

AFRICAN DEVELOPMENT BANK GROUP



SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES DEVELOPMENT PROGRAMME (PDZTA-BK): P-GN-AA0-023

COUNTRY: REPUBLIC OF GUINEA

APPRAISAL REPORT

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AHFR/RDGW DEPARTMENTS

September 2019

Translated document

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Currency Equivalents

(March 2019)

UA 1	=	GNF 12,725.7
USD 1	=	GNF 9,102.92
EUR1	=	GNF 10,391.889

FISCAL YEAR

WEIGHTS AND MEASURES

1 metric tonne	=	2204 lbs.
1 kilogramme (kg)	=	2.200 lbs.
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inches
1 kilometres (Km)	=	0.62 miles
1 hectare (ha)	=	2.471 acres

ACRONYMS AND ABBREVIATIONS

ADF	:	African Development Fund
AfDB	:	African Development Bank
APZ	:	Agro-Food Processing Zone
AREP	:	Adaptation Review and Evaluation Procedures
AVC	:	Agricultural Value Chain
BD	:	Bidding Documents
BGEEE	:	Guinean Studies and Environmental Assessment Agency
CBR	:	Cost-benefit ratio
CC	:	Climate Change
COGN	:	Bank's Country Office in Guinea
CSP	:	Country Strategy Paper
CSS	:	Climate Safeguards System
DD	:	Detailed Design
DNA	:	National Agricultural Directorate
DNGR	:	National Rural Engineering Directorate
ERR	:	Economic Rate of Return
ESIA	:	Environmental and Social Impact Assessment
ESMP	:	Environmental and Social Management Plan
GNF	:	Guinean Franc
IFAD	:	International Fund for Agricultural Development
IRR	:	Internal Rate of Return
LI	:	Labour-intensive
MFI	:	Microfinance Institution
MINAGRI	:	Ministry of Agriculture
MPCI	:	Ministry of Planning and International Cooperation
NCB	:	National Competitive Bidding
NGO	:	Non-Governmental Organisation
NPV	:	Net Present Value

PADER HG	:	Upper Guinea Rural Development Support Programme
PADER-BGN	:	Rural Development Support Project in North Lower Guinea
PATAG-EAJ	:	Support Project for the Transformation of Guinean Agriculture and Youth Agricultural Entrepreneurship
PMU	:	Programme Management Unit
PNDA	:	National Agricultural Development Plan
PNDA	:	National Agricultural Development Policy
PNDES	:	National Economic and Social Development Plan (2016-2020)
PNIA	:	National Agricultural Investment Plan
PNIASAN	:	National Agricultural Investment and Food and Nutrition Security Plan
PP	:	Procurement Plan
PPF	:	Programme Preparation Facility
PPIP	:	Portfolio Performance Improvement Plan
PRODA BEK	:	Beyla-Kerouane Agro-Pastoral Development Project
PSC	:	Programme Steering Committee
RE	:	Rural Engineering
SWC	:	Soil and Water Conservation
TAAT	:	Technologies for African Agricultural Transformation
TFP	:	Technical and Financial Partners
TMC	:	Technical Monitoring Committee
TSF	:	Transition Support Facility
UA	:	Unit of Account
WAAPP	:	West African Agricultural Productivity Programme
WB	:	World Bank
WFP	:	World Food Programme

PROGRAMME INFORMATION SHEET

Client Information

BORROWER: Republic of Guinea

EXECUTING AGENCY:

Financing Plan

Source	Amount (MUA)	Instrument
ADF Loan	2.99	Loan
ADF Grant	2.94 ¹	Grant
TSF Loan	3.69	Loan
Government of Guinea	2.42	
TOTAL COST	12.04	

ADF's and TSF's Key Financing Information

	ADF	TSF (Pillar 1)
Loan/Grant Currency	UA	UA
Interest rate type*	N/A	N/A
Interest rate spread*	N/A	N/A
Commitment fee*	0.5% (5 basis points)	0.5% on undisbursed commitments
Other fees*	0.75% (service charge)	0.75% (service charge)
Tenor	40 years	20 years
Grace period	10 years	7 years
IRR (baseline scenario) :	24.21%	NPV amount: USD 109.17 million
ERR (baseline scenario) :	26.97%	NPV amount: USD 123.03 million

Timeframe – Main Milestones (expected)

Concept note approval	8 February 2019
Programme approval	19 September 2019
Effectiveness	25 November 2019
Last disbursement	31 December 2024
Closing date	15 March 2025

¹ Including UA 331,461 from cancelled resources

PROGRAMME SUMMARY

General Overview: The Republic of Guinea covers an area of 245,857 km² and had an estimated population of about 11,555,061 in 2017, comprising 51.61% women and 48.39% men. The rural population, estimated at 64.41%, derives most of its income (79%) from agricultural activities. There is, however, a marked contrast between the country's economic situation and its natural potential. In addition to its mineral wealth, there are significant surface water (188 km³) resources and 72 km³ of groundwater. Estimated arable land potential is 6.2 million hectares, of which 25% are cultivated annually. According to 1993 estimates, there were 70,000 km² of rich and varied grazing land composed of almost 350 fodder species. The country has about 300 km of coastline with significant artisanal and industrial fisheries potential. However, Guinea's imports of fresh food products are valued at almost USD 745 million (2016), most of which can be produced locally, in particular, cereals with an import value of USD 339 million in 2016.

In order to reverse this trend and boost sustainable development, the Government has launched many development initiatives on the basis of growth sources and lessons learned from past decades, including Vision 2040, reflected in the Plan for Economic and Social Development (PNDES). The PNDES is being implemented through the National Agricultural Development Policy (PNDA) whose implementing instrument is the National Agricultural Investment, Food and Nutrition Security Plan (PNIASAN). PDZTA is the 1st phase of a programme of ten (10) agrihubs under the PNIASAN and is intended to strengthen economic activity in the Boké and Kankan regions, particularly in agriculture, livestock, fisheries, forestry, industry, mines, handicrafts, trade, catering, hotels, banks, etc. Over 80% of these activities are carried out in the informal sector. Cereal production is very important as well as market garden and food crops. These regions are considered to be cereal basins and provide real opportunities for the supply of maize, the manufacture of cattle and poultry feed but also of fortified cereals to reduce chronic malnutrition. The establishment of storage facilities and a processing zone for aggregating cereal products, in particular maize and even sesame, might boost the agricultural sector in these two regions that lack commercial and road infrastructure and have limited opportunities for reaching outlets. Other crops such as mangoes and cashew nuts are becoming increasingly important. Since there is no processing unit in the region, most of the output is exported as raw products.

The Bank's intervention will contribute to the development of two (2) major regions in Guinea with an administrative area of about 103,333 km², of which 31,186 hectares lie in the Boké Region with an arable land area of about 2,720,000 ha, of which 800,000 ha lie in the Boké Region alone. The programme will cover about 110,000 ha throughout the entire programme area (PA) and have a significant impact on about 220,000 direct beneficiaries and 670,000 indirect beneficiaries, 50.7% of whom will be women.

Needs Assessment: The programme area covers the two (2) regions of Boké and Kankan, whose hydro-agricultural and socio-economic potential warrants the establishment of a production and processing system for agricultural products which constitute these regions' potential. The programme is based on the establishment of agro-parks for the upstream processing of production and to serve as outlets for agricultural products, thereby contributing to an all-round drop in imports of agro-food products whose volume and amounts are approaching worrisome levels.

In accordance with its strategic directions, the country will contribute to the processing of agricultural products while improving productivity and production in growth sectors, resulting in a reduction in the imports of various agro-food products, with as main outcome the transformation of Guinean agriculture and improvement of food and nutrition security.

Bank's Value Added: The PDZTA-BK's objective is to provide Guinea with support to implement its agricultural transformation process by promoting private investments by establishing conditions and implementing a wide range of incentive measures that will attract national and international private sector investors to the Boké and Kankan agro-industrial parks. These conditions and measures concern: (i) the implementation of measures likely to create an enabling environment for the establishment of agro-industrial enterprises in the parks; (ii) the establishment of long-term smart infrastructure to facilitate the installation of private operators, their operations and transactions linked to their activities; and (iii) improved operation of growth-bearing sectors. This innovative approach was proposed as the flagship programme of the Bank's 2016-2025 'Feed Africa' Strategy known under the flagship's programme name of 'Special Agro-Industrial Processing Zones' (SAPZs). Its proposed approach is to increase private investment in the agricultural sector through the creation of favourable conditions by central government, an area in which the Bank has both experience and expertise. It can also mobilise its domestic financial resources as well as additional resources from its technical and financial partners and private banks on the basis of its Triple A rating. The Bank has also acquired experience in setting up such operations in Togo, Ethiopia, DRC, Zambia and Tanzania. It will, therefore, be able to roll out this operation with every chance of success.

Knowledge Building and Management: Implementation of the Special Agro-Industrial Processing Zones Development Project (PDZTA-BK) will help to build a body of knowledge that could be replicated throughout the programme to develop ten (10) agricultural development hubs in the country including those of Boké and Kankan. This will concern knowledge on: (i) the most effective way of working with the private sector, either on the basis of a PPP formula or in the form of a non-sovereign operation (NSO) or a combination of the two formulae ; (ii) a multi-sector approach involving the intervention of sectors such as transport, energy, water and sanitation, agribusiness, agriculture, communication (NICT), education, health and nutrition, employment and trade; (iii) a combination of: (a) two of the Bank's strategies, namely 'Feed Africa' and 'Jobs for Youth' to enhance the skills of youth, and (b) at least four (04) flagship programmes , namely, the Special Agro-Industrial Processing Zones (SAPZs), Technologies for African Agricultural Transformation (TAAT), Agricultural Value Chains (AVC), Post-Harvest Losses Reduction and ENABLE Youth programmes. (iv) product processing, as a great challenge for which solutions will be sought under this programme; (v) employment in general and in the agricultural sector in particular, as a solution proposed in the Programme; and (vi) a contribution to the reduction of massive imports of agro-food products by the Continent, and by Guinea, in particular.

Results-Based Logical Framework

REPUBLIC OF GUINEA: BOKÉ AND KANKAN SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES DEVELOPMENT PROGRAMME (PDZTA-BK)						
Programme Goal: Promote the inclusive transformation of wealth-generating and job-creating agriculture through the reduction of imports of agro-food products by increasing private investment in the priority value chains.						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURES
		Indicator (including CSIs)	Baseline Situation	Target		
	LONG TERM		2015/2016	2025 <		
IMPACT	Impact 1 : Contribute to the reduction of agro-food imports	Value of agro-food imports	MUSD 725	MUSD < 575	▪ Annual Report on Guinea’s economic performances	
	Impact 2 : Contribute to the improvement of food and nutrition security	Severe/moderate prevalence of food insecurity	17.6%	< 15.0 %	▪ MICS survey ▪ Periodic report on Guinea’s socio-economic performances	
		Chronic malnutrition prevalence rate (6-59 months) ²	32.4 %	20.0%		
	MEDIUM TERM		2020	2025		
OUTCOMES	Outcome 1 : agricultural product processing time is improved	Average agricultural product processing rate	< 3 %	≥ 12 %	▪ Ministry of Agriculture and Rural Development’s Annual Report	Risk: Risk of weak private sector mobilisation / Political risk that could influence the choice of options and result in slippage on implementation Mitigation Measure: the programme was designed on the basis of a platform of exchange of information with the private sector whose concerns are taken into account in the programme’s final formulation, a guarantee of SME involvement in, and ownership of, the programme. The political risk is mitigated by ongoing consultation with the Authorities, stakeholders and technical and financial partners to guide their choices in an objective manner and factor this constraint into the programme’s planning.
	Outcome 2 : Level of private investment in agriculture has increased	Number of operational private small and medium-sized agricultural enterprises	< 3	≥ 10	▪ Ministry of Agriculture’s Monitoring Report	
	Outcome 3: the living conditions of people living in the PIA have improved	Number of direct and indirect jobs created benefiting men/women (M/F). % of children 6-23 months of age who receive a minimum acceptable diet in Boké / Kankan	0/0 0.5%/ 1.6%	≥ 18,000 / ≥ 7,000 10% / 12%	▪ Guinean Employment Promotion Agency’s (AGUIPE) Annual Report ▪ MICS Survey	
	SHORT TERM		2019	≤ 2024		
OUTPUT	Output 1 : Good governance and incentive measures established	Number of agro-industrial hubs established and operational	0	2	▪ Programme Monitoring and Evaluation Reports	Risks: slow acceptance by certain stakeholders could delay the programme’s implementation.

