulties encountered by different government bodies to, at the same time, assure the continuity of public affairs, maintain public action over time and assure effective public interventions. These difficulties persist somewhat, due to, at the same time, the expiration and/or poor application of legal and regulatory texts in effect with regard to structure, norms and procedures; a breakdown of structures; overlapping attributions and conflicts of competences, among structures, as well as among positions, notably, among Secretaries General or among Chiefs of Staff and Ministry Chiefs of Staff; the weight and opacity of procedures; politicization of the administration. Add to this generalized corruption and a culture of impunity, with, as corollaries, loss of institutional credibility and a certain crisis of authority; nepotism, pandering and patronage, "ethnocentrism" and regionalism, in nominations to strategic positions or of responsibility as well as in the awarding of public contracts.

148. This weakening of the State has contributed to significant institutional dysfunction and bad governance within the public Administration at central as well as local level. The Administration consequently has been incapable of supporting and regulating the national economy. On the contrary, some of its representatives sometimes have developed practices (murky management, corruption, non-respect of human right and gender-based violence, etc.) that have held back the development process and contributed to the massive impoverishment of the population.

149. Decentralization is a reality of Guinea's administrative organization. It simply needs to be adapted and reinforces, especially by stabilization of human resources on the ground and a real delegation of power and signature (responsibility). The success of decentralization also depends on the concomitant provision of infrastructure and collective equipment in the interior of the country.

150. *As for economic governance*, the consequences of the macroeconomic policy conducted between 2008 and 2010 (high inflation, insufficient allocation of resource to social sectors and to agriculture mostly because of the important weight of military spending...) have held back the reduction of poverty and inequalities. Moreover, bad management of state-owned enterprises (quite often in difficulty) fed unemployment and contributed to new impoverishment of a whole category of the population. Dismissal or loss of employment is a first stop on the road to poverty.

151. Management of public spending has been marked by widespread corruption and impunity. Flaws in the procurement system (lots of under-the-table transactions) and the absence of accountability, low-level competences in the Planning, Programming, Budgeting and Monitoring process ( strategic planning, public spending, preparation and programming of public investment, administration of reforms,...) have helped sometimes to slow the pace of implementation of structural reform, and, consequently, have held back the fulfillment of the country's economic growth potential, as well as the income level of the population.

152. *With specific regard to corruption*, on the basis of the globally accepted referential calculation for the Perception of Corruption Index (PCI), the prevalence of observed corruption in Guinea ranked the country 122<sup>nd</sup> out of 146 countries in 2003, behind Sierra Leone, 121<sup>st</sup> and ahead of Cameroun 129<sup>th</sup>, Nigeria 144<sup>th</sup> and Haiti 146<sup>th</sup> (ENACOG 2003) The 2006 Transparency International report ranks Guinea 1<sup>st</sup> in Africa and 4<sup>th</sup> most corrupt country in the world.

153. The first lessons to be drawn from the 2003 ENACOG study may be summarized as follows: bribery is the most widespread form of corruption the country, even if misappropriations of funds are the most serious. The study shows that 36% of households declared having paid bribes in the 12 months preceding the study. It also shows that the volume of bribes paid in Guinea every year comes to nearly GNF 600 billion, while business people declare having paid close to GNF 500 billion a year in unofficial payments. They also declare that they have paid, on average, about GNF 150,000,000 to political parties per company and per national election.

154. On this subject, they reveal that no sector of the State is immune from corruption and bad governance (health, education, mining, fishing, finances, civil service, decentralization, justice, transport, agriculture, infrastructure, procurement, technologies and even the Institutions of the Republic, religious establishment and NGOs.

155. Every study, expert analysis and development professional can attest to the fact that corruption damages the economic efficiency of the country. Citizens, particularly the poorest among them who cannot pay bribes, are the principal victims and make up the most important segment of the population.

156. The economic cost of the phenomenon for the country includes, among other things, theft, waste of resource, loss of fiscal and administrative revenues as a result of fraud and disappearance of public resources, often covered up by corrupt public officials. To this are added the cost of maintaining outdated equipment of poor quality, the increased burden on public debt due to badly executed programs like the PRCI, bribes that increase the cost of projects, misappropriation of development aid for personal use, as much by civil servant as by private business, all to the detriment of the reduction of poverty.

157. These economic costs translate into a great loss of effectiveness caused by too many obstacles, administrative delay and the loss of productive investment. This is what emerges very clearly from results of the independent study of the perception of corruption and governance conducted in Guinea by the NGO Stat-View International, with the support of the World Bank through the World Bank Institute (Global Governance and Anti-Corruption Department).

158. To do away with this type of dysfunction, the Government is pursuing reforms of public finances, especially the renovation of the legal and regulatory framework and reform of public procurement (see Point 1.2.4) in order to support improvement of the business climate, development of SMEs and of the private sector in Guinea. There will be stress on aspects linked to decentralization and budgetary devolution, transfer of resources and the passing of procurement to the local level.

159. In any case, the problems of governance described above have been the main brake on the economic and social development of the country, due to the very weak capacity of the public administration and the institutions to follow appropriate policies, supply basic service to the people and create the conditions for durable economic growth, as well as a real Rule of Law that respects human rights and gender equality, while guaranteeing security and justice for all.

### 1.2.2 Growth, Inflation, Competitiveness and Redistribution

160. Economic growth is definitely necessary for improving income level and living standards, but not sufficient for fighting against poverty and inequality. In the view of a judicious and effective economic policy for the largest number of people, the search for equity needs to be an essential goal. In Guinea, the main obstacles to a balanced and sustainable growth have been identified. They are: (i) weakness of human capital, which is conducive to low productivity, high unemployment and income inequality; (ii) lack of infrastructure for economic development, with, as a corollary, the high transaction and production costs, which limits the emergence of a modern sector of the economy; (iii) weakness of national capacities, from which are originating problems of governance, civic behavior and effective implementation of development policies.

161. The bad governance that prevailed until end-2010 had harmful consequences for the economy, including notably growth volatility (1.8% in 2007, 4.9% in 2008, -0.3% in 2009, 1.9% in 2010, 3.9% in 2011). Except in 2008, growth during this period was mainly driven by the primary sector, mainly agriculture. Except in 2008, during which there was a rise in the mining sector, the contribution of the secondary sector was much less than expected.

**Table 7: GDP trends at constant prices and the contribution of different sectors**

Indicators	Years				
	2007	2008	2009	2010	2011
GDP	1.8%	4.9%	-0.3%	1.9%	3.9%
Primary sector	0.6%	0.8%	0.7%	0.7%	1.0%
Secondary sector	0.5%	3.1%	-1.0%	0.8%	1.5%
Tertiary sector	0.2%	0.9%	0.3%	0.5%	1.2%
Import duties and taxes	0.4%	0.2%	-0.2%	0.0%	0.2%

Source: National Planning Office, February 2013

162. Economic growth over the 2007-2011 period (2.4% on average), as opposed to population growth rate estimated at 3.1% for the same period, was not enough to set off a reversal of the poverty situation. Real GDP per capita fell by 0.6% on average over the period under consideration. Economic growth remains fragile with regard to its sources and insufficient in terms of rhythm. It is important, therefore, for economic and financial policy to include action that will contribute significantly to reduce this volatility, to further the expansion of the country's production potential and the reduction of poverty.

163. Inflation control also is a continuing challenge for the authorities since it affects the living standard of the population, notably for the poor households. In this regard, there has been significant progress, but inflation is still high. In fact, year-on-year inflation leveled off at 19% in 2011, after standing at 12.8% in 2007, 13.5% in 2008, 7.9% in 2009, and 20.8% in 2010. Inflation has been contained thanks to restrictive budgetary and monetary policies, stabilized exchange rates, anti-speculation efforts that established pilot sales outlets for imported rice.

164. Regarding external competitiveness, the nominal real exchange rate fell by more than 50% between 2007 and 2011.<sup>4</sup> The impact of this variation on the real exchange rate was nevertheless wiped out by strongly accelerated inflation starting in 2010. But, beyond these factors, the external competitiveness of Guinea has been handicapped by mediocre governance (see (point 1.2.1), structural constraints imposed by a non-incentive business climate (see point 1.2.4.2), and poor quality infrastructure (see point 1.2.5).

165. For 2012, real GDP growth is estimated at 3.9%, and inflation at 12.8%. The exchange rate has stabilized, the currency market premium has virtually disappeared and international reserves of the Central Bank of the Republic of Guinea (BCRG) were at the equivalent of four months of imports.

### 1.2.3 Structural reforms

#### 1.2.3.1 Public finances

166. The Government is aware that sound public finances, growth and the fight against poverty are linked. Consequently, since 2011, efforts have focused on execution of the Budget according to PRS II priorities and the IMF staff-monitored program, execution of the budget according to allocations, suppression of extra budgetary operations, respect for the principle of a unified Treasury, suspension of large public procurement contracts awarded without competitive bids and rationalization of government missions abroad and medical evacuations.

167. With regard to the updating of the legislative and regulatory framework for the management of public finances, Guinea reached a turning point in 2012 with the adoption of the Organic Budget Law (*loi organique relative aux lois de finances* – LORLF). The draft law was adopted by the Council of Ministers on June 18, 2012. The National Transitional Council (CNT) adopted the Organic Law in July 2012 and it was promulgated by the Head of State on August 6, 2012. The revision of the LORLF places Guinea among those countries with good practices at the international level in terms of the legal framework encompassing financial laws. Significant work remains to be done with respect to the adoption of primary and secondary regulatory instruments. One of the main regulatory instruments, the General Regulations on Fiscal Management and Public Accounting (RGGBCP), has been drafted. Nevertheless, one of the challenges that remain is to implement the principles that are set forth in the new law, which introduces significant changes in the fiscal practices and procedures that are currently in use.

168. In addition, the Government has improved the process for the drafting of the budget and budget programming in terms of meeting the deadline for the submission of the draft budget for 2012 and the draft amended finance law for adoption by the CNT. The adoption of the new organic law will result in significant changes in the drafting of the budget. A draft revised budget nomenclature has been prepared and is awaiting adoption.

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<sup>4</sup> According to IMF estimates (Article IV, February 2012).

169. With regard to public investment, progress has been made in the preparation of the Medium-Term Public Investment Program (PIP). The goal is to create a reserve for projects that may potentially be financed by the Special Investment Fund (FSI).

170. As for the Investment Fund, Presidential Decree No. D/2012/048/PRG/SGG concerning the organization and operational procedures of the FSI was signed on March 30, 2012. The decree identifies the funding sources for the FSI, the bodies comprising the FSI, the criteria for selecting projects to be financed by the FSI, as well as rules governing the management of FSI funds.

171. Work on the preparation of a multi-year investment program has also begun. The 2013–2015 PIP underwent a technical validation in late December 2012. The objective of the 2013–2015 PIP is to provide a coherent framework for the translation of the Government's global and sectoral policies into targeted priority projects and programs. The sectors under consideration are primarily infrastructure, mining and industry, social development, rural development, and general administration.

172. With regard to improvement of the management and mobilization of domestic resources, in particular tax and customs, mention can be made of the development of a draft customs code and a draft handbook on tax procedures. Steps have been taken to put an end to benefits granted to companies that have not met their obligations related to the benefits under the investment code. Of the approximately 60 enterprises concerned, some 30 lost their special status and the rest are subject to a review. An improvement in controls was also carried out (for approximately 25). Measures aimed at compulsory recovery and repayment were initiated at the same time. Disputes are currently under review. An ad hoc Recovery Committee has been established within the Office of the Ministry of the Economy and Finance to deal with the most critical cases. With regard to the value-added tax (VAT), its extension to medium-sized enterprises is currently under way. An order establishing the taxation thresholds is in the process of being signed and a new mechanism is planned. As for exemptions, an interagency commission for the evaluation of exemptions from the investment code has been established. Some 37 beneficiaries have been identified. The files are currently being reviewed. Finally, it should be noted that progress is being made in getting the the Tax Appeal Board (CAFISC) up and running. Its premises are being finished and its rules of procedure remain to be finalized.

173. With regard to strengthening the management of public spending, the main reforms that have been carried out deal with budget execution procedures and the legal framework for public procurement.

174. As far as the budget execution procedure is concerned, the revised Finance Law introduced new provisions regarding budget execution. The deadline for the allocation of government credits and commitments was set at November 30, 2012. A supplementary 30-day period is provided for payments. Settlement operations are carried out no later than two months following the end of the fiscal year, which is at the end of December. The closing of all budget operations for the 2013 fiscal year must therefore take place by February 28, 2013.

175. In order to find a solution to expenditures without prior approval (DSOP) that create difficulties for the clearing of provisional allocation accounts, regulatory acts have been adopted re-establishing the Financial Control Office in the expenditure chain and setting limits on the DSOP procedure. For exceptional expenditures, an order dated March 16, 2011, and revised on the basis of discussions with the DNB and the DNTCP is awaiting validation. The General Regulations on Fiscal Management and Public Accounting should serve as the reference for the establishment of new rules regarding budget execution procedures.

176. With regard to public procurement reform, the legislative and regulatory framework is now in place. The law on public procurement and the contracting of public services was adopted by the Government on July 8, 2012 and by the CNT on September 7, 2012. It was promulgated by the Head of State in October 2012. A decree concerning public procurement was also promulgated by the Head of State on December 3, 2012. The official publication of these two texts in the press should take place very soon. The entry into force of the law, which occurs six months following its official publication, could take place in June 2013.

177. The new law introduces an important distinction in the functions related to public procurement: the legal/regulatory function, the procurement function, and the control function. The legal and regulatory function is

performed by the ARMP. The procurement function is performed by the DNMP and the contracting authority. Control is provided by the Administration and Control of Major Projects and Public Procurement (ACGPMP). A clearly defined separation of the roles is made between the DNMP and the contracting authority in the procurement process. The contracting authority prepares the procurement plans, identifies the applicable procurement procedure for each procurement operation, prepares the calls for tender files, publishes the calls for tenders, arranges for the signing of the procurement documents, and participates in the monitoring of the execution of the procurement. The DNMP has exclusive responsibility for receiving and opening the bids, for evaluation of the bids, and the provisional awarding of the contract. The next stages involve the preparation and approval of the standard procurement documents, procedural manuals, and the actual establishment of the institutional framework.

178. Further, since 2008, a system of quarterly audits based on a representative sample of public sector contracts has been introduced. The related audit reports were published in the Official Gazette. One of the significant challenges for 2013 will be to finalize the preparation of the enabling texts for public procurement and the preparatory work required for the implementation of the new law. In principle, execution of the 2014 budget should be governed by the new Law.

179. With regard to strengthening of cash management, a major reform focused on the necessary groundwork for creating a Treasury Single Account and the ongoing efforts to make the government 's cash management plan fully operational. The cash management plan introduced in 2011 remains the central instrument for the organization and management of cash flow as well as for regulating government spending.

180. In 2012, the reform related to the Treasury Single Account (TSA) was deepened. The process of inventorying and cleaning up the bank accounts was launched and is well on the way to completion. The draft agreement between the Treasury and the BCRG on the bookkeeping of the TSA has been prepared and is awaiting signature. It could potentially be implemented in early 2013. Further, a BCRG/MEF framework agreement governing the securitization agreement is in the final stages of preparation. Lastly, work has been done on preparing an inventory of public administrative institutions (EPA) and their accounts. A list of one hundred and eleven (111) EPAs has been established.

181. Efforts to improve transparency and financial governance have been ongoing through enhanced accounting management. Indeed, as regards accounting management, actions focused on modernization of the legal accounting framework, in particular, through the preparation of the draft decree establishing the general regulation on budgetary and accounting management (RGGBC) and the draft chart of accounts. Work has also been done on procedures for the clearing and reconciliation of accounts. A strategy for the clearing of accounts has been prepared. Work on regularization of the 2011 balance has started and has been boosted by the start-up of work of the Account Clearance Committee created on May 17, 2012. It should also be noted that an Interministerial Clearance Commission was created by decision of the MEF of May 17, 2012, comprising representatives of the DNTCP, the DAF, and Financial Supervision and entrusted with the regularization of expenditures related to fiscal years 2009, 2010, 2011, and 2012. A Committee for monitoring balances was set up on August 10, 2012. An accounting instruction of February 2012 specified the modalities for closing the accounts of fiscal year 2011.

182. A revised draft chart of accounts has been drawn up through a draft decree establishing the government chart of accounts. Draft accounting standards have also been prepared as well as the draft order for their adoption. An action plan for the effective implementation of the accounting standards and adoption of the decree is expected. Further, a standard draft chart of accounts for administrative public agencies has been prepared for EPAs in the health, education, agriculture, and mining sectors. The decree will be finalized in conjunction with the line ministries. A strategy is also now available for transitioning of the EPAs to double entry, balance sheet accounting.

183. Numerous challenges lie ahead for strengthening the accounting function in 2013. They involve preparation of the transition to the new chart of accounts for 2014, organization of the annual updating of accountants' revenue and expenditure accounts (*comptes de gestion*) based on FY 2011, computerization, and production of

the balance sheet within the required timeframes. This, in turn, will require regularization of the suspense and liaison accounts to produce the general finance administration account to accompany the 2011 budget review law. For the materials accounting, work is underway and a first draft of a decree on the materials accounting as well as an instruction have been prepared.

184. With a view to strengthening the audit function, a presidential decree creating and establishing the powers, organization, and operation of the permanent framework for coordination of audit services in the Office President of the Republic was adopted on November 8, 2012. The framework is placed under the authority of the President of the Republic. It provides for the preparation of a joint audit program by the various audit units and an annual activity report.

185. For the audit services, a presidential decree establishing the powers, organization, and operations of the Government Inspectorate and its members was signed on November 8, 2012. The IGF will be significantly overhauled in 2013 with the new decree on its missions and powers. Regarding the Audit Court, the draft Organic Laws establishing the Audit Court have been submitted to the CNT. This law will establish the new Audit Court that will replace the present Chamber of Accounts.

186. Lastly, the government has prepared a comprehensive plan to strengthen the capacities of the MEF, which forms part of the governmental reform and modernization program (PREMA). This capacity building plan will cover all the various dimensions of capacity: organization systems, human resources, training, information systems, infrastructure, and communication.

187. Coupled with the solid economic performance achieved in recent years, these reforms contribute to enhancing fiscal consolidation by improving government revenue and expenditure control.

188. Tax revenues have progressed from 13.5% of GDP in 2007 to 15.4% in 2011; but this ratio is still too low because it is well below the ECOWAS Community objective of 20%. Tax noncompliance in Guinea and the limited capacity of the services in charge of mobilizing tax, customs and nontax revenues are the main reasons why fiscal revenue is so low.

189. Total public spending represented 20.5% of GDP in 2011 compared with 30.3% in 2010 and 23% in 2009. The key feature of expenditure developments is a reversal of the rising trend in 2011, which saw spending decline by 16% compared with a rise of 63% in 2010.

190. The budget deficit, excluding grants, has shrunk from 7.5% of GDP in 2009 to 3.7% in 2011. The Government intends to continue efforts to meet the double challenge of substantial revenue growth and more effective public spending.

191. The Government also knows that the corruption that flourishes in Guinea is a blight that afflicts the national economy and further impoverishes the vulnerable. Government institutional reform initiatives include (i) the signature of a partnership agreement with the National Corruption Control Agency (ANLC) and the Secretariat of the Presidency responsible for special services and (ii) the promulgation of UN and AU conventions as well as the ECOWAS protocol on the subject. Further, it has stressed controls, especially (i) the launch of a site and a hotline (147) for the denunciation of cases of corruption, (ii) publication of activity reports for the years 2007, 2008, 2009, 2010 and 2011 of the ANLC.

## Box 1: Performance indicators

1. Budget credibility: The budget is realistic and executed as planned.
2. Coverage and transparency: The budget and analysis of fiscal risk are complete, and fiscal and budgetary information is available to the public.
3. Budgeting is based on public policy: Budget preparation takes government policy into account.
4. Planning and monitoring of budget execution: The budget is executed in an organized manner, according to plan. Arrangements are made for monitoring.
5. Accounting, registering of information and financial reports: Adequate files and information are produced, maintained and disseminated to satisfy the exigencies of monitoring decision-making, administration and preparation of financial reports.
6. External surveillance and verification: Rigorous systems to examine public finances and to monitor execution are in place.

### But why performance?

Performance measurement is an indispensable tool to meet a particular challenge – a democratic demand for accountability – and a specific constraint on public action – the absence of information because of the lack of a market mechanism.

Not to measure performance would damage the quality of democratic debate, as well as the efficiency of administration. First of all, public actors, whether they are politicians or administrators, are more accountable than organizations or private companies because they deal with public resources, Articles 14 and 15 of the Universal Declaration of Human Rights express this democratic requirement for accountability to citizens, to users, to taxpayers and their representatives.

### 1.2.3.2 Business climate

192. Several constraints hold back the development of the private sector in Guinea. Specifically, they include: (i) insufficient and expensive means of production (electricity, water, transport, communication), the high cost of which eats into company profits and renders their products and services uncompetitive; (ii), corruption, endemic at different levels of the Public Administration and the lack of efficient State services; (iii) a deficient judiciary system and widespread impunity; (iv) strong fiscal pressure that often favors the informal sector to the detriment of the modern sector; (v) the lack of trained economic operators and difficult access to qualified trained personnel.

193. With regard to the informal sector in Guinea, 60 to 70% of the population functions in this sector for reasons of survival for some at the bottom of the ladder but also because of a real refusal to pay taxes for those at the top. The informal sector contributes about 55% of GDP. Even so, with some necessary help, it could leverage the development of self-employment. In fact, the informal economy serves to absorb the rural exodus, along with economic operators excluded from the formal sector. Relations between the formal and the informal sectors are characterized, on the one hand, by a mutually beneficial complementarity in the current context of the Guinean economy, and, on the other hand, by competitiveness that is very prejudicial. In a way, the informal sector comes to the rescue of the overall economy by serving as a shock absorber of the quasi-permanent economic crisis that afflicts the country. In this context, the informal sector has a salutary effect on the purchasing power of consumers by offering lower-priced goods and services. The informal sector also is a large employer and its ability to create jobs is very extensible. It is well known that the informal economy continuously absorbs all the working population that cannot find work in the formal. The two sectors are closely linked because the demand met by the informal sector depends completely on the production and consumption of actors in the formal sector.

194. In this interdependent situation, the formal sector is a conveyor of development for the informal sector in terms of employment and activities, to the extent that it permits: (i) job creation, by allowing the formal sector to adjust hiring levels according to demand and markers with a flexibility that is impossible in the context of

contractual labor relations; (ii) develop sub-contracting activities at minimum cost; (iii) generate the creation of ancillary activities (e.g. light restaurant activities close to large centers of activity in the formal sector).

195. The formal and the informal economies are connected, therefore, by the same people who benefit from their supply, as well as by their common currency. Yet, a judicious sharing of the market is a real problem: ideally, the two sectors should be able to live side by side and this is not always the case.

196. In order to better understand business opportunities and create conditions favorable to the promotion of the private sector, the Government of Guinea organized a round table on public-private partnership, articulated its policy to promote the private sector and continued to revise its Investment Code. The National Investment Promotion Agency (APIP) has been established, and a one-stop window for new company registrations is operational. The Government also has begun to study a potential action plan to promote the reduction of the informal economy in Guinea.

**Table 8: “Doing Business” classification of ECOWAS countries compared with sub-Saharan Africa (ASS) and the Rest of the World**

Country	ECOWAS	Sub-Saharan Africa	Rest of the World
Ghana	1	5	64
Cape Verde	2	11	122
Nigeria	3	14	131
Sierra Leone	4	17	140
Gambia	5	21	147
Liberia	6	22	149
Mali	7	23	151
Burkina Faso	8	24	133
Togo	9	25	156
Senegal	10	32	166
Benin	11	37	175
Niger	12	38	176
Ivory Coast	13	39	177
<b>Guinea</b>	<b>14</b>	<b>40</b>	<b>178</b>
Guinea Bissau	15	41	179

Source: Accelerated Growth Strategy, UNDP, January 2013

197. Progress cited above seems too recent, however, to significantly impact the overall business climate in Guinea. In the 2013 “Doing Business (DB)” report, Guinea is 178<sup>th</sup> out of 185 countries. It has improved its rank by 3 points compared with 2012. Out of 10 DB indicators, the country has made substantial progress on three: (i) it has gained 26 and is ranked 158<sup>th</sup> in 2013 in terms of enterprise creation; (ii) it has moved from 172<sup>nd</sup> to 152<sup>nd</sup> place (+ 20 places) in terms of construction permits granted; (iii) it acceded to 88<sup>th</sup> place (+ 26 places) in terms of electricity connections and even becomes the second best performer in ECOWAS, after Gambia. Yet, the country’s “Resolution of Insolvency” indicator declined, losing 8 places and dropping from 133<sup>rd</sup> place to 141<sup>st</sup>. On the six other remaining indicators, the country is stagnating. Gains achieved are mainly due to the action of the APIP, which led the reforms, and especially, the establishment of the one-stop Center for Company Formalities.

198. In spite of these efforts, analysis of the table below shows that Guinea occupies the next-to-last place, ahead of Guinea Bissau, in the ranking of ECOWAS countries. Ghana, Cape Verde, Nigeria and Sierra Leone lead the pack. In Sub-Saharan Africa (ASS), Guinea is in 40<sup>th</sup> place, out of 46. Mauritius, South Africa and Rwanda are the best performers in this region. So, in spite of efforts made, Guinea, does not, for the moment, offer a competitive environment in Southwest Africa, much less in ASS.

#### 1.2.4 Quality of economic infrastructure

199. One of the main obstacles to the development of the economy of Guinea is the lack and poor quality of infrastructure, whether of transport networks, electricity supply or access to information and communications technology. In fact, Guinea lacks nearly every category of infrastructure.

200. Specifically, existing capacity to produce, transport and distribute electricity makes it impossible to respond to any but a very small part of the demand for energy. What's more, the country has trouble making lower-cost electrical energy available, especially for poor households and industry.

201. Transport difficulties in Conakry have a major economic and social cost; the road network does not serve the whole of the national territory and a portion of agricultural production zones remains totally isolated. The percentage of paved roads, out of the total road network, is among the lowest in the sub-region. Rail transport is outdated and not very developed, incapable of supporting Guinea's role as an exporter of mining and industrial products.

202. The Autonomous Port of Conakry (PAC) has limited capacity compared with its potential and current demand. It is affected by exploitation problems that render the lack of port infrastructure even more striking. PAC is not very competitive and secondary maritime ports and river ports do not provide good service. The general state of the roads is very bad. By contrast, air traffic has been developing well in recent years. But the Conakry-Gbéssia international airport is not yet a reliable and competitive platform that can assure lower-cost international air connections.

203. The Post Office and telecommunications sector remains uncompetitive and incapable of providing the modern services that are indispensable to the reduction of poverty and the acceleration of economic and social development.

204. Besides hampering the economic development of the country, this infrastructure weakness has major consequence on the wellbeing of the people (access to water, electricity and transport, in particular and contributes to the creation of serious social tensions. This situation is primarily due to the weakness of investments in new assets over the course of previous decades, but also to poor maintenance of existing infrastructure and equipment.

#### 1.2.5 Allocation of public resources to priority sectors

205. The budget execution rate went from 90.3% in 2010 to 76.5% in 2011 and 88.7% in 2012. In view of the high social demand, this under-consumption of the Budget poses a real problem of absorption capacity that will have to be vigorously addressed over the period covered by PRS III.

206. Over the 2010-2012 period, spending in favor of priority sectors went from GNF 2382.56 billion in 2010 to GNF 3422.29 billion in 2011 and GNF 4127.46 in 2012 or an increase of 73.2%. Still, their part of the overall budget (execution base), after having increased between 2010 (40.7%) and 2011 (45.6%) fell in 2012 (40.6%). This spending represented an average 42.3% of total spending (or 10.2% of GDP) over the 2010-2012 period.

207. Public spending on education, training and health does not reflect their high priority for the Government. The budget does not reflect this priority. In fact, spending for health and education went from 18.9% of the total budget in 2010 to 13.5% in 2011 and 10.2% in 2012. Spending for health represented 2.4% of the total budget on average over the 2010-2012 period.

208. These results place Guinea at the very bottom of the list of countries that give priority to social services. This contradicts the situation of countries rich in natural resources where budgets for social services have increased recently. Under-financing of public funds for these sectors is today one of the main constraints. Public expenditure reviews currently underway for the two sectors will provide recommendations to reinforce the capacity of the Government to improve spending efficacy and equity.

### 1.2.6 Social security

209. In this area, the Government has made very little progress. Only 3% of the population benefits from medico-social coverage. Recent global increases in the price of energy and food products have highlighted the need for better social protection mechanisms, especially for the most vulnerable. The Government, in collaboration with the World Bank, has, in this context, taken the initiative to establish a National Social Security Group and a "Productive Safety Net" project. In the same context, the Government has created at the Ministry for Social Affairs, Women and Children a social and solidarity development Fund for women, youth, the elderly and the handicapped. In spite of these current initiatives, significant progress remains to be made in the area of social security legislation and regulations, the implementation of tripartite Government-Unions-Employers agreements relative to the creation of a Social Security and Minimum Wage Fund in the amount of 440,000 GNF. It is especially important for the Government to have a full and coherent social security policy and strategy.

### 1.3 FUTURE CHALLENGES TO MEET

210. Evaluation of development policies shows that several constraints hold back economic and social development in Guinea. In the main, they are: (i) proven weak governance; (ii) underdeveloped infrastructure and services to support development; (iii) a lack of human resources; (iv) a business climate that does not encourage development of the private sector and (v) high youth unemployment and (vi) important disparities in terms of gender.

211. Nevertheless, Guinea goes into the next period (2013-2015) on the strength of assets and gains obtained in the course of the last two years, especially in the context of the implementation of Extended PRS II (2011-2012). Consequently, the political, economic and social situation (of Guinea) may be summarized as follows:

- the country has significant natural, geological and mining resources;
- the Guinean government has continued its efforts to implement political and institutional reforms with the support of different political and social forces, as well as that of development partners; this promotes a climate of calm;
- restored political stability and social peace have created a climate that favors better governance of public affairs, return of economic growth, renewed international cooperation and substantial relief of the external public debt;
- the macroeconomic framework is relatively stable, as illustrated primarily by: (i) a reduced budget deficit, which is the result of improved budget revenues combined with control of public spending; and (ii) monetary and exchange policy that absorbs excess liquidity and stabilizes inflation and the exchange rate;
- the country has made progress in terms of human development at primary and secondary school level, as well as literacy and health.

212. In spite of these gains, the Government intends to tackle the following major challenges in order to ensure that its economy takes off and makes progress toward the achievement of Millennium Development Goals:

- **The challenge of governance:** a more peaceful political climate has permitted the initiation of numerous governance reforms and the return of the country to a path to growth. The governance challenge is so vast that much remains to be done. Promotion of good governance in Guinea involves adequate responses to political and institutional instability, to faults in the administrative machinery, particularly in the process of decentralization and devolution as well as to the negative effects of corruption and impunity. Attention should be paid to the gaps between textual pronouncements and what happens in practice, especially in the area of respect for Human Rights. This challenge goes back to the need to restore the Rule of Law, have credible institutions of the Republic, pursue reforms in the security area, apply the National Gender Policy in the different sectors and promote the emergence of a strong and responsible civil society. At administrative level, the challenge of governance aims to promote a modern State, proactive and impartial, with strong and stable

institutions, capable of providing quality public services and creating an environment favorable to the development of human capital and the promotion of the private sector. To do so, it is necessary to have an education and training system of quality and to implement a policy that promotes the schooling of women and girls. At the same time, it requires participatory and decentralized administration of the country. At the level of the economy, governance is challenged to pursue unremitting and optimal efficiency in the allocation of resources. It, therefore, requires the advent of a strategic and pragmatic State. This new paradigm for the economic action of the State should evolve in five directions, which amount to subsidiary challenges to be met: (i) effective, efficient and transparent administration of public resources; (ii) the fight against corruption and better rendering of accounts on the implementation of public policies; (iii) strategic development planning, making sure to take the gender dimension into account; (iv) regulation of the economy in the general interest, for the benefit of all of the actors through the adoption and application of regulations on competition, standards, organization of work, trade mechanisms, etc.; and (v) targeted State intervention and support for the indispensable emergence of the country's private sector in a fertile climate for public-private partnership. At local Governance level, the challenge is to strengthen institutional capacity and transfer competences and resources, along with the administration and mechanisms for accountability. Add to this the participation of the people in the implementation of local development policies to assure citizen control on the front line.

- **The challenge of accelerating and diversifying economic growth:** economic recovery remains fragile because of its sources and insufficient because of its low capacity to create jobs. Growth is structurally handicapped by the weak overall productivity of its components,<sup>5</sup> the high cost of the means of production, insufficient diversification of the economic fabric, still embryonic industrialization, perfect reflection of a not very dynamic private sector and the narrowness of the market. With this in mind, it is necessary to go forward with the departure in political economic policy begun in 2011. This means that the Government will focus on the implementation strategies/measures likely to transform the economic potential of Guinea and generate accelerated and diversified growth, while bearing in mind the role of women and the young in the creation of wealth. In order to be inclusive – that is, to contribute to the reduction of poverty and inequity – the long-term challenge is to maintain a high, preferably double-digit, growth rate for the duration, which necessarily means more successful regional integration, key to controlled integration of Guinea into the global economy.
- **The challenge of the social sector deficit:** The combination of inadequately developed social sectors and mass poverty is a serious threat to social cohesion and any initiative for durable development. Based on the evidence, Guinea continues to face the challenge of the social deficit and the need to reinforce human capacities, conditions essential to the acceleration of strong growth based on equity and a better quality of life. This means that in the next few years, vigorous action will have to be taken in sensitive areas like education, health and gender equity.
- **The challenge of employment and inclusion:** the problem of employment, especially of youth and women, is a major challenge that, if it could be met, would allow the reduction of poverty, particularly in urban areas. In 2000, unemployment affected 38.5% of technical training graduates and 61.5% of university graduates of both sexes, aged from 24 to 30 (National Statistics Institute-INS). In the absence of a specific policy to encourage their access to employment, women often are exposed to precarious and indecent employment. On this subject, if growth is a precondition to the reduction of poverty and a rise in the standard of living of the people, it generally is not enough to cause any significant drop in the poverty rate. Consequently the Government wishes to supplement a policy of accelerated and diversified growth with a policy of employment and inclusion that would allow all segments of society and particularly the most vulnerable to participate in and benefit fully from the fruits of growth and to be part of a rising standard of living. Promotion of employment, combined with the development of productive social safety nets for the poorest, will be one of main tools that the Government intends to use to improve the direct income of Guineans and their inclusion in the economic and social life of the country.

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<sup>5</sup> Economic growth in Guinea has been led more by an extensive accumulation of factors than by productivity gains. In fact, overall productivity gains have been modest: 0.6% per year from 1993 to 1999 and nearly nil, even negative, from 2000 to 2004 (World Bank/Guinea, Poverty Diagnosis, 2004).