² The respective chronic malnutrition prevalence rates of 33.3% and 35.9% in the regions of Boké and Kankan will be reduced by at least 35%, i.e. ≤ 21.65 % in Boké and ≤ 23.34 % in Kankan.

ACTIVITIES	Output 2 : Processing infrastructure completed	Number of texts and codes prepared ³	0	≥ 2	▪ Monitoring and Evaluation Reports	Mitigation: the programme was designed on the basis of systematic sensitisation and consultation to ensure its gradual ownership by all stakeholders		
		Service infrastructure in the Boké agro-industrial park (site development lot)	0	1				
		KW of transformers installed	0	155,705				
		Length of fibre optic installed (Km)	0	50				
	Output 3 : Programme steering, coordination, management and monitoring-evaluation carried out	Programme’s physical implementation rate	0	≥ 95%	▪ Quarterly Status and Monitoring and Evaluation Reports and Annual Activity Reports ▪ Programme Mid-Term Review Report ▪ Programme Completion Report			
		Number of supervision missions	0	10				
		Mid-term report is approved	0	1				
		Completion Report is completed	0	1				
	COMPONENTS						INPUTS (million UAs)	
	Component 1: Support for Governance and Incentive Measures:			MUA 3.25	ADF Loan:		2.99	
	Component 2 : Development of Agricultural Processing Support Infrastructure			MUA 7.51	ADF Grant:	2.94 ⁴		
	Component 3 : Programme Management and Coordination:			MUA 1.28	TSF Loan:	3.69		
				Government:	2.42			
				TOTAL :	12.04			

³ Land Code implementing texts; SESIA implementing texts;

⁴ Including UA 331,461 from cancelled resources

Indicative Programme Implementation Schedule

No.	ACTIVITIES	2019		2020				2021				2022				2023				2024	
		Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
1	ADF and TSF loan negotiations																				
2	Signature of Grant Agreement																				
3	Fulfilment of conditions precedent to 1 st disbursement																				
4	Publication of General Procurement Notice																				
5	Recruitment of PMU staff																				
6	PDZTA-BK Launching workshop																				
7	Procurement of goods for PMU and agencies (vehicles, IT, etc.)																				
8	Updating of Programme baseline situation																				
9	Signing of agreements with partner structures																				
10	Preparation of Annual Work Plan (AWP)																				
11	Establishment of Agro-park infrastructure																				
12	Recruitment of contractors to build infrastructure																				
13	Installation of Agro-park internal infrastructure: BDs																				
14	Mobilisation of private sector/park asset holding companies																				
15	Recruitment of an agro-industrial specialist																				
16	Land zoning and fertilisation																				
17	Validation of Priority Value Chains																				
18	Selection of technical packages (TAAT)																				
19	Establishment of private sector installation mechanism																				
20	Establishment of production/processing system																				
21	Production, processing, transportation and marketing activities																				
22	Monitoring and evaluation																				
23	Annual external audit																				
24	Completion Report																				

REPORT AND RECOMMENDATION OF THE MANAGEMENT OF THE BANK GROUP TO THE BOARD OF DIRECTORS ON A PROGRAMME TO DEVELOP THE BOKÉ AND KANKAN SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES

Management submits this report and its recommendation on a proposed **ADF loan of UA 2.99 million**, an **ADF grant of UA 2.94 million (including UA 331,461 from cancelled resources)** and a **TSF loan of UA 3.69 million** from the ADF country allocation to the Government of Guinea to finance the activities of the PDZTA_BK, the first phase of Guinea's Agri-hub Development Programme.

I. STRATEGIC THRUST AND RATIONALE

1.1 Programme Linkages with Country Strategy and Objectives

1.1.1 The Programme is consistent with Pillar 2 of the National Plan for Economic and Social Development (PNDES) 2016-2020, i.e. sustainable and inclusive economic transformation that will result in the establishment of development hubs in Boké and Kankan based on agricultural potential which is one of the major assets of Guinea and these regions. It also has a strategic linkage with the three (3) other PNDES pillars: (i) Pillar 1: Promoting good governance for sustainable development by promoting good governance of the country's agricultural wealth; (ii) Pillar 3: Inclusive development of the human capital by investing in it in order to take charge of the development of Guinea's Special Agro-Industrial Processing Zones; and (iii) Pillar 4: sustainable management of natural capital by ensuring that agricultural development hubs are not established at the expense of natural resources.

1.1.2 At sector level, the PNDES is implemented through the National Agricultural Development Policy (PNDA) whose implementing instrument is the National Agricultural Investment and Food and Nutrition Security Plan (PNIASAN) 2018-2025 which itself is in keeping with the Special Agro-Industrial Processing Zones Development Programme (PDZTA-BK) through its priority activities which are the development of plant, animal and fishery products. Therefore, PDZTA-BK is, , an operational means of focusing efforts on achieving a 6% growth rate of agricultural value added and a central government budget allocation of 10% to the agricultural sector (Maputo Commitment). PDZTA-BK is, therefore, fully aligned with the country's strategic objectives.

1.2 Programme Alignment with Bank Policy

1.2.1 This programme is considered as a priority by the Bank as part of its strategic choice of transforming Guinean agriculture as reflected in Pillar 2 of the 2018-2022 CSP concerning the development of agricultural and industrial value chains. It is also consistent with the Bank's second strategic thrust, its Strategy for Agricultural Transformation in Africa (2016-2025) [the 2016-2025 'Feed Africa' Strategy], one of the Bank's Hi-5s, which are to: (i) Light Up and Power Africa; (ii) Feed Africa; (iii) Industrialise Africa; (iv) Integrate Africa; and (v) Improve the quality of life for the people of Africa. The programme's alignment with the Bank's policy is further underscored by the fact that it will help to boost the transformation of Guinea's agriculture, industrialisation and increase Guinea's energy capacity. More specifically, it is fully in keeping with the promotion of smart agriculture and product enhancement on every link in the priority value chains promoted under this operation.

1.3 Rationale for Bank's Involvement

1.3.1 Like most RMCs, Guinea imports most of its fresh food products which are valued at almost USD 745 million (2016), most of which can be produced locally, in particular, cereals with an import value of USD 339 million in 2016. However, Guinea has strong agricultural potential, particularly in terms of its abundant land and water resources, a 43,000 km² continental shelf and enjoys mild temperatures providing it with significant opportunities for the development of a varied range of agro-silvo-pastoral products and significant potential for the development of a blue economy. The Bank has defined 5 operational priorities for such a situation, one of whose four objectives is to reduce imports and make Africa a net exporter. Guinea has, therefore, followed in the Bank's footsteps with different strategies aimed at addressing this situation by developing Guinea's agricultural potential, by establishing long-term infrastructure in the areas of transport, energy, agricultural production, marketing and processing with private sector involvement in the sector.

1.3.2 The Bank's interventions, through the PDZTA-BK, which is the first phase of a programme of ten (10) agro-hubs, are consistent with the Bank's CSP (2018-2022) and Hi-5s. The programme will help to effectively boost economic development since it is consistent with the Bank's strategies by consolidating the role of the private sector and communities in rural development, a guarantee of inclusiveness in Africa, and in Guinea, in particular. It was, moreover, designed on the basis of complementarities with ongoing operations and those under preparation, especially those relating to implementation of the Boké-Québo Road Project and the Support Programme for the Transformation of Guinean Agriculture and Youth Agricultural Entrepreneurship (PATAG-EAJ), with a view to seeking synergies. This programme will, therefore, seek to leverage the ongoing actions in the Boké and Kankan Regions to ensure the operation's relevance and effectiveness.

1.4 Aid Coordination

1.4.1 Development aid is coordinated by the Government of Guinea through the Coordination and Consultation Framework (CCF) at the level of the Permanent Secretariat at the Office of the Prime Minister. All the TFPs align their operations with those of the Guinean Government. While implementing the PNDES 2016-2020, the Government affirmed its will to strengthen aid coordination by setting up consultation mechanisms. In addition to the Coordination and Consultation Framework (CCF), which is the strategic coordination forum between the Government and the TFP, a Technical Monitoring Committee (TMC) has been set up to strengthen inter-sector coordination and Thematic Dialogue Groups (TDGs) established, bringing together TFP and government representatives at sector level. The 'rural development, food security and environment' thematic group is chaired by the World Bank representing the TFP and the Ministry of Agriculture for the Government.

1.4.2 The Bank, through COGN, is an active member of the CCF and some TDGs. The key ongoing programmes supported by the TFPs with an Agricultural Value Chain (AVC) component with which the PDZTA must seek synergies are contained in Volume 2. These are: (i) the Agri-hub G Agricultural Development Support Programme (PADAG –Abu Dhabi Fund); (ii) the Family Farming, Resilience and Markets Programme in Upper and Middle Guinea (AgriFARM - IFAD) ; (iii) the World Bank's Guinea Integrated Agricultural Development Programme (PDAIG); (iv) the WB's Agricultural Sector Support Programme (PASAG); (v) the World Bank's Enclave Programme for Agribusiness Development in the Boké Region, being prepared for 2019; (vi) the JICA (Japan) Rice Sub-Sector Technical Assistance Operation; (vii) the USAID Guinea Agricultural Services (GAS) Programme; and (viii) the Programme for the Socio-Economic Integration of Guinean Youth (INTEGRA-ITC).

1.4.3 The programme is also designed in phases and on the basis of complementarities with the Bank's programmes, in particular, the Boké-Québo Road Construction Programme with a rural roads component for access to agricultural production zones and the Support Programme for the Transformation of Guinean Agriculture and Youth Agricultural Entrepreneurship (PATAG-EAJ). This first phase that only involves the Bank will be followed by others, gradually mobilising several technical and financial partners (TFP).

SECTOR OR SUB-SECTOR	IMPORTANCE		
	GDP	Exports	Labour
[Rural Sector]	[23%]	5% (2015)	80%
STAKEHOLDERS – ANNUAL PUBLIC EXPENDITURE (2010-2012 TPIP AVERAGE IN MILLION UAs)			
Government	Donors		
	<i>Name</i>	<i>Amounts</i>	<i>Period</i>
53 million UAs	World Bank	308.2	2013-2023
(per year: 2010-2013)	AfDB	247.55	2018-2022
	IFAD	141.80	2013-2024
	IDB	29.40	2018-2025
	ABEDA	44.00	2017-2021
	AFD	45.93	2017-2022
	USAID	30.00	2017-2022
	Abu Dhabi Fund	33.70	2018-2024
Level of Aid Coordination			
Existence of thematic working groups	No		
Existence of an overall sector programme	No		
AfDB's aid coordination role	Strengthened with COGN		

II. PROGRAMME DESCRIPTION

2.1 Programme Components

2.1.1 The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme (PDZSTA-BK) is the first phase of a programme to develop ten (10) agrihubs. Its goal is to contribute to the reduction of food imports and improve Guinea's food and nutrition security by establishing private sector-driven agro-industrial development hubs. The programme will be implemented through the following three (3) components: (i) Establishment of governance in the Special Agro-Industrial Processing Zones (APZ); (ii) Development of processing and access infrastructure; and (iii) Programme coordination and management.

2.1.2 The programme will build on production activities as well as those concerning the establishment of access and marketing infrastructure for operations that are starting up or being prepared for 2019, upstream of the agro-industrial parks, for the supply of raw materials in the first phase. In Boké Region, these programmes are the Bank's PTAG-EAJ programme (UA 8.99 million), the Bank (UA 40.04 million) and European Union (EUR 20.38 million) Boké-Québo Programme and the World Bank's Enclave Programme for Agribusiness Development (USD 50.00 million). In the Kankan region, these are the IFAD AgriFarm (USD 61 million) ABEDA (USD 20 million) and OFID (USD15.00 million) Programmes. Additional financing is, therefore, required in equivalent amounts of USD 137.57 and USD 96 million for the Boké and Kankan regions. The first phase of the programme will not be exposed to the risk of lack of agro-park production or supply if the actions are well coordinated between the different sectors and technical and financial partners.

2.1.3 The key activities of these components are summarised in Table 2.1 below:

Table 2.1

SUMMARY OF PROGRAMME COMPONENTS			
No.	COMPONENT	TOTAL ESTIMATED COST	COMPONENT DESCRIPTIONS
A.	Support for Agro-Park Management Governance and Incentive Measures	UA 3.25 million (27.02%)	<p>A1. Establishment of a governance system for APZ management</p> <ul style="list-style-type: none"> • Support for the establishment of agribusiness hubs (Agro-parks) • Support for the preparation of agro-park specifications • Feasibility study for new APZ in Guinea <p>A2. Support for APZ management governance</p> <ul style="list-style-type: none"> • Support for the preparation of implementing texts for the Land Law and operationalisation of the one-stop-shop for land registration • Support for the preparation of legal, regulatory and operational framework for the Strategic Environmental and Social Assessment (SESA) • Support for the structures in charge of quality standards and norms as well as food fortification with micronutrients • Technical assistance for the implementation of measures to promote private investment in agro-parks (instruments, incentives, etc.) • Holding of fora to promote APZ investments
B.	Development of Agricultural Processing Support Infrastructure	UA 7.51 million (62.36%)	<p>Establishment of servicing infrastructure for the Boké & Kankan agro-parks:</p> <ul style="list-style-type: none"> • Site development works and roads and other networks (roads, DWS, sanitation, electricity, telecoms, enclosure, etc.), DWS station, WTPP, etc. • Construction of buildings: (i) administrative and residential block; (ii) services unit (training centre, conference centre, laboratories, etc.); (iii) social community infrastructure unit (school, health centre, guest house, etc.); • Works on laying the LV and MV power transmission and fibre optic lines • Assistance for the establishment of a business incubator (service provider) • Works implementation, control and monitoring studies • The establishment of a single window for start-ups in Kankan • Digitalization of information and transactions • Coordination with a Chinese Co. Winning, in establishing corridors for development of aggregation centers from the agro-industrial park to Kamsar barge port. • Jobs promotion for the youth & women through enterprise incubators for youth (Enable Youth Program), and women (AFAWA)
C.	Programme Management and Coordination	UA 1.24 million (10.63 %)	<p>(i) Coordination of programme activities, (ii) administrative, accounting and financial management, (iii) procurement of goods, works and services, (iv) establishment of a communication plan, and (v) monitoring and evaluation of programme implementation</p>

2.2 Technical Solutions Retained and Other Alternatives Explored

2.2.1 The PDZTA-BK's objective is to approach the key issue of the transformation of Guinean agriculture, through an approach that puts the private sector in a leadership role while the public sector attempts to create incentive conditions that are likely to attract private investors to fully developed and serviced agro-industrial parks. It is necessary to adopt an agricultural development approach based on Special Agro-Industrial Processing Zones (APZ). The APZs for spatial development initiatives are based on agriculture and designed to concentrate agricultural processing activities in areas of high agricultural potential in order to boost productivity and integrate the production, processing and marketing of a number of agricultural crops. These initiatives may or may not enjoy Special Economic Zone status. They contribute to the operationalisation of the 'agricultural value

chain' concept by giving it content, i.e. : (i) agricultural production sites in compliance with the required standards through the Technologies for African Agricultural Transformation (TAAT) Programme which proposes cutting-edge technological innovations adapted to production conditions; (ii) agro-industrial parks for the processing of raw materials from the production sites serving as outlets for agricultural output; (iii) establishment of key physical and smart infrastructure for connections to markets and major mass consumption centres countrywide and outside the country. In some cases, they are also known as Agro-Industrial, Agribusiness parks, Mega Supply Parks, agro-hubs and agro-clusters, etc.

2.2.2 The approach is integrated and pragmatic, innovative and inclusive in all the agricultural value chain links and is wealth-creating through the jobs it generates but also because it contains foreign exchange outflows due to a reduction in imports of agro-food products. It is the focus of efforts of all the other sectors that contribute to the success of agricultural development, in particular, the industrial, transport, energy, water and NICT sectors, including within the Bank. It also incorporates the interventions of the other development partners in a systematic bid to seek synergy-creating complementarity. In the case of the PDZTA-BK, this concerns the World Bank, IFAD, the European Union, AFD and the Abu Dhabi Fund.

2.2.3 The APZ approach also focuses on support from the key actors of promising sub-sectors through the implementation of a capacity building programme to develop specific advanced skills to meet the programme's requirements.

2.2.4 In the case of the PDZTA-BK, the main crops and stock farming activities concern (i) cash crops such as cashews, oil palms, sesame and soya; (ii) food products such as rice, fonio, groundnuts, maize, potatoes, yams and cassava; (iii) fruit such as oranges, mangoes and pineapples; (iv) market garden products, in particular, tomatoes, onions, okra and chillies; (v) poultry and sheep breeding; (vi) fishery products from fish farming; (vi) non-wood forest products such as honey, leaves, wild seeds and fruit, oils and resins, infusions, etc.

2.2.5 The APZ technical solutions break with the traditional approach adopted to improve productivity, production and sales without specifying the content.

Table 2.2

ALTERNATIVE SOLUTIONS EXPLORED AND REASONS FOR REJECTION		
ALTERNATIVE SOLUTION	BRIEF DESCRIPTION	REASONS FOR REJECTION
Traditional approach for agricultural programmes	Approach aimed at improving productivity, production and sales	This approach has no value chain content and is, therefore, constrained by the reality on the ground concerning the key issues of processing, markets and outlets.
Mono-sector agriculture-based approach	Sector approach based solely on agricultural activities	It does not integrate the other development sectors that impact on agricultural development and thus constitute factors for that sector's success.
Mainly use of Bank's public resources	The programmes are mainly financed from the Bank's and Government's public resources	AVC financing needs exceed the Bank's public resources for they include private sector financing, co-financing by development partners and non-sovereign operations.
Extension of technological innovations using the traditional method of training and visits to producers	Approach based on regular visits to producers in accordance with a specific schedule and a supervisory framework with tools such as the contact group (CG), observation point (OP) and the system study point (SSP)	In addition to being cumbersome and costly, this method has shown its limitations in the past and is less effective than the client-supplier system that focuses on skill development in all the relevant areas of activity.

2.3 Programme Type

The Special Agro-Industrial Processing Development Programme (PDZTA-BK) is a public investment programme aimed at creating the required conditions for increasing private investment in value added creating sub-sectors, especially regarding agricultural product processing, the supply of inputs and provision of agricultural and marketing services. This programme will be implemented in several phases on the basis successive ADF allocations and the mobilisation of additional donor resources.

2.4 Programme Cost and Financing Arrangements

2.4.1 Programme Cost: The total programme cost for the ten (10) Special Agro-Industrial Processing Zones (SAPZ) is estimated at around UA 550 million (about USD 758 million), the first phase of which was appraised at UA 120.84 million (GNF 1,535.75 billion), including a pilot phase. The total cost of the pilot phase which fully covers Boké and partly Kankan, is estimated at **UA 12.04 million** (GNF 152.92 billion), excluding taxes and customs duties. These costs comprise UA 7.19 million (GNF 91.32 billion) in foreign exchange and UA 4.85 million in local currency (GNF 61.65 billion). They include provisions for physical contingencies and financial contingencies which are respectively estimated at an average of 3% and 4 %. The provision for financial contingencies was estimated on the basis of current and forecast average annual inflation rates for respective local currency and foreign exchange costs of 8.0 % and 1.8 %. The provision for physical contingencies is estimated at between 0 and 7 %. A summary of the programme's estimated cost by component and expenditure category is presented in the Tables below, including the detailed costs. The first phase of the programme will concern the establishment of APZ governance and the total or partial completion of the respective agro-parks of Boké and Kankan. The programme will be rolled out gradually, as and when the additional resources are mobilised. The pilot and first two phases will cover Boké and Kankan.

Table 2.3
Summary of estimated costs by component

COMPONENTS	GNF billion			UA thousand			%	%
	L.C.	F.E.	Total	L.C.	F.E.	Total	F.E.	BC
A. ESTABLISHMENT OF APZ GOVERNANCE	11.44	28.37	39.82	900.51	2 232.32	3 132.83	71	27
B. DEV. OF PROCESS. AND ACCESS INFRASTRUCTURE	34.57	55.26	89.83	2 720.05	4 347.93	7 067.98	62	62
Agro-park infrastructure	34.57	55.26	89.83	2 720.05	4 347.93	7 067.98	62	62
D. PROGRAMME MANGEMENT AND COORDINATION	12.42	3.37	15.79	977.06	265.25	1 242.31	21	11
TOTAL BASE COST	58.43	87.00	145.43	4 597.62	6 845.51	11 443.12	60	100
Physical Contingencies	1.24	1.98	3.22	97.34	156.01	253.35	62	2
Financial Contingencies	1.98	2.34	4.32	156.02	183.95	339.98	54	3
TOTAL COST OF 1st PHASE	61.65	91.32	152.97	4 850.98	7 185.47	12 036.45	60	105

Table 2.4
Summary of programme costs by expenditure category

COMPONENTS	GNF billion			UA thousand			% F.E.	% BC
	L.C.	F.E.	Total	L.C.	F.E.	Total	.	
I. INVESTMENT COSTS	46.57	84.05	130.63	3 664.56	6 613.57	10 278.13	64	90
A. WORKS	32.18	48.26	80.44	2 531.73	3 797.59	6 329.32	60	55
Infrastructure	32.18	48.26	80.44	2 531.73	3 797.59	6 329.32	60	55
B. GOODS	0.48	1.50	1.97	37.39	117.92	155.30	76	1
Vehicles	0.12	0.66	0.78	9.21	52.17	61.37	85	1
Equipment	0.36	0.84	1.19	28.18	65.75	93.93	70	1
C. SERVICES	13.92	34.29	48.21	1 095.45	2 698.06	3 793.50	71	33
Training	4.58	5.60	10.18	360.53	440.65	801.18	55	7
Technical assistance	0.93	17.73	18.66	73.43	1 395.17	1 468.60	95	13
Studies	3.48	6.46	9.94	273.74	508.37	782.10	65	7
Contractual services	4.48	3.67	8.15	352.50	288.41	640.90	45	6
Audit	0.45	0.83	1.28	35.25	65.46	100.71	65	1
II. RECURRENT COSTS	11.86	2.95	14.81	933.06	231.94	1 165.00	20	10
A. PERSONNEL	7.71	-	7.71	606.93	-	606.93	-	5
B. TRAVEL ALLOWANCES	1.07	0.36	1.43	84.29	28.10	112.38	25	1
C. MAINTENANCE. UPKEEP AND REPAIRS	0.28	0.73	1.00	21.77	57.13	78.90	72	1
Vehicles	0.22	0.65	0.87	17.17	51.50	68.67	75	1
Equipment	0.06	0.07	0.13	4.61	5.63	10.24	55	-
D. GENERAL OPERATING COST	2.80	1.86	4.66	220.07	146.71	366.79	40	4
TOTAL BASE COSTS	58.43	87.00	145.43	4 597.62	6 845.51	11 443.12	60	100
Physical contingencies	1.24	1.98	3.22	97.34	156.01	253.35	62	2
Financial contingencies	1.98	2.34	4.32	156.02	183.95	339.98	54	3
TOTAL COST OF FIRST PHASE	61.65	91.32	152.97	4 850.98	7 185.47	12 036.45	60	105

Table 2.5
Expenditure Schedule by Component (in thousand UAs)

COMPONENTS	PROGRAMME YEARS				Total
	2020	2021	2022	2023	
A. ESTABLISHMENT OF APC GOVERNANCE	2 001.95	736.74	380.08	131.78	3 250.55
B. DEV. OF PROCESSING & ACCESS INFRASTRUCTURE	2 441.89	2 310.04	2 753.99		7 505.92
Agro-park infrastructure	2 441.89	2 310.04	2 753.99		7 505.92
D. MANAGEMENT AND COORDINATION	304.76	321.16	325.05	329.02	1 279.98
TOTAL COST OF FIRST PHASE	4 748.60	3 367.94	3 459.12	460.80	12 036.45

2.4.2 Financing Arrangements: The programme will be financed by an ADF loan of UA 2.99 million (24.80%), an ADF grant of UA 2.94 million (24.40 %, including UA 331,461 from cancelled resources), a TSF loan of UA 3.69 million (30.70%) and a contribution by the Government of Guinea equivalent to UA 2.42 million. The breakdown of expenditure financing by source of financing and in accordance with the list of goods and services is presented in Table 2.6 below.