- **The challenge of reducing inequalities in the distribution of revenues and gender disparities:** according to ELEM results, inequities increased between 2007 and 2012. In fact the Gini index went from 0.312 to 0.317. But this increase in inequality is strongly felt in urban environments. Meeting this challenge means that growth must benefit everyone, through (i) better access to productive resources for the most vulnerable (small farmers, actors in the informal sector, young women, the handicapped without employment, etc.); (ii) better redistribution of the fruits of growth; and (iii) social protection for the most vulnerable.
- **The socio-demographic challenge and reinforcement of human resources:** population growth remains high in Guinea and is increasing at a rate of 3.1% per year. An essentially young population is unequally distributed across the country, with more and more in urban areas, especially the large Conakry agglomeration. This population structure, essentially dependent, puts considerable pressure on the ensemble of the nation's resources, but especially on social services, infrastructure and the environment. It is a heavy burden on the productive sector, which limits its expansion. It insistently poses the immense question of employment, especially of women and the young and favors uncontrolled development of the informal sector, accentuating the passage to precariousness and leading to insecurity. The challenge is to be able to transform potential resources into reality for the development of the country. It is the challenge to the ability of Guinea to capitalize and collect a real "demographic dividend" in years to come. It also is the challenge to elaborate and implement a policy to develop competences. Finally, it is the challenge of controlling population growth by implementing a national multi-sectorial population strategy, especially innovative measures that include the reinforcement of reproductive health and family planning services and addressing the underlying factors that contribute to women's weak power over their own reproductive health (education, information, economic power, decision making).
- **The challenge of regional development and control of urbanization:** it is a question of incorporating an economic component into decentralization and participation, of territorializing development by constructing a more balanced and equitable economic space, building on dynamic and competitive regional economies, in which the urbanization of regional capitals and secondary towns is sufficiently under control to permit the emergence of real centers of regional growth, capable of better structuring urban activities and having a positive effect on the development of surrounding rural areas. This challenge includes more rational use of land, especially through land zoning to preserve different equilibriums long-term, along with re-organization of agrarian and land development. For women to be real contributors to regional development, the question of women's access to land remains.
- **The challenge of adapting to/attenuating climate change the effects of:** the challenge of regional development is more and more connected today to the challenge of adapting to/attenuating the effects of climate change. Among other things, it is important to (i) rigorously apply regulations that cover restoration of degraded areas, (ii) promote intensive agriculture and an energy policy that favors the use of renewable energy (gas, photovoltaic and electricity), (iii) increase the involvement of women in decision-making that concerns environmental protection, as a reflection of their growing role in the development of the domestic economy.

## CHAPTER II: STRATEGIC FRAMEWORK FOR THE REDUCTION OF POVERTY

### 2.1 BASIS OF THE STRATEGY

#### 2.1.1 Vision and priorities for development

213. The ambition of the political authorities is to make Guinea an emerging country in 15 to 25 years. This ambition will be articulated in a Vision "Guinea 2035." The path that other emerging countries have taken so far indicates that Guinea must assure double-digit growth over a long period, along with the diversification of its economy along with the production of goods and service with strong added value. These characteristics should give birth to a middle class that will generate a level of consumption and investment high enough to maintain this growth. It should permit the creation of new enterprises that produce new products and create and conquer new markets. These enterprises should innovate and use more and more sophisticated labor to ensure that competitive advantage comes from creativity and only from nature or geography. In parallel, it should attain the intermediary revenue stage in which employment and revenues will be better distributed and poverty no longer entrenched. This effort to accelerate and diversify the economy obviously will depend on development of infrastructure, improvement of the business climate, lower costs of production and a financial system fully capable of serving as a financial intermediary, more innovative and more open to the world. The challenges that women face in terms of access to education and to the means of production must be addressed so that they can contribute fully to the creation of the country's wealth.

214. Putting Guinea on the path to emergence requires a change of paradigm. The challenge is to bring Guinean society to commit to a new development outlook, even though prospects for behavior change constitute a Gordian knot. The behavior of citizen, enterprises and administrations is still strongly influenced by widely generalized bad governance practices. These practices blighted the First Republic, with an omnipresent State, as well as the second Republic with the progressive decline of the authority of the State and, finally, the military transition. With the Third Republic, a rigorous framework for good governance, with an adequate system of positive and negative sanction, should progressively restore the traditional moral values of Guinean society in its relationship with the public administration and put a brake on corruption. The Administration should position itself as the leader of emergence. It should be modernized and oriented toward the production of effective services to sustain private sector development.

215. Putting Guinea on the path to emergence requires the development of the social sectors. This is an essential prerequisite for economic growth and the reduction of poverty.

216. **The economic policy of the Government over the medium term, for the period 2013-2015, will, essentially, build the foundations for the future emergence of Guinea.** Accordingly, and in response to the challenges cited above, it will focus on these priorities: (i) restoration of the Rule of Law and reform of the public Administration; (ii) acceleration and diversification of growth; (iii) development of social sectors; and (iv) reduction of regional disparities, promotion of fundamental development and decentralization. Particular attention also will be given to promotion of human rights and gender equality in each of these four areas.

217. **The authorities' first political priority is the restoration of the Rule of Law and reform of the public administration.** Restoration of the Rule of Law is key to the consolidation of peace, which is a prerequisite for the success of interventions to restart the economy in order to ensure inclusive and sustainable development in general and especially in areas that exploit handicrafts as well as mineral resources. In this context, the task will be to support the restoration of the State and republican institutions with the participation of the people, the installation of mechanisms to permit accountability and the continuation of initiatives to consolidate peace and national unity. In this regard, mechanisms to prevent manage and settle conflicts will be strengthened at national as well as at local community level. Initiatives will take into account the participation of women in political and public decision-making, as well as their protection from gender-based violence in accordance with Conventions on the Elimination of all Forms of Discrimination against Women (CEDAW) as well as United Nations Security Council resolutions 1325, 1820, 1888, 1889 and 1860 relative to Women, Peace and Security. Beyond these considerations, the implementation of reforms in the security sector must be accelerated in order to assure the maintenance of public order and guarantee the protection of the people. These actions will be completed by

reform of the justice system on the basis of the conclusions of the Justice Estates General and the implementation of other reforms (decentralization, regional development and control of urbanization, administration of public finances, fight against corruption, etc.) Finally, it will mean accelerating reform of the public administration since the government intends to improve the provision of quality public service and create an environment favorable to the creation of wealth; this pre-suppose more efficient internal organization and human resources with good governance experience. The challenge here is to build rules, behavior and an ethic that favor economic development and social progress.

218. **Acceleration and diversification of growth also must respond to three other objectives: higher revenues, job creation and the consolidation of the country's export potential, which constitute the authorities' second highest priority.** The average growth rate registered over the last five years (2.4%) has proven to be too low to lead to a significant reduction of poverty and higher per capita income, since at this pace and considering a population growth rate of 3.1%, it will take eighteen (18) years to double per capita income. The pace of growth and economic diversification, therefore, will need to accelerate in order to meet additional demand for jobs, higher revenues and better living conditions, with, as a consequence, significantly reduced unemployment and poverty.

219. To this end, the growth model selected depends on an innovative approach that emphasizes the development of transport networks, the promotion of growth poles<sup>6</sup> and, in general, the promotion of inclusive and pro-poor growth.

#### Box 2: SIMANDOU: South Guinean Growth Corridor

In the Southeast of Guinea, the Simandou chain contains one of the most important iron deposits in the world. Work to develop the mine already has begun. But this project is more than a mine. It is the most important mining, railroad and port project in the world. Infrastructure linking the port to the mine encourages the development of agriculture, aquaculture and services.

The Simandou Project is building the foundations of this South Guinean growth corridor by: (i) building 650 km of railroad for the use of passengers and freight; (ii) remaking important sections of the road network; (iii) a new port designed to accommodate bigger vessels than ever before in Guinea; (iv) telecommunications infrastructure all along the railroad line; and (v) direct investment in support to enterprises and improvement in the competences of local labor. What's more, this project will create demand for electricity, urban infrastructure, housing and, importantly, services to support the people employed directly or indirectly by the project.

Corridor limits will be based on a possible 2-hour rail journey. Evaluation of the economic potential of this corridor depends on elements that could have an effect on growth, for example: the river network and feeder basins, landscape and soil, existing infrastructure, administrative limits, as well as the levels of population and poverty.

Initial evaluations of growth potential for different sectors of the corridor suggest a possible contribution of an additional USD three (3) billion to Gross Domestic Product (GDP, or more than half 2011 GDP).

This project offers Guinea an exceptional opportunity to develop new industries, achieve food security and create jobs.

220. To assure the lasting momentum of economic growth, the Government will seek to build the basis of growth on the sub-regional economic integration of Guinea by pushing for the effective implementation of the strategic concept of corridors of growth. In fact, corridors of growth are regions with fast-growing economic growth.

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<sup>6</sup> A "growth pole" is a combination of public or private companies and research centers in a given place or area where economic activity stimulates economic growth.

Whether they function or not depends on investment in transport networks and infrastructure. They encourage development of projects and entire industrial plans that would not otherwise be viable.

221. Additional efforts will be directed toward the activation of the sustainable development process. The new strategy, in effect, synergizes the three dimensions of sustainable development: (i) economic efficiency aimed at growth objectives and effective economic administration, (ii) environmental viability that aims to preserve and enhance the environment and natural resources and (iii) social equity aimed at meeting human needs and responding to the objectives of equity and social cohesion.

222. **Development of the social sectors is the authorities' third priority.** On the one hand, Government action will concentrate on reinforcing health and educational coverage. Important investments should be directed toward the reinforcement of learning and the promotion of quality health services. The economic development of Guinea will not depend solely on the importance of actual capital, but will largely call on greater education and mastery of technology, as well as on the training of workers to develop their creativity and excellence. The development of human capital is a principal strategic orientation to achieve higher levels of growth and meet the challenge of job creation.

223. On the other hand, Government action will be directed toward promotion of employment. Policy will emphasize, among other things, the systematic identification and speedy removal of overall constraints that hold back job creation, especially by SMEs and Small and Medium-sized Industries (SMIs). Consequently, there will be a review and redesign of job creation incentives for companies (company creation procedures, taxation of new enterprises, taxation of employment, public markets, sub-contracting, etc.) in order to improve efficiency. To the same end, there will be a review of the measures available to fight fraud and contraband. Finally, specific programs will be put in place to promote self-employment by the young, women and the handicapped in rural and urban areas, as well as in regions where unemployment and under-employment are especially serious. Programs and projects to help women, the young and the handicapped to generate activities concerned with the initial transformation of farm products will be initiated in different regions and Prefectures the country, in collaboration with development partners. For Guinea, agriculture provides important leverage in the fight against unemployment of educated youth.

224. Finally, the Government also plans to establish a social protection threshold in order to provide impoverished or vulnerable people with a minimum of essential services and social welfare. Development of a social security policy will provide the framework needed to better discern the issues and define the appropriate programs for better protection against social risks and vulnerability.

225. **Reduction of regional disparities, promotion of local development and successful decentralization make up the Government's fourth priority.** The ambition of the Government is to create the conditions appropriate to the implementation of PRS III at regional and local level. The fight against poverty will not be fully effective if its impact accentuate regional disparities by concentrating equipment and public services only in certain parts of the country. At the same time, the decentralization process will remain largely theoretical if it does not, in fact, proceed in tandem with the economic development of regions and local communities. The Government intends to promote the emergence, in the interior of Guinea, of real local economies, built around regional and local growth poles that draw upon local resources and benefitting also from national solidarity. A national land development policy must be developed and implemented in order to reduce inequities and restrain the exodus of the population toward certain towns and regions, by providing amenities, leisure activities, jobs and revenues on the spot.

226. Regional development and decentralization momentum will be sustained by the establishment of mechanisms to support regional and local development, along with a contractual approach between the State and the regions. To this end, the Government will (i) implement regional and urban development strategies; (ii) assure the progressive transfer of competences and resources to benefit of local communities, (iii) support the reinforcement of local communities' capacities to manage their own affairs; and (iv) ensure that local action is consistent with the policies of the State.

## 2.1.2 Strategic directions

227. These priorities are in line with the strategic directions of the 2011-2015 Five-Year Plan that proposes fundamental structural choices over the medium/long term, along with the public investments to make. It provides all of the actors with the points of reference needed for action under PRS III. Its principal strategic directions are:

- better governance and institutional reform, including the restructuring of defense forces and reinforcement of citizens' security;
- development and economic expansion and promotion of growth sectors;
- development of economic infrastructure and socio-community equipment;
- development of social sectors, pursuit of MDG and the fight against poverty.

## 2.1.3 Strategy's main guiding principles

228. Six (6) guiding principles underlie PRS 2013-2015. They are:

- ***national appropriation***: this principle reflects the will and the commitment of the Government and other actors at national level, to conduct, with transparency, the process of development and implementation of national strategies and policies for development that conform to the priorities and needs of the people. The PRS formulation process has been made participatory in order to reflect the overall concerns of the different actors. It also has involved the coordination and efficient use of Public Development Aid, bearing in mind the comparative advantages of each technical and financial partner.
- ***empowerment and participation***: The Government intends to involve local communities, civil society and the private sector in the implementation of the PRS, by more empowerment of all the actors.
- ***management by results***: implementation of PRS III requires prioritization of the main lines of action, in order to concentrate financial efforts on precise areas and provide economic stimulus that will permit, at a later stage, focus on other action needed. Management by results therefore implies clear definition of responsibilities as action or processes are carried out, with obligatory accountability.
- ***transparency***: this principle would make it possible to install the mechanisms that guarantee visibility and control, while preserving a balance between responsibility and autonomy.
- ***equity***: the Government intends to guarantee the equality of right and responsibilities to the different parties involved in the implementation of the PRS, taking gender into account, along with social inequality and regional and local specificities.
- ***durability of interventions***: PRS III must try at all costs to reconcile the environmental, economic, social and cultural dimensions (of development). Environmental and social assessments are tools to achieve this objective. Moreover, the sustainability and stability of growth necessarily depend on better awareness of the extent of climate change and the reduction of catastrophic risk. Preservation of the environment should not be perceived as a constraint on socio-economic development, but, rather as natural capital that, when managed on the basis of sustainability, will contribute to sustained growth.

## 2.1.4 Strategic objectives

### 2.1.4.1 Global objective

229. Current strategy aims to accelerate and diversify growth in order to reduce poverty and inequalities and create jobs, with multiplier effect on the level of revenue and the quality of life of the people, with a view to reaching Millennium Development Goals.

#### 2.1.4.2 Specific objectives

230. Specific PRS III objectives, consistent with results of Bretton Woods negotiations (reference scenario) are:

- (i) Bring real GDP growth from an average 3.2% over the 2010-2012 period to 5.0% over the 2013-2015 period, starting from 3.9% in 2012 to 4.5% in 2013 and 5.2% in 2015; this should mean per capita GDP growth of 1.8%;
- (ii) Bring overall gross investment rate to 19.5%, starting from a level of 16.3% in 2012;
- (iii) Reduce the inflation rate from 12.8% in 2012 to 9.7% in 2013, and 5.5% in 2015;
- (iv) Maintain the budget deficit (basic commitment, ex grants) at 5.6% of GDP, on average over the 2013-2015 period;
- (v) Bring international reserves from the equivalent of 4 months of imports in 2012 to 5 months in 2015;
- (vi) Increase the allocation of resources to social sectors (education and health) from 12.1% of the total Executive Budget in 2012 to 21.4% in 2015;
- (vii) At least stabilize the incidence of monetary poverty over the 2013-2015 period;
- (viii) Reduce unemployment (especially that of young people and women) and under-employment.

#### 2.1.4.3 Economic policy considerations relative to PRS III objectives

231. For the *reference scenario*, 2015 targets are based on consultations between the Government and the IMF, as well as on directions contained in the 2011-2015 Five Year Plan. They represent an extension of the trends registered by the Guinean economy over the last few years. From now on, emphasis should be on the effective implementation of numerous reforms already underway, a cautious but sustained recovery of the country's equipment and development infrastructure and continued consolidation of the macro-economic framework.

232. To fulfill the *accelerated scenario*, the Government is betting on the development of agriculture, mines and infrastructure (especially electricity) and the social sectors (education and health, especially) to lead growth and stimulate economy, given their substantial potential and the multiplier effect that they can induce.

233. Accelerated growth will require: (i) human capital to make the most of assets in the sectors Guinea has (or could create) comparative, competitive advantages; (ii) quality infrastructure to sustain growth and contribute to the emergence of centers for growth; (iii) a business climate of international quality to boost national private sector investment attract foreign direct investment (FDI); (iv) establishment of the means to facilitate access to national and international markets.

234. Inclusive growth will require: (i) better access to basic social services to accelerate achievement of MDG 2, 4, 5 and 7; (ii) implementation of mechanisms that favor youth employment (Program to Support Youth Employment (PEJII), Youth Integration Fund, Foniké Funds, etc.) and support for small rural producers to accelerate achievement of MDG 1; (iii) a social security system that reinforces the resilience and productive capacity of poor and vulnerable households.

235. Employment-creating growth will require a better business climate and diversification of the economy toward sub-sectors that can create jobs, notably, services.

236. With regard to all these elements, the Government considers it reasonable to keep an ambitious accelerated growth scenario as an alternative, if all the conditions cited above are met. This scenario aims for average annual growth of 7.1%. The Government will work with determination to remove the financial and human resources constraints that could keep it from coming to fruition.

## 2.2 STRATEGIC AXES

### 2.2.1 Axis 1: Governance and reinforcement of institutional and human capacities

237. Governance designates the mechanisms, institutions and processes that permit the exercise of power in the conduct of public affairs. Good governance depends on fundamental principle of participation, accountability, transparency and responsibility of the State. Good policy should rely on these principles to guarantee human development with dignity and equity.

238. The Government is committed to continue the implementation of political and economic reforms meant to reinforce and consolidate good governance. To this effect, it will emphasize the following priority areas: (i) reinforcement of political and institutional governance (ii) reinforcement of administrative local governance and (iii) reinforcement of economic governance.

#### 2.1.1 Reinforcement of political and institutional governance

##### *(A) Consolidation of the bases of democracy and peace*



239. Consolidation of the democratization process requires the implementation of political and institutional reform indispensable to the foundations of democratic governance. Consequently, the Government intends to (i) continue institutional reforms; (ii) reinforce national cohesion; (iii) pursue the consolidation of peace; and (iv) pursue reform in the security sector.

240. *The Government will continue to reform the principal institutions of the Republic* seeking the consensus of all political forces to reinforce the credibility of electoral processes and limit post-electoral conflict. It will proceed to: (i) reinforce the capacities of the National Transition Council (CNT) or the next National Assembly through support of constitution reform and its communication to the entire country; (ii) institutional reform and reinforcement of the capacities of the National Independent Elections Commission (CENI) in order to take into account the effective participation of political actors in action to promote democracy; (iii) reinforce the capacities of the High Authority for Communication (HAC) so that it can act correctly to regulate the function of the media; (iv) reinforce the capacities of the Constitutional Court's independent jurisdiction in order to reinforce the transparency of election results; and (v) organize legislative elections; and (vi) implement measures to correct violations committed during the electoral period.

241. The involvement of women in public, community and political life provides strong leverage in the fight against poverty because it leads to reinforcement of their capacities and negotiating power. The Government will continue to promote the presence of more women at social, political and economic decision-making level.

242. *In the context of reinforcement of social cohesion*, the Government intends to pursue construction of democracy and assure peace, reinforce associative and political life by training in the rights and obligations of citizens and members of political parties.

243. *In the context of consolidation of peace* for greater national dialogue, there will be mechanisms for prevention, administration, conflict resolution and consolidation of peace. These mechanisms must work with an early alert system to identify potential and real sources of conflict, monitor the evolution of early signs and formulate appropriate recommendations. It intends to establish the following principal strategic measures in order to move toward the consolidation of social peace: (i) reinforcement of the civilian-military dialogue; (ii) promotion of citizenship with a view to eradicating "ethnocentrism" in the political debate by citizenship training directed at the most vulnerable (specifically, youth and women) segments of society; (iii) consultation and the promotion of dialogue among the different active forces of the Nation by encouraging the creation of an inclusive space for permanent consultation among political parties (global political agreement), by raising awareness of leaders and their militant of the charter and code of conduct and by continuing to install and lead committee in the Prefectures and sub-Prefectures so that the Code of Good Conduct is followed to encourage intercommunity exchanges; by reinforcing the capacities of the Economic and Social Council; (iv) elaboration of a national plan

for prevention, administration, conflict resolution and consolidation of peace; (v) establishment of an alert system, to prevent conflicts in synergy with existing ECOWAS and Mano River systems at national, regional and decentralized level; (vi) decentralization of the Mediator of the Republic's structure, with devolution of authority to regions and Prefectures; (vii) reinforcement of the capacities of organizations in civil society, specifically those that work to promote peace, protection of human rights and respect for human rights law; (viii) training of the media on in professional ethic and the moralization of politicians, support to the identification and promotion of a media culture for Peace, to the detriment of hate media; and (ix) participation women in conflict prevention and resolution.

244. *Reform of the security sector (RSS)*, must respond to the challenge of democratic governance. Consequently, the Government intends to confront the following main issues: (i) notoriously deficient competences and specific qualifications, as well as the lack of logistical means and suitable equipment and infrastructure; (ii) problems like the demilitarization of the administration, re-ordering of grades, the proliferation and illicit circulation of light weapons, demobilization of young recruits and volunteers; and (iii) reorganization of the Customs, motivation of police and civil defense forces and effective constitution of a forestry protection service.

245. To resolve these issues, the RSS will be conducted on the basis of these strategic priorities:

- ***Reinforcement of governance within the security and defense forces (FDS)*** by (i) development of a vision and a global strategy for the FDS on the basis of a national security policy; (ii) restructuring and renovation of the legislative framework for the armed forces, the police and the gendarmerie that meets international standards in order ensure that texts that govern the FDS are adapted; (iii) establishment of a civil and democratic control mechanism in order to ensure control of the FDS by the legislative, judiciary (National Auditing Authority) and executive (Ministries: Finance, Budget, Audits) branches of government; civil society, national Human Rights institutions and by the internal services of the FDS themselves; (iv) durable improvement of relations between civilians and the military, by supporting communications and public relations campaigns; (v) formulation and implementation of a Code of Conduct that includes Resolutions 1325, 1820 and 1888, as well as the protection of children, mass promulgation by radio broadcast and other consciousness raising activities, as well as the monitoring of its implementation in each branch of the security and defense forces.
- ***Institutional reinforcement and modernization through a more suitable system of human resource management.*** This theme, which will lead to downsizing of payrolls, will be carried out through: (i) design of a human resource management system with a strategy that is used to reduce payrolls; (ii) re-establishment of the grade and function pyramid; (iii) deployment of an advocate for the integration of the gender dimension in FDS administration (recruitment, training and empowerment of women); (iv) systematic headcounts within the FDS in order to know the number of agents and the assignment of each one; (v) a DDR-type project to ensure transfers according to established rules and principles, taking into account the training and awareness of each man and effectively retiring members of the military according to applicable the rules and principles.
- ***Reinforcement of FDS capacities*** by (i) installation of infrastructure that meets required standards and norms; (ii) equipment with specific logistics and means of communication; (iii) creation of English language laboratories.

246. By FDS sector, strategic measures to take are:

- **Armed Forces:** (i) transfer of certain units from Conakry to the interior; which would require new bases and new placement of suitable logistical means; (ii) validation and effective application of legislative and regulatory texts; and (iii) rehabilitation of military factories.
- **Gendarmerie:** reinforce the capacities of the High Command of the gendarmerie.

- **Police and Civil Defense:** (i) finalize and adopt a national security policy; (ii) effectively apply the special statute of the police; (iii) provide uniforms; and (iv) rehabilitate and construct barracks, camps and police stations.
- **Customs:** adopt the specific Customs statute; (ii) construct a school for Customs Agents; (iii) provide uniforms; and (iv) equip with communications material.
- **Environment:** (i) implement decrees to rehabilitate the corps of Forest Rangers and Conservators of biological diversity and protected sites; (ii) make available enough qualified personnel; provide uniforms; and (iv) rehabilitate and construct parks, reserves and protected forests, as well as suitable infrastructure and equipment.

245. In the context of supervision, direction and monitoring of the implementation of RSS, the National Leadership Committee for Reform of the Security Sector (CNP-RSS) is operational. Under the supervision of the President of the Republic, it is designed to be global, inclusive, consistent and efficient. It is composed of two commissions and five sectorial technical committees, supported by a program administration unit. It also includes other ministerial departments, the legislative body (CNT), external partners and international organizations, civil society (unions and associations).

246. The Strategic Orientation Commission (COS) defines the political and strategic orientation of the reform process, provides the necessary political, institutional, material and financial support and proceeds to the political evaluation of the process.

247. The Technical Monitoring Commission (CTS) is responsible for the application of COS decisions and recommendation, for national appropriation, formulation of action plans to implement the reform, as well as monitoring. It includes members of sectorial technical committee and of civil society to supervise the consistency and coordination of action in the sectors.

248. Five (05) sectorial technical committees (defense, police and civil defense, justice, customs, environment) are responsible for the design and development of sectorial projects and program to reform their institutions. They apply the decisions and recommendations of the CNP-RSS.

249. The Program Administration Unit assures the administration of the CNP-RSS as well as technical and logistical support for reform of the security sector.

250. In the context of monitoring/evaluation of the Program, staff will be available and monitoring reports produced on time.

## **(B) Reinforcement of the Rule of Law**

251. The Government intends to pursue the reinforcement of the Rule of Law by strengthening the Judiciary System and stepping up the promotion and protection of Human Rights.

252. *In the area of Justice*, the Government is in the process of drawing up a complete strategy for the overhaul and reinforcement of capacities, with the support of development partner. Judicial reform and the fight against corruption must take on a whole new dimension. The vision of the Government is to make morality part of public life and provide the country with an independent and professional justice system that can reassure investors and safeguard the investments that are indispensable to economic and social development, notably by improving the business climate.

253. Four strategic axes have been identified for the implementation of Justice reform. They complement each other and work together to make the vision a reality. The axes are: (i) Consolidation of the Rule of Law; (ii) Access to effective Justice with integrity; (iii) Recasting of the penitentiary system; and (iv) Leadership of the reform.

254. Strategic objectives are:

- Establish the institutional and material basis for an independent justice system;
- Reinforce the competences of magistrates and other professionals;
- Reinforce connections and collaboration among actors in the judicial system;
- Reinforce the means of control;
- Facilitate access to Justice;
- Reinforce the role of Justice in the control of the security forces and the fight against impunity.

255. Strategic measures to implement to reach these objectives are: (i) establishment of statute for magistrates that would permit the installation of legal framework for independent justice; (ii) making the Superior Magistrates' Council and the Disciplinary Council operational; (iii) reinforcement of the capacities of judicial services to bring them closer to persons to be tried; (iv) redefinition of judicial and penitentiary jurisdictions (number, locations), on the basis of objective criteria (demography, level of litigation, crime rate); (v) development of a culture of "public service" within jurisdictions and other judicial services; (vi) reinforcement of control mechanisms of jurisdictions and judicial services; (vii) reinforcement of the capacities of the General Inspection of Judiciary Services (IGSJ) for training, organization of the service, procedures and logistical means, to allow more controls in the jurisdictions; (viii) reinforcing the role of Justice in the control of the security force and the fight against impunity in order to assure respect for fundamental rights and liberties; (ix) organization of travelling hearings by the two Courts of Appeal; (x) redeployment and motivation by affirmative action of personnel (magistrates and their auxiliaries) at Court and Tribunal level, specifically, in Prefectures and Regions; (xi) establishment of an ongoing training program for magistrates and auxiliaries; (xii) reinforcement of the capacities of lawyers at the bar, notaries, bailiffs and auctioneers so that justice can be carried out correctly; (xiii) Quick Impact Project (QIP) to reinforce judicial Guarantees against abusive detentions; (xiv) reinforcement of the administration and organization capacities of the Ministry of Justice and the Courts and Tribunals.

256. The Government commits to, by 2015, formulating and adopting a penitentiary and a penal policy (that takes into account traditional power).

257. The Government also will work to strengthen bodies charged with guiding the reform. The creation of a Guidance Committee should facilitate political dialogue, the supervision and launch of activities that concern all actors of the reform. The Executive Secretariat, the technical body, will work to prepare and organize Guidance Committee meetings, participate in the leadership of meetings of the different components and produce technical reports to monitor the implementation of the reform.

258. *In the context of promotion and protection of fundamental individual rights (including those relative to the UN's CEDAW and the CDE), the Government intends to implement the following strategic measures: (i) reinforce the capacities of all of the actors (State and non-State institutions) in the area of human rights on such themes as citizen control, production of reports (preliminary, periodic and alternative) related to compliance with ratified Conventions ; (ii) create an Office for the Defense of Human Rights; (iii) establish programs to introduce the principle of human rights to women and young girls; (iv) introduce the teaching of human rights principles, conflict resolution and consolidation of peace into school programs; (v) promote gender equality before the law, especially with regard to property rights, working conditions and the fight against gender-based violence; (vi) improve prison conditions for all prisoners, especially women and minor children; (vii) respect for summons, custody and detention procedures; and (viii) apply the International Convention on Human Rights and (ix) respect the international commitments of the Guinean State – party to CEDAW-- to international agreements*

### *2.2.1.2 Administrative governance*

259. The Government has adopted a Program of State Reform and Modernization of the Administration (PREMA) in order to improve public administration and orient it toward the satisfaction of its users. Strategic objectives for 2011-2015 period are:

- redefine and clarify the missions of the State;
- propose strategies to reinforce the capacities of the main State institutions;
- reintroduce morality into public life and fight against corruption;
- reinforce the coordination and efficacy of government work;
- streamline public administration structures and procedures;
- promote a modern and motivating work environment within the public Administration;
- improve economic and financial administration of public resources;
- improve economic and final management of public resources;
- promote the programmatic and institutional framework of administrative reform.

260. Main results expected are:

- the public administration is reorganized and its capacities developed;
- the civil service is reformed;
- economic and financial governance is improved;
- the decentralization process is reinforced;
- leadership of the reform is assured.

261. This program consists of three main axis: institutional development and administrative reorganization; (ii) reform of the Public Function and; (iii) economic and financial governance.

262. Institutional development and administrative reorganization reflects the intervention strategy of the State and its Administration. It functions within the framework of reviewing missions and the organization of different structures, as well as the administration process in view their description (through procedural manuals and other work tools) and their modernization (through the streamlining of structures and procedures, as well as through the development of information systems). It also is a question of reinforcing the mechanisms to coordinate government action, to consolidate the decentralization process. Finally, it is a matter of assuring the leadership development of those responsible for administration, while restoring morality to public life by fighting against corrupt and impunity.

263. The second axis concerns reform of the Civil Service through the development and upgrading of human resources. Strategic measures are planned to reinforce human and institutional capacities of the public Administration, specifically: creation of a national policy to reinforce capacities, as well as a national training and ongoing education policy, and a better system to evaluate and motivate the performance of personnel and structure. Particular emphasis will be placed on modernization and reliability of the management of staff and salaried employees, better personnel management, streamlining statutory staff and reinforcement of the capacities of the Civil Service Ministry.

264. The third axis of the reform emphasizes the reinforcement of leadership and strategic management of development, reinforcement of the production and coordination of statistics, simplification and effective application of budgetary and accounting procedures and the reinforcement of transparency, independence of the BCRG and application of monetary and currency exchange policy measures, improvement of the business climate and reinforcement of public-private partnership.

265. The Government has adopted a priority action plan, built on these three axes, to implement the PREMA at a cost of USD 28.370 million. The 2013-2015 period should see the implementation the reform actions contained in this plan.

266. To implement the reform, the Government will work to make operational the bodies responsible for leadership, execution and monitoring of the reform. The National Commission to Lead Reforms of the State and Administration is responsible for (i) guiding and motivating the work of the different components of the Program; (ii) ensure that sectorial reforms are consistent with the objectives of the overall policy of the State in terms of reform; (iii) examine and validate sectorial reform projects put forward by Ministries; (iv) follow and evaluate the execution of PREMA. The Commission is assisted in its mission by a permanent Secretariat provided by the High Commission for Reform of the State and Modernization of the Administration (HC-REMA), President of the "Technical Monitoring Committee."

267. Tasks of the Technical Monitoring Committee are: (i) prepare and organize meeting of the National Leadership Commission; (ii) present reports on the progress of the different components of the Program to the National Commission; (iii) produce minutes of Commission meetings; (iv) supervise the implementation of the different components' action plans; (v) examine monthly activity reports prepared by those in charge of the different components; (vi) stimulate and facilitate implementation of the Program; (vii) participate in the leadership of meeting between those in charge and actors in the different components; (viii) hold sectorial consultations and advise the National Commission on all sectorial reform projects; (ix) provide the Commission with ongoing reports of any obstacles to implementation of the Program and propose all necessary corrective measures.

268. Capacities of HC-REMA, responsible for the leadership and coordination of reforms, in close collaboration with the structures and institutions responsible for these reforms, will be reinforced in order to better take charge of its "vertical" attributions in macro-organizational terms. Capacities of the Prime Minister's Office and of the Civil Service Ministry should be reinforced as well, for the same reason.

269. The Technical Sub-Committees that correspond to the different theme groups already in place, are responsible, in their respective areas for: (i) leading the study necessary to formulate and update policies and strategies; (ii) supervise and stimulate action within the components relevant to their areas and, specifically, the activities of any ad hoc committees formed to guide the files; (iii) propose pertinent methodological approaches to solutions and approaches; and (iv) meet regularly among themselves to consult on their respective initiatives in order to ensure that their approaches are consistent. To this end, the current composition of theme groups will be enlarged to include the heads and managers of the administrations concerned, to representative of republican institutions and to members of organizations in civil society. To ensure that work progresses well, theme groups will have the support of the General Secretariats of the different ministries and Institutions that are the "focal points" of the reform.

270. Liaison structures are assigned missions. They are:

- **human resource management:** (i) monitor agents' movements; (ii) participate in the production of State agents' action; (iii) monitor qualitative administration, specifically profile/job suitability; (iv) monitor respect for organic laws and frameworks; (v) coordinate actions to reinforce ministerial capacities; and (vi) coordinate social management action and dialogue with employees and their organizations.
- **material resource management:** (i) manage existing materials: keep a materials file, updated with inventories, acquisitions and deteriorations; (ii) assure logistical management of existing material: rooms, transport material, other equipment; (iii) participate in supplies, with the financial pole; (iv) assure management of stocks of supplies; and (v) set up an accounting system for existing supplies.
- **management of information:** (i) formulate a vision in terms of an information system in the sector, suitable for and consistent with the national strategy for electronic governance; (ii) monitor the implementation of this vision; (iii) help the different offices and services to obtain the instruments and computer competences that they need for modernization and their work; and (iv) be a point of service liaison with the National Agency for Electronic Governance.
- **financial resource management:** (i) coordinate activities to prepare the department's budget and monitor its execution under the technical supervision of the National Budget Office and the authority of the Minister concerned; (ii) assure financial operations; and (iii) assure that financial management in the sector conforms to the principles of public finance.

- **production of statistics:** Assure the collection, treatment and publication of sectorial statistics supported by the expertise and technical directives of the National Institute of Statistics, which produces the national summary,
- **reinforcement of administrative savoir-faire:** (i) assure monitoring within the department, of all of the actions of the reform, defined at transversal level; (ii) transmit innovative experience within the ministry, at transversal level; (iii) identify bottlenecks and adaptations needed; (iv) build a repertoire of good practices; and (v) help to define action to implement new reforms.

271. PREMA's intervention approach is guided by two principles: totality and continuity. Totality refers to an integrated approach to the implementation of the Program, while the principle of continuity calls on reform actions to proceed at synchronized pace.

272. Further, the intervention approach is based on a combination of five types of action, as follows: (i) sharing of information among structures, as well as sharing experience gained as a result of action; (ii) permanent discussion among institutions and public structures, on the one hand, and the private sector and civil society, on the other; (iii) development of "rapid impact and demonstrative action" and "structuring action;" (iv) effective implementation of monitoring/evaluation mechanisms; and (v) sustained action to raise awareness, inform and communicate with the public.

273. "Rapid impact and demonstrative" actions are those that make it possible to obtain, in a very short time and at low cost, convincing results in terms of rapid and tangible change. This confers a certain visibility and improves the image of the bodies that carry out these actions, while adding to the credibility of the Program.

274. "Structuring actions" are those that respond to one or more of the following criteria: (i) have a "leverage effect" or other positive effects, like acceleration, on the implementation of other Program actions, by serving as an example and making them easier to implement; (ii) are indispensable to short-term improvement of the institutional and administrative environment and to better knowledge of the needs and ways to reinforce capacities.

275. In the context of Program monitoring-evaluation, there is: (i) a Monitoring-Evaluation Cell within the HC-REMA, and (ii) a focal point in each ministry (the Secretary General), assisted by a resource person attaché to monitor the Reform of the State and Modernization of the Administration. The different monitoring documents that should be produced are: (i) minutes of monthly meeting of the Technical Monitoring Committee; (ii) monthly logs that monitor staff, salaried employees, public spending, State revenues, execution of investments, etc.; (iii) quarterly logs that monitor implementation of the PREMA; (iv) mid-year and annual reports; (v) reports on different support projects; (vi) a progress report on the reform every two years; and (vii) review of the reform every five (5) years.

276. In the context of improving public service, value systems need to be built, based on (i) the definition of standards of service; (ii) Simplification of procedures; (iii) formulation of a Users' Charter that would spell out the principles, rights and duties of public service users; (iv) democratization of access, specifically through the development of certain services in line with certain appropriate targets; and (v) reinforcement of the role and capacities of the Mediator of the Republic as a structure with supervisory authority over, among other things, the quality of services to citizens.

277. With regard to the **decentralization** process, it is a reality of the administrative organization of Guinea. It simply need to be adapted and reinforced, specifically, by a stabilization of the human resources assigned on the ground and a real delegation of powers and signature (authority). Success of decentralization also depends on the concomitant realization of infrastructure and collective equipment in the interior of the country.

### ***2.2.1.3 Reinforcement of decentralization and local governance***

278. The Government considers decentralization and local governance to be essential to the promotion of growth poles and consolidation of peace. A long-term vision also is to have local Functional Communities, to galvanize local development on the spot, evolving in a renovated institutional framework led by qualified territorial administration that guarantees respect for the rules, with decentralized technical services to work in tandem with the Communities.

279. For the medium term, the Government commits to making this vision a reality by implementing the National Policy Letter on Decentralization and Local Development in two large phases of five years each: (i) the establishment of the conditions, means and instruments necessary for effective decentralization and devolution; and (ii) the rising power of local communities and other actors with a direct impact on the growth of the Nation.

280. For 2013-2015 period, the Government intends to find adequate solution that principally include (i) elaboration and promulgation of decrees to apply the Code of Local Communities; (ii) allocation of funds to decentralized local communities for current expenses; (iii) updating of legislative and regulatory texts; (iv) reinforcement of the capacities of local executives (men and women) to prepare and execute local budgets, allocate resources, conduct procurement and check services provided; (v) reinforcement of the capacities of local elected official (men and women) in the management of human, material, financial and security resources; and (vi) making space for discussion among administrators, the administrated and civil society.

### ***2.2.1.4 Promotion of local development and reduction of regional imbalances***

#### **A - Promotion of local development**

281. Local development is indispensable to the progressive reinforcement of local authorities and to the decentralization process. In fact, the Strategy for the Reduction of Poverty (PRS) will be implemented mainly at local level, so that fixed decentralization objectives, the self-reliance of citizens, transparency and accountability become particularly important, because of their importance to national cohesion and social peace.

282. The declared objective is to support local communities' efforts and projects centered on the fight against poverty. The strategy also aims to prepare the country to enter into the dynamic of decentralization by creating conditions for its success.

283. Specific objectives are to:

- reinforce the fabric of the country with structures based on local communities;
- reinforce the capacities of local development organizations;
- raise the rate of microfinance penetration to 25% by 2015;
- accelerate and extend the program for multi-functional platforms in all regions and Prefectures; which would allow at least [600] of the poorest women to benefit from the results of the program;
- undertake at least two hundred (200) community micro-projects by 2015, targeting women;
- accelerate and generalize programs that aim to create micro and small enterprises to offer to women in the poorest households;
- assure better targeting of policies to economically empower women in urban and rural areas, where the most marginal social groups are concentrated;
- support the development of agricultural cooperatives.

284. Priorities selected for the 2013-2015 period are: (i) food and nutrition; (ii) health; (iii) education; (iv) access to safe drinking water, hygiene and sewage treatment; (v) development of the capacities of the local population; (vi) construction and rehabilitation of rural roads; (vii) access to financial services.

285. Through local Communities, the Government intends help the local population to design, implement and manage, in a participatory manner, initiatives that will allow self-management of their development, building the institutional bases in terms of local human capacities for a progressive implementation of administrative, as well

as financial, decentralization. For the period under consideration, it intends to take action in the following areas: (i) assure the transfer of resources and competences to local Communities; (ii) provide the local Communities with the tools they need to put decentralization into operation; (iii) help Communities to install planning, administration, monitoring and evaluation systems for their development activities through the promotion of these tools adapted to the management of local development; (iv) reinforce the structure to apply agreements and texts to protect biodiversity, renewable and natural resources; and (v) reinforce the mobilization of resources for the financing of local development through the implementation of accreditation mechanisms for local organization and the promotion of access to inclusive finance, accessible to communities and to individuals among the poorest.

286. With particular regard to inclusive finance, the Government will pursue its policy and strategy for the development of microfinance. To this end, it has fixed these objectives: (i) improve the legal, regulatory and institutional framework with a view to harmonious and secure development of the microfinance sector; (ii) reinforce the capacities and the development of financial infrastructure, including the structuring of the profession in order to support the durability of financial services available to the widest number; and (iii) offer diversified and expanding financial products and services thanks to the creation and/or the development of professional microfinance, institutions (IMF), viable and lasting, especially in rural areas and particularly to women and the young.

287. Finally, to see that local populations profit from the fruits of growth, the Government will work to: (i) enhance local productive potential by making available to local community organizations financial tools based on the concept of inclusive finance; (ii) reinforce the fabric of the country with local community structures to cover all of the national territory; (iii) favor the training of non-qualified labor as part of projects financed by the authorities; (iv) reinforce the training of artisans, storekeepers and those responsible for local cooperatives in the management of small and medium-sized enterprises, with particular attention to and support of agricultural products processing; and (v) create, at regional and local level, support-counsel structures for local operators in the form of employment centers for the young; they in turn will serve as counselors to other operators, ensuring regular monitoring and control of their management and informing them of opportunities at national and regional level.

## **B - *Reduction of regional imbalances***

288. Reduction of regional imbalances and poverty implies the emergence of growth centers, upgrading of human capital, balanced reinforcement of infrastructure that supports growth and localization of projects and programs.

### ***(i) Support to the emergence of growth poles***

289. Migration has a considerable impact on certain regions of Guinea because it leads to massive exodus of the most active and most dynamic people to urban centers. This phenomenon thus deprives certain regions of the work force needed to develop productive activity. To hold back the migrations that are at the root of inter and intra-regional imbalances, the Government plans to stimulate the creation of wealth at local level by developing the potential of each region. It will focus essentially on the emergence of growth poles.

290. But the establishment of regional growth poles cannot yield results unless certain policies, such as decentralization and land development planning, are conducted at the same time. Consequently, the Government will pay particular attention to urban development. The condition of the towns in Guinea too often remains deplorable in spite of efforts made. The exodus from the countryside exacerbates several issues in terms of urban administration and equipment, particularly in Conakry, the magnet for access to employment and services.

291. Implementing a land development policy also means taking the needs of the cities into consideration. Together with programs already underway, an urban development strategy will be defined. Targets are catching

up with the equipment needs of towns, administration of this equipment and of services and improvement of the capacities of municipalities and the development of their resources.

292. Strategy will focus on crucial areas like sewage treatment and waste management, for which guidelines already exist, the improvement of road networks and distribution channels and the opening up of disadvantaged neighborhoods, with the participation of women and the young. Where studies have not been conducted, there will be urban audits, conducted with the municipalities concerned, to determine the state of access to basic services, networks, administration and resources of the municipality. Town contracts could be a tool to use to implement this strategy.

293. Guinea's current context requires an emergency strategy for urban development, notably to prevent all social risk. Work to rehabilitate towns could generate jobs for the young and help to stimulate the private sector. As a particular case, Conakry and its Communes require particular attention, at the level of the statute of the City as well as the relationship between the City and its communes, the sharing of resources and responsibilities when it comes to the renovation and upgrading of urban equipment.

294. Finally, the establishment of regional development poles will require continued reforms in the primary sector (agriculture, livestock farming and fishing), secondary (business climate, cost of means of production) and tertiary (telecommunications).

### *(ii) Development of human capital*

295. The emergence of growth poles will require the provision of at least some human resource potential. This implied developing human capital through access to education, healthcare, safe drinking water and sewage treatment in order to respond to the need for human resources in regional development centers.

296. With regard to regional disparities and unequal access to basic social services as analyzed above (cf sections 2.2.4.1 ; 2.2.4.2 et 2.2.4.3), the Government is committed to reinforce certain activities, among those planned for the whole area of education, in order to significantly improve the supply and access to primary, secondary and literacy education in regions with a rate below the national average, with priority for Kankan, Faranah, Kindia, Labé and Mamou. Further, the Government intends to provide each region with a minimum package of activities in favor of technical education and professional training necessary to the emergence of qualified human resources. In the healthcare area, measures target increased supply and accessibility to health services in under-served areas like Labé, Mamou, Faranah, Nzérékoré and Boké. With regard to safe drinking water and sewage treatment, the Government intends to strengthen access to safe drinking water in under-served regions (with priority for Mamou and Boké) and improve sewage treatment in all regions, by taking focusing particularly on rehabilitation and the installation of new hydraulic and sewage treatment infrastructure.

### *(iii) Balanced reinforcement of infrastructure to support growth*

297. The Government will support the emergence of regional development centers by providing incentives to private enterprise through the development of transport, energy and telecommunications infrastructure. To do so, the Government is committed to extending urban road networks, as well as electricity and water networks to the outskirts of Conakry and to improving the sewage treatment system and the quality of urban road networks in the city of Conakry.

298. As far as administrative regions are concerned, main roads will be constructed or rehabilitated in each region and prefecture in order to open up all growth centers. In the same direction, national or inter-State roads that are strategically important to the development of the growth centers also will be rehabilitated or paved. In the medium term, moreover, it is planned to progressively electrify prefectures and villages and extend the telecommunications network in each region and prefecture. Measures will be taken to establish and improve access to the internet in all regions and prefectures. The cost of digital services will be reduced so that disadvantaged segments of the population can afford communications.

299. In towns, transportation is essentially private and does not allow people to move around quickly at any time of day. Together with Municipalities and the private sector, the Government will tackle the task of assuring better organization of the sector and an improvement in rural and urban transport.

***(iv) Spatialization of projects and programs:***

300. the objective is to make sure that public investment projects take the regional dimension into account. Consequently, government action will consist of surveillance to ensure the integration of this dimension at sectorial and central levels.

301. To accomplish this, a strategic review will be conducted at the level of each sector in order to determine what has been done and what is planned for each region of the country. This review should lead to the establishment of lists of development projects and programs for each region and for each sector, as part of a multi-sectorial approach integrated into different issues connected with development. At local community level, the same exercise will be conducted in relation to the growth center planned for each region, and, also, with regard to the activities planned in the context of balanced development of human resources and balanced reinforcement of infrastructure to support growth. On the basis of results of these exercises, the Government intends to promote the constitution of clusters of development projects and programs that will express the local will in terms of development and serve as reference points, throughout the country, for all planning (central, regional or local). By clusters of projects and programs, the Government means a package of projects and programs that will devolve from the sectorial list of achievements per region and the list of achievements developed from regional development centers. There will be a spatial agenda for each bunch, or ensemble of clusters, that will place the different projects in an overall scheme, with a coherent vision, more logical geographic positioning and demographic maps. The Government intends, over the coming years, to implement its integrated approach to national development by starting with regional or local development plans and strategies, in order to federate them into a national development strategy.

302. For the central dimension of the spatialization of development projects and programs, the Government intends to prioritize regional clusters of projects and programs in the course of budget discussion. In other words, inter and intra-sectorial arbitrage during budget conference will be centered on these clusters of projects and programs consistent with the Priority Action Program formulated in view of PRS 2013-2015. Budget allocations will correspond to the order of priority of these clusters of development projects and programs. Particular attention will be paid to the poorest and most vulnerable regions of the country.

***2.2.1.5 Reinforcement of economic governance***

303. The Government is determined to implement macroeconomic and structural policies of the program over the medium term, with the support of the IMF. It will continue to follow prudent budgetary and monetary policies that have made it possible to break the spiral of inflation and depreciating currency, as well as structural reforms in order to lower the obstacles to the realization of the country's enormous economic potential and sustain strong, durable and diversified growth. Particular emphasis will be placed on strategies to fight corruption to get rid of this plague that handicaps socioeconomic development.

304. The Government attaches great importance to reform of public financial management. With the technical assistance of its partners, the medium term objective is to modernize the legal, organizational and technical framework for public financial management, in order to meet the challenges that Guinea faces in terms of macroeconomic and revenue volatility to ensure that public resources can be allocated to benefit economic growth and the reduction of poverty.

***A - Reinforcement of budgetary policy***

305. Government budgetary policy will be based on three fundamental axes: (i) reinforced mobilization of public revenues; (ii) control and improvement of the quality of public spending and their reorientation to priority sectors, within the limit of available resources; and (iii) limitation of the budget deficit and public debt while preserving the viability of the budget and the public debt.

306. With regard to tax reform, the tax-to-GDP ratio will be increased (objective: 20% by 2015) thanks to the rigorous application of existing laws and regulations, plus reform of the tax administration. The Government will begin to implement planned measures through action plans, with the support of technical and financial partners.

307. The National Tax Administration (DNI) action plan focuses on: (i) rationalization of the organization by making its administration more efficient; (ii) harmonization and simplification of the tax code; (iii) promotion of fiscal responsibility; (iv) reinforcement of the competences of agents; (v) widening of the tax base; and (vi) reinforcement of the leadership and control of the administration.

308. The Customs Authority (DGD) action plan aims to: (i) reinforce customs administration; (ii) improve human and financial resources; (iii) modernize customs procedures and reinforce risk-based control. With regard to tax revenues from the mining sector, the Government will apply the new mining code and the standard mining convention rigorously and transparently.

309. In the area of public spending, the Government will continue efforts to control spending, improve its quality and orient it toward priority social and economic sectors. Gender awareness budgeting will be emphasized.

310. The growth of current expenditure will be adjusted mainly in line with to the level of anticipated revenues. Key elements will be the stabilization of the wage bill (as a percentage of GDP) and the rationalization of subsidies. In this sense reforms will be undertaken to contain the public sector payroll. In order to ensure that the civil service workforce is under control, along with improved productivity of the public administration, the Government will adopt a Civil Service Reform Plan on the basis of the plan to modernize the State. These measures will make it possible to create a budgetary space to respond to more and more pressing social demand for more recruitment to meet the needs of basic social services: health, education, road, water, energy, sanitation, etc.

311. Implementation of the RSS should release funds and permit their orientation toward priority sectors like health, education, justice and infrastructure. Furthermore, exceptional mining revenues make it possible to increase investments. Aware of the challenges that come with such resources, the Government has created a Special Investment Fund (FSI) for their management.

312. Finally, the Government intends to scrupulously respect the principle of a unified Treasury, by closing special accounts, transferring credit balances to the main Treasury accounts and execution of the budget on the basis of spending that corresponds to a monthly Treasury plan supervised by a Treasury Committee. Financing needs will be met essentially by loans, grants (HIPC debt relief) and bank financing.

## **B - Reinforcement of monetary and exchange policy**

313. The main objective will remain focused on lowering inflation. BCRG monetary policy will remain anchored to controlling reserve money and the main instrument will continue to be intervention on the weekly foreign exchange auctions market (MIC), which allows the BCRG to sterilize the excess liquidity by selling foreign exchange. The BCRG will align the discount rate with the policy rate, while fixing it a level that will encourage the banks to develop an interbank market in GNF and to mobilize deposits.

314. The first priority of medium-term monetary policy is inflation control through regular purges of excess liquidity. In this regard, the BCRG will follow very cautious monetary policy, limiting reserve money growth, in line with the inflation objective, including through reactivation of market instruments and interventions in foreign exchange market. It will try to tame, as much as possible, inflationary pressures that would result from the rapid acceleration of mega mining projects, particularly by sterilizing the equivalent in GNF of the foreign currency inflows intended to local spending related to these projects.

315. The BCRG will continue to reinforce the effectiveness of the foreign exchange market, and more generally, to develop the financial system, including its supervision. The draft banking law will be adopted and the BCRG will aim at having an accounting plan. To improve the payment instruments, it has started establishing a credit

bureau, with assistance from Bank de France. The Government is deeply concerned with the independence of the Central Bank, and will hence take the necessary steps to comply with its statutes.

### **C- Reinforcement of the fight against corruption and fraud**

316. Government strategy will concentrate, as a priority, on measures to clean up the economic and financial environment, as well as on the consolidation of sub-regional, regional and international policies for cooperation and technical assistance (establishment conventions, agreements, protocols, treaties, law and regulations) based essentially on the lasting maintenance of a credible and responsible macro-economic framework and rigorous budget discipline through reinforced supervision by control bodies and institutions. This process will be reinforced by an effective fight against impunity and the active involvement of civil society throughout.

317. Five priority areas have been selected to serve as leverage, to lead and impact the fight against corruption, reinforce it and improve the governance of the country. This leverage consists of effective and efficient economic and financial management by the State – administratively, legally and judicially – as well as by the private sector and by civil society.

318. In the area of efficient and effective economic and financial administration, the Government will emphasize (i) identification and inventory of embezzlements committed in public administrations, legal pursuit of those who have committed these economic crimes and abuses of power; (ii) performance evaluation in the economic and financial administration of the State; (iii) reinforcement of the mechanisms of accounting and accountability of elected or appointed officials; (iv) surveillance of devolution and decentralized budgets; (v) limitation of exonerations; (vi) reform of procurement and the diffusion of a procurement code of ethics; (vii) fight against the abusive use of public assets, notably automobile fleets; and (viii) inappropriate price scales for water, electricity and telephone that favor misappropriation and fraud; (ix) reinforcement of control of work done; (x) audit of financial agencies (Taxation, Treasury, Customs and large enterprises with State participation); and (xi) preparation of Guides for users of public services.

319. For administrative efficiency, emphasis will be on: (i) recasting of the role and image of Public Administration in view of its modernization; (ii) formulation and use of procedures manuals for all ministerial departments; (iii) preparation and distribution users guides in public administrations; and (iv) reinforcement of internal controls and measures to motivate and to sanction.

320. In the judicial area, the accent will be on: (i) popularization of the OHADA treaty; (ii) effective application of the magistracy; (iii) making the Supreme Magistrates' Council operational and reinforcing the capacities of the Mediation Chamber; (iv) reinforcement of continuous training for magistrates and their auxiliaries, especially in terms of business and accounting; (v) reinforcement of the capacities of structures responsible for judicial proceedings and the repression of economic and financial offenses; reinforcement of the capacities of organizations in civil society evolving in the context of the promotion and popularization of the law; and (vi) preparation and adoption of an anti-corruption law.

321. For the private sector, emphasis will be on: (i) creation of balance sheet registry; (ii) observance of the rule of free competition; (iii) the obligation to keep regular and honest accounts in all commercial, industrial and service establishments in order to have realistic balance sheets for the purpose of tax calculation; (iv) the establishment of mechanisms that allow the progressive integration of the informal sector into the formal framework of the economy; (v) reinforcement of the private investment office; and (vi) consolidation of policies connected with social security, retirement and pensions.

322. With regard to civil society, it will be a question of promoting initiatives and reinforcing the capacities of organizations in civil society through their organization by sector of interest, especially the one charged with fighting against corruption and promoting good governance.

323. Finally, to reinforce and maximize results, the Government will emphasize (i) improved transparency of the management of natural resources in the framework of the Extractive Industries Transparency Initiative (ITIE); (ii)

popularization of the African Peer Evaluation Mechanism (APRM) with a view to Guinea's rapidly becoming part of this good governance mechanism; (iii) elaboration and adoption of national policy to fight against corruption and fraud, and (iv) adoption and implementation of a national strategy to fight against money laundering and financing of terrorism.

## **2.2.2 Axis 2: Acceleration, diversification and sustainability of growth**

### **2.2.2.1 Acceleration and diversification of growth**

#### **A. Macroeconomic stability**

324. Macroeconomic stability is necessary to support the prospect for growth acceleration, enhance economic competitiveness and reduce poverty. Macroeconomic policy will focus on strengthening the coordination of economic and financial policy. To this end, the envisaged reform measures include (i) maintaining a prudent fiscal and monetary policy to guarantee the sustainability of public finances and stabilize inflation (cf point 2.2.1.5), (ii) reinforcing the country's external position and (iii) ensuring debt sustainability.

325. The Reinforcement of the external position implies to consolidate and diversify the export products, which constitute necessary conditions for reducing the vulnerability of the economy and setting off growth acceleration.

326. Regarding external debt, the country's debt policy and strategy will continue to be prudent, while giving priority to concessional loans. In addition, further computerization, training debt management staff, and improving the quality of the database should help strengthen the country's external debt management capacity.

327. Guinea's ambition to invest massively in human resources and in basic infrastructure in order to increase the global productivity of factors and improve the competitiveness of the economy can be heavily compromised by the weakness of government domestic resources. In addition, given the need to preserve internal and external financial balances, more substantial and effective foreign aid is essential to accompany the implementation of an accelerated and sustainable growth strategy. With a view to increasing the credibility of government policy in this area, conditions to guarantee more efficient use of public resources will be reinforced. They will mainly focus on programs aiming at restoring financial orthodoxy. Regular public expenditure reviews will be scaled up to ensure a maximum impact for public funds. Coordination of development partners' interventions will be another important way to improve aid effectiveness.

#### **B. Development of growth sectors and establishment of growth poles**

328. The Government intends to give priority to the development of the agricultural sector, extractive and manufacturing industries and services (tourism, commerce, handicrafts) because they will be the main generators of strong and sustainable growth. At the same time, it intends to promote growth poles to develop the sectoral potential and local resources. Growth poles will allow structuring the production system, diversifying and increasing the supply of products, ensuring food security for the population and providing the country with export revenue.

##### **B-1. Development of growth sectors**

###### **(i) Development of the agricultural sector**

329. Guinea has very significant agricultural potential. The country is rich in cultivatable land: nearly 6.2 million hectares, only 25% of which are farmed every year. Potentially irrigable land is estimated at 364,000 ha, of which only 30,200 are currently equipped for irrigation. A 6,250 km river network is made up of 1,161 water flows, including 23 water basins distributed across a 43,000 km<sup>2</sup> continental plateau, Forestry resources are estimated to cover 2.7 million hectares, or 11% of the national territory Rainfall is particularly favorable: from 1,200 mm in the North and Northeast to 4,000 mm in Conakry. It can be as high as 6,000 mm on the heights of Fouta Djallon. The country is segmented into four natural regions, each with its own specificities from an agro-ecological point of view: (i) Maritime Guinea, favorite of high value-added horticultural production: pineapple, avocado, mango,

etc.; (ii) Mid Guinea, livestock farming and also vegetable growing; (iii) High Guinea, prairie land, good for growing cotton, peanuts, corn, millet/sorghum and rainfall rice; (iv) Forested Guinea, favored by industrial plantations of coffee, rubber and palm oil.

330. Agriculture is the sector that offers the best chance to accelerate growth, assure food security, create long-term employment, increase revenues for the poor and contribute to the trade balance and to the development of agri-business. The Government's strategic objective is to durably increase agricultural production and contribute to food and nutritional security. In this labor-intensive sector, the first stage will be to rapidly reach food autonomy and promote exports and agribusiness. The goal is to assure a 5.6% average growth rate with a reference scenario and more than 10 % average growth rate with an accelerated growth scenario.

331. Specifically, goals are to:

- improve and secure agricultural, animal, water and forestry production systems on a durable basis and protect the environment;
- improve the quality of agricultural services and support producers' organizations;
- improve the competitiveness of agro-industrial sectors on national markets, as well as their sub-regional and international exports.
- increase the rate of agricultural mechanization to reach 650 facilities by 2015;
- develop, for rice culture, 110,000 new hectares with irrigation and 30,000 hectares of rehabilitated land to increase and secure the domestic production of rice;
- put 20,000 tons of fertilizer and 1,500 tons of improved seed at the disposal of at least 500,000 small farmers per year;
- create a financing fund for the agricultural sector (including subsidies for the processing of agricultural products for at least 500,000 small producers).
- build at least 1,500 km of rural roads per year;
- rehabilitate 3,000 km of rural roads.

332. Attainment of these objectives will depend on the successful implementation of the National Agriculture Investment and Food Security Plan (PNIASA)<sup>7</sup>. Strategic measures are: (i) creation of Planned Agricultural Development Zones (ZAAP) as a way to progressively increase the average size of farms, introduce suitable mechanization, improve farm productivity and increase farmers' revenues; (ii) channeling water to notably promote the development of small village plots (from 6 to 10 hectares) to allow the intensive production of vegetable during the dry season after the rainy season rice harvest; (iii) reorganization of agriculture and land ownership to facilitate the access of women, youth and investors to land; among other things, the Government will work to complete, as rapidly as possible, existing legal and regulatory land ownership provisions by promulgating the law and implementing the decrees and orders to apply it. It will establish land ownership commissions at rural community level, along with a pilot project of land ownership security that will cover 40 Rural Communes and will proceed to train and raise the awareness of rural communities as to land ownership law; (iv) structuring of the rural environment and professionalization of agriculture to promote the emergence of professional agricultural organizations (OPA) that are strong and truly representative (including women and the young) in order to allow Guinea to penetrate export markets; (v) rehabilitation/construction of rural infrastructure to open up zones of production and facilitate the distribution of products; (vi) distribution of information on the markets and the stabilization of prices to give operators access in real time to information that they need in order to take advantage of market opportunities for export by the consolidation of CAFEX gains (one-stop window) in the area of simplified customs procedures; (viii) processing of agricultural products by the establishment of a Support Fund for small farmers. Initial processing, which often happens close to the place of production, will, at first be greatly encouraged on a large scale, in order to obtain additional revenue for small rural producers. For subsequent processing stages, conditions and incentives will be provide to allow the private sector to create units to process agricultural surpluses and market them; (x) reinforcement of institutional capacities; and (ix)

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<sup>7</sup> Specific PNIASA objectives are, among others, i) assure rice self-sufficiency and releases excess for export to the regional market, ii) diversify diet and reinforce the right to nourishment, iii) improve the competitiveness of agro-industrial and export networks and develop agribusiness, iv) improve and secure production systems assure the durability of the productive base.

promotion of research in the area of agricultural productivity, investing the means to make higher yield and higher added value varieties available to the most flourishing sectors.

333. Particular attention will be paid to small farmers (at least 500,000) and vulnerable groups (women, unemployed youth, men and women farmers without land of their own). To this end, the Government will play an important role, notably by improving their access (i) to fertilizer and improved seeds for the growing of food (cereals, legumes, tubers and root vegetables) and horticulture) and to small livestock breeders; (ii) small-scale water control for production; (iii) infrastructure for storage (at least 1,000 warehouses) and light food-processing; for improved livestock breeders, to sanitary coverage and to food for the family livestock farming operation; (v) support-counsel program and market information (training of at least 30 technicians per year); (vi) literacy and reproductive health services, plus the protection of farmers against HIV/AIDS.

334. *In connection with employment policy*, new programs to install young farmers, livestock breeders and fishermen will be established in regions and prefectures, according to local specificities. These programs address rural youth that will have to be trained and helped to stay in their areas, giving them the chance to contribute more productively to the development of the country. This will require their training and professionalization as well as their access to the means of production (land, financing, technology...) The installation of youth in rural areas could be accomplished through the ZAAPs. The Government will initiate action in this direction (development of land for the young, opening up of territory, socio-collective infrastructure access to financing).

335. Over the period 2013-2015, the Government intends to promote agricultural development along two strategic axes: (i) the promotion of products for import substitution; and (ii) increased production of products for export.

#### ***(ii) Strategies to promote products for import substitution***

336. The Government will emphasize two categories of agricultural products that have the potential to contribute to economic growth: rice and food-producing agriculture (other than rice).

#### ***Development of rice growing***



337. *Rice* is the population's basic food and the principal basis for agricultural speculation as well. Since rice growing is an important strategic axis for the National Policy for Agricultural Development — Vision 2015, the Government, with the support of development partners, recently drew up a national strategy for the development of rice growing in order to reduce the vulnerability of the population in the face of fluctuating world prices for rice.

338. Rice growing strategy mainly addresses the need to improve average rice yields from 1.4 to 2.8 tons per hectare between 2008 and 2018. The strategy revolves around two growth centers (Lower and Northern Guinea), through the development of sustainably managed land, the support of rainfall rice by the large distribution of the "NERICA" variety of rice and access to agricultural means of production and equipment. This strategy is mainly aimed at an increase of nearly 60% of the sustainably managed land and more than 40% of yields by 2018 compared with 2008 levels. The strategy also aims to improve the rate of coverage of the need for rice, which would go from 74% in 2008 to 100% in 2015 and 132% in 2018 and assure surplus exports to regional and international markets.

339. Beyond its participation in investments, the Government will seek to favor the emergence of the local and international private sector. In this context, a USD 500 million contract for investment at preferential reimbursement rates already has been drafted with Chinese investors for the development of 100,000 hectares in the rice-growing sector.

340. The ultimate objective is to cover 100% of the nation's need for rice. Accordingly, the Government progressively make available to producers, on the market, the seeds, fertilizer and herbicide needed to increase paddy production. Research programs and agricultural advice will be developed to overcome constraints on the improvement of productivity and the transformation of local rice in response demand from framers. Better access to markets will be developed by opening up the main zones of rice production and marketing and by reinforcing (industrial and artisanal) husking capacity, without jeopardizing quality, in order to respond to the demands of the national, sub-regional and international market.

341. For other cereal, root and tuber, leguminous and horticulture sectors of agriculture in the Northern, Lower and Mid Guinea, and Forested Guinea regions, the Government intends to promote cultivation of the following: cereals (corn, sorghum, fonio/millet, etc.); roots and tubers (manioc, yams and sweet potatoes, etc.); legumes (peanuts, beans, cowpeas, etc.) and garden vegetables (potatoes, mangos, bananas and pineapple). The objective is to contribute to better availability and to better access of the population to a diversified national market for food-producing agriculture able to satisfy demand and correctly remunerate producers, prevent and manage food crises.

342. For the 2013-2015 period, it will be a question of :

- doubling the production of manioc, increasing yields by 4.5 tons to 10 tons;
- doubling the production of corn from 120,000 tons in 2005 to 250,000 tons in 2015 by increasing yields from 1.5 tons in 2005 to 2.5 tons in 2015;
- assuring an increase in the production of fonio (millet) of 25%, from 115,000 tons in 2007 to 150,000 tons in 2015;
- doubling the production of sweet potatoes by 2015;
- increasing the production of peanuts from 60,695 tons in 2007 to 120,000 tons by 2015 by raising peanut yields from 1.3 to 2.5 tons per hectare by 2015;

343. To promote these growth sectors, the Government intends to particularly emphasize: (i) reinforcement of institutional capacities and the management of producers and their organizations and the creation of inter-professions within the networks, and (ii) the processing, conservation and storage of diversified foodstuffs, to permit greater sale and consumption in urban centers. Further, it intends to promote industrial uses (starch, alcohol) and types of livestock feed that present the most promising opportunities, The use of manioc for animal feed is a potentially very important outlet (Asia, Europe). Demand for medical alcohol in West African countries amounts to 50,000 tons/year, while very few production units are currently operational. The Government intends to exploit this growth niche. To succeed, priorities are (i) multiplication and distribution of highly productive varieties while spreading the knowledge of good farming practices to double or triple agricultural yields; and (ii) the establishment of a coherent development program for the networks concerned, supporting the promotion of technical innovation in the processing area and directed at the national and regional market for, not only human nourishment, but also for industrial use (animal feed, starch, alcohol...).

344. *With regard to fishing and aquaculture sectors*, the objective is to grow national halieutic production with a view to covering the national consumption needs of the population. It means covering, by 2015, a consumption requirement estimated at 232,000 tons.



345. Principal interventions concern (i) construction and equipment in Conakry (Téminétaye fishing port) and 10 fresh-product processing plants that meet high quality standard at Benty and at Koukoudé on the basis of a public-private partnership; (ii) support to the private sector for the construction of a high-quality fish canning plant. This action aims to promote the processing of fish into cans because Guinea does not have the facilities to conserve and can fish. (iii) support to the private sector for the construction of five (5) improved smoking centers that meet high quality standards to promote the export of smoked products to markets in North America (iv) organization of fairs and/or support for operators' participation in international fairs in order to promote trade, make known the Guinea label and diversify their business contacts, (v) support the private sector for the establishment of a package manufacturing facility; (vi) support

to the private sector for the establishment of five (5) facilities to produce fish powder for cattle feed, which will permit the recovery of waste, products unfit for human consumption and waste from processing plants.

346. *With regard animal livestock farming, or products with a short shelf life* (sheep and goats, pigs, poultry, mini-livestock farming, beef) and dairy, production of beef should reach 132,815 tons in 2015, compared with 55,360 tons in 2008; for sheep, goats and pigs, production is targeted at 18,412 tons in 2015, compared with 14,842 tons in 2008; the egg production target is 36791 tons in 2015, compared with 5,597 tons in 2008. Milk production should increase from 139 million liters in 2008 to 184 million liters in 2015. The honey-producing network will be restructured to increase production from 1.026.000 liters of honey in 2008 to 1.736.000 liters in 2015. Principal interventions will: (i) construction, with public resources, of infrastructure for poultry slaughter: the construction of a large-capacity slaughter house in the Conakry area and 7 smaller slaughtering units in the town centers of administrative regions, (ii) support for the establishment of 4 incubators in the town centers of 4 natural regions, (iii) support to the private sector for the establishment of a poultry packaging manufacturing facility in the Conakry area, (iv) support to the private sector for the establishment of a cattle feed factory in Lower Guinea and 3 cattle feed producing units in Northern, Mid and Forested Guinea.

### *(iii) Promotion of sources of export growth*

347. In a context of regionalization and globalization of trade, diversification of production and export potential as well as improvement of the competitiveness of growth sectors (like coffee, cotton, palm oil, cashews and fonio/millet) as well as garden vegetables are important pillars of agricultural productivity and accelerated growth in Guinea. These productions have a structuring effect on the entire rural sector and a multiplying effect on revenues, especially rural. In-depth studies of potential export markets will be conducted and action plans developed.

#### *Agricultural sectors:*



348. *Palm oil:* There is room for much productivity improvement. In Lower Guinea, the extent of family-owned and industrial palm oil plantations will grow from 9,000 hectares in 2005 to 15,000 hectares in 2015 and palm oil production will reach 20,000 tons in 2015. In Forested Guinea, nearly 17,700 hectares of new palm oil plantations (6,500 hectares of industrial and 11,200 hectares of family plantations with a capacity of 10 tons) will be reclaimed and production will reach 60,000 tons of palm oil in 2015.

349. To succeed, the Government will act to: (i) create new family and industrial plantations (6,000 ha) in Lower Guinea; (ii) improve oil extraction techniques which are nearly all traditional (with low yields: 8% on average per cycle weight, compared with 25% for improved methods), (iii) creation of 17 700 hectares of new palm oil

plantations, of which 6,500 hectares are industrial and 11, 300 family plantations, (iii) establishment of 3 new oil processing plants, including for 40 t/h, one for 20 t/h and one with a capacity of 10 t/h; (iv) support to individual producers notably in terms of credits, modernization of marketing, industrial and village planting programs adapted to the regional market.