Table 2.6
Programme financing plan

SOURCES	(Billion GNFs)			('000 UAs)			%
	L.C.	F.E.	Total	L.C.	F.E.	Total	
ADF Loan	15.47	22.53	38.00	1 216.98	1 773.02	2 990.00	24.8
ADF Grant	11.75	25.62	37.37	924.36	2 015.64	2 940.00 ⁵	24.4
TSF Loan	18.14	28.75	46.90	1 427.56	2 262.44	3 690.00	30.7
Government of Guinea	16.29	14.42	30.71	1 282.08	1 134.37	2 416.45	20.1
TOTAL	61.65	91.32	152.97	4 850.98	7 185.47	12 036.45	100.0

⁵ Including UA 331,461 from cancelled resources

2.5 Programme Target Area and Beneficiaries

The Special Agro-Industrial Processing Zones Development Programme (PDZTA) covers two regions and the Bank's intervention will contribute to the development of two (2) major regions in Guinea with an administrative area of about 103,333 km², of which 31,186 hectares lie in the Boké Region with an arable land area of about 2,720,000 ha, about 800,000 ha of which lie solely in the Boké Region. The programme will cover about 110,000 ha throughout the entire programme area (PA) and have a considerable impact on about 220,000 direct beneficiaries and 670,000 indirect beneficiaries, of whom 50.7% will be women. It concerns the Kankan Region in Upper Guinea where several small and medium-sized agro-food enterprises have been set up including the Guinea Fruit Corporation, Maden Mining Ltd, Diaoune Agro-Industry and the Coopération des professionnels agricoles de Guinée (*Guinean agricultural professional organisation*) (CPA-G) and the Boké Region where agro-food SMEs are also developing. Economically, the region is very dynamic as a result of the mining of minerals by Chinese and American companies.

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2.6 Participatory Process for Programme Identification, Design and Implementation

2.6.1 A consultation-based participatory process was the guiding principle for the project's design. It was adopted for discussions and consultations with officials from the Ministries concerned (agriculture, industry, transport, energy, trade, etc.), public administrations, the private sector, local authorities (of Kankan and Boké), producer organisations, civil society and TFP (World Bank, AFD, IFAD, European Union, Chinese and Japanese Cooperation and the Abu Dhabi Fund). It was implemented in the following stages: (i) preparation and proposal by the country team of terms of reference for the programme feasibility studies; (ii) preparation by the Bank team of a report on the establishment of a Programme Preparation Facility (PPF); (iii) preparation of the PPF by the Bank until its approval by the country team; (iv) broad-based consultation of stakeholders during project appraisal in Conakry, Boké and Kankan, especially during the assessment of environmental safeguard measures required for environmental categorisation and publication of the summary of the Strategic Environmental and Social Assessment (SESA) Report; (v) continuation of consultations during the appraisal mission during field visits to Kankan and Boké, consultations with all the stakeholders and key actors (civil society, public administration, private sector and technical and financial partners) in Conakry.

2.6.2 This proposal is also a response to strong demand from grassroots communities, due to inconsistencies between the potential of the regions concerned and weak agricultural development in the zones concerned. This participatory process will continue during the programme's implementation through: (i) a steering structure that will bring together representatives of all parties, (ii) capacity building for institutions and communities on the participatory process, (iii) community involvement in the implementation of activities; and (iv) the establishment of a programme results-based monitoring and evaluation system. In addition, the Bank's Country Office in Guinea will constantly ensure that the consultation mechanism is operational throughout the programme's implementation.

2.7 Bank Group Experience, Lessons Reflected in Project Design

2.7.1 The PDZTA's formulation incorporates the lessons learned from the Bank's previous and ongoing operations in Guinea and through the regional member countries taking into account issues concerning portfolio performance and the country's fragility. These lessons were reiterated in the most recent July 2018 review following which portfolio performance was considered to be satisfactory. However, the review noted that efforts should be continued in order to improve: (i) the effectiveness period (11 months instead of the Bank's recommended 6 months); (ii) mobilisation of programme management teams; (iii) procurement periods considered to be too long; (iv) mobilisation of counterpart funds; (v) the programme personnel performance monitoring system by the systematic establishment of performance contracts and renewal of staff contracts on the basis of the results of the annual staff evaluation; and (vi) the time taken to update the baseline situation and establish the monitoring and evaluation system.

2.7.2 The Portfolio Performance Improvement Plan (2018 PPIP) also recommended that specific measures be taken to accelerate the programme implementation rate. This recommendation, which has been taken into account in this proposal, is reflected in: (i) the maintenance of stakeholder dialogue and close monitoring by the Bank's Country Office (COGN) in order to mitigate risks relating to delays in the PDZTA-BK implementation and administration period and process and the fulfilment of conditions precedent to effectiveness; (ii) improvement of quality at entry by using advance procurement action for preparing bidding documents and management tools (Manual of Accounting and Financial Procedures-MAFP, Computerised Accounting and Financial Management System – SIGCF, and of monitoring and evaluation prior to Programme commencement; and (iii) capacity building for programme management teams in procurement and financial management. It is also worth noting that the ongoing portfolio has been considerably rejuvenated in recent years, that the average age for operations fell from 5.5 years in 2011 to 2.7 in 2017 and that it contained no problematic programme (PP) or potentially problematic programme (PPP) in 2017.

2.7.3 The PDZTA design, therefore, took into account the lessons learned from previous operations and incorporated in the 2018 PPIP in order to meet the design and implementation criteria contained in Presidential Directive 002/2015.

Table 2.7

BANK EXPERIENCE AND LESSONS LEARNED

Lessons learned	Actions integrated in the design
Need to mitigate risks concerning delays in the PDZTA-BK implementation and administration period and process and the fulfilment of conditions precedent to effectiveness	Maintenance of stakeholder dialogue and close monitoring by the Bank's Country Office (COGN)
Need to mobilise project management teams at programme commencement	It will be required under the Programme's 'other conditions'
Need to reduce procurement periods considered to be too long	This topic was the subject of lengthy exchanges with the Guinean Authorities which gave guarantees in this regard
Need to regularly mobilise counterpart funds	Same as previous point
The programme staff performance monitoring system by the systematic establishment of performance contracts and renewal of staff contracts based on the results of the annual staff evaluation	This provision will be systematically applied during the programme's implementation
The time taken to update the baseline situation and establish the monitoring and evaluation system	The programme baseline situation will be updated during the 1 st quarter of the 1 st year of the programme's implementation

2.8 Key Performance Indicators

The programme performance measurement indicators are listed below

Table 2.8	
KEY PROGRAMME PERFORMANCE MEASUREMENT INDICATORS	
LIST OF INDICATORS	
Impact Indicator	
Value of agro-food imports	
Severe/ moderate food insecurity prevalence	
Chronic malnutrition prevalence (6-59 months)	
Incidence of poverty in the Programme Area (PA)	
Outcome Indicators	
Average agricultural product processing rate	
Number of operational private agricultural small and medium-sized enterprises	
Number of direct and indirect jobs created that benefit men/women (M/W)	
Number of direct and indirect jobs created that benefit men/women (M/W)	
% of children 6–23 months of age who receive a minimum acceptable diet in Boké / Kankan	
Output Indicators	
Number of agro-industrial hubs established and operational	
Number of texts and Codes prepared	
Kilometres of roads and tracks constructed/rehabilitated	
Number of APC constructed and equipped	
Agro-park area (ha) serviced benefiting M/W	
Number of hydraulic structures constructed	
KW of transformers installed	
Number of SMEs/OPAs benefiting from programme support services	
Number of farmers benefiting from agricultural insurance	
Number of actors using alternative sources of energy	
Number of crops whose certified seeds are produced locally	
Number of women/young people receiving support for the processing of food and nutrition education activities	
Programme physical implementation rate	
Number of supervision missions fielded by the Bank	
Mid-term report is approved	

III. PROGRAMME FEASIBILITY

3.1 Economic and Financial Performance

3.1.1 The programme is designed to have direct spinoffs in terms of crops promoted and developed through private investments to establish agribusinesses, i.e. about 100 units per agro-industrial park in Boké, with a total of 200 agribusinesses in under ten (10) years in these two regions. In addition to the spinoffs from private enterprises established in the Boké and Kankan agro-industrial parks, significant income will be earned by the beneficiaries of the agricultural production sites, also developed and from which enterprises will be supplied with raw materials concerning the crops and stock farming activities already mentioned in Section 2.2, i.e. cashew nuts, oil palms, sesame, soya, rice, fonio, groundnuts, maize, potatoes, yams, cassava, fruit (oranges, mangoes and pineapples), tomatoes, onions, okra and chillies, poultry, sheep, fishery products, non-wood forest products such as honey, leaves, wild seeds and fruit, oils and resins and infusions, etc.. However, the analysis does not take into account revenue generated at farm level given that this first phase of the programme only concerns agro-industrial parks.

3.1.2 In addition to these spinoffs, the programme is designed to generate other benefits such as: (i) the creation of temporary and permanent jobs as a result of the programme's achievements estimated at 500 per processing unit (i.e. 10,000, for the agro-industrial units alone).

3.1.3 **Financial Analysis:** Much of the above-mentioned spinoffs does not concern commercial transactions or is not even tangible and is not suitable for an analysis of financial performance on the basis of existing markets. Under these conditions, it was not considered relevant to factor it in to a quantitative analysis on the basis of a production or profitable business model approach. It was, however, possible, to carry out a cost/benefit analysis of different agro-industrial enterprise and agricultural production models (FARMOD).

3.1.4 With regard to agro-industrial enterprises, a scenario is proposed on the basis of three (3) types of processing unit, i.e. small, medium and large enterprises with respective investments of USD 2, 5 and 11 million each in accordance with the average investment profiles for this type of model. Under these conditions, annual turnover per enterprise is USD640,000, 1.6 million and 3.52 million respectively for small, medium and large-sized units from the 5th year over an operating period of about 20 years.

3.1.5 As regards agricultural crops on production sites for farmers and suppliers of agro-industrial park enterprises, FARMOD type production models and a cost-benefit model (input/output, with or without programme implementation) will be applied over a 20-year operating period.

3.1.6 The financial analysis results were: (i) a financial impact of over USD109 million per year from the 5th year of operation over a 20-year period in accordance with similar types of operation, depending on the investment life cycle. This implies that the financial impacts of the programme over the operational period exceed the cost of investments required to finance it; (ii) a cost/benefit ratio of 2.27, where the benefits are higher than the cost of investments; (iii) an internal rate of return of 24.21 %, which is higher than the opportunity cost of capital (the cost of tying up financial resources for investments under the programme), estimated at 12 %. On the basis of these results, it may be concluded that the programme has a rate of return profile that financially justifies the cost of its investments.

3.1.7 **Economic Analysis:** The economic analysis was carried out using the reference price method, i.e. prices under conditions of economic efficiency in accordance with the Pareto optimum. It was also carried out by comparing the 'no programme' and 'with programme implementation' situations of production models used in the financial analysis. In this model, tradeable goods are those likely to be the subject of commercial transactions outside the country (FOB port CIF to port of Marseille). Under these conditions, the reference prices for these products (economic prices) are estimated on the basis of the ex-ante equilibrium of these crops that will give the export parity price at farm gate. Labour was economically valued at 65 % of its financial value of USD3/day to factor in the inelasticity of demand for labour in the country in general and in the programme area, in particular.

3.1.8 On the basis of realistically defined scenarios, the programme's economic rate of return (ERR) was estimated at 26.97%, with a cost-benefit ratio of 2.38. As a result, the Programme's overall rate of return may be considered to be satisfactory in light of these results.