350. *Cotton*: The Government goal is to produce 65,000 tons in 2015, of which, 55,000 tons in Northern Guinea and 10,000 tons in Gaoual/Koundara in Mid Guinea. To do so, main interventions will be (i) reinforcement of the sector by restructuring and recapitalizing the Guinean Cotton Company (CGC); (ii) improvement of producers' access to the resources and agricultural equipment that they need; (iii) improvement of the fiber yield of cotton seeds; (iv) promotion of the emergence of a cotton sector inter-profession that's groups producers, transporters, huskers, dealers, institutions and other support services; establishment of new mechanism to set prices (a Buffer Fund to absorb price volatility and a line of credit, for example).

351. *Cashews*: The Government's objective is to produce 20,000 tons of cashew nuts in 2015. To succeed, the main interventions in Lower Guinea and Northern Guinea, will: (i) support the promotion of Private Production Centers for Vegetal Material (CPMV), including nurseries, wooded parks and arboreta; (ii) introduction and preservation of early and high-yield varieties; (iii) support for the establishment of agro-industrial units to produce cashew kernels; (iv) the promotion of small and medium-sized enterprises to produce cashew kernels; (v) reinforcement of artisanal processing capacities for the installation of small units at the level of women's unions and groups, (vi) the launch of a quality campaign and creation of a quality label for cashew nuts from Guinea; (vii) establishment of a laboratory for analysis and certification; (viii) the development of an information system that covers markets accessible to the ensemble of producers, to facilitate commercial transactions; (ix) support to the structuring and reinforcement of the capacities of actors in the production sector, notably in terms of management and trade negotiations.

352. *Coffee*: The Government intends to proceed to a requalification to recover past performance in this sector. This principally means renewing (old and poorly maintained) plantation. The sector also needs very heavy investment that only will be profitable with difficulty by 2015 but that continues to look promising beyond that date.

353. Over the 2013-2015 period, it will be a question of working to (i) increase the surface of Arabica coffee-growing land from 1,500 hectares in 2005 to 5,000 hectares in 2015 in Mid Guinea; and (ii) to lift coffee production from 25,000 tons in 2005 to 60,000 tons by 2015 in Forested Guinea, for a production of 75,000 tons of coffee and cacao in 2015. To reach these objectives, the main interventions will: (i) establish a production and distribution network for improved plants; (ii) reinforcement of agricultural research and counsel to planters; (iii) creation of agro-industrial processing units likely to bring higher added value to the international market; (iv) bringing exported coffee up to international standards; (v) reinforcement of professional organizations in the network (an essential reason for the low-level of care given to the product is the lack of professionalism on the part of the operators and, especially, the exporters).

#### ***Horticultural products:***

354. The ambition of the Government is (i) to promote horticulture which is an area where Guinea has significant potential for growth, with emphasis on the highest contributors (green beans, cherry tomatoes, melons, little peppers, pineapples, mangoes, etc.) and (i) export about 15,000 tons of diversified vegetables by 2015, such as peppers, green beans, tomatoes, cherries and melons. Horticultural products have the highest export potential.

355. With regard to *pineapples*, action will focus on (i) better quality, starting with higher levels of fertilizer use, (ii) better basic equipment for producers (land clearance, soil improvement, irrigation equipment), (iii) improvement of a low level of organization among producers.

356. In spite of low yields, traditional *banana* producers have the potential to put 120,000 tons on the market by 2015. Action will be directed toward improvement of quality banana and plantain production going from 16,000 ton in 2005 to 68,000 tons by 2016 in Forested Guinea and from 1,500 tons to 10,000 tons for the same period in

Lower Guinea through (i) better quality plants, by raising the level of fertilizer use, (ii) improvement of the basic equipment of producers, (iii) improvement of the low level of organization among producers.

357. With regard to mangos, Guinea has a substantial resource in mango trees, estimated at about 700,000, spread between two large production zones: Maritime Guinea (Kindia, Forécariah, Coyah and Dubréka) and Upper Guinea (Kankan Siguiri and Mandiana). Northern Guinea has an incontestable advantage for the production of mangos for export because of its dry tropical climate and the existence of younger orchards. The quality of the fruit is exceptional and there is a low incidence of problems from fungus. Potential production is estimated at 100,000 tons. Mango cultivation occupies nearly 30,000 planters. Sale and export potential is estimated at about 30,000 tons and essentially concerns fresh mangos, conventionally as well as organically produced. Current export markets include the European Union member states (Belgium, France, the Netherlands, the United Kingdom and Germany) and countries (Morocco, Libya, Saudi Arabia, etc.) The sub-regional market represents a short-term potential of 3,000 to 5,000 tons. To exploit this vast potential, Government intervention will focus on (i) renewal of plantations, (ii) refrigerated storage to reduce high post-harvest losses, (iii) exoneration of packaging materials, (iv) reduction of the cost of sea-going containers.

## **B-2. Promotion of growth poles**

358. Promoting growth poles and competitiveness means making the most of sectorial potential and local resources, by developing strategies implemented by the Government, as well as by local communities, while, at the same time, calling on public-private partnership.

359. Over the 2013-2015 period, the Government intends to conduct studies at regional level throughout the country to identify areas for potential growth poles, and select, for this phase, those that meet minimal conditions. The region, or group of regions, will be the spatial configuration of this approach. Together with the local communities, the Government will work to assemble pertinent actors (enterprises, research centers and training units, support structures) in a spirit of partnership, in order to create synergies around innovative projects, targeting a market and competitive advantage with national and international visibility.

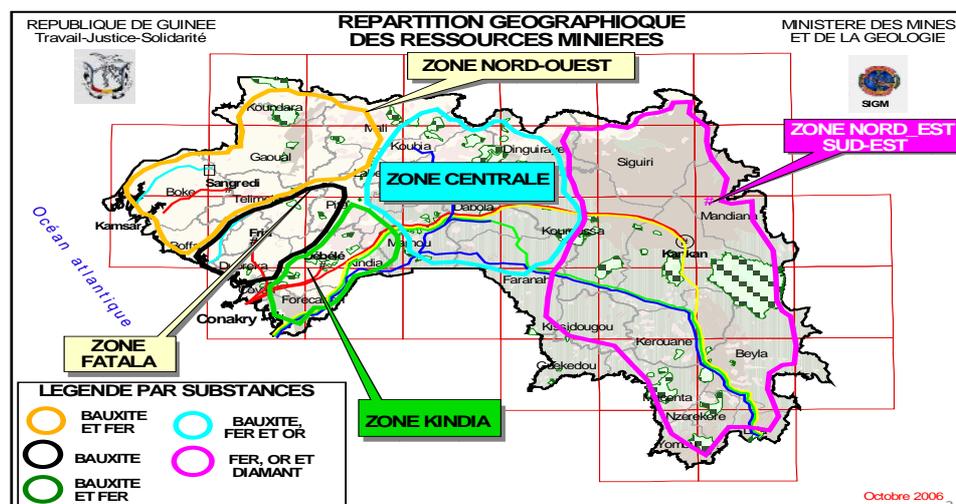
360. This approach will combine the reinforced competitiveness of certain sectors through the construction of real poles that will allow the emergence and grouping of modern enterprises, able to have access to local, qualified personnel and benefiting from service infrastructure necessary to their development. Accordingly, the Government will develop a consistent approach based on its vision of planned land development and the priorities of regional development. With this in mind, it will proceed to: (i) identify the areas classified as potential growth poles, to facilitate access to certain financing instruments of the State, (ii) establish a Growth Pole Promotion Fund as a means of financing, at the same time, State-owned support infrastructure to develop certain productive sectors in the regions and to support certain enterprises by serving as a Guarantor or source of credit; (iii) establish coherent timetable for the main actors (Government, local communities and the private sector), in order to guide local development programs and develop new mechanisms for coordination and monitoring certain sectorial programs, (iv) formulate a policy to promote growth poles. Exploitation of Guinea's potential will begin with the sectors where the country has comparative advantages: Agriculture, Mining and Tourism.

361. Parallel to the establishment of growth poles around products, the Government will make sure to, among other things, improve the business climate and develop human and technical competences. Attaining accelerated and diversified growth and sustainable development objectives means creating and implementing a national program to develop competences (PNDC). In this context, priority action will focus on: (i) reinforcement of the capacities of public administrations and institutions in the formulation, implementation and monitoring-evaluation of public policies, as well as in the improvement of dialogue and consultation; (ii) optimization of the use of available human resources, reform and creation of synergy among development structures and actors on the ground; (iii) promotion of better conditions for the successful reinforcement of capacities; (iv) creation of sociocultural conditions to reinforce entrepreneurial competitive capacities; (v) reinforcement of technical and administrative capacities in the informal sector, through training adapted to its needs; (vi) reinforcement of savoir-

faire and the acquisition of new competences and new behavior to improve the productivity of micro-enterprises in the informal sector.

362. The Government also intends to promote economic intelligence in order to have pertinent information available to understand and anticipate the national and international economic environment, identify opportunities for access to new markets, thanks to innovation and creativity. Over the 2013-2015 period, economic intelligence poles for the Administration (public services) and the private sector (employers) will be established. To support its function as an organizer of the economy and regulator of political life and the life of society, the Government plans to promote: (i) vigilance over the economy and technology; (ii) industrial cleanliness, (iii) security of intellectual and economic property; management and exploitation of knowledge and information; which will make it possible to have the adequate tools to plan for and anticipate the future. Particularly privileged areas will be science and industrial, technological and medical production processes.

### C - Development of the mining sector



363. Guinea's mining potential is recognized as one of most substantial in West Africa, exploitable, for the most part, on the surface and, for certain substances, relatively near to a port. More than half of the world's bauxite reserves are known to be concentrated in the country (2/3 before the recent discovery of large deposits in Southeast Asia); large iron deposits (9 billion tons), of gold, diamonds, nickel and copper, as well as titanium. There is convincing evidence of the existence of uranium and petroleum. This potential has been known for a long time and large international companies have been active in Guinea since 1960. Artisanal mining on a small scale is, for its part, expanding but disorganized. More than 300,000 persons and families are concerned.

#### Box 3: Mining potential in Guinea

Development strategy for the mining sector will be built on mining potential. It is estimated to be: (i) Bauxite: 29 billion tons of identified resources (out of total potential estimated at 40 billion tons), the west and the center of the country, that is, between 1/3 and 2/3 of world resources and more than 16 centuries of exploitation at the current pace; (ii) Iron ore: several billion tons of resources identified (mainly Mount Nimba and Mount Simandou, as well as Faranah and Forecariah); (iii) Gold: several hundred tons, or nearly 300 tons (10 million ounces of resources identified); (iv) Diamonds: 500 million carats of proven reserves of jewel quality (alluvial deposits and kimberlites); (v) Lime: several as yet unexplored deposits, large enough to permit the production of whitewash and/or cement; (vi) Other materials: Granite and dolerite (for aggregates) and sand in large quantities, also clay, slate, etc.; (vii) Nickel and platinoids: existing potential as yet poorly evaluated (particularly at Mt. Kakoulima); (viii) Copper, zinc, lead, rutile, uranium, manganese, graphite: some isolated instances, none of which display any economic value at present; (ix) Semi-precious stones (corundum, tourmaline, etc.): some instances currently under small-scale artisanal exploitation.

364. The stated goal of the Government for the years to come is the restoration of good governance, supported by a strong strategic vision for the development of the entire mining sector. This goal is based on the "Mining and Sustainable Development" concept organized around 4 axis: (i) development of agriculture and an industrial base in mining zones and along transport routes for mining products, (ii) protection and restoration of the environment, (iii) community development in mining zones, (iv) regular control of mining activities to improve and secure revenues for the State.

365. Over the 2013-2015 period, in the context of the policy to jump start the economy, it can be expected that the Government will undertake real steps to support the development of the mining sector, notably by promoting transparency and committing to deep institutional and structural reforms. The aim is to establish better working conditions for world-renowned international investors.

366. In the context of reinforcement of institutional and structural reforms, principal activities will focus on (i) development of a geological map and updated geophysical data; (ii) finalization, adoption and publication of implementing texts of the Mining Code, as well as a new model mining agreement for Guinea; (iii) revision of the institutional role and context of the Société Guinéenne du Patrimoine Minier (SOGUIPAMI), with the objective of making it consistent with best international practices for public companies responsible for national resources and ensuring that the assets of the State in the mining sector remain under the full control of the Government and under the supervision of the Parliament, that the revenues of the State are protected and that fiscal risks that could stem from foreign debt and other commitments are contained within the limits of viability of the reinforcement of the Extractive Industries Transparency Initiative (EITI).

367. In the context of application of the new legislation, current reforms leading to better management of mining resources should: (i) limit the number and extent of prospecting licenses to prevent speculation, encourage intense research and open Guinea to a greater number of investors; (ii) revise the mining registry after a KPMG audit so that prospecting licenses are awarded to the most serious, dynamic and capable operators; (iii) review the way that exploitation permits and mining concessions are awarded so that exploitation of mineral resources are not frozen; (iv) regulate small-scale exploitation through the award of mining titles; (v) award mining titles to known deposits on the basis of tender offers; (vi) seek financing to recruit international experts able to provide support during negotiations and the structuring of agreements; (vii) construct and equip a national mining reference Laboratory and (viii) relaunch geo-referencing; (viii) creation of an internet site with all the information on contracts; and (ix) involvement of the communities concerned during the negotiation of new contracts.

368. *Concerning support to small-scale operations*, integration of mining crafts into the economic fabric and the creation of micro-enterprises should contribute to the durable development of the regions, to the balance exploitation of resource, to the improve of living conditions and the settlement of populations. These objectives could be attained thanks to support that integrates actions into legal, technical, financial health, social and cultural plans and that involves all the actors.

Support to small-scale operations will: (i) establish legal statutes for small-scale miners, (ii) identify the sites and evaluate the resource, (iii) uncover new geological potential and miners able to ensure renewal of reserves in the medium term, (iv) build technical and financial dossiers, (v) introduce rational methods of exploitation and treatment, (vi) make available suitable equipment and material, (vii) develop training with the assistance of trained technical people, (viii) organize the progressive and rational exploitation of sites with artisans and authorities, (ix) apply new work methods and exploitation techniques and (x) facilitate access to credits; (xi) establishment of mechanisms for safety and the protection of human rights on mining sites, with special attention to working conditions for artisan miners and women around the mines.

#### ***D - Development of manufacturing industry***

369. Several bottlenecks stall industrial development: (i) the means of production are insufficient and not very competitive; (ii) 12 hours of electricity, on average, per day, represent a great deal of downtime. The cost of an emergency generator is extremely high. Competitiveness is difficult in these conditions; (iii) non-existence of

industrial zones with amenities and ready to receive investors; (iv) fiscal pressure is high; (v) access to credit is very difficult; and (vi) institutional support is weak or incomplete, as a rule.

370. Guinea does not have a real National Industrial Development Policy (PNDI) to address the different factors that strangle industrial activity, in an operational and programmed way while taking advantage of the base provided by agriculture and mining. In the current context, the new PNDI should emphasize the following axes: (i) development in the short term of industrial zones with amenities and services; an overall development plan for equipped industrial zones to provide an overall view and a coherent approach for the medium and long term; (ii) development of agri-business and industry; (iii) development, on the periphery of mining areas, sub-contracting programs to provide mechanical as well as industrial services (maintenance of engines and equipment, manufacture of certain spare parts, electricity, industrial data processing, etc...); and (iv) surface mining of minerals to favor the development of SME specialized in the production of materials for construction and for buildings and public works.

371. Further, over the 2013-2015 period, the Government commits to implementing the Policy Letter for the Promotion of the Private Sector to achieve more than a 5% increase in the rate of value added to the manufacturing sector. To do so, the Government intends first to revisit and adapt the framework for the performance of industrial activity in Guinea, specifically through the following support measures: (i) reinforcement of the environment for private investment; (ii) reinforcement of institutions that support the private sector and entrepreneurial capacity (especially SMEs); (iii) reinforcement of the role of the private sector (dialogue with the private sector on competitiveness issues; (iv) promotion of an appropriate framework for partnership between universities and enterprise so that the latter can contribute to the financing of university research that produces results that in time can be used to increase productivity of the enterprises; and (v) the establishment of an Industrialization Fund.

372. Then. Government intends to develop and implement:

- *Competitiveness programs by productive sector*: a list of priority sectors will be drawn up, in close cooperation with the private sector. Strategic studies will be undertaken to develop these sectors and make them more competitive, with the objective of optimally deploying the value chain in each of the sectors concerned, the implementation of inter-professions and the creation of decent jobs. At the end of such studies, medium term programs to increase competitiveness could be discussed by the Government and the inter-profession of each channel so that, if necessary, a multiiform support contract with the Government can be drawn up. The objective to conclude such competitiveness contracts with half a dozen channels of the national economy every year and to cover, after ten to 15 years, all national economic channels of growth. A *Competitiveness Committee*, composed of representatives of the Government and private sector, with the association, as needed, of representatives of the financial sector, will be established to guide this process.
- *A national program to bring existing enterprises up to standard*. This program aims to relaunch the production of industrial and service enterprises, promote investment, create jobs and improve the competitiveness of the Guinean economy at regional and international level. It completes and serves as an operational framework for channel competitiveness programs. Its implementation, which will benefit primarily those enterprises that belong to a channel competitiveness program, aims to give these enterprises the means to (i) upgrade their production technology and relaunch private investment; and (ii) strengthen managerial capacity and human resources in our enterprises, so that they can make the most of technological innovations. To succeed, the Government will establish a suitable institutional framework to guide the program.

### ***E – Development of the business sector***

373. In Guinea, business activity is characterized by the strong preponderance of informal operators. Nationally, commerce general consists of imported products and foreign trade is dominated by the export of agricultural and mining products. Women play an important role in commerce and engage in import-export. Still, the sector suffers from certain weaknesses, notably : (i) lack of professionalism; (ii) non-respect of regulation and the demands of quality; (iii) badly defined distribution channels that are not followed by business operations; (iv) non-existence of hospitality facilities; (v) weak structures to support and promote business people; (vi) no export promotion strategy; and (vii) lack and unreliability of statistical data.

374. In view of these weaknesses, the Government's goal is to establish a judicial, institutional and operational package that will allow distribution and import-export activity to respond to the needs of consumers and contribute to the competitiveness of companies and the reduction of poverty through the Reinforced Integrated Framework (CIR). This framework will, among other things, promote the recovery of international market share formerly held by Guinean products (bananas 100,000, coffee 50,000 tons, palm oil 150,000 tons) and diversify Guinean exports by giving priority to processed products.

375. Government action will prioritize: (i) revision of the national policy to promote and develop exports; (ii) development of a national competition policy; (iii) development of a Business Code; (iv) a new national census of companies in all sectors with a view to creating a National Companies Register; (v) support for the creation of an International Exhibition Center; (vi) construction of offices for the Chamber of Commerce, at national and local level; (vii) building of storage and conservation facilities; (viii) construction of basic infrastructure (rural pathways, general warehouses, regional and/or wholesale markets, markets of national interest, cold chambers); (ix) organization in the country of business events to promote trade, like national and international fairs and exhibitions, specialized shows ; and (x) construction of infrastructure to welcome business and trade events.

### *F - Development of the tourism sector*



376. Guinea possesses impressive touristic potential. The main sites are: the Loos Isles, 30 minutes from Conakry, the beaches of Cap Verga, the Tristao Island, Capken and Alcatraz and the Bel Air beach. There are rich and varied opportunities for Adventure and Discovery Tourism: the Smoking Dog, 42 km from Conakry; the Woman from Mali, highest point in the Fouta Djallon, the Kinkon (Pita) and Sala (Labé) Falls and the Bridal Veil in Kindia (146 km from Conakry). The geographic diversity of the country is a draw for natural and ecological tourism: the mouths of the Senegal, Gambia and Niger rivers; the pine forest and beautiful gardens in Dalaba; thermal springs in Foulamory; the Mt. Nimba Nature Reserve with its viviparous toads, classified a World Heritage site by UNESCO; sacred forests.

377. For cultural tourism, Gouin is a culturally rich mosaic of 29 very diverse ethnicities. There is a varied range of traditional festivities and rituals. Handicrafts and music also are part of the country's cultural richness. For hunting tourism, there is a significant population of chimpanzees, wart hogs, elephants, small game and migratory birds.

378. Nevertheless, the country is significantly behind when it comes to exploiting this potentially rewarding sector of the national economy. In fact, (i) there are not enough hotels and they are badly distributed across the country; there are no five-star hotels in the capital and no middle-level (2, 3 star) hotels in regional capitals; (ii) the amount of public investment remains modest; (iii) the number of tourists from abroad remains stable, about 46,000 tourist in all categories; (iv) from 2006-2009, revenues from tourism decreased by 10%, placing Guinea in the category of the least-visited countries; (v) travel agency brochures barely include Guinea among their offerings; (vi) the cost of Guinea as a destination is higher than that for neighboring countries (airport assistance, international transport, hotel services, VAT...).

379. Handicaps and adverse factors are numerous enough, many of them structural. The challenge is to make "*Destination: Guinea*" appear on the international tourism market, and, progressively to build the bases and competitive factors of a tourism industry equal to the potential of the country. In this perspective, the Government has selected two directions for action: (i) the priming, through the preparation of a site to consist of an initial tourist stop, launching point for development of the industry; and (ii) requalification of what exists by taking measures to improve quality.

380. *With regard to priming*, Government policy consists of pro-actively concentrating its efforts, in the short term, to create an initial tourist resort at a beach site attractive enough to attract investors and tourists. The Bel Air site seems to possess the conditions needed to become this initial tourist attraction. The topography of the terrain favors the construction of hospitality facilities at competitive cost. The site is considered one of the most beautiful in West Africa.

381. Even if it is primarily a beach resort, this first resort should play an important role in the revelation and communication of Guinea's tourism potential and serve as a departure point for excursions to the interior of the country. The Government commits to bringing road and airport infrastructure up to standard. It will encourage the establishment of private airlines or taxi planes to serve the interior.

382. *With regard to requalification*, the Government will develop and establish a national program of requalification to bring infrastructure and tourist sites up to standard. In this sense, it already has undertaken eleven (11) hotel projects (of 3,4 and 5 stars) at an overall cost of GNF 1.8 billion. This investment effort in hotels will, in the space of four (4) years, make it possible to double hotel capacity in the capital, to the tune of 2000 rooms, or 1,500 beds, in Conakry. ECOWAS plans to open its future regional training center for the tourism and hotel professions in Conakry, which certainly will help to attenuate the lack of human resources that afflicts the sector.

### ***G. Improvement of the business climate and investment incentives***

383. A better business environment is indispensable to energize the private sector. At the same time, legal and judiciary protection for business activities is an indispensable condition for investment and business development.

384. Government action will concentrate, first, on additional improvement in the "Doing Business" indicators. Work is underway to improve the performance of Guinea on four indicators: i) Getting Credit; ii) Trading Across Borders; iii) Registering Property; and iv) Paying Taxes. Efforts should lead to reform propositions that would affect Guinea's ranking in terms of these indicators. On the basis of performance criteria, i.e. deadlines, number and cost of procedures, the Government will take steps to monitor the effective implementation of promised reforms. It also will work with the private sector to rationalize professional organizations, including the organization of a Roundtable with the support of development partners and the participation of all the actors in the private sector.

385. Then, an anti-corruption law will be submitted to Parliament. This law will transpose into national law the provisions of UN and African Union conventions relative to the fight against corruption and will launch a second study to evaluate the level of corruption in the country. With regard to money laundering, there will be the institutional provisions needed to cover the function and responsibilities of the National Unit for the Treatment of Financial Information (CENTIF).

386. To conduct the reforms needed to promote the private sector, improve the business climate, as well as investment incentives, the Government will finalize the new Investment Code that covers non-tax incentives. At the same it will proceed to review the General Tax Code, the Customs and Customs Tariff Code in order to incorporate tax incentives into these Codes.

387. The Government will implement an ongoing training program for magistrates and justice auxiliaries and will help to strengthen the know-how of lawyers, notaries, bailiffs and auctioneers for better execution of judicial decisions.

388. Finally, the Government will adopt a national program to progressively formalize the informal sector. This program should articulate the following: (i) awareness at the highest levels of government of the issues connected with an informal sector in a modern economy; (ii) definition of the measures needed to implement a national formalization program; drafting of regulatory and fiscal reforms aimed at simplifying administrative formalities for small enterprises; (iv) conduct of widespread awareness campaigns and training for formalization;

(v) implementation of development programs specific to different sectors of activity, and (vi) specific support to the different components of the informal sector.

#### ***H. Promotion of regional integration***

389. As a developing African nation, Guinea enjoys most-favored access to large markets in industrialized countries – notably in Europe. Its primary products and its hand-made articles also have free access to markets in the sub-region thanks to ECOWAS trade agreements, notably under the Aid-For-Trade Scheme, along with manufactured goods with a minimum amount of local added value. In the interest of regional integration, there also will be close monitoring of the primary and secondary ECOWAS currency convergence criteria.

390. In this context, Guinea intends to actively promote economic integration and foreign trade in order to exploit every opportunity. To this end, strategy will aim to: (i) support regional and sub-regional solidarity, by participating in the creation of transnational infrastructure and contributing to the functioning of the integration institutions and above all to the promotion of peace, security and sociopolitical stability in the sub-regional and regional space, (with particular attention to borders), particularly within ECOWAS; (ii) strengthen its participation in sub-regional river basin development organization through integrating projects for the inter-connection of electrical energy networks and production, notably the energy project of the Organization for the Development of the Gambia River (OMVG), the FOMI project under the Niger River Basin Authority (NBA), the Koukoutamba, Boureya and Balassa projects under the Organization for the Development of Senegal River (OMVS); (iii) occupy first place in the emergence of a regional energy market, by exploiting, on the one hand, opportunities afforded by cross-border waters for the development of industrial, agricultural and fishing sectors; better food security and sustainable management of resources; development of river navigation, in the context of multimodal transport; hydroelectric production, plus the exploitation of enormous national potential for the production of hydroelectric energy (big dams or micro-hydroelectricity) to meet national energy demand (industries and households) and especial to export the surplus to other ECOWAS countries; (iv) implement the program to improve the priority road corridors adopted by ECOWAS under the framework of the Regional Program for the Facilitation of Transport and Road Transportation, with particular emphasis on the construction of missing links on the coastal trans-African Lagos-Dakar highway (4,900 kilometers) which concerns Guinea and its neighbors in the Mano River Union (UFM). These integrating road sections would link all UFM countries by road.

391. In any event, the Government intends to implement main recommendations of Guinea's reinforced Integrated Trade Framework, in order to establish the bases for accelerated growth by reinforcing the integration of the country's economy in regional and world markets.

#### ***2.2.2.2. Growth sustainability***

##### ***A - Management of mineral resources and sustainable development***

392. Planned accelerated and diversified growth strategy depends in part on the exploitation of mineral resources that are by definition non-renewable. As this strategy is implemented, Government action will, therefore, take into consideration the needs of future generations by:

(i) use of mining revenues to develop other types of capital (human, social, physical, financial), which, when associated with structural change, should generate human and sustainable development; (ii) taking into consideration the environmental impact of mining projects, protection of the natural environment (land, marine and coastal ecosystems) as well as the urban environment; (iii) creating a fund for future generations and involving the people in the management of large and small-scale community contributions from mining companies, as has been done in the prefecture of Siguir.

## ***B - Protection of the environment and promotion of a green economy***



393. With the goal of preserving the environment and fighting against its degradation, the Government has established a National Environmental Policy (PNE). Specifically, the implementation of this policy will permit: (i) integration of the environment in development policies, plans, programs and projects, as well as in the decision-making process; (ii) contribute to protection of the environment by implementing international conventions; (iii) the offer of a healthy life for the people while at the same time creating employment opportunities; (iv) reinforcement of the management capacity of the different actors while at the same promoting activities that can generate lasting employment; (v) reduce

obstacles and threats that weigh on the coastal zone, in order to improve the quality of life for ecosystems and the people.

394. Government action over the 2013-2015 period will permit the continuation of efforts to mobilize natural resources as a pillar of agricultural development and control of its exploitation, specifically by stepping up the pace of reforestation, exploitation of forests, as well as the protection of fauna. It will mean the development and implementation of programs to: (i) attenuate the degradation of natural resources and the environment; (ii) adapt to a variable climate and climate change; (iii) land and fauna development; (iv) environmental governance and reinforcement of capacities; (v) research in areas linked to climate change, to biological diversity and to the fight against desertification, particular in sectors linked to agro-fuel, non-ligneous forestry products and forestry. Particular emphasis will be placed on protection of coastal zones and the marine environment.

395. Climate change continues to be a major concern. The will of the Government is to: (i) reinforce the national multi-sectorial and multi-actor dialogue (ii) reinforce the capacities of those concerned to adapt to climate change, and (iii) draw up and implement a strategy to reduce carbon emissions so that, over the long term, the country is committed to the carbon emission reduction process. Sectors identified as most vulnerable to climate change, and, therefore most in need of measures to permit adaptation/attenuation, should receive priority. These sectors are: agriculture, forestry, energy, water resources, human establishments and health, coastal zones.

396. Government policy will focus on transversal environmental management action and the promotion of a green economy. The Guinean Government is aware of the need to jump-start the transition to a green economy in order to reduce poverty and attain the sustainable development objectives that will permit optimization of resulting benefits, especially: (i) reinforcement and improvement of natural capital, (ii) optimization of economic benefits, (iii) promotion of employment (iv) increased purchasing power, (v) reduction of poverty, (vi) reduction to a minimum of social inequity and waste of resources.

397. Accordingly, the Government intends to draw up and implement a national strategy for a green economy and the promotion of sustainable production and consumption and companies' societal and environmental responsibility, through specific sectorial policies, notably for renewable energy, energy efficiency, sustainable agriculture, repeat tourism, industrial development, mining and forestry, waste management and public transport.

### **2.2.3 Axis 3: Development of infrastructure to sustain growth**

398. The Government is aware that the concretization of the concept of growth corridors will come to pass through the implementation of modern, multimodal and efficient transport infrastructure for maritime transport, railway lines, road infrastructure and airports to support the development of mining projects. To this end, the Government intends to draw up a master diagram for the development of infrastructure, as an important planning tool.

### 2.2.3.1 Development of transport infrastructure

#### *A. Reinforcement of the maritime, river and lake network*

399. Maritime transport assures nearly 95% of Guinea's foreign trade departing from two main ports located in Lower Guinea at Kamsar and at Conakry. Integrated into bauxite mining in Sangarédi, the mining port of Kamsar is managed by the CBG and has a 250 meter mineral dock with a 1,600 meter by 13.5 meter jetty, an 80 meter long by 3 meters commercial dock and a service dock with a jetty that is 140 meters by 3 meters for trade and navigation in coastal waters. River traffic is not very developed because of lack of maintenance of the navigability of the rivers, which currently limits river transport in the Northern Guinea area.

400. The Government's goal is to (i) have a highly performing and competitive international commercial port to accommodate the country's foreign trade at lowest cost, able to compete with the ports of the sub-region in the sale of port services to support Guinea's socio-economic development and (ii) develop a network of secondary maritime ports (unloading docks) and river ports with high quality service that respects aquatic fauna and flora.



401. Achievement of this objective depends on the optimal exploitation of the PAC, the promotion of transit from Mali and transshipment activities. To this end, the Government intends, over the course of the coming years, to: (i) improve the quality of services at competitive prices, (ii) reduce port surcharges, (iii) reinforce the management capacities of sub-sector enterprises, (iv) clarify who does what within the port: transporters, maintenance people, consignees and services responsible for enforcement of the rules and the police (land traffic, police, gendarmerie, customs, health).

402. Also, the Government is committed, in partnership with the Bolloré Group, to the construction of a new container terminal, a railway and a dry dock at Kagbelen to reduce truck traffic through the city of Conakry. Mining companies strongly support the creation and equipment of a second deep-water port near Matakang Island, 60 km from Conakry.

403. With regard to the network of secondary maritime ports and river ports, it is planned to: (i) make viable the ports of Kanfarandé, Taboria, Sandervalia, Kaback, Koundindé, Kouroussa, Kankan, Siguiri and the islands in order to develop national coastal navigation and river transport; (ii) continue to improve merchandise handling operations at the port of Conakry by relocating fishing activities, boat repair, passenger transport and the Guinean Navy; (iii) build a new deep-water port at Benty; (iv) construct an industrial fishing port and (v) revive river transport on the Niger and the Milo, especially useful for the development of trade with the hinterland and with Mali.

404. Finally, waterways are excellent tourist attractions that could be enhanced by the development of pleasure navigation and water sports that would add to the diversification of national tourism.

#### *B - Reinforcement of road infrastructure*



405. National roads in Guinea represent 16% of the 43,500 km of the inventoried road network. This network includes prefecture (or secondary) roads, 36% and community (or tertiary) roads, 48%. The overall state of national roads is very unsatisfactory (paved: good 16%, average 31% and bad 50%; unpaved: good 6%, average 51% and bad 43%).

The percentage of paved roads in relation to the total length of the network is among the lowest in the sub-region (59% for Sierra Leone; 40.7% for Ghana; 38.7% for Mali; 34.7% for Benin and 34% for Burkina Faso). The cost of rehabilitating all of the national roads that are in bad condition, paved and unpaved, is estimated at more than Euros 1.1 billion or about 25% of 2010 GDP. In addition to this important deterioration of

the road network, which does not include the state of the secondary or tertiary roads, large expanses of national territory, especially in the North and the East, are still hemmed in, without road access.. This infrastructure deficit has a highly negative impact in terms of agricultural productivity, access to basic services and, poverty reduction, in general.

406. Inter-regional and international connections also are insufficient, which prevents the country from serving as an international corridor and from stimulating trade with its neighbors.

407. The Government's goal is to significantly improve the state of the roads, through substantial investments for road maintenance and renovation to bring the network up to standard. Accordingly, action will focus on: i) use of the Road Agency formula in tandem with a second-generation Road Maintenance Fund (FER), to follow the example of most other countries in the sub-region; ii) making a second-generation FER available (deduction of road maintenance tax from State taxes, confirmation of its character as an infrastructure usage tax paid by the user and revenues from the FER, audit to ensure the eligibility of operations); iii) the need to outsource road building as well as maintenance (use of private sector contractors); (iv) completion of a study of the reorganization of road administration to identify a central administration, responsible for development, normalization and regulation and an operations administration entrusted to an entity able to manage flexibly.

408. Environmental impact studies will be required as part of tender offers. These studies will be enlarged to suit social dimensions so that accompanying local development activities can be programmed in villages traversed by a road or in the immediate vicinity. By paying attention to aspects of gender, health and HIV/AIDS, community micro-project will be carried out in HIMO (with high-intensity labor), to attenuate negative impacts (walls to protect schools, areas to dry food) and/or carry out projects identified by village people.

409. A chart that reflects involuntary relocations will be drawn up and applied in order to limit and compensate, as much as possible, for the negative impacts of road projects that force people to move. This chart will organize the different phases of displacements, in consultation with the people. It will transparently fix compensation, favoring compensation in kind (land) rather than monetary, in order to limit the windfall effect and speculation. It will be a minimum frame of reference for all road projects, whether privately or publicly financed.

410. There will be an effort to offset climate change, especially by favoring automobile check-ups and by introducing energy-saving driving into driving apprenticeships. Governance of the transport sector will be a priority. It will be reinforced by installing a risk analysis grid that will be associated with an annual tender plan and concurrent information from services in charge of selecting contractors, plus by those responsible for contract management and by the Fund for road maintenance.

411. As far as international transport is concerned, international trade with countries in the sub-region (Guinea Bissau, Ivory Coast, Liberia...) is very important for prosperity in Guinea and that a national, paved, inter-state road network is vital for the country. At national level, development of cotton, coffee and palm oil plantations, as well as food-producing agriculture, is closely linked to road transport and the rural road network. To this end, the Government has selected these strategic objectives: (i) reinforce road connections among natural regions of the country; (ii) finish the liaison that remains to be accomplished between Guinea and neighboring countries via built and paved roads; (iii) open up at least half of rural agglomerations; (iv) modernize the network of urban roads for some 20 secondary towns; and (v) maintains at least 60% of the national road network in condition by prioritizing the prefectures that have not so far been served by paved axes.