IRR (baseline scenario) :	24.21%	NPV amount :	USD109.17 million
ERR (baseline scenario) :	26.97%	NPV amount :	USD 123.03 million

3.1.9 **Sensitivity Analysis:** The sensitivity tests on the basis of a reduction in production prices measured the stability of financial and economic performance indicators. The tests showed that it is necessary to lower prices to 39.17% (break-even point or switching value) to cancel out the additional benefits generated respectively at the economic and financial level, with IRR and ERR equal to the opportunity cost of capital, i.e. 12 %. This test shows that the programme's rate of return profile is robust, although it was not carried out on all the model's endogenous values. However, the price variable is the most important and is the only one that is outside the Programme's management and operation. A summary of the sensitivity analysis is presented in the technical annexes, page 72 of volume II of this report.

3.2 Environmental and Social Impact

3.2.1 **Environment:** The PDZTA has been classified in Category 1 and, at this stage of its formulation process, subjected to a Strategic Environmental and Social Assessment that was posted on the following link: <https://esa.afdb.org/document/etudes-dimpact-environnemental-et-social-21>., on Monday, May 06, 2019. Category 1 programmes are likely to have significant or irreversible environmental and/or social impacts or severely impact the environmental or social impacts considered by the Bank or borrowing country to be sensitive. Boké Department is located in the administrative region of Boké which, itself, is located in **Maritime or Lower Guinea**. With the presence of the Atlantic coast, Lower Guinea is the alluvial basin for major coastal rivers such as the Kogon, Fatala, Konkouré and Kolente Rivers. The area is also covered by mangrove swamps (*Rizophora racemose* and *Avicennia nitida*). This natural region of Lower Guinea is also home to the country's main mining centres: the Guinean Bauxite Company (CBG) in Boké, ACG in Fria and the Kindia Bauxite Company (Débélé), etc.

3.2.2 With regard to potential sites mainly for the PDZA-BK's anchor programmes, in particular the irrigation schemes in Boké Prefecture, the Denken plains covering an area of almost 600 ha located in Kolaboui rural municipality and the Kapatchez plains covering about 9,200 ha located in Kamsar rural community provide significant development opportunities. In the **Boké Administrative Region**, there are also the 9500 hectare Mankountan Plain, the 4,000 hectare Monchon Plain and the 6,000 hectare Koba Plain.

3.2.3 Kankan Department, the programme's target area, is located in Upper Guinea. This natural region covers the entire north-east and centre of Guinea's territory. It is a region of plains and savannah, located between 200 and 400 metres of altitude. The Niger River and its tributaries have cut moist terraced flatlands into it.

3.2.4 In relation to the programme, large sedimentary plains in Upper Guinea border the main water courses and cover vast areas: the Niger plains in Faranah, Kouroussa, Siguiri, the Milo plains, the Fié plains and the Banié –Tinkisso plains. In Kankan prefecture, the following sites have significant irrigation potential: the Bafèle plain with about 11,000 ha of irrigable land located in Moribaya rural municipality and the Samanka plain with 800 ha located in Tinti Oulen rural municipality.

3.2.5 **Climate Change:** Guinea, at the gateway to the Sahel, is highly exposed to climate change. According to 2,100 **climate projections**, temperatures will rise throughout the country and, more specifically: (i) in Middle and Upper Guinea (north-east and north-west areas of the

country), by about 0.4 to 3.3°C, with a sensitivity of 2.5°C; (ii) in Lower Guinea and Forest Guinea (south-west and south-east areas of the country), from 0.3 to 2.7°C with a sensitivity of 2.5°C. This rising temperature will be accompanied by changes in the distribution and volume of rainfall. These changes could reach 36.4 % of the present norm from 2050 and 40.4 % in 2100. Forest resources are among the most vulnerable resources to climate change because of the impact of human activities on forest ecosystems (**carbonisation, excessive tree felling, nomadic pastoralism**, agricultural clearing, mining and uncontrolled food gathering, etc.).

3.2.6 In terms of greenhouse gas emissions, Guinea remains a very low emitting country, with GHG emission per capita of 2.1 tCO₂e/inhab. in 1994 and less than 0.1% of global emissions. They have, however, increased fairly rapidly. Between 1994 and 2015, these emissions rose 21.5 times, that is, an average annual increase of almost 10 %. This means they doubled almost every 7.2 years. Guinea's objective in this area is to reduce its greenhouse gas emissions by 13% by 2030, compared to the 1994 level. In the forestry sector, this commitment concerns the stabilisation by 2030 of the mangrove areas, the reforestation of 10,000 hectares per year and the preservation of classified forests and protected areas.

3.2.7 **Gender:** On average, Guinean agriculture contributes an average of 17.5% to 23% to GDP and occupies 50% of the work force 75% of which is in rural areas (RGPH3, 2014). It is largely dominated by family-type farms. Over half of those in work (52.6%) are employed in the 'agriculture, livestock, forestry and fisheries' sector, 50.9% of whom are male and 53.5% female. Guinea has a gender policy, dating back in January 2011. This policy covers: (i) Access to basic social services: education - health - HIV/AIDS - water- hygiene and sanitation; (ii) compliance with human rights and the elimination of violence: fundamental rights - little girl - violence - human trafficking; (iii) access, control of resources and equitable income sharing: economy - poverty - environment; (iv) improving governance and equitable access to decision-making bodies: power - media - institutional mechanisms - armed conflicts - ICT; and (v) gender integration into macro-economic framing: national development policies and programmes. This policy helps to minimize gender inequalities.

3.2.8 Women play a major role in the agricultural economy throughout the agricultural chain from production and processing to marketing. However, despite their impact in the agricultural production chain, they still face many difficulties, including:

- Access to resources and factors of production, in particular land, inputs and fertilisers. Because of customs and traditions women are not usually the owners of farmed land;
- In decision-making and conflict management in the agricultural sector, women have less influence;
- In terms of financial resources: the lack of resources is a real problem both in the agricultural sector and in other areas (education, health etc.); and
- Concerning training: this remains a real concern, especially regarding capacity building, entrepreneurship, management... The literacy level of some women is also a handicap.

3.2.9 In order to alleviate these difficulties, the Special Agro-Industrial Processing Zones Development Programme proposes the following gender promotion and women's empowerment actions throughout its implementation: i) entrepreneurship, job creation for

women and young people and access to markets; ii) agricultural production capacity building; iii) skill building in agricultural production and processing, starting and managing a business, marketing and market access; iv) sensitisation campaigns on behavioural changes regarding birth control and reproductive health, balanced nutrition, gender and the prevention of gender-based violence, the prevention of early marriages, HIV/AIDS, lifestyle management and environmental sanitation.

3.2.10 According to the Gender Classification System, the programme is classified in Category 2. The detailed gender analysis and gender action plan are presented in the Technical Annex on gender. The budget allocated to gender promotion and women's empowerment actions is UA 2.883 million.

3.3 Involuntary Resettlement

3.3.1 **Operational Safeguard 2 (OS 2): Involuntary resettlement: land acquisition, population displacement and compensation:** the risk of physical displacement or resettlement of the population is minimal as well as the loss of major assets during the programme's implementation. However, the issues of land tenure and nomadic livestock breeding are two key challenges that should be taken into consideration. In the event of the physical displacement or resettlement of population, Resettlement Action Plans (RAP) will be prepared and implemented in accordance with the Bank's procedures and in compliance with OS2.

3.4 Cost of ESMP Measures

3.4.1 The costs of some measures will be included in the BDs and others covered by the FESMP. Some measures such as the **application of good practices, the reforestation programmes, erosion control and resettlement** will be taken into account in the cost of works and included in the bidding documents (BDs) and contractors will be obliged to implement them under the supervision of the control office and Programme Implementation Unit (PIU). The cost of the additional gender and women's empowerment programme to be formulated on a participatory basis will be included in the programme's budget.

3.4.2 The estimated costs of the FESMP activities will primarily concern environmental and social measures not taken into account in the BDs. Control Mission services will be covered in its contract.

3.4.3 The overall ESMP cost is estimated at **USD 500,000**. Details are provided in the following Table.

Table 3.1 ESMP COST	
MEASURES	COSTS IN USD
Environmental and social assessment (ESA) expert	PM (covered by the programme)
Estimates for the preparation and implementation of RAPs	PM
Additional Gender and Women's Empowerment Programme	PM
Environmental regeneration and protection (reforestation and erosion control)	PM
Formulation and implementation of a water borne disease control and STI/HIV/AIDS sensitisation programme	100,000

MEASURES	COSTS IN USD
Preparation and implementation of a capacity building ⁶ programme in the areas of (i) environmental and social assessments and (ii) pesticide management	50,000
Preparation of an information and sensitisation programme	50,000
Provisions for ESIA preparation	150,000
Support for monitoring FESMP implementation	100,000
Environmental audit/Mid-term and Final Review	50, 000
Total	500,000

3.5 FESMP Indicative Implementation Schedule

The following Table presents the indicative FESMP implementation schedule.

Table 3.2:
INDICATIVE IMPLEMENTATION SCHEDULE FOR ENVIRONMENTAL AND SOCIAL MEASURES

MEASURES	PROPOSED ACTIONS		WORKS DURATION				
			Year1	Year 2	Year 3	Year 4	Year 5
Mitigation Measures	FESMP		During implementation				
Monitoring Measures	Programme environmental monitoring and supervision	Close monitoring	During implementation				
		Supervision	Monthly during the works				
	Assessment	Mid- term Final	2 nd year Works completion				
Production of reports (monthly, quarterly, half-yearly and annual) on FESMP implementation							

ESMP implementation will be the subject of periodic reports on monitoring and supervision but also on evaluation and supervision by the different actors or structures involved in its implementation.

IV. IMPLEMENTATION

4.1 Implementation Arrangements

4.1.1 At national level, programme management will be placed under the oversight of the Authority for the Development and Administration of Special Economic and Industrial Zones (ADAZZ), attached to the Presidency of the Republic. This institutional arrangement is due to the multi-sector nature of the programme and the need for strong leadership to provide coordination among all the programme's actors. For this purpose, ADAZZZ will be strengthened institutionally through the PDZTA Programme Management Unit (PMU). The PMU will be lightly structured and responsible mainly for coordination, financial management, procurement and programme monitoring and evaluation activities. It will comprise: (i) a national coordinator; (ii) a monitoring and evaluation officer; (iii) a procurement officer; (vi) an environmental specialist, (vii) an administrative and financial officer; and (ix) an accountant.

⁶ The preparation of manuals on good environmental practices has been factored in to the programme

4.1.2 The PMU will also be supported by periodic technical assistance (international and national consultants). On the ground, it will be assisted by partner organisations, in particular, administration structures, the Guinean Institute for Agricultural Research (IRAG), the Private Investment Promotion Agency (APIP) as well as the Ministries and technical agencies involved in the programme. The signing of agreements with these partner structures, including IRAG, will be one of the loan and grant conditions under ‘other conditions’. The documentation on these agreements will have to be included as soon as possible and prior to effectiveness in order to facilitate the programme implementation no-objection process.

4.1.3 A Strategic Orientation Committee (SCO) will be set up to provide strategic direction for the implementation of the programme. It will be chaired by the Minister Secretary General for the Presidency of the Republic. The Vice-Presidency will be held by the Minister in charge of the Plan. The committee will be composed of Ministers in charge of Economy and Finance, Agriculture, Industry and SMEs, Investments and PPPs, Mines, and Trade, as well as the President of the National Chamber of Agriculture. The SCO will meet at least once a year, and its Secretariat will be provided by ADAZZ.

4.1.4 A Program Steering Committee (PSC) will also be established. It will be chaired by the Secretary General of the Ministry of Agriculture or its representative. In addition to the representatives of the Ministries within the SCO, ADAZZ, the National Chamber of Agriculture, the PSC will be composed by representatives of the Regional Governors, the private sector and the Civil Society. The PSC Secretariat is provided by the representative of the Ministry of Industry and SMEs. The PSC will be responsible: (i) for reviewing and approving the annual work programme and budget (AWPB), (ii) for validating the results of the program's performance, and (iii) for framing innovations and ensuring the relevance of the major choices to be made at the implementation. It will meet at least twice a year.

4.2 Procurement and Disbursement Arrangements

4.2.1 **Procurement Arrangements:** The procurement of goods (including services other than consulting services), works and the acquisition of consulting services financed by the Bank under the programme will be carried out in accordance with the Procurement Framework for Bank Group-financed operations, 2015 edition, and in compliance with the provisions of the financing agreement. More specifically, procurements will be made in accordance with the Bank’s Procurement Methods and Procedures (BPP), on the basis of the relevant standard bidding documents (SBDs) for goods and works contracts as well as consulting services for which the BPP are considered to be the most appropriate. Indeed, following an analysis of the Guinean procurement system as presented in Technical Annex B5 of this report, the procurement risk was considered to be substantial. As a result, for the implementation of this programme, the Bank’s Procurement Methods and Procedures will be used, since a capacity building action plan will be the subject of dialogue with the Guinean Authorities in order to rapidly ensure use of the national procurement system following the reforms identified as necessary.

4.2.2 **Procurement Risks and Capacity Assessment (PRCA):** The assessment of procurement risks at country, sector and programme level as well as the capacity of the executing agency (EA) was carried out and the results were used to influence the decision to choose the BPM for all activities planned under the programme. The appropriate risk mitigation measures were included in the PRCA action plan presented in Annex B5.

4.2.3 **Organisation of Procurement Implementation:** Programme procurement will be carried out by the Programme Executing Agency. In light of the conclusions of the assessment of the executing agency's capacity, a management unit including a procurement expert will be recruited to implement the procurement process but also to build the capacities of the different actors involved in procurement.

4.2.4 **Advance Procurement Action (APA):** The Government intends to submit to the Bank for approval a request for the use of APA in order to recruit consultants to conduct studies on agro-park infrastructure and irrigation schemes. This request shall be submitted to the Bank prior to the programme's presentation to the Bank's Board of Directors.

4.2.5 **Disbursement:** The disbursement methods to be used to mobilise the ADF loan financing are: (i) the direct payment method; (ii) the special fund/revolving fund method and (iii) the reimbursement method. Direct payments will be made in respect of contracts for works, goods and services signed between the Borrowers and suppliers, in accordance with the Bank's procurement rules and procedures and national procurement legislation. The special account method will be used to settle operating expenditure, training costs, field mission costs etc. It will require the opening of a Special Account at the Central Bank of Guinea, which will, in turn, pay all the funds received from the ADF into the PMU bank account opened in a bank acceptable to AfDB. The opening of the Bank account will be a condition precedent to the first disbursement. The reimbursement method will be used when eligible expenditure on ADF loan resources are pre-financed with the Bank's prior approval. These disbursements will be made in accordance with the list of goods and services and the Bank's rules and procedures as described in the Disbursement Handbook. Details of the disbursement arrangements will be presented in the Technical Annexes (Volume II of the Programme Appraisal Report).

4.3 Financial Management

4.3.1 The Programme Management Unit (PMU) will be responsible for the programme's overall coordination and financial management. Its financial management staff will comprise the programme coordinator, the administrative and financial officer, the accountant and cashier, all of whom will be recruited in accordance with the programme's procurement arrangements.

4.3.2 The financial management systems of the ADAZZ management unit whose structures will be used under the PDZTA are not satisfactory on the whole and the overall fiduciary risk is substantial because of the absence of: (i) a financial coordinator and personnel as mentioned above; (ii) an administrative, financial and accounting procedures manual; (iii) operational accounting and financial management software; and (iv) financial management tools and reference framework.

4.3.3 As a result, the PMU should take the following measures: (i) as soon as the programme is launched, prepare a budget plan coupled with the indicative activities schedule; (ii) when the programme is launched, recruit a consultant to prepare the administrative, financial and accounting procedures manual (AFAPM), and another responsible for establishing the computerised accounting and financial management system (SIGCF) ; (iii) assign financial tasks as soon as the financial staff are recruited; (iv) establish the financial management framework and instruments in accordance with Annex B6 of Volume II of the Programme Appraisal Report.

4.3.4 Audits: Once a year, a competent and independent firm of external auditors will verify the reliability of the consolidated financial statements prepared by the PMU and will assess the operation of the internal control system of the entire programme. It will be recruited in accordance with the terms of reference and bidding procedures recommended by the Bank. Audit costs will be financed by the ADF loan. The audit reports must be forwarded to the Bank each year, no later than

six months after the closure of the audited period. Audits will be performed in accordance with SYSCOA international audit standards and the Bank's comprehensive terms of reference which will be communicated to the programme.

4.4 Monitoring

Internal monitoring and evaluation will be carried out by the Programme Monitoring and Evaluation Unit, while external monitoring-evaluation will be the responsibility of the Ministry of Planning and the Ministry in charge of Finance. The objective of external monitoring and evaluation is to assess the efficacy and efficiency of the programme's outputs and their contribution to the achievement of the development objectives which are the programme outcomes and impacts. It will be carried out with the involvement of the other stakeholders in addition to two annual supervision missions organised by the Bank. The mid-term review will be carried out in year 3. Following the programme's closure, the Bank and Government will produce a completion report within the required timeframe.

4.5 Governance

4.5.1 The government authorities' efforts to improve good governance during the past five years have made some positive progress especially in the area of procurement. However, these efforts have not yet produced any tangible results, insofar as the corruption perceptions index in Guinea still averages 25 compared to a regional average of 34 with a ranking of 143rd out of 180 countries, virtually unchanged over the 2012-2017 period. The political, economic and social governance indicators for Guinea are, therefore, mixed despite the progress made in recent years. This is mainly due to poor performances in the areas of governance and the fight against corruption, the consequence of repeated political crises that have weakened the government institutions that are required to ensure regular monitoring of the governance system in Guinea.

4.5.2 In light of the foregoing, the PDZTA-BK design includes capacity building support for actors as well as institutional support to contribute to the reduction of governance-related risks to the programme's implementation. This support concerns the preparation and establishment of financial management and monitoring and evaluation tools as well as the use of recognised transparency and competitive methods in the PMU staff recruitment process and the establishment of a system to reduce procurement delays, one of the main reasons for the shortcomings noted in the performance of the development portfolio in Guinea despite the alignment of the public procurement system with regional guidelines. These procurement-related operational measures will resolve the shortcomings raised.

4.6 Sustainability

4.6.1 The Special Agro-Industrial Processing Zones Development Programme (PDZTA-BK) was designed on the basis of a participatory process initiated following the APZ dialogue mission to Guinea and throughout all the programme formulation stages, i.e. the PPF preparation as well as the preparation and appraisal missions concerning this proposal. This approach has helped to raise awareness among the population and central government of the economic importance of agricultural transformation by promoting the processing of agricultural production (agro-industrial), in addition to the technological innovations disseminated to farmers. Against this backdrop, the key actors in growth-bearing sub-sectors will be sufficiently strengthened to guarantee the regular supply of raw materials on the basis of a plan that will ensure the sustainability of their jobs and incomes. This system should ensure the autonomy of this development model whereby the agro-industrial enterprises established in the

parks operate with a guaranteed supply of raw materials and central government is assured of revenue from corporate taxes and dividends from the asset holding companies to be established to manage the agro-industrial parks.

4.6.2 The agro-industrial park management system will be formalised through the establishment of an asset holding company with a clear legal status including land tenure. The agro-industrial parks will be established, then managed in accordance with the existing investment code and the special status of the Special Agro-Industrial Processing Zones (SAIPZ).

4.7 Risk Management

4.7.1 Achievement of the PDZTA outcomes is subject to a number of risks for which it is necessary to find mitigation solutions in order to guarantee the programme's success. In addition to the risks already identified that are common to the entire portfolio, specific risks were identified and mitigation measures proposed:

No.	POTENTIAL RISKS	MITIGATION MEASURES
01	Lack of commitment of oversight authorities to support the coordination team and slippage on programme implementation	The programme is one of central government's priorities and was designed on the basis of the systematic consultation of stakeholders including representatives of the administration and municipalities concerned
02	Risk of weak private sector mobilisation	The programme was designed on the basis of a platform of exchange of information with the private sector whose concerns are taken into account in the programme's final formulation, a guarantee of the SME involvement in, and ownership of, the programme
03	Slow acceptance by certain stakeholders could delay the programme's implementation	The programme was designed on the basis of systematic sensitisation and consultation to ensure its gradual ownership by all stakeholders

4.8 Knowledge Building

4.8.1 The Special Agro-Industrial Processing Zones Development Programme (PDZTA-BK) was designed to reflect the approach and principles of the Special Agro-Industrial Processing Zones (SAIPZ) Programme of the Bank's 2016-2022 'Feed Africa' Strategy. The key to this programme's success is the transformation of agriculture through the involvement of the private sector in a leadership role while central government will guarantee the conditions for its establishment and success. To ensure its success, the PDZTA-BK was designed to build knowledge on how to work more effectively with the sector, either on the basis of a PPP formula or in the form of a non-sovereign operation (NSO), or a combination of the two formulae. Its development will be guaranteed by private sector involvement on the basis of public sector financing.

4.8.2 The other types of knowledge generated are: (i) a multi-sector approach involving the intervention of sectors such as transport, energy, water and sanitation, agribusiness, agriculture, communication (NICT), education, health and nutrition, employment and trade. At this level, it is necessary to generate a 2nd type of knowledge concerning the pooling of efforts in order to produce rapid results in the area of agricultural transformation (ii) a combination of: (a) two of the Bank's strategies, namely 'Feed Africa' and 'Jobs for Youth', enhancing the skills of youth,

and (b) at least four (04) flagship programmes, namely, the Special Agro-Industrial Processing Zones (SAPZs), Technologies for the African Agricultural Transformation (TAAT), Agricultural Value Chains (AVC), Post-Harvest Losses Reduction and ENABLE Youth Programmes. The combination of strategies and programmes is the third level of knowledge provided by PDZTA-BK; (iii) product processing, as a great challenge for which solutions will be sought under this programme is the third level of knowledge provided by this operation; (iv) employment in general, and in the agricultural sector, in particular, as a solution proposed in the Programme is the fourth level of knowledge likely to be generated by this proposal; (v) a contribution to a reduction in the massive imports of agro-food products by the Continent, and by Guinea, in particular which offers a fifth level of knowledge to be generated by the PDZTA-BK.

4.8.3 Lastly, this programme's success will help to build a body of knowledge that could be replicated throughout the programme to develop ten (10) agricultural hubs in the country, including those of Boké and Kankan.

V. Legal Framework

5.1 Legal Instrument

The legal framework for the PDZTA-BK will comprise two (2) Loan Agreements signed between the Republic of Guinea, on the one hand, and the African Development Bank and African Development Fund (collectively called 'the Fund'), on the other, acting in their capacity as administrators of the Transition Support Fund (TSF).

5.2 Conditions Associated with Bank's Involvement

5.2.1 **Conditions precedent to effectiveness:** effectiveness of the TSF Loan Agreement will be subject to fulfilment by the Borrower, to the Fund's satisfaction, of the conditions set out in Section 12.01 of the *General Conditions Applicable to the African Development Fund Loan Agreements and Guarantee Agreements (Sovereign Entities) of February 2009*.

5.2.2 **Conditions precedent to the first loan disbursement:** in addition to the respective effectiveness of the financing agreements, the first disbursements of the ADF loan, ADF Grant and TSF loan will be subject to fulfilment by the Borrower/Donor, to the Fund's satisfaction, of the following conditions:

- (i) Providing the Bank with evidence of the establishment of the Programme Management Unit (PMU);
- (ii) Following a call for applications, providing the Bank with evidence of the recruitment of the Coordinator and Head of Administration and Finance, whose qualifications will be submitted for the Bank's prior approval.

5.2.3 **Other Conditions:** The Borrower shall, moreover, provide the Bank, no later than six (6) months after the first disbursement of Loan resources with:

- (i) Evidence of the establishment of the Steering and Monitoring Committee (COS), whose composition and operational provisions will have been submitted for the Bank's prior approval; and

- (ii) The Agreements with the Administration structures, the Guinean Institute for Agricultural Research (IRAG), the Private Investment Promotion Agency (APIP) and Ministries and Technical Agencies involved in the programme.

5.3 Compliance with Bank Policies

This programme complies with all the Bank's applicable policies. The programme will be implemented as part of the Bank's intervention strategy for Guinea defined in the CSP (2018-2022).