412. The great expansion of the capital of Conakry deserves special attention in urban transport policy. It requires the adoption of a specific strategy to promote urban transport in liaison with the expanding the road network.

413. Finally, with the support of development partners, the Government intends to organize a Roundtable and launch a five-year (2012-2016) road plan containing a portfolio of 31 priority projects estimated a Euros 1.120,100,000. It covers (i) construction or rehabilitation of 2,262 km of national roads, (ii) construction of 31 km of two-lane roads, (iii) rehabilitation of 96 km of national roads, (iv) reinforcement of 725 km of national roads, (vi) improvement of 3,000 km of roads for prefectures and 4,000 km of community road, (vii) construction 620 km of

urban roads, including 140 km in Conakry, (viii) installation of five (5) toll-weighing stations, (ix) support to three hundred (300) SMEs, (x) the creation of maintenance Funds for roads and institutional support for the Department of Public Works, and (xi) achievement of 11 study projects that have not been followed through.

### ***C - Reinforcement of the rail network***

414. Rail transport is underdeveloped in Guinea. The network totals a linear 1,047 km and is composed of four lines : (i) the Conakry-Kankan line (662 km), built before the first World War and unused since 1989 because of the serious dilapidation of infrastructure and rolling stock; (ii) the Conakry-Fria line (144 km), managed by the FRIGUIA mining company, that links the alumina plant in Fria with the port of Conakry; (iii) the Kamsar-Sangarédi line (136 km), managed by the Guinea Bauxite Company (CBG), that links the bauxite mines of Sangarédi with the port of Kamsar; and (iv) the Conakry-Kindia line (105 km), managed by the Société des Bauxites de Kindia (SBK), that links the Kindia bauxite mines to the port of Conakry. All four lines are in bad condition according to an evaluation by the Infrastructure Development Program for Africa,

415. The Government is aware that development of the rail network is indispensable to reinforce the country's role as an exporter of mining and industrial products. Thanks to prices that are more competitive compared with road transport and its load capacity, rail transport can considerably improve the mobility of people and goods on national territory.

416. The strategic rail transport framework in the National Transport Plan (PNT) gives priority in this sub-sector to the relaunch of the central (Conakry-Kankan) line. Four strategic axes have been selected: (i) continuation of the relaunch strategy for this line by combining transport of passengers and good with mining exploitation; (ii) completion of the Trans-Guinean, as well as exploitation of its potential and the opportunities that it represents; (iii) completion of analysis of the future of the port of Conakry and the maritime container transport function of the railroad on the first 38 kilometers of the line and a comparative study of continued development of the capacity of the port of Conakry combined with a dry dock project on the outskirts of the area; and (iv) the possibility of including a surface metro project in a future feasibility study for an urban transport plan for the Conakry agglomeration.

417. The Government will pursue negotiations for the construction of new railway lines, notably between the Coast and places where iron ore is being mined (Simandou, Zogota, etc.) The volume of internal products that could be transported by rail is forecast at ....million tons per year by 2015.

### ***D - Reinforcement of the air transport network***

418. Guinea has some air transport infrastructure that should be brought up to standard. Unlike other countries in the sub-region, the Guinean territory is relatively well covered (16 infrastructures): (i) an international airport, Conakry-Gbésia ; (ii) three (03) regional airports (Kankan, Labé and Nzérékoré) ; (iii) seven (07) secondary airports (Boké, Faranah, Fria, Kissidougou, Macenta, Sambailo and Siguri) and, (iv) five (05) private aerodromes used by the mining companies.

419. Air transport in Guinea has developed favorably over the last few years. The state of infrastructure and equipment at the Conakry airport is generally satisfactory. Traffic has considerably increased. Served by fourteen (14) different airlines, the Conakry airport has registered an increase of more than 20% in air traffic and more than 16% in the number of passengers between 2011 and 2012. Progress has been possible thanks to work to extend airport capacity, training of security agents, acquisition of airport safety material, the building and opening of a Duty Free store. Yet, this infrastructure is running at 50% of capacity and remains the weakest in the sub-region. Looking at airports in the interior, navigational aid equipment is dilapidated, primarily in secondary airports. But, for the most part, runways are maintained.

420. For the 2013-2015 period, the Guinean government plans to make the Conakry-Gbésia international airport a competitive and reliable platform to support the country's trade by air at the lowest cost. This entails diligent application of the master plan for the development of said airport.

421. Around this international airport, the Government intends to place (i) a network of regional airports with a good level of service, to facilitate the development of a network of interior line to serve far-off regions (Labé, Kankan, Nérékoré), and a network of local lines; (ii) a network of small aerodromes for light, privately-owned aircraft, on demand, in the general interest, to support socio-economic activities (tourism, mining and prospecting, forestry, health or civil society missions, emergencies, etc.) and (iii) the prospect of building a new international airport in Maferinya. The objective is to reach, by 2025, total traffic of five million passengers.

### 2.2.3.2 Development of energy infrastructure

422. Directions for the development of the energy sector aim to meet social, economic, environmental and institutional objective, in support of the attainment of MDG for Guinea. On the level of the economy, energy strategy aims to accelerate growth and competitiveness by giving highest priority to hydroelectric energy.<sup>8</sup> On the social level, the challenge is to provide the greatest possible access to modern energy. On the level of the environment, the priority is to find energy solution with low CO<sub>2</sub> emissions while protecting the environment at national level (water and forests, in particular).

#### *A - Making more high quality energy available at lowest possible cost*



423. Government efforts will follow one main axe: making high quality energy available at competitive cost. Objectives are to: (i) improve energy performance; (ii) increase availability by acting upon the most important indicators, which are usage factors, power/supply factors, rate of programmed cuts and rate of breakdowns; (iii) increase the degree of functional flexibility; and (iv) support incentive policies to for demand side management (DSM).

424. Main action will be oriented towards:

- rehabilitation of existing production capacity (thermal and hydroelectric): Projects already underway include, notably, the rehabilitation of thermal power station of Tombo 3 and Tombo 5 (70 MW) as well as the rehabilitation and extension of power stations in the regional capitals of Labé, Farabah, Kankan and Nzérékoré. Rehabilitation work will be continued on the hydraulic power stations of Grandes Chutes, Donkea and Garafiri;
- development of new production capacity: Actions already begun notably include the acquisition of new thermal production units for 100 MW in 2013 and the start of construction of the Kaleta dam, with an installed production capacity of 240.5 MW and the first delivery of electricity on the network forecast for 2015 and the end of the work by 2016.

425. In years to come, the Government intends to conduct studies for the development of new hydroelectric mega-dams (Souapiti on the Konkouré (515 MW), Amaria on the Konkouré (285 MW) and Morissanako on the Sankarani (100 MW)), favor the development of hydroelectric dams in under build-operate-transfer (BOT) agreements or public-private-partnership (PPP). The Fomi dam is under study and negotiation and pending projects are the Poudaldé dam on the Cogon (90MW), Gozoguezia on the Diani (48 MW) and Kassa B on the Kaaba (118 MW)) and a series of hydroelectric micro-dams (100 to 1500 KW).

426. Over the medium term, implementation of the program of 11 identified hydroelectric sites (Kassa B, Poudalde, Gozoguezia, Souapiti, Amaria, Fomi, KoukouTamba, BoureyaDiaraguella, Kogbedou and Morisanako) could provide a total installed capacity of 1,598 MW and supply 8,630 GWh of energy per year. Development of mining demand is an opportunity for the Guinean energy sector. The multitude of sites that could be equipped with micro or mini dams represents an important opportunity to electrify rural or semi-rural zones, as an alternative to extending the interconnected network.

<sup>8</sup> The cost of thermal production is more than 20 US cents per kWh, while there are hydro sites in Guinea that can produce at an all-inclusive cost of between 4 and US cents/kWh. (Source : Electrification Master Plan)

427. In the context of rehabilitation and development of transport capacity and distribution networks, the rehabilitation and extension of networks that serve Matoto, Ratoma and Kaloum (in Conakry) is underway in the context of different projects, along with the extension and rehabilitation of networks in regional capitals and in Boké. Studies are underway for the passage of one of the main power transport lines in the country (Maneah-Matoto-Tombo) line of 60 to 110 KV as well as for the reinforcement of Matoto-Tombo power stations and the construction of new power supply stations in Hamdallaye and Sonfonia.

428. Nearly all of these actions address the goal of reducing the cost of production. Consequently, it is planned to reinforce the investment planning capacity of the Energy Authority, starting in 2013, as part of opening the sector to competition, along with the establishment of a Fund to prepare low-cost investments in the electricity sector. It will be used to finance preparatory work (feasibility and environmental impact studies, cost of selection and negotiation with potential investors).

### ***B - Increased access for the greatest number to modern energy***

429. Agreed objectives are (i) increase electricity supply to the inter-connected network from less than 12 hours a day now to 24 hours a day by 2017, with an intermediate objective of 20 hours a day in 2013; (ii) reduce the average cost of electricity produced by the network to less than USD 0.16 by 2016 and less than USD 0.12 after 2017. This would bring the national rate of access to electricity from 12% in 2012 to 45% in 2015 and 80% by 2025 and the rate of household butane gas use to 10% by 2017.

430. To achieve these objectives, action will mainly concentrate on densification of the existing network, extension of the interconnected network, development of isolated systems and support to butane gas and kerosene for the poorest households.

### ***C - Development of renewable energy as part of the national energy mix***

431. The development of rural electrification will be pursued by generalizing the model successfully tested by the decentralized rural electrification project (PERD). Action includes: (i) development of a lighting system in the prefectures and sub-prefectures. The program that calls for the installation of 7000 lamp posts in 33 prefectures begun in 2012 and currently underway marks the will of the authorities to take the needs of the population in the interior of the country into account; (ii) the allocation of finance to support rural electrification. Specifically, a Fund for the Development of Rural Electrification (FODER) will be created and financed the budget or by matching funds from the HIPC; (iii) review of sectorial policy for the development of renewable energy and the development of a law on renewable energy and (iv) improvement of the institutional, regulatory and fiscal framework. This means opening concessions to local communities and to associations, as well as the improvement of the fiscal framework to attract actors (that offer and demand) rural energy, as well as by support for the development of the local private sector for rural electrification decentralized by the creation of a Rural Electrification Agency (AGER).

### ***D - Improvement of energy efficiency***

432. The Government intends to enhance national renewable energy resources for the electricity network, mini-hydro and certain unconventional energies and energy savings. It is working to meet the following objectives: (i) raise the proportion of hydraulic capacity in the supply of network electricity (ex-self suppliers) to 70% in 2017, compared with 38% after installation of 100 MW emergency thermal power station in 2013; (ii) develop 20 mini-hydro sites ( out of 130 surveyed, by 2025, including 5 by 2017, in the form of public-private-partnership (PPP) or community projects; (iii) reduce the consumption of firewood by 20,000 ton of oil equivalent (TOE) by 2017 (1/4 of the improvement considered possible); (iv) reduce the electricity consumption of the Administration and public enterprises by 150 TOE per year (50% of potential efficiency gains) by 2017; and (v) promote energy efficiency projects in industry, services and in households with resulting efficiency gains of 2,000 TOE per year by 2017.

433. With this in mind, the promotion of renewable energies, starting with hydroelectricity, will be assured by the establishment of a plan to promote renewable energy with monitoring by the Ministry in charge of energy. These initiatives will be completed by the establishment of a Fund that will finance feasibility studies and the preparation of projects.

434. At the same, there are plans to create a National Energy Savings Agency responsible for implementing a new strategy to save energy- An important first step in this direction is the promotion and distribution of energy-saving light bulbs by EDG, which can potentially result in substantial energy savings.

435. On an institutional and regulatory level, it will be necessary to assure the disengagement of State from energy activities and encourage competition as a market regulator, under the supervision of the State and the Regulator.

436. Concerning the disengagement of the State from commercial and competitive activities in the energy sector, the intention is to proceed with the recovery of the EDG and to encourage the development of independent electricity producers financed by the private sector, to supplement projects developed by the EDG. Agreed objectives include: (i) elimination by 2017 of subsidies to the EDG for operating and equipment expenses, by restructuring of the enterprise, tariff adjustments and reduced operating costs; and (ii) the financial closing of at least four PPP hydroelectric projects by 2015 and six projects by 2017.

437. To attain these objectives, agreed priority interventions are: (i) the restructuring and recovery of the EDG, by means of a Contract Plan State-EDG for the 2012-2015 period, with improved performance objectives for EDG, resumption of responsibilities for the State, outside assistance for the management of the EDG (management, service and technical assistance contract) and, more generally, implementation of an EDG Action Plan, approved in January 2012; (ii) revision of electricity tariffs on the basis of the average cost of production in order to assure the financial independence of the EDG and convert it into a credit-worthy bank client; (iii) reinforcement of the capacities of the Ministry in charge of energy for the development of PPP projects and the necessary adjustments in the regulatory and judicial framework.

438. Opening up the sector to competition depends mainly on the development of independent enterprises that produce and distribute energy, as well as on the integration of Guinea on the regional West African market and the development of trade. In addition to elements linked to the recovery of the EDG and preparation for a possible opening to the private sector, priority objectives and actions agreed for this axis essentially are linked to a revision of the institutional framework for the electricity sector with a view to opening the market to independent producers and distributors in a transparent way before December 2013. Specifically: (i) revision of the law on electricity L93/039/CTRN in order to reflect the general evolution of the organization of the electricity sector, which is essential if it is to become a viable commercial service; (ii) revision and preparation of texts to apply the June 1, 1998 BOT law L97/012 in order to encourage and protect private investment and create transparency for the awarding of licenses; (iii) creation and establishment by June 2013 of an independent and autonomous regulatory authority; (iv) review of sectorial policy and the drafting of a law on renewable resources.

### **2.2.3.3 Development of mail and telecommunications infrastructure**

#### ***A- Reinforcement of the postal sector***

439. The ambition of the Government to improve the postal service by improving the indicators (one mailbox for 200 inhabitants in 2015 instead of one mailbox for 1000 inhabitants in 2010), improve the quality and continuity of services offered to users (mail delivery from +7 days to + 2 days) and assure the conditions for lasting development of the postal service in Guinea.

440. To succeed, the Government continues with its reform of the postal sector consistent with decentralization policy and taking into account the new needs linked to the development of an information society. Also, the operational capacity of the Guinean Post Office (OPG) will be reinforced in order to accommodate technological developments, become more competitive and diversify the range of its products to better respond to the expectations of its clientele and the requirements of sustainable development. Action will: i) pursue reform of the postal sector; ii) appropriate ICT; iii) enlarge the postal delivery fleet in order to maintain and consolidate the quality of distribution to the interior; iv) reinforce the capacities of human resources. The cost of the reform plan and postal development (PIDEP) is fixed at USD 10,393,000.

## ***B- Reinforcement of ICT***

441. The sector has (i) five operational Telecom operators with about 4 million subscribers (SOTELGUI 16%, Areeba 45%, Intercel 6%, Orange 22% and Cellcom 18%); (ii) one public postal company and some message services; (iii) a dozen or so suppliers of Internet access.

442. The long-term vision of the authorities is “the edification of a Guinean information society, inclusive and participatory, where citizens, communities and the State benefit from modern means of communication to reduce poverty and accelerate economic, social, cultural and political development.”

443. To meet this overall objective, Guinea aims to reach, by 2015, the following specific objectives: (i) improve equitable and non-discriminatory access of the population to information; (ii) reduce the digital divide by bringing computer and Internet penetration from 1% in 2010 to 5% in 2015, the telephone penetration rate from 40% to 50%, the rate of middle-band wavelengths from 75% to 95% and short wave from 45% to 80%, the rate of off-shore coverage to 75% by 2015; (iii) improve the quality and the continuity of services offered to users of the telephone (network availability from 75% to 100%) and the Internet (band increase from 512 Kbit to 25Mbit).

444. Specifically, the Government is committed to: reinforcing and harmonizing the legislative, regulatory and institutional framework in order to promote the development of healthy competition to benefit users and to optimize the interconnection of networks and access to key capacities and infrastructure; (ii) reinforcing the regulatory function in order to guarantee the application of legal and regulatory provisions relative to competition, interconnection and access; (iii) develop national infrastructure and expertise; (iv) open up community rural telephone centers; (v) reinforce the capacities of personnel; (vi) popularize computers; (vii) improve network interconnection; (viii) develop public/private partnership; (ix) prepare the implementation of a strategy to improve the connectivity of governmental, educational and hospital institutions; (x) create and reinforce national management and security capacity in cyberspace; and (xi) prepare a digital convergence law.

### **2.2.4 Axis 4 : Reinforced access to basic social services and the resilience of households**

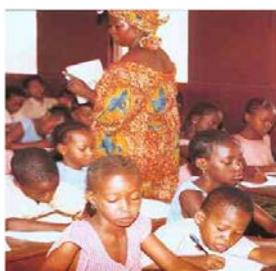
#### **2.2.4.1 Reinforced access to education and training services**

445. Government's stated objective is to i) support the educational system to promote economic growth; ii) target actions to permit the progressive correction of disparities linked to gender, areas, revenues and prevent exclusion; iii) develop a strategy to produce human capital that responds to the needs of the economy; iv) equip training with the tools to improve management of the educational system; v) increase access at all levels and improve monitoring of teaching and apprenticeship.

446. The Program for the Education Sector (PSE) is the instrument that the Government will use to fulfill its ambitions.

#### ***A- Promotion of Universal Primary Education***

447. Primary education is a priority for the Government. Specific objectives to meet are: (i) increase the rate of access to the first year of primary school from 83.2% in 2011 to 100% in 2015; (ii) increase the rate of primary cycle completion from 58% in 2011 to 68% in 2015, which means reducing the repeat rate to less than 10%, bringing the Gross Enrollment Rate to more than 100% in 2015 and keeping the student/teacher ratio to 45; (iii) increase the girl/boy parity index in primary school from 0,81 in 2011 to 1 by 2015.



448. To reach these objectives, plans are, specifically, to: (i) increase the education budget in the Executive Budget from 9% in 2012 to 18% in 2015; (ii) raise primary education's share of the overall education budget from 37% to 50% in 2015; (iii) improve the capacity to transfer resources and responsibilities from the central level to local communities with a view to assuring better management of the school by the community itself; (iv) improve the management capacities of school administrators by at least 55% at central and decentralized level by 2015; (v) build accommodation for teachers in at least 30% of schools located in extreme poverty areas; (vi) provide school cafeterias for all primary schools in areas without food security, in order to increase the rate of attendance.

449. The Government will pay particular attention to a substantial improvement in the rate of primary school access, particularly for girls, in order to achieve universal quality education and durably reduce the rate of illiteracy. To succeed, it will continue efforts to construct – rehabilitation, urgent repair of school infrastructure and equipment by making the most of successful approaches and methods. Normalization of schools with incomplete cycles and better practice of multi-grade classes will be pursued. Progressive reduction of double shifts in heavily populated areas, consciousness raising in communities and a generalization of approaches to keep children in schools, particularly girls, will contribute to a higher rate of primary school completion.

450. Better quality education will come from: (i) improvement in the level of pupils' reading and mathematics competence; (ii) an increase in the length of apprenticeships; (iii) pursuit of the initial training of teachers, administrators and supervisors, as well as the reinforcement of professional competences; (iv) better teaching conditions through more available school books and teaching materials, as well as the creation of reading corners; (v) revision of curricula; (vi) pursuit of support to the educational renovation of elementary schools; (vii) better tools to monitor and evaluate apprenticeships; (viii) continued action to improve health, hygiene and nutrition in schools.

451. Progressive reduction of double shifts in heavily populated areas, increased community awareness and wider effort to keep children, particularly girls, in school will contribute to a higher rate of completion of primary education.

452. The Government also commits to improving the way that the educational system function in order to meet the objective of quality education at all levels. Emphasis will be placed on : (i) better practical tools for an appropriate administrative and teaching service in order to improve the quality of teaching/apprenticeship; (ii) pursuit of the ethics and credibility of national exams with a view to installing a culture of personal effort in students and teachers, (iii) promotion and reinforcement of civic education in schools, informal and at community level, in order to create a culture of citizenship.

453. Finally, the Government commits to allocating sufficient budgeted resources to elementary education in order to attaining the objective of universal quality education. To this end, the part of the Executive Budget dedicated to this level of education will be greatly increased to an adequate level. Priorities will be mobilization of resources and the involvement of the community in favor of better school management.

### ***B - Promotion of Secondary School Education***

454. In the context of implementing a secondary school education policy, the Government intends to undertake deep reforms to restructure this level of education in order to develop the aptitudes and competences of pupils that will allow them to pursue technical, professional and university studies or to pass directly into professional life.

455. Specific objectives are: (i) improve access to middle school; (ii) increase the rate of transition from primary school to middle school in order to ensure that all Guinean children have a basic education; (iii) Reduce the rates of transition from middle school to high school; and (iv) improve the ratio of training staff to middle school students, which should go from 88 in 2012 to 70 in 2020 in order to improve the quality of apprenticeship.

456. To reach these objectives, measures to promote are the following: (i) development of mechanisms to regulate the flow of students from one level to another in secondary education; (ii) improvement of school capacity in rural and highly populated areas through construction – rehabilitation of class rooms for middle and high schools; (iii) improvement of the quality of secondary teaching through revised curricula, with emphasis on the teaching languages, mathematics, science, technology and the introduction of ICT; (iv) diversification of training channels; (v) development of installation projects; (vi) availability of school books and teaching materials; (vii) development of laboratories and documentary resources; (viii) installation of mechanisms to evaluate and monitor teaching and administrative management; (ix) installation of initial intensive and continuous training of multidiscipline professors for middle and high schools, disciplinary inspectors and school administrators. Emphasis will be placed on rational management of human resources; (x) reinforcement of the school retention rate for girls, particularly for the transition to secondary school, and their access to higher education.

### ***C - Better quality literacy training and non-formal education***



457. The Government will continue to give high priority to literacy training and informal education (AENF). The following general objectives have been fixed for the next ten years: (i) improve the access of young and adult illiterates, uneducated or school drop-outs, to literacy and informal education (AENF) programs; (ii) improve the quality of AENF, adapted to the context and needs and characteristics of the groups concerned, as well as to the development needs of the country; (iii) implementation of leadership, coordination, financing and monitoring/evaluation mechanisms in order to assess the efficiency and efficacy of AENF policy.

458. Three major objectives have been set for 2020: (i) improve the access of illiterate youth and adults, uneducated and undereducated, through literacy and training programs for 350,000, 75% of them women, in Functional Literacy Centers (CAF), 15% in NAFA or Second-Chance Schools, and 10% in professional schools (CAP); (ii) Improve the quality of literacy and non-formal education adapted to the context and needs and characteristics of the groups concerned and to the development needs of the country; and (iii) mobilize, in the best way possible, enough actors and resources to provide literacy and non-formal education.

459. Implementation of the AENF program planned: (i) a two-year (2010-2011) implantation phase; (ii) a development phase 2012-2015; and (iii) consolidation and extension phase 2016-2020. For the 2013-2015 period, implementing a “do—do” strategy means placing particular emphasis on young girls who are uneducated or not in school and to women. The same applies to post-literacy pilot programs for children in precarious circumstances.

### ***D - Reinforcement of Technical and Professional Education***

460. In the short term, the Government will build the basis for Mobile Training Units (UFM). The role of these units will be to provide rapid training, as close as possible to construction sites, for specialized or qualified workers that can: (i) operate safely in a site environment; (ii) take the rules of the company (employer) into consideration; (iii) behave responsibly toward fellow workers, supervisors and customers; (iv) use contemporary technologies and techniques; (v) produce goods (or services) to a level that meets international standards; (vi) work towards a professional future that favors the preservation of employment, a job, or recognition of a profession described and listed by international standards, and able to transfer acquired skills to another context. Apprentices will, for the most part, be young adults who have acquired competences over the course of their lives and education.

461. The Government has selected three areas for the UFM to operate. They are:

- Kamsar-Boké- Sangarédi-Dian-Dian basin : this area mainly contains projects to construct aluminum refineries and bauxite mines in Maritime Guinea, including the Kindia region;
- Forécariah basin: located at the mouth of the southern mineral corridor, close to future mineral ports south of Conakry, in an area where mining projects could operate and in the center of a future economic, industrial and administrative pole.
- Forested Guinea basin: mining operations in this basin are very similar. They extract iron ore and then evacuate it by train. Labor needs are relatively the same from one site to another. The solution selected for Forested Guinea is to establish a regional UFM base, in a place where it can coordinate and support local UFM. The regional UFM base will be located at Macenta and there will be local UFM at Kérouané, Beyla, Nzérékoré et Faranah.

462. The UFM base will operate in its area to deliver the training for which it has received an allocation. It will contain a management and administration team. From the base, each UFM can be moved to or on a construction site or grouped on other sites (e.g. Forested Guinea). Logistical and pedagogic support will remain at the UFM base.

463. For the medium and long term, new facilities will be put in place to train extraction and maintenance personnel for mining operations, transport and mineral processing. These facilities will be: Company Training Centers (CFC) and Sectorial, Industrial and Mining Centers (CeSIM).

- **CFC:** Within the framework of outsourcing services, the Government will rely on the in-house training centers of certain companies: CBG in Kamsar, RUSAL in Fria and Kindia and SAG in Siguiri.
- **(ii) CeSIM:** The Government intends to provide these facilities in PPP, as a complement to public facilities (ENAM and future ERAM) in order to meet the needs of companies in the long-term. They will cover the following sectors: Mining engineering and extraction, Mechanical engineering and Electrical engineer and will be added to UFM bases in order to benefit from synergies of competence and sharing of means. Beneficiaries will be company employees in the context of continuous training and career evolution plans, and the young or students just starting their training or in reorientation after leaving a course of study that did not permit professional integration. Finally, the CeSIM are managed by an autonomous entity constituted in the context of a PPP, since outsourcing contracts only can be awarded on a case-by-case basis and only under companies' conditions.

464. The first CeSIM will be set up in Kankan and others are planned. In Forécariah, there will be a CeSIM created along the lines of the one in Kankan, and the Kamsar site will be a CeSIM created in two stages: first, as a type of collaboration between the UFM base in Lamsar and the Center for Development and Training (CDF) of the CBG and then, at a later stage, the constitution of an autonomous CeSIM that would continue to collaborate with the CDF.

465. With regard to the Centers for Professional Training (CFP), the Government commits to reinforcing them, in order to rapidly reactivate some professional paths that correspond to the most needed jobs, the objective being to speed up modernization. Emphasis will be given to CFPs that prioritize training in the following specialties: general mechanics, automobile repair, diesel fuel handling, construction electricity and boiler making. These priority choices are justified by the fact that certain centers can offer experience in these specialties in which companies lack trained labor. At the same time, these specialties call on basic technical skills that can be used to facilitate access to professional paths that lead to integration into the work force.

466. Post-Primary Professional Training Centers (CFPP) prepare for the following professions: masonry, tiling, painting, construction electricity, sanitary plumbing, bar-restaurant, hair dressing sewing, slower growing, soap-making. These facilities are of educational and social interest, since they aim to offer a path to employment for students who have not been able to follow a path to the CFPs. Still, these establishments will not be asked directly to train young adults.

467. In the context of the establishment of future Regional Arts and Crafts Schools (ERAM), the government intends to proceed with reform of the National School for Arts and Crafts (ENAM). This will require two stages of two different types of action:

- some technical training developed in the CeSIM will be taken over by ENAM -- mechanical systems, boiler-making and industrial pipe fitting, computer networks -- due to limited funds for investment and operations, as well as the need for space that is beyond the current possibilities of the ENAM. With this mind, the CeSIM could contribute to the training of professors and the supply of programs;
- the second type of action consists of launching an overall evaluation of the reform of public professional and technical training facilities.

468. Finally, the Government intends to reinforce the initial training of teacher in the National Teacher Training Schools (ENI), in terms of infrastructure and equipment. Improvement in the quality of teaching-apprenticeships will be continued. Strategies to reinforce the professional competence of teachers emerging from intensive programs will be planned.

### ***E - Promotion of Higher Education and Scientific Research***

469. For Guinea, the assurance of an efficient contribution of higher education to the accelerated growth objective by means of research and development is a necessity. Consequently, higher education will receive special attention over the 2013-2015 period.

470. The vision of the Government is to build a system of higher education that is diversified, effective and responsive to the needs of the country, likely to accelerate the economic and social emergence of Guinea and able to train competent citizens, determined to live together in a democratic society.

471. To do this, higher education must overcome these main challenges: poor access to higher education, very limited institutional autonomy and low accountability of administrators, insufficient or obsolete infrastructure and equipment, shortage of qualified teacher-researchers, low relevance of training programs to needs of the labor market, mediocre quality of teaching and apprenticeships, insufficient financing for teaching and scientific research programs, low scientific productivity, as well as poor access to ICT and its marginal use for teaching, research and administration.

472. Therefore, the Government has set these strategic objectives: (i) improve the governance and management of the institutions of higher education and scientific research; (ii) improve access; (iii) improve the relevance of training programs; (iv) improve the quality of teaching and apprenticeship; (v) re-energize scientific research; and (vi) improve the working and living environment of institutions of higher learning and scientific research.

473. In terms of access, the ambition of the Government is to: (i) bring the staff of higher learning establishments from 60,000 in 2012 to 75,000 in 2013 and 105,000 in 2015; (ii) develop long-distance higher education so that it can accommodate 10,000 students by 2015; (iii) support private higher education so that staff can increase from 25,000 in 2012 to 30,000 in 2013 and 35,000 in 2015.

474. In terms of relevance, the Government intends to: (i) promote the development within universities of professional paths that correspond to the needs of the labor market; (ii) promote the development of training programs that include supervised work experience for credit; (iii) promote the establishment of direct links between each university and enterprises that correspond to its training programs; (iv) promote the development of training programs created in partnership with a or several companies.

475. In terms of quality, the Government plans to (i) actively support the development of training for trainers; (ii) continue the LMD reform, especially at Master's and Doctorate level; (iii) establish an National Agency for Evaluation of Higher Education and Scientific Research; (iv) promote access to ITC and its use for teaching, research and administration.

476. In terms of governance and management of the system and of institutions of higher learning and scientific research, the Government proposes to: (i) adopt new decrees that provide great academic, administrative and financial autonomy to institutes of higher learning, while at the same time requiring more accountability from administrators; (ii) encourage the strategic planning process at institutional level and at the ministry in charge of higher learning; (iii) professionalize those responsible for financial services, human resources and admissions; (iv) increase the financing of institutions of higher learning and research and promote revenue generating activities.

477. To meet these objectives, the Government intends to (i) increase pedagogic infrastructure (construction of auditoriums, laboratories, libraries (including the central university library and centers for computer access and their equipment); (ii) promote access to ICT and its use for teaching, research and administration; (iii) support initial and on-going training of teachers and scientific, administration and management support personnel; (iv) develop and distribute new tools for academic, administrative and financial management; (v) promote the restructuring of teaching in the context of University, Graduate and Doctoral (LMD) programs by giving priority to professional paths; (vi) support Master's programs and Doctorate schools; (vii) reinforce the capacities of the ministry in charge of coordinating, monitoring and evaluating the performance of Institutes of Higher Learning as well as in terms of allocation of resources to institutions of higher learning and scientific research; (viii) reinforce the capacities of ISSEG and other, similar institutions in terms of research to create the knowledge to teach; (ix) continue the experience of funds to promote research and implement the orientation law on research; (x) reinforce the capacities of ISSEG for the training of teachers and support personnel for secondary schools and the ENI; (xi) develop new strategies for gender equality and to reduce disparities between Conakry and the rest of the country.

#### 2.2.4.2 Development of the health system and services

478. The long-term vision of the Government is to provide a good, accessible and fair health system, able to satisfy the right of all to health, particularly the most vulnerable. To make this vision a reality, the Government intends to meet the following challenges (i) decentralizing health services; (ii) reducing inequalities among regions and social categories in terms of supply and access to health services; (iii) inequity in the geographic distribution of human resources; (iv) low participation in healthcare training; (v) insufficient financing allocated to the health system; (vi) low quality of care; (vii) low availability of medicines, reagents, vaccinations and supplies; and (viii) weakness of the health information system.

479. Overall objectives are to: (i) reduce the mortality of infants under 5 from 163% in 2005 to 80% in 2015; (ii) reduce the mortality of children under one from 91 per 1,000 live births in 2005 to 50 in 2015; (iii) reduce neonatal mortality from 39 per 1,000 in 2005 to 25 in 2015; (iv) reduce maternal mortality from 980 deaths out of 100,000 live births in 2005 to 580 deaths in 2015; (v) keep HIV/AIDS seropositivity below 1.5% in 2015; (vi) reduce mortality specifically due to malaria by 40% from 2012 to 2015; (vii) reduce mortality specifically due to tuberculosis by 50% from 2012 to 2015; and (viii) reduce the prevalence of underweight children under 5 from 18% in 2012 to 13.4% in 2015.

480. Strategic objectives for the 2013-2015 period are:

- increase the availability and use of preventive, curative and promotional services of quality for maternal and neonatal health, including family planning, MTCTP and nutrition;
- increase the availability and use of preventive, curative and promotional services of quality for childhood health, including nutrition, particularly at primary healthcare centers and posts at community level;
- develop and reinforce maternal, childhood and nutritional healthcare at healthcare centers and at community level;
- develop preventive, curative and promotional services adapted to adolescents and youth;
- reinforce capacities at central, intermediary and peripheral level to implement the Road Map;
- promote family and community practices that have a beneficial effect on maternal, neonatal and childhood health, as well as the abandonment of harmful traditional practices;
- improve the availability and use of reproductive health products, including vaccines and vaccination material.

481. To attain these strategic objectives, the Government intends, first, to follow the Road Map for Maternal and Child Mortality and undertake a reform that aims to increase healthcare initiatives in the poorest areas and near the most disadvantaged and most vulnerable, by redirecting resources (funds, personnel and supplies) to these areas to fight against the illnesses and afflictions that disproportionately affect the poor. And, it will (i) establish a package of essential, high-impact activities for all healthcare facilities so that the poor can access primary healthcare; (ii) install a system of vertical and horizontal complementarity between healthcare facilities on different levels, including community interfaces and the development of Public-Private Partnership (PPP); (iii) spread the use of minimal packages that have proven to be effective to combat maternal, neonatal and infant-juvenile mortality (Child Survival/PCIMNE/SASDE, Nutrition, SONU, including the SAA; Family Planning, etc. ..) by community services, as well as by public and private health services and during advanced strategies; (iv) reinforce the technical capacity for treatment of healthcare personnel in the centers through support for the Institute for Advanced Training of Healthcare Personnel; (v) reinforce the supply and management of Reproductive Health products (essential drugs, medical supplies, vaccines, blood products, equipment, etc.); (vi) develop the ability of families and communities to use communication to change behavior so that family and community practices have a beneficial effect on maternal, neonatal and childhood health and nutrition, along with the abandonment of traditional practices harmful to health; (vii) develop the mechanisms for psychosocial and medico-legal treatment of violence to women and children; and (viii) assure financing for the healthcare sector, especially to reinforce the participation of the State to attain the Abuja objective, improve the sector's administration and use of resources by emphasizing budget allocations based on results and a review of the way that the sector spends public funds, and reduce the participation of the population by the organization of national solidarity by focusing especially on the development of mutuality systems to assume the risk of illness, like universal health insurance and mutual health insurance companies.

#### 2.2.4.3. Reinforcement of the fight against HIV/AIDS

482. Objectives of the response selected by the Government are: (i) reduce by half the sexual transmission of HIV; (ii) guarantee that no infant is born with HIV; (iii) increase access to anti-retroviral therapy so that 47,574 people living with HIV receive life-saving treatment; (iv) reduce by 50% mortality due to tuberculosis (TB) in people infected by HIV; and (v) definitively overcome the lack of resources for the fight against AIDS and work to increase financing.

483. To attain these objectives, the Government intends to direct its efforts toward: (i) targeted prevention; (ii) better care for People Living with HIV (PLHIV) and their households by putting them on retroviral therapy and providing food and psychosocial support for PLHIV; (iii) leadership of the response in the spirit of the "Three Principles"; (iv) mobilization of internal resources and their administration; and (v) conduct of socio-demographic impact studies on key socioeconomic sectors.

484. Intensified mobilization of financial, material and human resources by public, community and private structures, as well as by development partners, could meet the real needs of the population in terms of the fight against HIV/AIDS. Better consultation and coordination of the action of partners (government, fund trustees, NGOs, religious organizations, village leaders, etc.) would go far toward winning the global fight against HIV. Finally, the implementation of programs that aim to effect behavior change could be an important weapon to reverse the spread of the epidemic.

#### ***2.2.4.4 Reinforcement of the fight against hunger and malnutrition***

485. In line with MDG 1c, Government objectives in terms of food and nutritional security are the following: (i) reduce the proportion of the population that suffers from food insecurity from 32% in 2000 to 16% in 2015 in a rural setting and 7.7% in 2009 to 3.8% in 2015 in urban setting and (ii) reduce the prevalence of underweight children under 5 from 18% in 2012 and 13.4% in 2015; (iii) reduce by half the prevalence of underweight births from 18% in 2012 to 9% in 2015.

486. Priority action for the 2013-2015 period in terms of the fight against food and nutritional insecurity refers mainly to the national policy for agricultural development and the National Plan for Investment in Agriculture and in Food Security (PNIASA 2013-2017), national food and nutrition policy (2005-2015 and national policies for health and population.

487. ***In terms of food security***, action will focus on: (i) more food stability by implementing the components of PNIASA that deal with the production of foodstuffs (cereals, legumes, tubers and roots, and, especially, the cultivation of rice, as well as strengthening commercial channels for food stuff distribution. In the context of this action, particular emphasis will be placed on support for small food producers (via better access to the resources they need in order to produce) and on the involvement of women and the young in the process of production and management of resources; (ii) *reinforcement of the means of prevention and management of crises and natural catastrophes*, via the establishment of an early alert system together with a geographic information system on food security and the constitution of backup stocks.<sup>9</sup>

488. ***In terms of the fight against malnutrition***, in addition to diversification of food production via support to food producing channels, priority action planned for the 2013-2015 period will be directed toward: (i) *better nutritional care* for vulnerable populations (ii) *the fight against micronutrient deficiencies* and support for the creation and equipment of rehabilitation centers; (iii) *reinforcement of nutritional support to vulnerable groups* (pregnant women, children under 5, PLHIV) (iv) *promotion of nutritional education* (v) *better control of the sanitary quality of food and water* via reinforcement of the capacities of analytical laboratories and improvement of the distributional channels for food and reinforcement of the cold chain.

489. The fight against food and nutritional insecurity also will include (vii) *the establishment of social safety nets (monetary and non-monetary transfers)*, notably, expansion of the school cafeteria program.

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<sup>9</sup> PNIASA now includes a new component on the reduction and attenuation of the risk of catastrophes that establishes a System to Prevent and Manage Crises based on an Early Alert System (SAP), a Market Information System (SIM) and a National Stock for Food Security in order to be able to deal with emergency situations.

#### **2.2.4.5 Reinforced access to hygiene services, sanitation and safe drinking water**

490. The long-term vision of the Government is to install an administration system to manage the sector that is reliable, accessible and equitable, capable of meeting the needs of the people in terms of hygiene, sanitation and safe drinking water, particularly for the most vulnerable. To make this vision a reality, the Government intends to meet the challenges connected with raising the level of service, building infrastructure and reinforcing competences, organization, coordination and financing of the sector, cornerstones for the improvement of performance in the sector of hygiene, sanitation and safe drinking water in Guinea.

491. Overall defined objectives are: (i) raise the rate of access to sanitation services in rural areas to 57.6% by 2015; (ii) reduce by half, from now until 2015, the percentage of the population still without access to safe drinking water in 2008, by raising the rate of coverage from 42.25% to 71.12%; (iii) supply 7,671,300 people with adequate access to safe drinking water from now to 2015; (iv) assure a 92.8% access to clean water, with a daily ration of 50 liters of clean water per person in the urban centers of the country by 2015; assure, from now until 2015, 92.8% access with a daily ration of 63 liters of clean water per person in the capital, Conakry.

492. Strategic objectives are the following: (i) organize Estates General for Sanitation with the goal of ending up with consistent strategies that could lead to subsequent financing of the sub-sector; (ii) provide the country with a national water policy; (iii) create a political, institutional and legal environment favorable to the development of the sector and launch the reforms that should lead to better strategic and operational organization of the sector; (iv) use innovative and durable approaches and technologies for the administration and monitoring of the sector; (v) develop and implement a program to reinforce the capacities of the main structures involved in administration of the sector; and (vi) establish an efficient mechanism to finance the sector (by, among other things, the development of Public-Private Partnership and the promotion of south-south cooperation).

493. To succeed, the main interventions will be: (i) the establishment of public water supply service through the transfer of competences linked to community projects under the Communities Code; (ii) the restructuring of the National Water Supply Service (SNAPE), which should lead to the devolution of the current works team, the establishment of a Coordination and Administration Unit (UCG) and its principal tools, the creation of a monitoring-evaluation unit and of an Internet site; (iii) review of the Water Code to adapt it to the evolution of the political and institutional context; (iv) realization of 601750 latrines; (v) application of the Community-Led Total Sanitation Approach (ATCP) to provide access to latrines for one million people in rural regions; (vi) installation, in urban areas, of public latrines in market, bus stations and religious meeting places to benefit one million people; (vii) the extension, in Conakry, of the Kouloum sewer system to the municipalities of Matam and Dixinn to benefit 750,000 people; (viii) completion, in Conakry, of construction of the sewage treatment plant; (ix) implementation of independent sanitation projects to benefit 100,000 persons living in precarious neighborhoods (slums); (x) placement of 13,221 new water supply points: 8,299 drilled wells, 922 modern wells, 200 systems to supply safe drinking water (4,000 water supply points); (xi) 2,190 operations to restore different installations; (xii) development of a vast Information-Education-Communication (IEC) program for hygiene behavior change.

#### **2.2.4.6 Reinforced access to energy services for urban areas and environs**

494. Guinea faces two challenges in terms of access to energy services in urban areas and their environs. These challenges are: (i) the need to improve access to energy services in rural and urban areas and urban environs; and (ii) satisfaction of needs with biomass and renewable energy.

495. For the access of populations in urban settings and environs to energy services, the goal of the Government is to provide each of the 304 CR with an electricity unit to reinforce the capacities of the Bureau of Decentralized Rural Electrification (BERD), promotion of private initiatives in the sector and the exploration of sources of complementary energy, especially those that are clean and non-polluting.

496. In rural areas, the Government intends to reinforce and extend the establishment of a multifunctional program platform (PFM). Since it produces mechanical or electrical energy generated by a diesel engine using fuel (diesel or vegetable oil of jatropha) or by a micro hydraulic turbine, PFM is one of the tools that could be

used to reduce poverty. Installed in rural areas, it makes possible all the activities of transformation of harvests, manual labor (soldering, carpentry, etc.), and distribution of water and village electrification.

497. With regard to the satisfaction of energy needs through the use of biomass and renewable energy, action will essentially focus on: (i) rational exploitation of forest resources, giving responsibility to local communities; (ii) pursuit of the program to improve households and promote renewable substitute energy sources (butane gas, biogas and solar). And, meeting energy needs will require the investigation of complementary possibilities like hydrocarbons for domestic use in order to reduce pressure on biomass.

#### 2.2.4.7 Reinforcement of access to public housing and decent accommodation

498. The objective defined by the National Housing Policy of Guinea (PNHG) "Vision Habitat 2021" for the 2010-2021 period, is an improvement in the living conditions of 75% of the people living in precarious housing and a substantial increase in the proportion of household with access to the security of being able to occupy housing. The PNHG looks dynamically towards the future and points in four directions: (i) the development of space and land in a balanced way between urban and rural centers and the reinforcement of the regulatory power of the real estate systems to better carry out the spatial development of the land in the context of controlled planning and the development of national and urban space; (ii) the establishment of synergistic measures adapted to large-scale production of decent housing at affordable cost to facilitate the access of the greatest number of people; (iii) the eradication of precarious housing in urban centers by urban rebuilding and real estate ownership regulation as well as by the provision of urban equipment and services; and (iv) the construction of institutional architecture where all of the entities are reinforced and equipped in a democratic manner, with respect for the Rule of Law, transparent planning and administration of the space and the real estate.



499. Action is planned, in the short term, for public housing and accommodation, especially (i) the organization of Estates General for Real Estate; (ii) identification and registration of real estate resources in Conakry, Kindia, Labé, Kankan and Nzérékoré; (iii) establishment of a real estate and land registry system with a view to improving the mobilization of local resources and the securing of access to property; (iv) establishment of real estate plans to secure poor households'

ownership in two (2) Conakry communes; (v) rebuilding of three poor neighborhoods in Conakry and the regularization of the ownership and occupation statute of household, especially the poorest; (vi) improvement in precarious housing in highly populated cities, (vii) construction of a public housing test unit in Conakry; and (viii) coordinated development of two housing projects on the outskirts of the country.

500. At institutional level, planned measures include: (i) establishing a Bank for Housing and making the National Housing Fund operational; and (ii) reinforcing the capacities of the urban planning and housing sector.

#### 2.2.4.8 Promotion of youth and youth employment

501. For the 2013-2015 period, the Government intends to *implement the Strategic Plan for the Development of Youth and Sports and the Program to Support Youth Employment (PEJ) to meet the different challenges that affect youth and youth employment.*

##### **A - Promotion of youth and sport**

502. National policy for youth and sports aims to reinforce the collective and civic commitment of youth and develop the practice of sports. Strategic directions are:

- render the regulatory, legal and institutional environment more favorable to the development of youth and sport by
  - updating the organic framework with a view to rational and judicious use of human resources in the different structures for youth and sports;
  - inventory and review of current texts in order to make them more consistent and give them wide distribution;
  - draw up, prepare and promulgate and distribute legal and regulatory texts;

- reinforce and improve the way that administrations responsible for youth and sports policy are structured and function;
- recognize merit in the area of youth and sports.
- provide Guinea with the minimal infrastructure necessary and human resources qualified to develop youth and sport:
  - high level infrastructure, for all disciplines, able to host youth gatherings and national and international competitions and promote sport as a means of integrating youth;
  - neighborhood sports infrastructure and equipment in order to provide youth and all people with the possibility of practicing socio-educational, physical and sporting activities in appropriate conditions;
  - construction and renovation of sports and socio-educational infrastructure at regional level, to respond to identified needs;
  - access for athletes to sports, socio-educational and medico-sports equipment by supporting, on the one hand, the import and sale of material and equipment, and, on the other hand, supporting initiatives that aim to make this material and equipment on the spot;
  - training and development of the competence of those responsible and representative of the State in charge of issues connected with youth and sport, as well as of management staff and members of youth and sports organizations;
  - rehabilitation and reinforcement of sports medicine, human resources as well as infrastructure and equipment;
  - development of research in the area of sports and youth.
- energize and rationalize the effectiveness of socio-educational structures and leadership:
  - provide national Sports Federations with suitable premises and equipment;
  - reinforce the capacities of those involved in youth associations and socio-educational units so that they can provide quality leadership and make available suitable premises;
  - effectively organize sports activities, notably at national level, along with quality participation in international competitions, for all disciplines;
  - financially supply the National Fund for the Development of Sport and make the administration of this fund operational;
  - initiate and develop marketing principles so that those responsible can generate their own resources on the basis of effective partnerships.

### ***B - Promotion of youth employment***

503. The overall Objective is to achieve full youth employment and contribute to the substantial reduction of poverty by offering rural and urban youth, from 15 to 40, training opportunities that would make them more employable, along with productive salaried or independent employment. It is a question of improving, amplifying and extending PEJ1 initiatives in the light of results obtained and of the policy orientations of the Government.

504. Specific objectives are:

- improve the employability of the young through qualifying training, information, counseling and prospecting to identify potential sources of employment in all the sectors of development;
- develop the spirit and culture of enterprise and promote youth self-employment through training and support for the creation of youth owned and run enterprises, especially in rural areas;
- facilitate the access of young promoters to project financing, through the mobilization of resources, diffusion of information on available credit lines and provision of bank guarantees;
- reinforce the Training-Employment partnership and the creation of a nearby network of service companies in rural areas;
- contribute to the local development in mining areas through the creation of employment opportunities and revenue for the young;
- promote the use of High Intensity Labor (HIMO) in the execution of public investment programs at local and decentralized level in order to create more jobs for the young, especially those without and qualifications in rural and urban areas;
- contribute to the improvement of information on unemployment and youth employment to help the young to integrate and to provide a decision-making tool;
- contribute to the reduction of clandestine immigration and the brain drain, especially of youth, a social category with energy and dynamism and the potential for creativity and innovation;
- contribute to improve the access of young women and girls to the labor market;
- contribute to the implementation of a coherent financing mechanism for projects that would provide employment for youth;

- contribute to the improvement of communication and better coordination of initiatives in favor of youth employment.

505. The PEJ is intended for youth who are not in school or who are uneducated (small farmers in rural or semi-urban areas; former students in middle school or high school who were not able to pass national exams for a school completion certificate or high school diploma); youth with diplomas but without jobs after going through technical and professional training, as well as youth with degrees but without jobs after completing higher education. Particular emphasis will be placed on a gender approach.

506. The PEJ is built around four priority axes: (i) better youth employability, (ii) encouragement of young entrepreneurs, (iii) promotion of HIMO and local, decentralized employment, (iv) improvement of the statistical information system oriented toward youth employment.

507. (i) *better youth employability*. The objective is to develop and implement strategies to fight against unemployment and offer an alternative to all young job-seekers, To attain this objective, four essential instruments have been put in place: (i) on-the-job training in a company to allow the young jobless with diplomas to acquire professional experience and technical skills within a private, public or mixed organization with a view to gaining a competitive advantage in the labor market; (ii) dual-layered apprenticeship that combines practical training in a company inter-actively linked to qualification through a training center: Apprenticeship for Food program (VCA), work placement contracts, training center and skills updating oriented to employment, youth volunteers at community level; (iii) Employment Center to serve as, among other things, as a reference point for youth: welcome, information, job and prospecting counsel to identify potential sources of youth employment. Employment Center activities also help to reinforce gains acquired at employment fairs and/or workshops and seminars to train job-seekers in the techniques needed to find work; (iv) employment and training fair (SADE) is a place for youth in training and job-seekers to meet and dialogue with training centers and potential employers; the objective is to facilitate the access of the young to companies and to offer companies the opportunity to discover young talent. SADE also helps to raise the awareness of the people, decision-makers and development partners on the issue of youth employment.

508. (ii) *encouragement of young entrepreneurs*. The objective is to promote the spirit of enterprise among the young, support the creation and development of viable enterprises by creating an overall environment that is favorable. Attainment of this objective will come through a certain number of instruments, including, notably: (i) Create My Own Enterprise (CREE) training, Know the Enterprise (CLE) and Run My Own Enterprise (GERME) to reinforce the entrepreneurial and managerial capacities of the young; (ii) mentoring, tutoring and the incubator technique; (iii) involvement of banks and the provision of all types of financial support aimed at young promoters; (iv) easier access to credit at subsidized rates; (v) extension of the regional project for the development of agricultural entrepreneurship inspired by the experience the Songhai Center and tested in the National Schools for Agriculture and Livestock Farming (ENAE) in Koba (Boffa) and Tolo (Mamou) at the ENAE of Bordo (Kankan) and Macenta; (vi) consolidation of the "Hope for Young Farmers of Guinea" (EJAG) project; (vii) development of a guide to help the young entrepreneur; (viii) support for young entrepreneurs in the vicinity of mining and industrial areas; (ix) specific support for projects proposed by former volunteers and those trained by dual-level apprenticeship programs; (x) revival and survival of funds to support youth employment that already exist or are likely to be created (FONIJ, FONIKE, FONCREA, CONFEJES fund for youth integration, solidarity funds for youth employment,...) and (xi) consolidation of existing enterprises owned by youth.

509. (iii) *promotion of HIMO and local, decentralized labor*. The Government intends to use the HIMO approach for all public investment, as far as possible, in order to create more jobs in local, decentralized communities for youth with few or no qualifications.

510. To succeed, these projects are selected: (i) paving of roads and public spaces in Guinea's regional capitals; (ii) training and recruitment of youth for the realization of basic infrastructure for large companies that create facilities in Guinea; (iii) construction of washing stations for light vehicles in Conakry; (iv) rehabilitation of public buildings that have been destroyed; (v) rehabilitation of a rural road grid in the administrative regions; (vi) development of one thousand (1000) hectares of agricultural flatland for young farmers; (vii) sanitation of facilities in underprivileged neighborhood in Conakry and in the interior as part of the social safety net project; and (viii) road maintenance through the application of HIMO techniques.

511. (iv) *improve the Statistical Information System geared to youth employment.* Projects underway include: (i) realization of a national study on employment and the informal sector of the economy; (ii) realization of studies on whether training matches the needs of youth who need employment; (iii) monitoring of trends in the evolution of labor market indicators through the publication, in all types of outlets, that national annual report on unemployment and youth employment; (iv) reinforcement of the capacities of actors responsible for statistical information on unemployment and youth employment.

512. The Government intends create a mechanism to monitor, coordinate and consult on the implementation of strategy to provide more employment for youth.

#### 2.2.4.9 Reinforcement of social security

513. Strategy to reinforce social security for the 2013-2015 period will consist of developing social safety nets adapted to the needs of the poorest and most vulnerable groups, while working to develop a complete social security system (including the safety nets and employment) for the medium and long term.

##### *(i) Development of "social safety nets"<sup>10</sup> for the most vulnerable*

514. Priority will be given to social safety nets that will respond to the immediate need for protection while at the same time favoring socio-economic development over the long term, via the establishment of close ties with other sectors (education, health, employment, agriculture, infrastructural development, civil security, etc.) This effort will be carried out, specifically, through the following priority interventions:

- *extension of the school food program (school cafeterias), together with the formulation of a school food policy.* In view of convincing results<sup>11</sup> obtained by the school food program supported by PAM in terms of enrollment and retention (especially girls), it is planned to progressively extend the installation of school cafeterias in all of the areas where food insecurity is high and/or school enrollment rates are low. In order to encourage the development of agricultural activities at community level and their durability, the program, supported by PAM, will try, especially, to promote the use of local products to supply cafeterias.
- *implementation of the National Socioeconomic Reintegration Program (PNRSE):* Socioeconomic reintegration of groups at risk of social exclusion is, for the Government, the crucial tool that it intends to use to consolidate the peace and fight against poverty and vulnerability. The program addresses populations at risk of social exclusion (demobilized soldiers, victims of conflicts, vulnerable women, youth without jobs, etc.) and is part of the recovery effort and depends on the participation of individuals in work of community interest connected with the implementation of development plans and community investments. Beneficiaries contribute to local development while drawing down a salary, part of which is put into savings.
- *implementation of the "Productive Social Safety Net" pilot project,* with the support of the World Bank and the Fund for the Consolidation of Peace: The project, which benefits from USD 25 million from the International Development Association (IDA) and USD 2 million from the United Nations Peace building Fund (PBF), provides for the creation of job opportunities and training for poor populations through high-intensity labor (HIMO) in poor urban neighborhoods in each of Guinea's eight administrative regions, as well as a program of monetary transfers that aim to improve human capital in poor areas that are vulnerable to food insecurity (aid to under-fed children and to girls of school age in the rural regions of Boké, Kankan and Labé)<sup>12</sup>

515. These different initiatives should permit lessons learned in order to establish the basis for a social safety net process -- potentially on a wider scale -- in the context of the development of a complete national social security strategy.

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<sup>10</sup> Social safety nets refer to non-contributory social transfer mechanisms, targeting poor and vulnerable individuals or households.

<sup>11</sup> According to the Study Report of Education inspectors in Northern, Middle and Forested Guinea, January 2011, the school food program has had a significant impact on school enrollment and retention (77% GER in schools with cafeterias and 69% in those without).

<sup>12</sup> In March 2012, a Social Safety Net Cell was created within the Ministry of Economy and Finance, at the level of the Permanent Secretary for the Strategy for the Reduction of Poverty (PS-PRS), which will be responsible for coordinating and supervising the project.

## *(ii) Development of a national social security strategy*

516. The Government intends to progressively put in place a “threshold of universal social security” in order to allow all categories of the population to benefit from a minimum of essential services and social transfers. To this end, the Government will work with all of its partners on the development of a national social security policy that includes social safety nets for the poorest and most vulnerable in rural and urban areas. The strategy will place particular importance on the promotion of synergies among the different social security instruments and other sectorial policies.

517. The short-term objective is: (i) to reinforce and extend the contributory, reliable and economically viable social insurance system to cover risks tied to health, occupational health and safety, old age (retirement pensions), death, invalidity and care for the needs of children; (ii) prevent indigence and reinforce the human capital of the most vulnerable, especially those with children, through an integrated social safety net system adapted to the needs of the chronically poor, individuals affected by shocks and catastrophes and specific, vulnerable groups, facilitating their access to basic social services; (iii) promote decent working conditions for all workers and reinforce their employability, access to jobs and revenues of groups often excluded from the labor markets, as well as national policies for work and employment; and (iv) establish mechanisms to coordinate social security interventions, along with a system to monitor and evaluate these programs.

518. The recently created National Multi-sectorial Group for Social Security will be responsible for coordinating the process to formulate the strategy. A road map will be developed, in consultation with all of the actors, in order to define a global vision of the social security system in Guinea, setting objective and priority axes, as well as mechanisms to coordinate, monitor and evaluate. Action will be taken to raise the awareness and reinforce the capacities of different actors, stimulate and federate national dialogue on social security questions. Development of the strategy also will depend on the accomplishment of a certain number of analyses (audits, feasibility/impact studies). A review of spending and performance with regard to social security also will be carried out in order to formulate a “social budget” that will permit the ranking of needs and the definition of the budgetary means indispensable to the viability and the durability of initiatives.

### **2.2.4.10 Promotion of gender equality**

519. Analysis of human development indicators in Guinea reveals gender inequalities. To arrive at equity and gender equality it is necessary to adopt specific measures to respond to policies, laws, procedures, norms, beliefs, practices and attitudes that maintain inequality between men and women. These equity and equality measures, developed with those concerned, should support the capacity of women to make their own choices in life. Consequently, the main challenges for the Government are: (i) advance the equal participation of women and men in decisions relative to sustainable development policies; and (ii) assure the independence of women and their effective participation in decision-making at all levels of the country’s development process.

520. For the 2013-2015 period, priority will be given to implementation of the National Gender and Family Policy (PNG), of the national strategy for the fight against gender-based violence and on the National Action Plan 1325 and 1820 for the participation in and the taking account of the specific needs of women in initiatives to consolidate the peace. The Government will work to: (i) enhance the social position and potential of women in the family and in the community; (ii) increase the productive capacity of women and their income level; (iii) reinforce the equitable access of women and men to basic social services; (iv) promote the equitable participation of men and women in the management of power and eliminate gender-based violence, (v) reinforce the intervention capacity of the institutional framework for the implementation of the PNG; and (vi) reinforce capacities in terms of gender awareness budgeting and monitoring/evaluation.

### **2.2.4.11 Promotion of culture**

521. The government of Guinea considers development of the cultural sector to be a key platform for the country’s development. Consequently, the Government will work to develop and implement a coherent national cultural policy (composed a national policy for books and public reading, arts and performances and cultural and

historical heritage). The development of such a directive framework will make it possible to better identify issues and define pertinent programs to address cultural questions in conjunction with socioeconomic development.

522. To revive the sector over the 2013-2015 period, the Government intends to reinforce actions currently underway to promote culture and preserve the cultural heritage, especially b: (i) increasing the national budget dedicated to this sector; (ii) the establishment of adequate institutions to preserve the heritage (museums, a national library and galleries); (iii) the development of infrastructures for artistic and cultural creation and diffusion (performance spaces, cultural centers); (iv) preservation of cultural and historical heritage (sites and cultural and historical monuments, stories, proverbs and legends); and (v) the installation of structures to reinforce professional capacities.

## CHAPTER III: IMPLEMENTATION FRAMEWORK

### 3.1 MACROECONOMIC AND BUDGETARY FRAMEWORK

523. The aim is to anticipate the main macroeconomic trends out to 2015 and to better understand the framework for Government choices. This framework contains main IMF and World Bank forecasts for the global environment for the development of Guinea, as well as the quantified implications for the directions identified in PRS III, i.e.:

- assumptions for global growth and trade (IMF, updated in January 2013);
- assumptions for trends in the price of raw materials (World Bank, January 2013)
- public expenditure budgeted for Guinea's Priority Investment Program 2013-2015
- description of other public expenditures ( operating costs, payroll, debt service) emanating from the allocation of identified budget resources (provisional Government Financial Operations Table –TOFE, IMF February 2013);
- expected impact of economic and social policy measures taken in the context of MDG and good governance;
- monetary policy commitments of the Central Bank.

#### 3.1.1 Reference scenario

524. The reference scenario is in line with forecasts for the world economy, as well as on internal budgetary and monetary forecasts validated by the Government and IMF for the 2012-2015 period. In this scenario, the prudent assumptions used lead to 5% GDP growth, on average and in volume, by the end of the forecast period, which corresponds to per capita growth of 1.8% per year. These forecasts must be re-situated in the recent context that has seen the national economy shrink (-0.3% in 2009 before timidly taking off again as of 2010).

##### 3.1.1.1 Macroeconomic framework

###### A – Basic assumptions: growth-accelerating conditions

525. The Guinean economic should benefit from a slight acceleration in world growth as of 2013, since factors at the origin of weakness in 2012 should be less intense. Recent IMF forecasts put the increase in world production at 3.5% in 2013 and 4.1% in 2014. World trade is expected to be even more dynamic since, after mixed results in 2012 (up 2.8% in terms of volume), trade volume is expected to rise 3.8% in 2013 and 5.5% in 2014.

526. As opposed to this context, the price of raw materials, which reached unprecedented heights in 2011, should continue to decline, but at a slower pace than that in 2012, with important disparities. As a result, Guinea should benefit from favorable exchange rates, since the price of principal mining exports should decline at a slower rate than the price of basic imports. Another favorable consequence of this decline is that the rate of world inflation, as measured by GDP deflators, will remain under control, with a 2.2% annual increase forecast for the medium term, which should favorably affect interest rates.

527. Domestic economic activity, which began to recover in 2011 in all sectors, should progressively intensify. This recovery can principally be attributed to a better business climate thanks to structural reforms underway in the areas of justice, security, administration and management of public finances. The national economy also will benefit from the development of basic public infrastructure initiated as part of the Three-Year Investment Program 2013-2015 established in cooperation with development partners and that is, in large part, already pre-financed.

528. This qualitative improvement in the environment for private enterprise will make it possible to reinforce the flow of private investment. The basic assumption for this scenario is a private investment rate that will go from to 16.6% of GDP in 2012 to 18.7% in 2015. The indirect impact of this private sector effort in terms of economic and social development will be felt beyond the period under review, but it already be perceptible in 2015.

529. Public investment will be oriented mainly to growth sectors to favor the development of the private economy, as well as of the social sectors. In both cases, public investment will essentially take the form of

spending for equipment in infrastructure, and building and public works (new projects and renovation of damaged infrastructure).

530. This scenario calls for the rate of public investment to rise from 6.9% to 10.6% of GDP, with reference to the Three-Year Public Investment Plan that the Government will carry out with the support of its partners. The program, which includes more than 250 targeted projects, most of them already finance, aims to develop a strategy to improve the pillars and levers of growth, especially in agriculture, mining, energy, industry, transport and social infrastructure. The cost of these priority projects will rise from GNF 4.642,4 billion in 2013 to 9.057 billion in 2014 and 10.380,2 billion in 2015.

531. The overall rate of investment, which reached a low point in 2009 (16.4% of GDP), should progressively rise to 29.3% in 2015. The posting of such a target is a strong signal to Technical and Financial Partners (TFP) that the economic policy of the Government is clearly oriented toward the long-term development of the country, with a particular emphasis on the development of infrastructure for BTP, electricity and education.

**Table 9: Public Investment Program (PIP) distribution by sector, 2013-2015 (%)**

Sectors	2013	2014	2015	Average 2013-2015
Support to agriculture	6	5	4.3	4.9
Support to livestock farming	0.3	1	0.3	0.6
Support to fishing	1.4	0.3	0	0.4
Support to the mining sector	2	0.4	0.3	0.7
Support to industry-SME-business	0.3	0.2	0.2	0.2
Water-Gas-Electricity-Hydraulic Infrastructure	48.6	19.6	21	25.8
BTP Infrastructure	25.5	47.6	38.6	39.5
Support to health, social affairs (infrastructure)	5.3	4	9.3	6.5
Support to education, culture (infrastructure)	5.4	16.9	20.7	16.3
Other public administrations	5.2	4.8	5.2	5.1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: National Planning Office, February 2013

532. Financial operations of the State forecast for the 2013-2015 period take into account the objectives contained in the Bretton Woods agreements. These forecasts are based on GDP trends and take into account such elements as domestic demand and total imports of goods and services.

Table 10: Financial Operations of the State 2011-2015 (GFN billions)

	2012	2013	2014	2015
<b>Revenue and grants</b>	<b>9659,1</b>	<b>11259,3</b>	<b>12749,0</b>	<b>14527,8</b>
Revenue	7975,6	9225,5	11185,9	12921,9
Tax revenue	7600,5	8831,8	10766,2	12452,6
Non-tax revenue	375,0	393,8	419,8	469,3
Grants	1683,6	2033,8	1563,1	1605,9
<b>Total expenditures, inc. net loans</b>	<b>10146,1</b>	<b>11009,5</b>	<b>14622,6</b>	<b>16749,7</b>
Current expenditures	6112,0	7176,4	7581,3	7999,3
Salaries	1756,9	2284,0	2421,0	2566,3
Capital expenditure	3783,5	3484,0	7039,3	8478,4
<b>Budget balance, inc. grants, base commitment</b>	<b>-486,9</b>	<b>249,9</b>	<b>-1873,6</b>	<b>-2221,9</b>
<b>Budget balance, excl. grants, base commitment</b>	<b>-2170,5</b>	<b>-1783,9</b>	<b>-3436,7</b>	<b>-3827,8</b>
Domestic arrears	0,00	0,00	0,00	0,00
External arrears	-16,38	0,00	0,00	0,00
<b>Budget deficit, Treasury balance</b>	<b>-2186,9</b>	<b>-1783,9</b>	<b>-3436,7</b>	<b>-3827,8</b>
<b>Financing</b>	<b>2186,9</b>	<b>1783,9</b>	<b>3436,7</b>	<b>3827,8</b>
External (net)	-706,5	-1160,5	143,2	-472,9
Project drawing rights	938,6	810,2	2238,8	1755,8
Foreign debt service	-1522,3	-1879,0	-2002,5	-2134,2
Arrears (reduction -1)	-122,8	-91,7	-93,1	-94,5
Domestic (net)	1439,7	2620,7	4299,9	4183,4
Banking system	1422,9	2799,4	4299,9	4183,4
Non-bank financing	-3,2	-178,7	0,00	0,00
<b>Financing needs</b>	<b>1453,6</b>	<b>323,7</b>	<b>-1006,4</b>	<b>117,3</b>

Source: National Planning Office, February 2013

### B – Results of Medium-Term Macro-Economic Framework Assessment: stronger growth in all sectors of the economy

533. Looking out to the end of the reference period, growth will be led by the secondary sector (7.3%). Growth in the primary and tertiary sectors will be on the order of 5% and 3.4% respectively, that is, below the expected increase in GDP (+5.2%).

534. Economic growth will be stimulated by the dynamism of the construction (Buildings and Public Works) and the energy (Water & Electricity) sectors, sustained by public spending. The momentum forecast for these two branches of the economy can be explained by the will to catch up in terms of equipment and development infrastructure (roads, ports, power stations...) and of social infrastructure (sanitation, access to water and electricity, health, education). Construction growth on the order of 11.2% a year in volume is expected throughout the period, while energy is expected to grow at a rate of 7.7%. Beyond the statistical posting of these results, and considering the labor intensity in both sectors, this momentum should lead to strong employment in all regions, with strong impact on the informal sector, as well.

535. In the mining sector, public efforts will focus on the exploitation of mining potential, especially through continued restructuring and liberalization of extractive industries (bauxite, gold, diamonds...), which should favor investment by private operators. The average growth rate expected is about the same as that for the 2011-2012 period, or 3%. The impact of public investment should be felt beyond the forecast period.

536. In the manufacturing sector, considering that private investment is not visible, it is prudent to be prudent (3.3% on average).

537. All in all, expected growth in value added in the secondary sector is expected to be an average 6.4% per year for the 2013-2015 period, against 4% for 2011-2012.

538. In the primary sector (agriculture, livestock farming, fishing and forestry) the country has a wide range of environments and great potential. These natural advantages never have been exploited to their fullest extent because of multiple constraints. The State has set ambitious but realistic objectives: assure food security and self-sufficiency and reduce underemployment in rural areas. Measures to support production, processing, transport and marketing, sustained, as well, by development partners, will take effect progressively to re-start growth in these sectors.

**Table 11: GDP evolution over the 2011-2015 period (%)**

SECTORS	YEARS				
	2011	2012	2013	2014	2015
		Est.	Proj.	Proj.	Proj.
<b>Primary sector</b>	<b>4,5</b>	<b>3.8</b>	<b>4.8</b>	<b>5.0</b>	<b>5,0</b>
Agriculture/Hunting	5.0	4.0	5.3	5.5	5.5
Livestock farming	3.9	4.1	4.0	4.0	4.0
Fishing	4.5	4.1	5.2	4.0	4.0
Forestry – Forests	2.5	2.6	3.5	4.2	4.2
<b>Secondary sector</b>	<b>4.4</b>	<b>3.5</b>	<b>4.6</b>	<b>7.3</b>	<b>7.3</b>
Mines	4.3	-2.1	1.4	3.6	3.7
Manufacturing	4.4	4.8	3.0	3.0	4.0
Water-Electricity	4.5	34.6	10,0	8,0	5,0
Construction/Public Works	5.0	8.7	8.7	13.0	12.0
<b>Tertiary sector</b>	<b>3.2</b>	<b>3.3</b>	<b>3.0</b>	<b>3.4</b>	<b>3.4</b>
Commerce	5.3	4.5	4.0	4.5	4.5
Transport	5.0	5.0	4.5	5.0	5.0
Administration	-0.3	1.0	1.0	1.0	1.0
Other	3.8	3.8	3.5	3.5	3.5
<b>DTI (debt-to-income ratio)</b>	<b>3.1</b>	<b>9.0</b>	<b>10.0</b>	<b>5.9</b>	<b>4.6</b>
<b>GDP at market prices</b>	<b>3.9</b>	<b>3.9</b>	<b>4.5</b>	<b>5.2</b>	<b>5.2</b>

Source: National Planning Office, February, 2013

539. The average growth rate forecast for the overall primary sector is 4.9%. The sector will benefit from the expected recovery of agriculture where value added should grow at a rate (5.4%) higher than that of GDP (5%), which would make the sector an engine of economic growth and make it attractive once more to exploit rural areas. Livestock farming, fishing and forestry are expected to grow at an average rate of 4%.