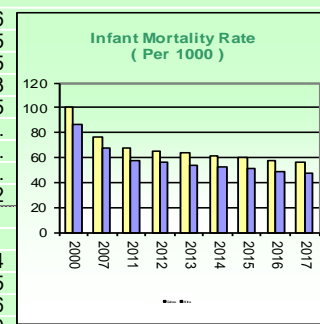
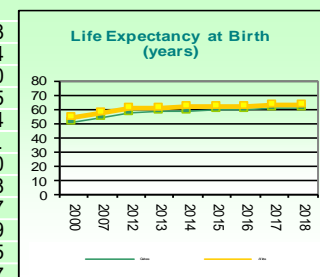
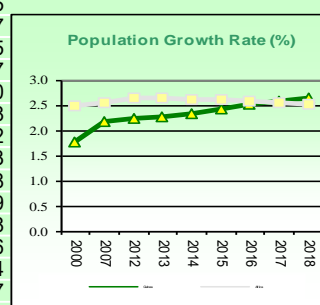
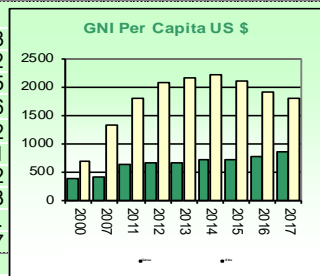
VI. RECOMMENDATION

Management recommends that the Boards of Directors approve a proposal for an **ADF loan of UA 2.99 million**, an **ADF grant of UA 2.94 million (including UA 331,461 from cancelled resources)** and a **TSF loan of UA 3.69 million** from the ADF country allocation to the Republic of Guinea for the purposes and subject to the conditions set out in this report.

Guinea

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Guinea	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2018	246	30,067	92,017	40,008
Total Population (millions)	2018	13.1	1,286.2	6,432.7	1,197.2
Urban Population (% of Total)	2018	36.1	42.5	50.4	81.5
Population Density (per Km²)	2018	55.5	43.8	71.9	31.6
GNI per Capita (US \$)	2017	790	1 767	4 456	40 142
Labor Force Participation *- Total (%)	2018	82.3	65.9	62.1	60.1
Labor Force Participation **- Female (%)	2018	79.4	55.5	47.6	52.2
Sex Ratio (per 100 female)	2018	100.6	99.8	102.3	99.3
Human Develop. Index (Rank among 189 countries)	2017	175
Popul. Living Below \$ 1.90 a Day (% of Population)	2007-2017	35.3	...	11.9	0.7
Demographic Indicators					
Population Growth Rate - Total (%)	2018	2.6	2.5	1.2	0.5
Population Growth Rate - Urban (%)	2018	3.6	3.6	2.3	0.7
Population < 15 years (%)	2018	42.0	40.6	27.5	16.5
Population 15-24 years (%)	2018	19.9	19.2	16.3	11.7
Population ≥ 65 years (%)	2018	3.2	3.5	7.2	18.0
Dependency Ratio (%)	2018	82.3	79.2	53.2	52.8
Female Population 15-49 years (% of total population)	2018	23.5	24.1	25.4	22.2
Life Expectancy at Birth - Total (years)	2018	61.2	63.1	67.1	81.3
Life Expectancy at Birth - Female (years)	2018	61.8	64.9	69.2	83.8
Crude Birth Rate (per 1,000)	2018	35.0	33.4	26.4	10.9
Crude Death Rate (per 1,000)	2018	8.6	8.3	7.7	8.8
Infant Mortality Rate (per 1,000)	2017	56.4	47.7	32.0	4.6
Child Mortality Rate (per 1,000)	2017	85.7	68.6	42.8	5.4
Total Fertility Rate (per woman)	2018	4.7	4.4	3.5	1.7
Maternal Mortality Rate (per 100,000)	2015	679.0	444.1	237.0	10.0
Women Using Contraception (%)	2018	8.4	38.3	61.8	...
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2010-2016	7.5	33.6	117.8	300.8
Nurses and midwives (per 100,000 people)	2010-2016	36.8	123.3	232.6	868.4
Births attended by Trained Health Personnel (%)	2010-2017	62.7	61.7	78.3	99.0
Access to Safe Water (% of Population)	2015	76.8	71.6	89.4	99.5
Access to Sanitation (% of Population)	2015	20.1	39.4	61.5	99.4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2017	1.5	3.4	1.1	...
Incidence of Tuberculosis (per 100,000)	2016	176.0	221.7	163.0	12.0
Child Immunization Against Tuberculosis (%)	2017	72.0	82.1	84.9	95.8
Child Immunization Against Measles (%)	2017	48.0	74.4	84.0	93.7
Underweight Children (% of children under 5 years)	2010-2016	18.3	17.5	15.0	0.9
Prevalence of stunting	2010-2016	32.4	34.0	24.6	2.5
Prevalence of undernourishment (% of pop.)	2016	19.7	18.5	12.4	2.7
Public Expenditure on Health (as % of GDP)	2014	2.7	2.6	3.0	7.7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2017	92.4	99.5	102.8	102.6
Primary School - Female	2010-2017	83.1	97.4	102.0	102.5
Secondary School - Total	2010-2017	40.3	51.9	59.5	108.5
Secondary School - Female	2010-2017	31.9	49.5	57.9	108.3
Primary School Female Teaching Staff (% of Total)	2010-2017	30.6	48.7	53.0	81.5
Adult literacy Rate - Total (%)	2010-2017	32.0	65.5	73.1	...
Adult literacy Rate - Male (%)	2010-2017	43.6	77.0	79.1	...
Adult literacy Rate - Female (%)	2010-2017	22.0	62.6	67.2	...
Percentage of GDP Spent on Education	2010-2015	2.4	4.9	4.1	5.2
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2016	12.6	8.0	11.3	10.4
Agricultural Land (as % of land area)	2016	59.0	38.2	37.8	36.5
Forest (As % of Land Area)	2016	25.8	22.0	32.6	27.6
Per Capita CO2 Emissions (metric tons)	2014	0.2	1.1	3.5	11.0



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update :

February 2019

UNAIDS; UNSD; WHO; UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

APPENDIX II

AfDB PORTFOLIO IN GUINEA

(as at 11 March 2019)

	DESCRIPTIONS	SAP Code	Financing Instrument	Approval Date	Signature Date	Effectiveness Date	Closing Date	Programme Age (Years)	Instrument Amount in UAs	Sector Distribution	Disbursed Amount*	Disb. Rate	Comments
	I. National Public Sector Programmes							2.4	30 359 016	7.6%	13 001 578	42.8%	
	Energy							5.5	11 000 000	2.7%	10 708 437	97.3%	
1	Conakry Electricity Network Rehabilitation and Extension Project 2 (PREREC.2)	P-GN-FA0-007	ADF Loan	11/09/2013	24/11/2013	20/05/2014	31/12/2018	5.5	4 690 000		4 666 450	99.5%	Completed being closed
			ADF Grant	11/09/2013	24/11/2013	24/11/2013	31/12/2018		6 310 000		6 041 987	95.8%	
	Governance							2.9	18 380 000	4.6%	12 261 769	66.7%	
2	Economic Planning and Mining Governance Support Project (PAPGEM)	P-GN-K00-008	ADF Grant	10/07/2013	10/09/2013	10/09/2013	30/03/2019	5.7	11 380 000		11 283 709	99.2%	
3	Support Project for Building the Administration's Capacity for Management of Integrated Projects (PARCA-GPI)	P-GN-K00-009	ADF Grant	15/07/2016	19/07/2016	19/07/2016	30/06/2020	2.7	4 000 000		902 320	22.6%	
			TFS Grant	04/11/2016	21/06/2017	21/06/2017	30/06/2020	2.4	2 000 000		75 741	3.8%	
4	Technical Assistance Programme for PNDES implementation	P-GN-KF0-005	TFS Grant	30/06/2018	14/11/2018	14/11/2018	31/12/2020	0.7	1 000 000			0.0%	
	Finance							2.0	2 400 000	0.6%	296 963	12.4%	
5	Financial Sector Modernisation Support Programme (PAMSFI)	P-GN-HAA-001	ADF Grant	15/03/2017	22/06/2017	22/06/2017	30/06/2020	2.0	2 400 000		296 963	12.4%	
	Agriculture							1.0	9 579 016	2.4%	442 846	5.0%	
6	PPF Guinean Agricultural Transformation Support Project – Youth Entrepreneurship Component (PATAG-EAJ)	P-GN-AA0-018	ADF Grant	03/08/2016	18/10/2016	18/10/2016	30/03/2019	2.6	990 000		442 846	45%	
7	Guinean Agricultural Transformation Support Project – Youth Entrepreneurship Component (PATAG-EAJ)	P-GN-A00-004	TFS Loan	21/11/2018	18/01/2019	30/06/2023	31/12/2023	0.3	4 630 000			0%	
			TFS Grant	21/11/2018	18/01/2019	30/06/2023	31/12/2023		3 240 000			0%	
8	Emergency assistance for integrated management of the fall armyworm (Spodoptera) invasion	P-GN-A00-005	Special Relief Fund Grant (SRF Emergency Assistance)	31/01/2019	N/A	N/A	N/A	0.2	719 016				Not yet signed
	II. Multinational Public Sector Programmes							3.5	300 701 713	74.9%	30 363 235	12.4%	
	Energy							3.3	139 429 678	34.7%	21 699 230	15.6%	
9	Multinational Côte d'Ivoire – Liberia – Sierra Leone – Guinea (CLSG) Interconnection Programme	P-Z1-F00-047	ADF Grant	06/11/2013	24/11/2013	24/11/2013	31/10/2020	5.4	834 000		8 684.43	1.0%	
			ADF Loan	06/11/2013	24/11/2013	30/01/2015	31/10/2020		28 910 000		3 896 511.25	13.5%	
10	CLSG-WAPP	P-Z1-F00-055	ADF Grant	06/11/2013	24/11/2013	24/11/2013	31/10/2020	5.4	781 000		493 801.32	63.2%	

1	CLSG-Rural Electrification Component	P-Z1-F00-059	ADF Grant	06/11/2013	24/11/2013	24/11/2013	31/10/2020	5.4	10 275 000		1 313 656.98	12.8%	
1	The Gambia River Basin Development	P-Z1-FA0-098	ADF Loan	30/09/2015	14/12/2015	06/09/2016	31/12/2020	3.5	46 250 000		15 337 072.89	33.2%	
2	Organisation Energy Project (OMVG)												
1	225 kV Guinea-Mali Electricity Interconnection Project	P-Z1-FA0-149	ADF Grant	13/12/2017	11/01/2018	11/01/2018	31/12/2021	1.3	13 400 000		649 503.35	4.85%	
			ADF Loan	13/12/2017	11/01/2018	26/06/2018	31/12/2021	1.3	16 600 000			0.0%	
			Don AfIF (UE)	27/06/2018	18/09/2018	18/09/2018	31/12/2021	0.7	22 379 678			0.0%	
	Transport							2.5	138 675 877	34.5%	8 633 206	6.2%	
1	Mano River Union Road Development and	P-Z1-DB0-162	ADF Loan	18/12/2014	12/02/2015	14/06/2017	30.06.2020	4.3	14 542 000		3 350 494.59	23.0%	
4	Transport Facilitation Programme		TFS Loan	18/12/2014	12/02/2015	14/06/2017	30.06.2020		8 857 000		2 262 706.34	25.5%	
1	Additional Loan - Road Improvement and Facilitation Programme in the Mano River Union	P-Z1-DB0-165	ADF Loan	03/06/2015	12/05/2016	14/06/2017	30/06/2020	3.8	9 774 000		2 328 328.81	23.8%	
1	Coyah-Farmoriah-Pamelap-Sierra Leone Border Road	P-Z1-DB0-160	ADF Grant	25/10/2017	31/10/2017	31/10/2017	31/12/2022	1.4	17 060 000		691 675.79	4.1%	
			ADF Loan	25/10/2017	31/10/2017	20/03/2018	31/12/2022		21 220 000			0.0%	
			AfIF Grant (EU)	29/06/2018	18/09/2018	18/09/2018	31/12/2022		24 444 224			0.0%	
1	Boké-Québo Road Programme	P-Z1-DB0-221	ADF Loan	10/10/2018	N/A	N/A	31/12/2022	0.5	5 120 000			0.0%	Not yet signed
			ADF Grant	10/10/2018	N/A	N/A	31/12/2022		17 310 000			0.0%	
			AfIF Grant (EU)	10/10/2018	N/A	N/A	31/12/2022		16 908 653			0.0%	
			TFS Grant	10/10/2018	N/A	N/A	31/12/2022		3 440 000			0.0%	
	Social							3.4	9 824 538	2.4%	30 800	0.3%	
1	Post-Ebola Social Investment and Rehabilitation Fund Programme (PERSIF)	P-Z1-KZ0-032	ADF Grant	21/10/2015	18/12/2015	18/12/2015	28/12/2020	3.4	9 000 000		30 799.55	0.3%	Being restructured
8			RWSSI Grant	21/10/2015	18/12/2015	18/12/2015	28/12/2020		824 538			0.0%	
	Environment							0.4	12 771 620	3.2%	#N/A		
1	Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin (PIDACC/BN)	P-Z1-C00-067	ADF Loan	07/11/2018	N/A	N/A	N/A	0.4	3 000 000			0.0%	Not yet signed (and the ADF grant will be converted into a loan)
			ADF Grant	07/11/2018	N/A	N/A	N/A		4 500 000			0.0%	
			Prêt GCF	07/11/2018	N/A	N/A	N/A		723 521		#N/A	#N/A	
			Don GCF	07/11/2018	N/A	N/A	N/A		3 364 372		#N/A	#N/A	
			AfIF Grant (EU)	07/11/2018	N/A	N/A	N/A		1 183 727			0.0%	
	Total Public Sector Programmes							2.7	331 060 729	82.4%	43 364 813	15.7%	
	III. Private Sector Programmes							1.3	70 589 066	17.6%	0.0	0%	
	Mines							1.3	70 589 066	17.6%	0	0%	
2	Boké Mine Rail and Port Project	P-GN-D00-001	Prêt BAD	06/12/2017			30/04/2020	1.3	70 589 066		-	0%	Not yet signed
	Grand Total - Commitments							3.38	401 649 795	100.0%	43 364 813	10.8%	