540. In the tertiary sector, the principal engine of growth will be transport (average 4.8%), which will benefit from the revival of public works and trade (4.3%), which will benefit directly from the impact of a better business climate. But the progressive improvement of the road network should not have any concrete impact until after the end of the forecast period. Private services to enterprises and households will not yet benefit completely from improvements in the business environment. Public services will keep pace throughout the period, because of tighter controls on the expansion of civil service payrolls. (cf Table 11).

541. Concerning financial operations of the State, the Government already has undertaken reforms to reinforce budgetary discipline in order to maintain the stability of the macroeconomic framework.<sup>13</sup> Concretely, these reforms are expected to progressively increase government revenue (from 19.2% of GDP in 2013 to 21.2% in 2015), which will help to rationalize public spending. This should go from 25.6% of GDP in 2012 to 28.1% in 2015, led mainly by capital spending. Expenditure structure will be significantly modified, with progressive diminution of operating expenses (from 60.2% in 2012 to 48.5% in 2015) in favor of increased capital spending (from 37.3% in 2012 to 51.4% in 2015). This means that more than half the Budget will be dedicated to long-term administration of public policy.

542. Thanks to this budget rationalization, the basic primary deficit will improve, going from -1.4% of GDP in 2012 to -1.3% in 2015. Budget savings also will improve, going from 4.7% of GDP in 2012 to 8.4% in 2015. The overall budget deficit (excluding grants, base commitment) will remain at 5.6% of GDP on average over the 2013-2015 period, compared with 5.5% in 2013. This reflects the extent of budget discipline required to balance the financial situation of the State. Recourse to project grants, equal to 3.3% of GDP on average, will make it possible to reduce the deficit and bring it down to a more sustainable 2.3% of GDP. The total budget deficit (including grants) will persist (5.8% of GDP on average).

543. At external accounts level, the effort in terms of investments will impact the trade deficit, which will go from 23% to 26% of GDP, because of higher equipment imports, which will exceed expected export levels. The rate export-import coverage will go from 56.2% in 2012 to 54.7% in 2015. Exports will grow at an annual rate of about 7.5% in terms of volume, while imports rise by 13%.

544. Export structure will be slightly modified between 2012 and 2015, to the detriment of bauxite, which will go from 32% of total exports to 25%. Gold will remain Guinea's principal export and its weight in total exports will continue to increase, going from 40 to 45%.

545. The same is true for imports, where the priority given to investment and to agriculture will lead to strong demand for equipment and near stagnation of demand for imported food. The volume of equipment imports will nearly double between 2012 and 2015 and their weight in the trade balance will rise from 36% to 47%.

546. Bearing in mind trade balance trends, the deficit on current account (not including public transfers), which includes the flow of services and revenues, will deepen slightly throughout the period before reaching 28% of GDP in 2015, compared with 25% in 2012. The current account deficit will amount to USD 2.130 million by 2015 compared with USD 1.437 million in 2012.

547. Still, the flow of direct private investment, mostly in the mining sector, will reduce this deficit. The cautious assumption, on which this scenario is based, is a return to 2011 direct investment levels, USD 954 million registered by the Central Bank. Consequently, the overall balance, which turned positive in 2011 thanks to exceptional operations, would be in deficit again, starting in 2012 (- USD 760 million in 2015). The deficit would represent 10% of GDP in 2015.

548. The deficit would be financed in part by foreign exchange reserves. In total, these gross foreign assets will amount to an annual average GNF 1.562 billion. The objective is to ensure that foreign exchange reserves cover about 5 months' imports of goods and services in 2015 (compared with 4 in 2012).

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<sup>13</sup> Reforms have (i) renovated the legislative and regulatory framework, (ii) improved the Budget formulation and programming process, (iii) improved the administration and mobilization of internal resources, (iv) reinforced the administration of public expenditures, (v) reinforced the administration of the Treasury, and (vi) improved financial transparency and governance.

549. The principal aim of BCRG monetary policy is to control reserve money. Given the absence of a real over-the-counter financial market and the limited use of indirect instruments (interest rates, minimum obligatory capital reserves), the main instrument of monetary policy will remain intervention on the weekly foreign exchange auction market, which will allow the Central Bank to wipe up excess liquidity. The assigned objective is to strongly diminish the M2/GDP ratio, over 33% in 2011, so that it can come in at under 20% by the end of 2015.

550. In terms of exchange policy, following on initial successes, stabilization of the exchange rate, and the quasi-disappearance of the parallel market, monetary authorities plan to widen the currency buy/sell band from  $\pm 3\%$  to  $\pm 5\%$ , which will allow foreign exchange reserves to grow. In terms of reserves, the declared objective is to stabilize the amount of foreign exchange reserves at 5 months of imports. As for the exchange rate, the objective is to limit depreciation of national currency vis-à-vis the dollar to 1.5% per year, maximum.

551. The implementation of an active policy to fight inflation slowed the rise of the consumer price index throughout 2012: from +19% in December 2011 to 12.8% in December 2012, year-on-year. This slowdown is the result of foreign exchange policy designed to stabilize the Guinean franc vis-à-vis the main billing currencies (USD and Euro), measures to support purchasing power, good results from the agricultural sector and more rigorous administration of the Executive Budget.

552. This effort will be sustained throughout the forecast period: The assumption is that, year-on-year, the rise in consumer prices will continue to slow to reach the objective of 5.5% by the end of 2015. The objective for the second inflation indicator, the GDP deflator, is fixed at + 6.3% in 2015.

553. To reach these objectives, the Central Bank will continue to exercise rigorous control over the growth of broad money (not lower than the inflation objective). The Bank will not seek monetary financing of the budget deficit. Inflation control also will benefit from increased grain production expected over the 2013-2015 period, which will allow market prices to stabilize by lowering pressure on supply.

**Table 12: Convergence criteria 2012-2015**

	ECOW AS norm	2012 Est.	2012 Proj.	2014 Proj.	2015 Proj.	Average 2013- 2015	State of convergence
Total budget balance, base commitment excl. grants, ratio to nominal GDP (%)	$\geq 0$	<u>-5.5</u>	<u>-3.9</u>	<u>-6.5</u>	<u>-6.5%</u>	<u>-5.6</u>	<u>Non Respect</u>
Inflation rate, end of period	$\leq 3\%$	<u>12.8</u>	<u>9.7</u>	<u>7.1</u>	<u>5.5</u>	<u>7.4</u>	<u>Non Respect</u>
BCRG budget deficit financing as a % of previous year's budget revenues	$\leq 10\%$	<u>32.5</u>	<u>23.7</u>	<u>21.1</u>	<u>18</u>	<u>20.9</u>	<u>Non Respect</u>
Foreign exchange reserves in months of imports	$\geq 6$	<u>4</u>	<u>4</u>	<u>5</u>	<u>5</u>	<u>4.6</u>	<u>Non respect</u>
Non-accumulation of domestic arrears and elimination of all outstanding arrears	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>Respect</u>
Tax revenue ratio to GDP (%)	$\geq 20\%$	<u>19.2</u>	<u>19.4</u>	<u>20.5</u>	<u>20.2</u>	<u>20.4</u>	<u>Respect</u>
State payroll ratio to tax revenue (%)	$\geq 35\%$	<u>23.1</u>	<u>25.9</u>	<u>22.5</u>	<u>20.6</u>	<u>22.9</u>	<u>Respect</u>
Public investment ratio to domestic resources from tax revenue	$\geq 20\%$	<u>35</u>	<u>29.2</u>	<u>41</u>	<u>50.8</u>	<u>40.3</u>	<u>Respect</u>

Source: National Planning Office, February, 2013

### ***3.1.1.2 Budget framework***

554. The PRS (2013-2015) budget framework is developed according to a gradual approach from the reference scenario to the accelerated scenario. The first takes into account PRS measures compatible with economic trends over the period under review. The second moves on from the reference scenario and takes into account additional measures likely to stimulate economic growth to a level that is stronger, equitable and job creating.

555. In order to more effectively manage the necessary trade-offs between sectoral policies and available budget resources and attain declared objectives in terms of governance, accelerated growth and achievement of MDG, sectoral programs have been made consistent with the macroeconomic framework.

556. In line with the priorities defined in Chapter II, the Government will work to implement the programs and projects that aim to reinforce governance, accelerated and diversified growth and those that aim to reach MDG.

557. Consequently, funds allocated to Axis 1 "Governance and reinforcement of institutional capacities" would represent an average 23.74% of total budget over the 2013-2015 period, with 12.14% for the national Defense and Security sector to make the connection between security and development in the context of "State Fragility." Other governance sectors (Justice, Administration, Economy) would receive 11.60% of total allocation to support the electoral processes that will take place during the period covered by PRS III, pursue modernization efforts, improve the access of citizens to justice, along with prison conditions, improve the planning, programming and execution of the budget, as well as the public accounting system and accountability for execution of the budget, in order to improve budget transparency and fight against corruption, pursue the reform and modernization of the public administration, accelerate the decentralization process and reinforce the promotion and protection of Human Rights.

558. Development priorities also should translate into consequent allocations of 30.89% for Axis 2 "Growth Acceleration, Diversification and Durability" and to Axis 3 "Development of Infrastructure to Support Growth." Programs and projects to develop energy infrastructure (16.66%), Buildings and Public Works (7.48%) and Agricultural Development (4.11%) will be priorities to reach the objectives. In fact, large public works projects are necessary to modernize the economy, reduce underemployment, joblessness and poverty.

559. The Government also will work to implement projects and programs that aim to attain Millennium Development Goals (MDG). Consequently, funds allocated to Axis 4 "Reinforcement of Access to Basic Social Service and to the Resilience of Households" would represent 20.84% of total budget for the 2013-2015 period, including 13.71% for Education. Health and Education would receive an average allocation of 21.38% in 2015, compared with 13.25% in 2013. This responds essentially to the priority accorded to improvement of social indicators and progress toward attainment of MDG for education, health and sanitation.

**Table 13: Budget allocation distribution by sector over the 2012-2015 period (%)**

SECTORS	2012	2013	2014	2015	Average 2013-2015
<b>Axis 1: Governance and reinforcement of institutional capacities</b>	<b>25.18</b>	<b>26.00</b>	<b>22.70</b>	<b>22.51</b>	<b>23.74</b>
Political governance and reinforcement of democracy	3.74	4.45	3.78	3.77	4.00
National defense and security	11.63	12.08	12.22	12.12	12.14
Administrative governance and decentralization	6.79	6.93	4.44	4.34	5.24
Economic and financial governance	3.02	2.54	2.26	2.28	2.36
<b>Axis 2: Growth acceleration, diversification and durability</b>	<b>13.98</b>	<b>12.79</b>	<b>13.22</b>	<b>13.26</b>	<b>13.09</b>
Agriculture-Livestock breeding-Fishing-Environment	5.08	5.54	3.22	3.57	4.11
Mines	0.17	0.89	0.43	0.44	0.59
Industry- SME- Commerce- Tourism	0.34	0.44	1.18	1.11	0.91
Buildings and Public Works	8.39	5.92	8.39	8.14	7.48
<b>Axis 3: Development of infrastructure to sustain growth</b>	<b>17.22</b>	<b>13.63</b>	<b>19.95</b>	<b>19.81</b>	<b>17.80</b>
Transport infrastructure	0.83	0.48	0.80	0.75	0.68
Post and telecommunications infrastructure	0.25	0.41	0.49	0.47	0.46
Energy and hydraulic infrastructure	16.14	12.74	18.66	18.59	16.66
<b>Axis 4: Reinforced access to basic social services and the resilience of households</b>	<b>14.20</b>	<b>15.42</b>	<b>22.37</b>	<b>24.73</b>	<b>20.84</b>
Health and Social Affairs	2.17	2.81	2.65	2.89	2.78
Education, Sports and Culture	9.90	10.44	16.53	18.49	15.15
Social security and inclusion	0.27	0.54	0.51	0.56	0.54
Housing and Better Living Conditions	1.36	0.79	1.97	2.08	1.61
Youth and Employment	0.50	0.84	0.71	0.71	0.75
<b>Spending in common</b>	<b>29.42</b>	<b>32.16</b>	<b>18.83</b>	<b>19.69</b>	<b>23.55</b>
<b>Special allocations</b>	<b>0.00</b>	<b>0.00</b>	<b>2.93</b>	<b>0.00</b>	<b>0.98</b>
<b>TOTAL</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source : National Budget Office, February 2013

### 3.1.2 Accelerated scenario

560. The accelerated growth scenario is pro-active. It is based on the same general assumptions as those used to forecast global trends. It is predicated on vigorous pursuit of reforms and on a more positive impact on PAP 2013-2015 policies, programs and projects.

561. It is based on the need to rapidly reduce poverty by achieving high growth rates with a strong impact on the living conditions of the population in a very short time. For the reference scenario, however, it would be necessary to wait until the year 2029 for per capita income to double (from USD 400 in 2011 to USD 900). With the accelerated scenario, and an average growth rate of 10%, this objective would be reached as of 2021, or eight (8) years earlier.

562. In this scenario, emphasis is on more effective public spending with a view to achieving MDG; consequently, particular attention will be paid to productive investments as well as to current expenditures in favor of social sectors, but, also to employment and targeted transfers to vulnerable groups.

563. The accelerated scenario is chosen and desired by the authorities. It counts on regular and stronger growth in the different branches of the sectors with the greatest potential for growth. Agriculture, for example, would progress at an higher average rate 10.7%, on average than in the reference scenario 5.4%, assuming continued Government support to foodstuff production and the successful implementation of PNIASA. At the same time it is expected that reinforcement of measures that aim to improve governance and the transparent management of mining contracts will have an accelerating effect on the extractive sector. With this in mind, the assumption is that value added in the mining sector will go from 3% in 2013 to 4.7% in 2014 and 13.3% in 2015, stimulated by CBG bauxite production that should go from 14.8 million tons in 2012 to 19.1 million tons in 2015, which corresponds to an increase of 28.4% compared with 19.1% in the reference scenario. Assumptions also count on higher Friguia alumina production, 27.4% compared with 17.6% in the reference scenario.

564. The accelerated scenario also would be sustained by ambitious policies to promote the manufacturing and tourism industries. As for BTP, trend assumptions are slightly higher (12.3%) in this scenario than in the reference scenario (11.2%) to reflect sustained, but more prudent, effort in terms of making up for lost time.

565. The accelerated scenario forecasts an average 31% rate of investment over the period, nearly 2 percentage points higher than the reference scenario. Private investment should come to, on average 19.4% of GDP, compared with 18.7% in the reference scenario. The rate of public investment, from this perspective would be 10.7% (compared with 10.6% in the reference scenario) in connection with investment by the Government .

566. As for inflation, the assumption is for an average rate of about 6%, compared with 7.4% in the reference scenario. In fact, controlled inflation would be the consequence of the strong increase in agricultural production expected over the 203-2015 period and the pursuit of good budgetary and monetary policy management.

567. It is expected that the accelerated scenario's underlying growth profile will lead to recovery of economic activity and so to an increased tax base and more revenues for the State. Public spending should increase to reflect the higher rate of investment. The accelerated scenario would require no new financing, other than that already identified in the reference scenario.

568. In view of all these elements, the accelerated scenario forecasts economic growth of 7.1%, average, over the 2013-2015 period. The Government will work determinedly to lift the financial and human resources constraints that could keep it from becoming a reality.

569. In fact, this scenario could be constrained by hazards linked to weak mobilization of the financial resources needed to accelerate growth and attainment of the MDG. To remedy this situation, plans are to:

- *grow domestic savings* by (i) helping to increase household income, mainly in the agricultural sector, encouraging the expansion of commercial agriculture, with mechanical means and appropriate techniques (to move beyond subsistence farming); (ii) continued effort to stabilize the macroeconomic environment (definitively dampen inflationary expectations and economic uncertainty ) in order to stimulate savings; and (iii) support for savings and credit association as well as microfinance institutions, thanks notably to reinforcement of the regulatory and legal arsenal);
- *raise the level of domestic resources* to (i) accelerate the implementation of tax reforms; and (ii) improve collection of tax and non-tax revenues;
- *increase public development aid* by (i) making aid more effective, making projects and programs more coherent and oriented toward growth and the reduction of poverty; (ii) improving coordination and making the administration

of public spending more efficient; (iii) reinforcing the overall policy framework, along with the transparency of institutions that administer economic policy, including aid (evaluation of policies and institutions);

- *increase foreign direct investment and other private capital inflows* by (i) improving infrastructure (roads, transport, electricity, etc.); (ii) reinforcing banking and financial systems through the development of capital markets, opening of public companies' capital to private interests; and (iii) adopting all the applicable measure of the Labor Code and competitive work policies that make it possible to establish institutions to develop human resources;
- *avoid aggravating the debt burden* by (i) adoption and implementation of a debt policy based on the search for loan resources on very favorable conditions; and (ii) reinforcement of capacities for negotiation and administration of the debt.

570. At the same time, the realization of this scenario could be handicapped by the lack of national technical competences necessary to the transformation of economic potential; which could lead to doubt of the current capacity of the current educational and professional training system to make competence equal to the challenge of competitiveness. To eliminate this bottleneck, the Government intends to qualify training through better administration of the educational system (see point 2.2.4.1 –D).

### **3.2 IMPLEMENTATION AND MONITORING-EVALUATION OF POVERTY REDUCTION STRATEGY (PRS)**

571. Formulation of PRS 2013-2015 has been very participatory, with the collaboration of all of the development partners. Its implementation calls on the involvement of all of these development partners and its success will depend a great deal upon their degree of involvement and mobilization. Monitoring-evaluation will be conducted in order to (i) assure better monitoring of programs and projects so that any necessary corrective measures can then be applied; (ii) assure a better appreciation of the impact of these projects; (iii) demonstrate tangible and transparent proof of results obtained, (iv) permit better communication with all development actors, and (v) intensify the mobilization necessary to finance the strategy.

#### **3.2.1 Directive principles for PRS implementation and monitoring-evaluation**

572. Full and complete achievement of PRS objectives will be largely a function of the effectiveness of the whole monitoring-evaluation mechanism. There are four essential principles to apply. Through these directive principles, the overall objective is to improve the implementation of the PRS monitoring-evaluation process by (i) production of quality statistical information; (ii) regular functioning of the institutional apparatus; (iii) regular production of annual evaluation reports; (iv) and the best targeting of measurement indicators. These principles are:

- *Respect for PRS priorities*: PRS is the main frame of reference for all development interventions. On this basis, different cooperation programs should effectively contribute to the achievement of priorities as defined by the PRS. Consequently, the first attribute of the Executive Budget is to realistically reflect these priorities in the sectorial allocation of resources.
- *Priority to budget support* : Difficulties tied to the absorption of resources are not imputable solely to bureaucratic red tape in the Administration; they also are a consequence of the procedures of certain financial partners, The Government's option for budget support is a way to simplify these procedures. It is more and more acknowledged that budget support is a form of cooperation that considerably reduces costs compared with other procedures that weigh on administrative capacity. And, budget support creates conditions favorable to ongoing policy dialogue, especially in the areas of macroeconomic reform and good management of public affairs.
- *Sharing information*: In the context of monitoring implementation of the PRS, information sharing is indispensable to successful coordination. So, the Government will continue its efforts promote exchange of information on budget administration, of different reports and of evaluation results. This spirit of sharing also should prevail within technical and financial partners. It undeniably helps to make aid more effective and to avoid duplication of effort.
- *Organized and coordinated monitoring*: The authorities will continue to produce evaluation reports to feed annual PRS review workshops. In the context of dynamic organization, it is important for other actors, notably in the private sector and in civil society, to produce independent reports that will complete the report established by the public authorities.

### 3.2.2 Programming of activities to implement PRS

573. Operationally, the PRS will essentially be coordinated and programmed through a Strategic Measures Matrix (SMM) and by the Priority Action Program (PAP).

574. The Strategic Measures Matrix (see Annex N°2) will contain key actions; legal, regulatory and administrative actions documents, budgetary measures or key technical activities to implement in order to accelerate and diversify growth, create lasting jobs, reduce inequalities and poverty. These measures and actions are the pre-requisites to attain the objectives of the strategic axes and are, therefore, priorities. SMM can serve as the locomotive to free up budget support funds.

575. In the interest of better understanding and targeting the major public actions that could contribute to the acceleration and diversification of growth, reduction of inequality and the promotion of jobs, the Government has decided to draw up a Priority Action Program (PAP) for the 2013-2015 period as an annex to PRS (cf Annex N° 5). This PAP will summarize the different actions in sectorial PAPs. Measures eligible for inclusion in the PRS Priority Action Programs will meet the following essential criteria: (i) conformity with PRS priorities, especially with those defined in the SMM; (ii) pertinence and the degree of contribution to achievement of PRS objectives; (iii) the absorption capacity of the ministerial departments, originators of the actions, over the last three years. Already identified sources of finance will be highlighted, as well as finance from abroad that is expected and financial needs that remain uncovered.

576. The PAP makes it possible to translate PRS priorities into the medium-term Executive Budget framework<sup>14</sup> and will be readjusted every year. It established the connection between sectorial and multi-sectorial programs and projects pertinent to making PRS operational. It consists of programs organized around four strategic axes.

577. Finally, a communications strategy completes the PRS implementation plan.

### 3.2.3 Monitoring-evaluation indicators

578. There are several levels of PRS monitoring/evaluation indicators:

- Effect/impact indicators (cf Annex N°3) will be used to evaluate strategy in mid-course and at the end of the PRS period. They will measure achievement of overall PRS objectives.
- Intermediate results indicators (see Annex N°4) will be more or less directly tied to Government actions, for which data may be produced annually. They will measure public intervention performance.
- SMM and PAP indicators are the first level. They make it possible to assure that activities and measures are performed.

579. To evaluate the Government's performance of PRS for the year (n-1), an annual balance sheet that includes indicator evaluators will be developed and examined during the annual PRS review. A report validated by the Government will be attached to the draft Executive Budget law for the year (n-1) when it is presented to the Parliament for examination, Impact indicators will be evaluated, every three years, by independent experts to contribute to the process of dialogue on the efficacy of PRS policies.

580. Efforts will be made to take the dimension (???) into account in monitoring-evaluation indicators.

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<sup>14</sup> It is a way to support PRS orientations by identifying medium-term strategic objectives in the sectors, together with pertinent indicators. These objectives should be transposed into sectorial programs, so costs must be determined and integrated into the Budget. This is the only way to make PRS objectives realistic and operational.

#### Box 4: PRS monitoring-evaluation tools

The information system for monitoring and evaluating the PRS will partially depend on existing sectorial information systems. The information system for monitoring-evaluation will develop around three components called sub-systems that complement each other and form an integrate whole. They are:

##### *“Monitoring of households’ living conditions” sub-system*

The objective of this sub-system is the systematic production and management of indicators of the living conditions of households and/or basic information for each priority sector identified in the PRS and the MDG. Essentially, these are indicators of results and indicators of global impact based on monetary poverty, poverty of essential needs, poverty of capacities or opportunities and poverty because of social exclusion. These indicators are regularly informed by national accounts, statistical studies and administrative reports.

##### *“Monitoring of programs and projects” sub-system*

The objective is to monitor the financial and physical execution of programs and projects that contribute to the attainment of PRS objectives. These are the indicators of resources and products. Resource monitoring concerns the monitoring of the level of resources allocated to services and programs. It also leads to the monitoring of human resources and the availability of materials. Monitoring of products generated by the execution of project and program activities concerns the *monitoring* of the performance of services designed to reduce poverty (e.g. construction of schools, healthcare centers, hydraulic infrastructure, roads, etc.) This monitoring makes it possible to determine the existence and condition of investments foreseen for programs and projects to attain PRS objectives. Required data essentially comes from the administrative files of the programs and projects themselves, as well as from the supervising Ministries’ internal statistics. To function well, this system requires the establishment of Medium-Term Spending Frameworks (CMDT) which serves to guide Budget programming and execution.

##### *“Impact evaluation” sub-system*

Evaluating the impact makes it possible to identify changes that have taken place in the well-being of individuals that belong to a specific population and that can be attributed to a specific program or policy. It concerns studies of a specific project, program or policy and of a certain, well-determined population. Results of these evaluations serve to guide decisions on whether to extend, amend or suppress a given policy, program or project and help to classify public interventions by order of priority.

## Box 5: Participatory monitoring

Participatory monitoring takes place at regional and prefectural level. It involves representatives of the main local development actors. Its mission is to provide overall supervision of PRS in local communities. In particular, it monitors the effective realization of PIP projects in the regions and prefectures, specific issues of poverty, employment, health and education, and the development of regional and local production and growth potential.

Main objectives are, specifically to (i) develop appropriate participatory development processes, (ii) improve the transparency and accountability of different actors, (iii) improve the quality and the pertinence of services and (iv) assure the control of the PRS monitoring process.

Different groups of actors have been identified, with the following roles:

targeted groups and beneficiary communities: they must organize themselves to help identify their needs and priorities, and, also, to control the effectiveness and the quality of what is being done;

local elected officials: they must be accountable for the implementation of PRS in their communities;

the Administration and its local agencies: they must guide the PRS implementation process and its participatory monitoring;

civil society: it must make sure that the State respects its commitments and is held accountable for its actions. In particular, civil society must watch over the interests of vulnerable groups;

development partners: they function as external regulators of the process, ensuring the effective participation of all actors in the participatory monitoring of the PRS. They are also involved through concrete proposals and multiform support to all stages of participatory monitoring;

the private sector: it is called, in time, to be the growth engine, provider of employment as a partner in the implementation of the PRS. The private sector will inform participatory monitoring actors of the action that it intends to carry out at its level.

### 3.2.4 Institutional organization

581. The institutional organization of PRS III is derived from lessons learned from the implementation of PRS I and PRS II, due to the lack of understanding on the part of actors at national as well as decentralized level. It highlights the need to (i) rationalize and better coordinate staff, along with reinforcement of the involvement of all sectorial actors (State, including local communities, and non-State and PTF) in the context of sectorial dialogue; (ii) integrate and involve communities so that they play a key role in development management; (iv) reinforce partnership for good aid administration where each actor assumes its responsibilities with Government guidance based on national priorities.

582. Institutional organization includes: (i) orientation body; (ii) national dialogue frameworks (CND); (iii) sectorial dialogue frameworks (CSD) or Theme Groups (GT); (iv) regional dialogue frameworks (CRD) and (v) the Permanent Secretariat for Poverty Reduction Strategy (PS-PRS).

#### *3.2.4.1 National level*

583. The orientation body sets the broad outlines for the guidance of the economy. It validates 114RS III development priorities for future years, along with results of action taken in the previous year. It assures the allocation of resources as a function of defined priorities and is headed by the President of the Council of Ministers.

584. National Dialogue Frameworks (CND) bring together for consultation all the key actors for development from the State (Government and local communities, organizations in Civil Society (OSC), the private sector and the Technical and Financial Partners (TFP). The CND are: (i) the overall framework for monitoring-evaluation of PRS III (sectorial, regional, OSC, private sector, TFP); (ii) the framework for Government-private sector dialogue; (iii) the framework for Government-OSC dialogue; (iv) the framework for Government-TFP dialogue.

585. The overall framework for monitoring and evaluation is charged with reporting on the monitoring and evaluation of action taken (and to be taken) in the context of PRS III. The meeting takes place once a year and is the PRS III annual review. The objective of the annual review of the year (n) is to approve the results of action taken in the course of the previous year (n-1), evaluate the impact of action taken over the years (n-2) and validate action to be taken in (n+1). Further, the review will be the occasion to verify the consistency of the distribution of sectorial budget allocations for year n+1 with national priorities. The annual review is a policy occasion; it is preceded by preparatory technical work on the part of the PS-PRS, which will prepare the dossiers to examine.

586. The frameworks for Government – private sector, Government-OSC and Government-TFP are created in order to permit in-depth dialogue with development partners. Their meeting takes place once a year.

587. High-level meetings with the private sector (or with Civil Society) allow the Government to recall national development priorities and to define ways that the private sector (or Civil Society) can provide support, along with contractual clauses to contribute to the attainment of PRS III objectives. These meetings also allow the private sector to present its commitment in favor of the attainment of PRS III objectives. An annual meeting is planned to evaluate the ensemble of n-1 commitments and program those to come in n+1.

588. High-level policy dialogue with the TFP allows the Government to present its policy choices and needs in terms of mobilization of Public Aid to Development (APD) and gives the TFP the opportunity to spell out their support for n +1. The framework covers the implementation of commitments made in the context of mutual responsibility. To give more credit to this exercise, an independent evaluation report is planned on a three-year basis.

589. High-level dialogue will rely on a support-counsel-financing platform called State-Donors Committee (CED). The mission of this committee is to improve the coordination of monitoring staff and to make aid more efficient through better absorption capacities and a simplification of procedures to manage support.

590. The CED is composed of two (2) levels of coordination: high level and operational. The high level platform takes policy and/or strategic decisions based on recommendation from the operations level. It is chaired by the Prime Minister. The operational platform is charged with resolving technical and strategic questions, as well as with calling the attention of the actors to the need to reach objectives. It is presided by the Minister of Finance. The PS/PRS is the secretariat of the CED and its two coordinating levels.

591. The Prime Minister presides over the CND. The PS-PRS provides support as the executor of monitoring and evaluation. The Permanent Secretariat is supported by a Technical Unit, a Communications Unit and an Administrative and Financial Department. Four theme groups are attached to the PS/PRS, one for each strategic axe, along with a theme group for monitoring-evaluation. Their meetings should take place before the annual review so that their conclusions can be part of the review.

#### ***3.2.4.2 Sectorial level***

592. Sectorial Dialogue Frameworks (CSD) are composed of those who guide sectorial policy in priority PRS III sectors. They group the ensemble of actors (State, non-State and TFP) concerned by the sector. They are organized into work groups by theme.

593. The CSDs meet twice a year. Sectorial reviews are the means to monitor and evaluate sectorial policies or strategies. They are organized to produce reports that will be used to prepare the annual review. They include: (i) an annual sectorial review of project results from the action plan for n-1, the impact evaluation report (produced every three years) and the action plan for n+1; (ii) a mid-way sectorial review that examines the draft mid-year

results for year n, actions to take to correct inadequacies uncovered in the course of carrying out the action plan and a definition of priorities for the coming year.

594. Theme groups composed of officials from central Administration, organizations in civil society, members of republican institutions are responsible, within their respective domains, for leading the consultation necessary to develop and/or update policies and strategies to fight against poverty, to analyze the situation in sectors relevant to their competences and to propose pertinent solutions, to consult among themselves regularly for PRS consistency and greater synergy.

595. The monitoring-evaluation theme group will meet periodically to assess progress in the implementation of the strategy. Meetings will take place at the level of sectorial Departments, of PRS sectorial monitoring-evaluation units.

### **3.2.4.3 Regional level**

596. Regional Dialogue Frameworks (CRD) are the consultation instrument that brings together the ensemble of regional and local development actors. They are made up of a Consultation Committee and a Technical Committee for Monitoring-Evaluation.

597. The CRD meet twice a year to evaluate results of PRS III action at regional and local level. The annual session specifically examines results of the action plan for n+1. The mid-way session examines mid-way results for year n, actions to take to correct inadequacies revealed in the course of carrying out the action program and the defines priorities for the coming year's action plan.

598. Organization and function of the policy instrument will be spelled out in a decree.

### **3.2.4.4 Partnership**

599. With regard to the means of implementation, the State cannot correctly and successfully execute the PRS III Priority Action Plan (PAP) by itself. A multi-actor partnership therefore will be put in place. Involved will be enterprise, universities and training centers, administrations, local communities, the private sector, financing institutions and the population. It is a question of motivating these actors to cooperate around innovative projects that create added value to benefit members of the value chain.

600. This strategy is also the occasion to make the most of decentralization, by making local communities responsible for questions that are within their scope and competence. The distribution of roles among the State, the private sector and civil society, under the leadership of the State remains to be spelled out. And, conditions for wide participation of the population need to be put in place, since PRS III is an opportunity to create real momentum for development in which producers improve their productivity to benefit the distribution of the fruits of growth.

## **3.2.5. Instruments for implementation and monitoring-evaluation**

### **3.2.5.1 Instruments of implementation**

601. Implementation instruments cover activities carried out by the four key actors: (i) the Government, at central administration level and at the level of local communities; (ii) the private sector; (iii) Organizations in Civil Society (OSC), including the diaspora; and (iv) Technical and Financial Partners (PTFs).

#### **A. At central Administration level:**

602. Priority instruments are : (i) sectorial development strategies; (ii) sectorial PAPs, (iii) Medium-Term Budget Framework (CBMT), (iv) Ministerial CBMTs, (v) Ministerial Action Program and Mission Letters; (vi) the Executive Budget, broken down according to allocation.

## B. At regional and prefecture/community level:

603. Two instruments are identified: (i) *Regional and local development plans*: usually for five years, they will be systematically developed by local authorities, with State support, if necessary, to serve as a dialogue framework for these authorities and the State, on the one hand, and other development partners, on the other hand; (ii) *State-Community contract plans*: they will serve as instruments to make regional and local plans consistent with national planning and will, especially, plan the financial participation, under contract, of the State and local authorities, respectively, in each of the projects of mutual interest.

## C. At private sector level:

604. Planned instruments are: (i) *Competitiveness Plans* that will be developed by production channel, jointly with the State, in order to agree overall production and employment objectives by channel. In this way, they will give priority to the optimal development of the value chain in each of the channels concerned; (ii) *Objective Contracts by channel*: contracts to cover State-Private Sector partnership for the production channel: agreed operational objective, means and paths to achieve them (including organization of the channel and any programs to bring it up to date) and the respective contributions expected from the private sector and the State; (iii) *Conventions for bringing enterprises up to date*: they will tie the State (through the public agency with competence) and the enterprises that accept, voluntarily, to participate in a renovation program, in order to reinforce their capacities to contribute to the competitiveness of their production channel;

## D. At Civil Society level

605. Planned instruments are *participation contracts or program agreements*. In addition to their participation in meetings to develop and monitor the implementation of the PRS: OSCs may be involved in the effective implementation of the PRS mainly in the context of basic development programs and projects. To this end, program agreements or participation contracts (order forms, competitive tender bids) will serve to cover the partnership.

## E. At Technical and Financial Partnership level

606. Mainly to (i) elaborate or revise the *cooperation frameworks aligned with the PRS*; (ii) signature and coordinated implementation of *partnership conventions ((budget support, project-support, etc.)*

### 3.2.5.2 Instruments for monitoring-evaluation

607. Monitoring and evaluation of the implementation of PRS will depend on the following:

- *Monitoring by quarter or semester (for year n)*:
  - Quarterly monitoring reports on the execution of the Public Investment Program (PIP)
  - Mid-year participatory monitoring reports from regional and local committees
  - Mid-year monitoring reports on indicators
- *Annual monitoring (for year n-1)*:
  - Review of sectorial PAP and overall PAP
  - Annual report on PRS implementation progress, including annual evaluation of the level of execution of the performance matrix.
- *Evaluation (as of years n-2 and n-3)*:
  - Impact studies of sectorial development policies
  - Mid-course review of PRS: it will take place in year n+2 and (??) could lead to revision of certain sectorial strategies.

### **3.2.6 Reinforcement of capacities**

608. Implementation and monitoring-evaluation of PRS will demand considerable reinforcement of the capacities of different actors, in order to: (i) better understand, question their pertinence -- when necessary -- and translate PRS development policies and programs into concrete action; (ii) master PRS instruments of implementation and monitoring-evaluation.

609. Reinforcement of capacities applies, first of all, to the national system of statistics responsible for the supply of quality information indispensable to the development phase, as well as the implementation and monitoring-evaluation of the PRS. But it also concerns all of the development actors that could use the information provided, contribute to the collection of information and participate effectively in the implementation of PRS in their respective fields. Finally, it will require the reinforcement of tools and capacities to guide and manage development.

#### **3.2.6.1 Reinforcement of the capacities of the national statistics system**

610. Better governance necessarily depends on improvement of the national system of statistics. To this end, the Government will continue reforms by implementing the revised Action Plan (2011-2015) for the National Statistics Development Strategy (SNDS). Efforts also will be made to assure regular monitoring of the PRS. To this end, the revised SNDS Action Plan will be aligned with the monitoring facilities of the PRS and the plans to monitor the action plans of the Technical and Financial Partners (PTF). It will continue to advocate the mobilization of more PTF resources needed to implement the SNDS Action Plan, which amounts to USD 44.2 million.

#### **3.2.6.2 Overall reinforcement of capacities**

611. To support implementation of the PRS and give it every chance of success, the Government intends to create, with the support of its development partners, a new package of measures to reinforce the capacities of all of the actors involved in the implementation of PRS: central and decentralized Administrations, constitutional government branches with legislative and judicial power, decentralized local authorities, the private sector (including its consulting and training entities) and civil society. This package will include special programs to reinforce capacities and a central coordination and support facility.

#### **3.2.6.3 Reinforcement of the tools and capacities needed to guide and manage development**

612. The Government intends to improve the tools and capacities needed to guide and manage economic and financial development by reinforcing the tools available as well as the internal capacities of the structures responsible for the planning and management of development. It will ensure that structures acting to guide and manage development are coordinated and will make an effort to rationalize the missions of these structures in order to avoid duplication.

### **3.2.7 Communications strategy**

613. The Government intends to adopt a communications strategy to support the implementation of the PRS. Its objective will be to permit all segments of the population to feel part of PRS III and must involve the media, ministerial departments and the people in order to ensure that information circulates about the PRS and its implementation.

614. Communication will be a determining factor in the success of the formulation and implementation of the PRS. It is justified by the need to change behavior. Consequently, the communications strategy will focus on the following principles: appropriation, information, raising awareness and behavior change. The strategy will be implemented with the following Action Plan:

Axis 1: Reinforcement of actors' capacities. This is the PRS information and training axis

Objective	Target public	Communications channels
Inform actors of PSR III objectives, results and stakes	Ministries (administrations, central and decentralized)	-Web site -newsletter -mail -activity reports
	Nationally elected officials	-mail -parliamentary publications -newsletter -activity reports
	Judiciary branch	-Web site -newsletter -judicial instances' publications -activity reports
	Organizations in Civil Society	Web site -newsletter -other channels (e.g. peer-educators) -activity reports
	Technical and financial partners	-Web site -advocacy tools (information brochures, reports) -activity reports
	Local communities	-mail -on-the-spot communications channels (parley trees, griots, village gatherings) -information bulletins -Web sites -posters -activity reports
	Private sector	-Web sites -reports -newsletter -activity reports
	Medias	-press relations (press kits, briefings, trips) -Web site -newsletter -activity reports
	Diaspora	-Web site -fairs and international conventions -activity reports
Inform actors of the process	Ministries (administrations central and decentralized))	-training sessions on the stakes involved in PRS III -seminars on each axis of PRS III

Objective	Target public	Communications channels
	Nationally elected officials	-seminars on PRS III process -lobbying -reports
	Judiciary branch	Sessions to train magistrates on the stakes involved in PRS III
	Organizations in Civil Society	Seminars on the way to take PRS III axes into account
	Technical and Financial Partners	- seminars on the PRS process -lobbying -reports
	Medias	Training for media people on the treatment of information relative to PRS III
	Local communities	On-the-spot training sessions on the PRS process for Village Committees, municipal and cantonal counselors
	Private sector	- seminars on the PRS process and the role of the private sector
	Diaspora	training session for consular representatives

#### Axis 2: Mass communication. Public information and awareness campaigns on PRS III

Objective	Target public	Communications channels
Inform and raise public awareness of PRS III	Greater public	Poster campaign
		Audiovisual media campaign

Axis 3: On-the-spot communication: This is the awareness-raising axis that supports the information campaign

Objective	Target public	Communications channels
Inform and raise public awareness of PRS III	Greater public	Organization of open houses with information hand outs
		Organization of national tours to raise awareness of the implementation of PRS III

615. A monitoring/evaluation mechanism must be put in place (opinion surveys, focus groups, etc.)

#### 3.2.8 Measures to accompany PRS implementation, monitoring and evaluation

616. Over the course of the period of implementation of PRS III, the Government, with the support of its partners, will take measures to efficiently and effectively monitor its progress and evaluate its results. Table 14 sums up these measures.

**Table 14: Main measures of support**

MEASURES	RESPONSIBLE
1. Formulation, revision of sectorial strategies to align them with the PRS	Sectorial committees
2. Annual revision, year-on-year, of sectorial Priority Action Projects (PAP)	TS-PRS
3. Preparation in each ministerial department of a tri-annual MTEF	Ministries
4. Annual, year-on-year revision of ministerial MTEFs	Ministries
5. Preparation of an annual ministerial action program, coherent with sectorial strategy and the Prime Minister's Mission Letter	Ministries
6. Preparation of competitiveness plans, using a channeling approach with priorities defined in concert with the private sector	To be determined
7. Preparation of objectives contracts – State model – for channels	To be determined
8. Implementation of a national program to rehabilitate enterprises	Ministry of Industry
9. Systematic preparation of (need/opportunity) forecasts on cooperation strategies with different Technical and Financial Partners (PTFs)	Ministry in charge of Foreign Affairs and Cooperation
10. Preparation of a pluri-annual program to carry out specific studies on poverty, employment, living conditions and evaluation of the impact of sectorial policies.	INS
11. Establishment of an overall program to reinforce capacities, responsible for supervising, coordination and supporting specific programs specifically designed for the different national actors concerned with development: Administrations, central and decentralized Prefecture corps Elected officials, national and local Local communities Managers and other human resources in the private sector NGOs, unions	Prime Minister's Office Minister in charge of Planning

### 3.3 ANALYSIS OF THE MAIN RISKS OF IMPLEMENTING PRS

617. Successful implementation of the PRS can run into obstacles that could reduce its effectiveness. There are five principal risks, tied to: political instability, lack of national leadership and poor involvement of actors, finances, the international and regional environment and the vagaries of the climate.

#### 3.3.1 Risk of political instability

618. It is not possible to envisage accelerated growth that is inclusive and that generates durable employment without institutions that guarantee political stability and respect for human rights and individual freedom. Social peace is an important factor to attract foreign investors and to guarantee good execution of PRS. Continued implementation of reforms, particularly in the security sectors, at national, as well as local, level will make it possible to reinforce the basis of democracy (generating confidence in the process) and help to calm the political situation.

#### 3.3.2 Risk of lack of leadership and poor involvement of actors

619. The Government must reaffirm its will and political commit to the formulation and implementation of the PRS. The highest levels of State have their part to play, in the orientations and dynamic of the participatory

process. The chances for successful implementation of this strategy depend on national leadership as well as on the capacity and the will of all the actors to act in a consultative manner and with more synergy, at every level.

620. To promote this consultation and synergistic action, the Government has established an institutional plan. The correct function of this plan will depend on the degree of involvement of each of its actors, with respect to the different time spans and means made available. The rapidity with which the different administrations collect reliable information and process it, minimal delay in the transmission of files to partners and the promptness of their respective reactions are factors that could help to reinforce this synergy.

621. In this regard, it is important that measures to support the PRS implementation process be adopted and put into operation in the course of the first few months. In terms of priority, these measures are (i) reinforcement of the planning-programming-budgeting process; (ii) institutionalization of the instruments needed to enable the participation of decentralized administrations to participate in the effective implementation of the PRS; (iii) reinforcement of the national statistical information system; (iv) reinforcement of the capacities of the different participants/actors in development.

### **3.3.3 Financial risk**

622. The financial blueprint for the PRS reflects external and internal contributions. Yet, the current trend it toward a contraction in the flow aid toward developing countries, especially those in Africa. And, procedures to mobilize external resources continue to be quite heavy in spite of mutual efforts to make them more efficient. Finally, the capacity of Guinea to mobilize internal resources remains insufficient compared with ECOWAS standards and the country's urgent development needs. Each of these factors constitutes a real risk for the availability of financial means. Together, they represent a major risk to the success of the PRS.

623. This risk of insufficient mobilization of financing needed to implement the PRS can be reduced and mitigated only at the price of: (i) a greater effort to mobilize internal (tax and non-tax) revenues; (ii) redeployment of external economic cooperation in order to diversify development partners and the sources of public aid to development; (iii) good control of the State's cash flow in order to permit the timely commitment of funds; (iv) determined but prudent recourse to external non-concessional loans, which is not to be excluded, but that could be reserved primarily for projects with confirmed return on investment, as well as compatibility with sustainable long-term public debt; (v) substantial improvement in the efficacy of incentives to support new enterprises and attract foreign direct investment; (vi) establishment of an effective plan to better mobilize the resources of the Guinean diaspora and channel their transfers toward productive investment to generate growth and employment.

### **3.3.4 Risk linked to the international and regional situation**

624. Like many other countries, Guinea has an economy that is very open to the rest of world and dependent on the import and export of products essential to its development. Besides, the country is greatly dependent on aid and on foreign capital to finance its investments. Over the last ten years, Guinea has been affected by international crises (food, energy, finance and economic) that have weakened its economy and generated inflation while reducing the Government's margin of maneuver to mobilize resources to finance its investments. Finally, the geographical position of Guinea exposes it to, on the one hand, the growing risk of maritime piracy in the Gulf of Guinea and to drug trafficking, both of which should be followed and analyzed attentively in view of their impact on GDP, and, on the other hand, to the repercussions of political crises in ECOWAS countries, facilitated by the porosity of borders.

625. Prevention and reduction of risk depends on the maintenance and consolidation of regional and sub-regional integration, seen as a strategy to support the international economic affirmation of Guinea, to attenuate its vulnerability to the exterior and protect its territorial integrity thanks to shared sovereignty in certain areas.

### **3.3.5 Risk linked to climate**

626. Global warming and climate change are a reality. Yet, agriculture, which occupies the great majority of the working population, is strongly dependent on the climate. At the same time, planned adaptation programs are not very well financed, farmers' use of new intensive agricultural methods (use of fertilizer, improved see,

mechanization) is low, and water management remains a concern. These are elements that aggravate the risk and the threat of climate conditions.

627. Prevention or reduction of these risks depend heavily on whether or not development programs take them into account -- particularly the identification and equipment of risk areas -- for better management of natural catastrophes. Sectors identified as the most vulnerable to climate change and for which adaptation/attenuation measures should be taken first are: agriculture, forestry, energy, water resources, human resources and health.

**ANNEX 1: Table of the Key Macroeconomic Indicators, 2007–12**

	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
	Est	Est.	Est	Est	Est	Estimates
<b>GROWTH</b>						
GDP	1.8%	4.9%	-0.3%	1.9%	3.9%	3.9%
GDP per capita	-1.4%	1.7%	-3.4%	-1.2%	0.6%	0.7%
GDP/capita (US\$)	392.2	407.0	412.6	382.5	398.7	455.1
GDP/capita (US\$)	417.0	439.8	436.9	412.9	442.5	486.8
<b>INFLATION</b>						
Consumer price (year-on-year)	12.8%	13.5%	7.9%	20.8%	19.0%	12.8%
Consumer price (annual average)	22.9%	18.4%	4.7%	15.5%	21.4%	15.2%
GDP implicit deflator	13.0%	14.1%	6.8%	20.0%	19.8%	13.0%
<b>CURRENCY</b>						
Broad Money (M2)	3,398.2	4,727.2	5,923.9	10,353.9	11,330.3	9,976.7
M2/GDP	19.6%	22.7%	26.8%	38.2%	33.6%	25.2%
Exchange rate /USD	4,179.3	4,597.0	4,773.5	5,987.8	6,736.1	6,968.8
Depreciation rate	-20.6%	10.0%	3.8%	25.4%	12.5%	3.5%
Exchange rate /EURO	5,711.1	6,731.0	6,643.7	7,558.3	9,254.1	8,869.1
Depreciation rate	-14.5%	17.9%	-1.3%	13.8%	22.4%	-4.2%
Weighted depreciation	-16.9%	14.7%	0.8%	18.4%	18.5%	-1.1%
Gross available reserves (million US\$)	43.3	70.1	163.5	78.2	852.0	998.6
In months of import of goods and services	0.4	0.6	1.1	0.7	4.9	4.0
<b>National saving (GDP %)</b>	13.5%	15.7%	10.6%	11.0%	3.3%	-0.2%
<b>INVESTMENT</b>						
Total GFCF (GDP %)	19.2%	21.3%	16.4%	17.1%	20.0%	23.5%
Public GFCF (GDP %)	2.7%	2.8%	5.2%	6.7%	3.4%	6.9%
Private GFCF (GDP %)	16.5%	18.5%	11.2%	10.4%	16.6%	16.5%

**ANNEX 1: Table of the Key Macroeconomic Indicators, 2007–12** (concluded)

	2007	2008	2009	2010	2011	2012
	Est	Est.	Est	Est	Est	Estimates
<b>NATIONAL BUDGET</b>						
Current revenue (GDP %)	14.3%	15.7%	15.4%	15.3%	16.8%	20.1%
Current expenditure (GDP %)	11.3%	13.4%	16.5%	20.5%	15.8%	15.4%
Capital expenditure (GDP %)	3.9%	4.0%	7.1%	9.2%	4.7%	9.6%
Budget savings (GDP %)	3.0%	2.3%	-1.1%	-5.2%	1.0%	4.7%
Overall Balance, excluding grants (commitment basis) GDP %	-0.9%	-1.7%	-8.3%	-14.4%	-3.7%	-5.5%
Primary balance (GDP %)	3.8%	3.0%	-4.8%	-11.3%	0.2%	-1.4%
Financing gap (+) (GDP %)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>BALANCE OF PAYMENTS</b>						
Export of goods, FOB, in US\$ (variation %)	16.5%	17.8%	-25.9%	39.4%	-2.1%	5.2%
Export of goods /GDP ( %)	29.0%	29.7%	22.6%	32.4%	28.6%	26.5%
Import of goods, USD (variation in %)	18.2%	18.1%	-23.8%	40.8%	48.9%	13.6%
Export FOB coverage / Imports CIF (%)	112.9%	127.7%	130.9%	130.1%	86.9%	84.3%
Balance on goods and services (millions US\$)	-261.8	-361.2	-268.9	-266.9	-1167.5	-1343.8
Current account (excluding public transfers), millions US\$	-463.0	-422.7	-403.2	-326.8	-1272.7	-1440.9
Current account (excluding public transfers), GDP %	-11.1%	-9.4%	-8.7%	-7.2%	-25.4%	-25.4%
Overall balance, in million US\$	-87.64	-28.71	60.17	-73.01	676.08	-130.00
Overall balance in GDP %	-0.5%	-0.1%	0.3%	-0.3%	2.0%	-0.3%
Financing gap (million US\$)	0.0	0.0	0.0	0.0	0.0	-303.0
<b>DEBT</b>						
External public debt service (million US\$)	202.5	230.3	121.0	131.7	216.6	257.4
Debt service (% of export of goods and services.)	16.2%	15.9%	10.8%	8.6%	14.3%	15.6%
Debt outstanding (million US\$)	3102.0	3109.3	3089.4	3061.7	2953.7	2852.3
Debt outstanding (GDP %)	74.7%	68.8%	66.6%	67.7%	59.0%	50.2%
GDP at current prices (billion GNF)	17,354.2	20,780.4	22,132.6	27,081.6	33,696.7	39,590.2
GDP at current prices (million US\$)	4,152.5	4,520.5	4,636.5	4,522.8	5,002.4	5,681.0
<b>POPULATION (thousands)</b>	9,957.57	10,279.29	10,611.14	10,952.70	11,305.26	11,669.16

## Annex 2: Matrix of Strategic Measures

Strategic Main Lines	Field	Strategic Action			
		2013	2014	2015	Responsible Body
<b>Line 1: Governance and Institutional and Human Capacity Building</b>	<b>Political and Institutional Governance</b>				
		Continuation of the implementation of the security sector reform plan	Continuation of the implementation of the security sector reform plan	Continuation of the implementation of the security sector reform plan	
		Continuation of the implementation of the justice reform plan	Continuation of the implementation of the justice reform plan	Continuation of the implementation of the justice reform plan	
		Holding of legislative elections			
		Establishment of a permanent national framework for dialogue and reconciliation			
		Adoption and implementation of a national plan for conflict prevention, management and resolution and peace building	Adoption and implementation of a national plan for conflict prevention, management and resolution and peace building	Adoption and implementation of a national plan for conflict prevention, management and resolution and peace building	
		Promoting women's participation in decision-making on political and public issues	Promoting women's participation in decision-making on political and public issues	Promoting women's participation in decision-making on political and public issues	
	<b>Economic governance</b>	Continuation of the implementation of public finance management reforms	Continuation of the implementation of public finance management reforms	Continuation of the implementation of public finance management reforms	
		Development of an anti-corruption national policy and action plan	Adoption of an anti-corruption national policy and action plan	Implementation of an anti-corruption national policy and action plan	
		Development of an anti-money laundering and financing of terrorism strategy and action plan	Adoption and implementation of an anti-money laundering and financing of terrorism strategy and action plan	Implementation of an anti-money laundering and financing of terrorism strategy and action plan	
		Organizing public expenditure reviews			
		Adoption of the study and action plan for the development of the finance sector	Implementation of the study and action plan for the development of the finance sector	Implementation of the study and action plan for the development of the finance sector	
		Elaboration of the "Guinea 2035" national prospective study	Elaboration of the "Guinea 2035" national prospective study	Adoption of the results of the "Guinea 2035" national prospective study	

		Institutionalization of responsive budgeting in the Budget Reform	Elaboration and implementation of a Gender Sensitive National Budgeting Strategy	Implementation of a Gender Sensitive National Budgeting Strategy	
	<b>Administrative governance</b>	Continuation of the PREMA implementation	Continuation of the PREMA implementation	Continuation of the PREMA implementation	
	<b>Local governance</b>	Adoption and implementation of the LPND	Implementation of the LPND	Implementation of the LPND	
		Elaboration and promulgation of the Local Communities Code implementation decrees			
		Elaboration and adoption of an urban development strategy	Implementation of the urban development strategy	Implementation of the urban development strategy	
		Institutionalization of gender-sensitive planning and budgeting (GSB) in the local communities code	Implementation of gender-sensitive planning and budgeting (GSB) in the local communities code	Implementation of gender-sensitive planning and budgeting (GSB) in the local communities code	
	<b>Community-based development and reduction of regional disparities</b>	Elaboration and adoption of a community-based development policy	Implementation of the community-based development policy	Implementation of the community-based development policy	
		Continuing the implementation of the microfinance development strategy	Continuing the implementation of the microfinance development strategy	Continuing the implementation of the microfinance development strategy	
		Setting development project and program maps for each region and sector	Setting development project and program maps for each region and sector		
<b>Line 2 : Growth acceleration diversification and sustainability</b>	<b>Growth acceleration and diversification</b>	Implementation of the PNIASA	Implementation of the PNIASA	Implementation of the PNIASA	
		Elaboration and adoption of a growth poles promotion policy	- Implementation of a promotional fund for the growth poles - Implementation of the growth poles promotion policy	-Implementation of the growth poles promotion policy	
			Establishment of an agriculture financing fund		
		Adoption of a study and an action plan for the development of agribusiness	Adoption of a study and an action plan for the development of agribusiness	Adoption of a study and an action plan for the development of agribusiness	

		Elaboration and adoption of a national program of requalification and upgrade of tourist facilities and sites	Implementation of the national program of requalification and upgrade of tourist facilities and sites	Implementation of the national program of requalification and upgrade of tourist facilities and sites	
		Elaboration and adoption of a national industrial development policy	Implementation of the national industrial development policy	Implementation of the national industrial development policy	
		Elaboration of an upgrade program for existing enterprises	Adoption and implementation of the upgrade program for existing enterprises	Implementation of the upgrade program for existing enterprises	
		Elaboration of industrial competitiveness programs for the selected sectors	Adoption and implementation of industrial competitiveness programs for the selected sectors	Implementation of industrial competitiveness programs for the selected sectors	
			Establishment of an industrialization fund		
		Review of the national promotion and development policy for exports	Adoption and implementation of the revised national policy	Implementation of the revised national policy	
		Operationalization of the microcredit fund for women and the youth	Operationalization of the microcredit fund for women and the youth	Operationalization of the microcredit fund for women and the youth	
	<b>The business climate</b>	Adoption and implementation of the reforms on the « Doing business » indicators: obtaining loans, border trade, transfer of ownership and payment of fees and taxes.	Implementation of reforms on the « Doing business » indicators.	Implementation of reforms on the « Doing business » indicators.	
		Preparing reports on the effective implementation of reforms on the « Doing Business » reform indicators	Preparing reports on the effective implementation of reforms on the « Doing Business » indicators	Preparing reports on the effective implementation of reforms on the « Doing Business » indicators	
		Implementation of the private sector promotion policy Letter	Implementation of the private sector promotion policy Letter	Implementation of the private sector promotion policy Letter	
		Strengthening of APIP	Strengthening of APIP	Strengthening of APIP	
		Finalization and adoption of a new Investments Code	Implementation of the new Investments Code	Implementation of the new Investments Code	
		Review and adoption of the General Tax Code, the Customs Code and the Customs Tariff Code	Implementation of the General Tax Code, the Customs Code and the Customs Tariff Code	Implementation of the General Tax Code, the Customs Code and the Customs Tariff Code	
		Establishment of a Presidential Investments Council			
		Elaboration and adoption of a national program on formalization of the informal sector	Implementation of the national program on formalization of the informal sector	Implementation of the national program on formalization of the informal sector	

		-Finalization, adoption and publication of the implementation texts of the mining Code and the new mining model convention -Review of the role and institutional framework of SOGUIPAMI	Establishment of a mining fund for future generations		
		Elaboration and adoption of a national competition policy	Implementation of the national competition policy	Implementation of the national competition policy	
		Elaboration and adoption of a commercial code	Implementation of the commercial code	Implementation of the commercial code	
		Establishment of a National Program for Female Economic Operators	Implementation of the National Program for business women	Implementation of the National Program for business women	
	<b>Growth sustainability</b>	Elaboration and adoption of a national strategy for an environmentally friendly economy	Implementation of the national strategy for an environmentally friendly economy	Implementation of the strategy for an environmentally friendly economy	
<b>Line 3: Development of Growth-Sustaining Infrastructure</b>	<b>Maritime transport</b>	Elaboration and adoption of a program for the improvement of the secondary ports of Kanfarandé, Taboria, Sandervalia, Kaback, Koundindé, Kouroussa, Kankan, Siguiri and the island ports	Implementation of the secondary ports improvement program	Implementation of the secondary ports improvement program	
				Construction of a new container terminal, a railway and a dry port at Kagbelen	
				Construction of a new deep water harbor at Benty	
				Construction of an industrial fishing harbor	
	<b>Road infrastructure</b>	-Establishment and operationalization of a second generation FER -Establishment and operationalization of a Road Agency			
		-Holding of a Round Table on the road program -Implementation of the five-year road plan	-Implementation of the five-year road plan	-Implementation of the five-year road plan	
	<b>Rail transport</b>	Elaboration and adoption of a railway system master plan	implementation of the railway system master plan	Implementation of the railway system master plan	

	<b>Air transportation</b>	Continuation of the implementation of the Conakry Airport development master plan	Continuation of the implementation of the Conakry Airport development master plan	Continuation of the implementation of the Conakry Airport development master plan	
		Elaboration and adoption of a master plan for the development of regional airports	Implementation of the master plan for the development of regional airports	Implementation of the master plan for the development of regional airports	
	<b>Energy infrastructure</b>	Capacity building in Investment planning for the Department of Energy.	Capacity building in Investment planning for the Department of Energy	Capacity building in Investment planning for the Department of Energy	
		Adoption and implementation of a public investment program for the 2013-2015 period in the energy sector	Adoption and implementation of a public investment program for the 2013-2015 period in the energy sector	Adoption and implementation of a public investment program for the 2013-2015 period in the energy sector	
		Establishment and operationalization of a Rural electrification Fund and Agency	Implementation of the Rural Electrification Fund and Agency	Implementation of the Rural Electrification Fund and Agency	
		Establishment of a mechanism for the promotion and monitoring of renewable energy within the Ministry of Energy	Establishment of a study and preparation of renewable energy projects Fund		
		Establishment and operationalization of a National Energy Control Agency	Operationalization of a National Energy Control Agency	Operationalization of a National Energy Control Agency	
		Adoption and implementation of a new energy control strategy	Implementation of the new energy control strategy	Implementation of the new energy control strategy	
		Implementation of the performance Contract between the Government and EDG	Implementation of the performance Contract between the Government and EDG	Implementation of the performance Contract between the Government and EDG	
		Implementation of the Action Plan of EDG	Implementation of the Action Plan of EDG	Implementation of the Action Plan of EDG	
		Review of the Electricity Law L93/039 / CTRN	Adoption and implementation of the Electricity Law	Implementation of the Electricity Law	
		Review and elaboration of implementation texts of the Law BOT L97/012 of 1 June 1998	Adoption and implementation of new texts	Implementation of the new texts	
		Establishment of an autonomous and independent control body in the energy sector			
		Review of the sectoral policy Letter and elaboration of a Law on renewable energy	Adoption and implementation of the Law on renewable energy	implementation of the Law on renewable energy	

		Elaboration of a strategy to promote the use by women of new renewable and less firewood-consuming energies	Implementation of a strategy to promote the use by women of new renewable and less firewood-consuming energies	Implementation of a strategy to promote the use by women of new renewable and less firewood-consuming energies	
	<b>Posts and telecommunications facilities</b>	Continuation of the implementation of the postal sector reform.	Continuation of the implementation of the postal sector reform.	Continuation of the implementation of the postal sector reform.	
		Reinforcement of the CITs regulating role	Reinforcement of the CITs regulating role	Reinforcement of the CITs regulating role	
		Elaboration and adoption of a digital convergence Law.	Implementation of the digital convergence Law.	Implementation of the digital convergence Law.	
		Continuation of the implementation of the postal sector reform.	Continuation of the implementation of the postal sector reform.	Continuation of the implementation of the postal sector reform.	
<b>Line 4: Improving Access to Basic Social Services and Household Resilience</b>	<b>Education and training</b>	Organization of Estates General for Education.	Implementation of the conclusions of the Estates General for Education	Implementation of the conclusions of the Estates General for Education	
		Elaboration of a secondary education reform program.	Adoption and implementation of a secondary education reform program	Implementation of a secondary education reform program	
		Implementation of the 2012 – 2015 development phase of AENF.	Implementation of the 2012 – 2015 development phase of AENF	Implementation of the 2012 – 2015 development phase of AENF	
		Adoption and implementation of an AENF policy steering, coordination, financing and monitoring – evaluation mechanism	Implementation of an AENF policy steering, coordination, financing and monitoring – evaluation mechanism	Implementation of an AENF policy steering, coordination, financing and monitoring – evaluation mechanism	
		Adoption of the professional and technical training reform program.	Implementation of the bases for the Mobile Training Units	Implementation of the bases for the Mobile Training Units	
		Reform of the National School of Arts and Crafts	Implementation of the findings of the reform	Implementation of the findings of the reform	
		Reinforcement of the initial training of teachers in the Teacher training schools (ENI)	Reinforcement of the initial training of teachers in the Teacher training schools (ENI)	Reinforcement of the initial training of teachers in the Teacher training schools (ENI)	
		Implementation of the Girls Education Policy Statement.	Implementation of the Girls Education Policy Statement.	Implementation of the Girls Education Policy Statement.	
	<b>Health and HIV/AIDS</b>	Elaboration and adoption of a Health Sector Resource Decentralization Program	Implementation of the Health Sector Resource Decentralization Program	Implementation of the Health Sector Resource Decentralization Program	
		Continuation of the implementation of the National Health Policy	Continuation of the implementation of the National Health Policy	Continuation of the implementation of the National Health Policy	

		Continuation of the implementation of the national anti-AIDS plan	Continuation of the implementation of the national anti-AIDS plan	Continuation of the implementation of the national anti-AIDS plan	
		Implementation of the Roadmap to accelerate the reduction of Maternal, Neonatal, under-5 Mortality over 2012-2015	Implementation of the Roadmap to accelerate the reduction of Maternal, Neonatal, under-5 Mortality over 2012-2015	Implementation of the Roadmap to accelerate the reduction of Maternal, Neonatal, under-5 Mortality over 2012-2015	
	<b>Hunger and Malnutrition</b>	Establishment of an institutional food security framework			
		Establishment of a food and nutritional situation analysis mechanism			
		Establishment of an early warning system with a geographic information system on food security and the building of safety stocks			
		Establishment of social safety nets (cash and non-cash transfers)			
	<b>Potable Water and Sanitation</b>	Conduct of a strategic diagnosis of the water sector	Elaboration and adoption of a national water policy	Implementation of the national water policy	
		Design of a restructuring and investment program in the water sector	Holding of a round table for partners in the water sector		
		Elaboration and adoption of a sanitation program for Conakry and other urban centers	Implementation of the sanitation program for Conakry and other urban centers	Implementation of the sanitation program for Conakry and other urban centers	
	<b>Energy services</b>	Enhancement of the capacities of the Decentralized Rural electrification Office	Enhancement of the capacities of the Decentralized Rural electrification Office	Enhancement of the capacities of the Decentralized Rural electrification Office	
		Reinforcement and expansion of the enforcement of the Multi-purpose Platform Scheme	Reinforcement and expansion of the enforcement of the Multi-purpose Platform Scheme	Reinforcement and expansion of the enforcement of the Multi-purpose Platform Scheme	
		Continuation of the implementation of the improved stoves program and the promotion of alternative renewable energy	Continuation of the implementation of the improved stoves program and the promotion of alternative renewable energy	Continuation of the implementation of the improved stoves program and the promotion of alternative renewable energy	
	<b>Social housing and decent housing</b>	Holding of the Estates General on land tenure	Implementation of the conclusions of the Estates General on land tenure	Implementation of the conclusions of the Estates General on land tenure	
		Establishment of a land and cadastral information system	Identification and registration of land reserves in Conakry, Kindia, Labé, Kankan and Nzérékoré	Establishment of land planning for two communes in Conakry	

				Restructuring of three poor neighborhoods in Conakry	
				Construction of a social housings pilot unit in Conakry	
			-Establishment of a Bank for Housing -Operationalization of the National Housing Fund		
	<b>The Youths and Youth Employment</b>	Elaboration and adoption of a national youth and youth employment policy	Implementation of the national youth and youth employment policy	Implementation of the national youth and youth employment policy	
		Elaboration and adoption of a strategic national plan for youth employment	Establishment of a mechanism to finance the national youth employment strategy		
			Review and reshaping of the incentive mechanism to create jobs		
	<b>Social Protection</b>	Implementation of the National Socioeconomic Reintegration Program	Implementation of the National Socioeconomic Reintegration Program	Implementation of the National Socioeconomic Reintegration Program	
		Implementation of the « Productive Social Safety Nets » pilot project	Implementation of the « Productive Social Safety Nets » pilot project	Implementation of the « Productive Social Safety Nets » pilot project	
		Formulation and adoption of a school feeding policy	Implementation of the school feeding policy	Implementation of the school feeding policy	
			Review of the legal framework governing the pension system		
		Review of expenditure and performances in the social protection sector			
		Adoption of a roadmap to define the global vision of social protection			
		Development and adoption of a national social protection strategy	Implementation of the national social protection strategy	Implementation of the national social protection strategy	
		Adoption of a roadmap for the implementation of Standard Operational Procedures related to the prevention and multi-sector management of gender-based violence.	Implementation of the roadmap for the implementation of Standard Operational Procedures related to the prevention and multi-sector management of gender-based violence.	Implementation of the roadmap for the implementation of Standard Operational Procedures related to the prevention and multi-sector management of gender-based violence.	

	<b>Gender Equity an Equality</b>	Operationalization of the National Gender Policy	Operationalization of the National Gender Policy	Operationalization of the National Gender Policy	
		Operationalization of the National Family Policy	Operationalization of the National Family Policy	Operationalization of the National Family Policy	
		Implementation of the national strategy to fight gender-based violence	Implementation of the national strategy to fight gender-based violence	Implementation of the national strategy to fight gender-based violence	
		Implementation of the National Action Plan on Security Council Resolutions 1325 and 1820 on the participation and consideration of women's specific needs in peace consolidation initiatives and their protection against gender-based violence	Implementation of the National Action Plan on Security Council Resolutions 1325 and 1820 on the participation and consideration of women's specific needs in peace consolidation initiatives and their protection against gender-based violence	Implementation of the National Action Plan on Security Council Resolutions 1325 and 1820 on the participation and consideration of women's specific needs in peace consolidation initiatives and their protection against gender-based violence	
	<b>Culture</b>	Development and adoption of the national cultural policy	Implementation of the national cultural policy	Implementation of the national cultural policy	

### Annex 3: Matrices of Effect/Impact Indicators and Intermediate Results

Matrix of Effect/Impact Indicators						
Strategic lines	Global results	Effect/impact indicators	Baseline case		2015 target	Source
			Year	Value		
<b>Line 1: Governance and institutional and human capacity building</b>	1. Governance, institutional and human capacities enhanced	International Transparency Index				
<b>Line 2: Growth acceleration, diversification and sustainability</b>	2. Growth is accelerated, diversified and sustainable	Real GDP growth rate (in %)	2012	4,8	Baseline scenario : 5,2 Accelerated scenario : 10,4	
<b>Line 3: Development growth-sustaining infrastructure</b>	3. Growth-sustaining infrastructure developed	Average travel time of the logistic channel in Guinea				
<b>Line 4: improved access to basic social amenities and to household resilience</b>	4. Access to basic social amenities and household resilience enhanced.	Human development index	2011	0,344	0,348	

**Annex 3: Matrices of Effect/Impact Indicators and Intermediate Results** (concluded)

Matrix of Intermediate Results										
Strategic lines	Intermediate results	Indicators	Baseline value		Targets				Source	
			Year	Value	2012 Estimate	2013	2014	2015		
<b>Line 1: Governance, and institutional and human capacity building.</b>	<b>Political governance improved.</b>	The ratio of complaints received and processed by the national human rights institutions.								
		Average duration of pre-trial detention.								
		Percentage of court cases processed against registered cases								
	<b>Administrative governance enhanced.</b>	Satisfaction rating by users of the Administration								
	<b>Decentralization and local governance strengthened</b>	Part of the national budget allocated to the local communities (in %).								
	<b>Economic governance enhanced.</b>	Basic budget balance in GDP %.								
		Inflation rate.								
		Stocks in months of imports.								
		Corruption Perceptions Index.								
		Average time for public procurement								
		Percentage of over-the-counter public procurement.								
	<b>Line 2: Growth acceleration, diversification and sustainability</b>	<b>Growth is accelerated and diversified.</b>	Overall investment rate.							
			Agricultural GDP growth rate.							
			Domestic coverage ratio of national needs in cereal products (in %).							
Domestic coverage ratio of national needs in livestock products (in %)										

		Market share of exported agricultural products.							
		Industrial production index.							
		<b>Doing Business</b> ranking.							
	<b>Growth is sustainable.</b>	Share of the protected ecosystem land areas (in%).							
		Ratio of productive forestry areas (in %)							
		Ratio of households using solid fuels (firewood, charcoal)							
<b>Line 3: Development of growth-sustaining infrastructure</b>	<b>Transport infrastructure developed.</b>	Total network of national paved roads							
		Total network of rural roads built or rehabilitated.							
		Total network of railroads built or rehabilitated.							
		Total network of airstrips built or rehabilitated.							
		Return rate of the <i>Port Autonome de Conakry</i> .							
	<b>Power facilities reinforced and access to energy services improved.</b>	National Electrification rate.							
		Proportion of the population with access to electricity (urban and rural).							
		Energy dependency ratio.							