MAP OF PROGRAMME INTERVENTION AREA

This map has been provided by the staff of the African Development Bank exclusively for the use of the readers of the report to which it is attached. The names used and the borders shown do not imply on the part of the ADB Group and its members any judgment concerning the legal status of a territory or any approval or acceptance of these borders.

COUNTRY'S SITUATION OF FRAGILITY

REPUBLIC OF GUINEA

SPECIAL AGRO-INDUSTRIAL PROCESSING ZONES DEVELOPMENT PROGRAMME (PDZTA-BK)

Matrix of Factors Associated with Fragility

Factors of fragility identified by the fragility assessment	Situation, challenges and resilience measures supported by the General Government Policy backed by the Technical and Financial Partners (TFP)	Measures by AfDB's intervention under PDZTA-BK (2019-2022)
POLITICAL, INSTITUTIONAL AND SECURITY FACTORS	1. Legitimate Policies and Political Governance (legitimacy, inclusiveness, State-building and confidence in State Institutions)	
	<p>Legitimacy: Guinea experienced recurrent contestation of its legitimacy from independence until the adoption of a new democratic and pluralistic constitution in 2010. The situation of political and institutional instability experienced until then improved following the holding of the first multiparty elections which elected the incumbent Head of State as the country's leader and installed a National Assembly composed of several political parties. The easing of political tension observed was bolstered by a series of structural reforms of the Republic's institutions. Despite the recurrent protests of the opposition parties which are constantly challenging the neutrality of those institutions in charge of elections and the Constitution, any revision of the latter would probably increase the opposition's distrust of the government and weaken the rediscovered social cohesion. The issue of a third term as well as the expiry of the current term of the National Assembly remain as pockets of institutional fragility and present a political risk that could reverse Guinea's trend towards societal resilience.</p>	<p>The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme (PDZTA) will contribute indirectly to overcoming certain obstacles relating to political and spatial inclusion and reducing intercommunity tensions created by a feeling of exclusion. The type of actions promoted by the project are in keeping with the Government's vision of consolidating its interventions throughout the country through development activities.</p>

Factors of fragility identified by the fragility assessment	Situation, challenges and resilience measures supported by the General Government Policy backed by the Technical and Financial Partners (TFP)	Measures by AfDB's intervention under PDZTA-BK (2019-2022)
	<p><u>Governance:</u> In recent years Guinea has implemented a series of reforms aimed at improving its situation. The Government, supported by its technical and financial partners, has established an administrative modernisation programme. From 2014 it has carried out a biometric census of all civil servants. This led to the identification of almost 10.5% of fictitious civil servants and resulted in monthly savings of about 2.2 million euros. Furthermore, additional management controls such as the recording of salaries, the crosschecking of civil service files with those of the National Social Security Fund and the physical control of employees with electronic time clocks helped to identify bottlenecks and remove civil servants with two jobs. The capacities of the Guinean Administration remain weakened at both the central and local levels in the areas of management and procurement but also in the preparation, implementation and monitoring and evaluation of development projects and programmes and assimilation of the principle of accountability.</p> <p><u>Transparency:</u> Furthermore, despite reasonable progress, the perception of corruption remains high according to Transparency International's Corruption Perceptions Index (105th ranking in 2018 compared to 148th ranking out of 180 countries in 2017) and the recent Governance Diagnosis for Guinea carried out by the National Institute of Statistics according to which 9 out of 10 Guineans surveyed consider corruption to be one of the most serious problems marking Guinean society at present. Public-private partnership (PPP) has no formal consultation framework and is sometimes misused to award direct contracts. Other challenges include lack of transparency in the management and concession of natural resources, land tenure rights and, increasingly, central government's inability to combat drug trafficking, organised crime and corruption. Indeed, the lack of transparency and good governance in the award of public contracts and large-scale allocation of land for agricultural, mining and forest resource exploitation through the abusive use of private use</p>	<p>The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme (PDZTA) will enhance the governance system in general and establish a legal and judicial framework for APZ which, when the programme closes, could be used as a model to consolidate the progress already made with regard to administrative governance.</p> <p>The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme (PDZTA) will support activities that will have positive impacts the ability to attract private investors as a result of the creation of an enabling business environment for the sector, cleansed of corruption.</p>

Factors of fragility identified by the fragility assessment	Situation, challenges and resilience measures supported by the General Government Policy backed by the Technical and Financial Partners (TFP)	Measures by AfDB's intervention under PDZTA-BK (2019-2022)
	permits are symptomatic of major unresolved problems and weaknesses in natural resource governance and persistent shortcomings of the land tenure framework. These issues continue to pose major challenges for peace and security in rural areas.	
	<p>2. Issues of security and violence, capacity and performance of the security sector</p> <p>Security: While the security situation has considerably improved since the advent of democracy in 2010, incidents have continued to periodically occur that could potentially destabilise the situation, which justifies the continuing efforts to implement structural actions in the security sector. The first actions in this direction were encouraging, since over 4,000 soldiers were retired following the advent of democracy and the efforts made to professionalise the armed forces appear to be delivering results⁷ with support from the technical and financial partners. Indeed, the reform programme includes⁸ action to build the capacities of the armed forces and key civil institutions such as the Ministries of Defence and Interior. The restructuring of the police and establishment of community policing to combat crime and violence, especially in urban centres, are also part of the reforms. It is, however, necessary to limit the systematic involvement of the Defence and Security Forces (DSF) in the country's economic and political life and to provide them with sufficient resources to effectively perform their duties.</p>	The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme (PDZTA) does not contribute directly to the security factor but provides solutions to mitigate risks that could deteriorate the security situation in the programme area.
	<p>3. Justice sector (inclusive access to justice, rule of law and judicial independence and countervailing mechanisms)</p> <p>A weakened justice system: The previous and recurring crises in Guinea have had a negative impact on the judiciary. Already unstructured by the different causes of fragility, it was exploited for political ends by all the political actors and appears to be undermined by the lack of independence, corruption problems and lack of technical</p>	The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme does not contribute directly to the justice system but addresses the issue of

⁷ Ibid

⁸ SUPPORT TO SECURITY SECTOR REFORM (SSR) – Improve the security of persons and assets in Guinea –European Union 2017

Factors of fragility identified by the fragility assessment	Situation, challenges and resilience measures supported by the General Government Policy backed by the Technical and Financial Partners (TFP)	Measures by AfDB's intervention under PDZTA-BK (2019-2022)
	and material resources. The Government and development partners consider justice reform to be a priority sector. An overall reform programme has been embarked upon. One of its measures is to increase the number of judges, establish a Supreme Council of Judges and reform certain Codes in particular those pertaining to business. Despite the modest progress made, these bodies are gradually being restored. The system's malfunctioning remains structural and long-term efforts are necessary to improve the situation.	inclusion, a source of social injustice by taking into consideration the vulnerable segments of the population, especially women and young people.
ECONOMIC AND FINANCIAL FACTORS	4. Strengthening of economic and community resilience (equitable access to infrastructure and benefits of natural resources)	
	<u>Natural resources management:</u> Management of Guinea's considerable natural resources still falls far short of achieving the desired objectives of improving the living conditions of its population, which remains poor even though, paradoxically, the country is rich in natural resources. Guinea is relatively less rich with gross domestic product (GDP) of about USD 9.86 billion in 2018 for a population of 12 million people. Guinea's current growth trend is chiefly explained by income from a new extraction of natural resources. As long as strong collaborative measures are not taken to improve natural resources management, the country could find itself in a natural resource trap ('natural resource curse'). Furthermore, the type of growth generated by natural resources is characterised by wide income disparities that are isolationist and fragmented	The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme also addresses the issue of natural resources, in particular, land and water. The Programme contains measures to support the renewal and building of the capacities of institutions involved in the management of water as a means to improve the management of the resources in the programme area
SOCIAL FACTORS: POVERTY AND INEQUALITY	5. Increase resource mobilisation to create opportunities for jobs, income and inclusive access to social services, focused on the critical role of central government, enhancement of financial governance, and appropriate refocusing of government's role	
	<u>Inequalities:</u> Regional disparities are glaring and rural areas are hardest hit by poverty. Population pressure, driven by a high birth rate, creates additional pressure on the country's living standards which are	The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme partly

Factors of fragility identified by the fragility assessment	Situation, challenges and resilience measures supported by the General Government Policy backed by the Technical and Financial Partners (TFP)	Measures by AfDB's intervention under PDZTA-BK (2019-2022)
	<p>already greatly strained. Rapid and runaway urbanisation is another type of social pressure that does not spare urban communities and by extrapolation, empties rural areas of the work force required to tap into agricultural wealth and accelerates the deterioration of ageing and sometimes inadequate infrastructure in urban areas. Moreover, the majority of the population, in particular, women and young people are socially marginalised and lack economic and political opportunities. The restoration of social cohesion and inclusive growth, guarantees of stability and prosperity for all Guineans is essential. In addition, the population's food security, the most common features of which are abundant rainfall for a successful crop year, the population's access to basic social services, the availability of able-bodied labour for harvests, political stability and the absence of disasters such as natural calamities or epidemics. Over 32 % of Guinean rural households were in a situation of food insecurity⁹ in 2015 and this relatively low rate before the Ebola virus disease crisis, could rise in the event of a new epidemic. The thorny issue of reconciliation between excellent land use for agriculture and mines arouses feelings of insecurity among the local population concerned by illegal occupancy and ownership of their land. Despite the law, therefore, land control remains a source of community and intergenerational tensions. This time bomb must be urgently defused politically, legally and urgently to prevent it becoming a source of conflict in the country.</p> <p>Sources of income: Despite its significant potential resources, the Guinean economy remains very fragile and dependent on bauxite and agriculture. Bauxite is Guinea's main economic resource and accounts for 14.42 % of overall production. Bauxite and agriculture contribute</p>	<p>addresses spatial inequalities accumulated over several years and provides fresh momentum for balanced territorial development. The programme also aims to empower local communities to initiate transformative projects that will boost employment dynamics.</p> <p>The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme is consistent with the diversification and</p>

⁹ June 2015

Factors of fragility identified by the fragility assessment	Situation, challenges and resilience measures supported by the General Government Policy backed by the Technical and Financial Partners (TFP)	Measures by AfDB's intervention under PDZTA-BK (2019-2022)
	<p>13% and 20.2% respectively to GDP formation in terms of export revenue. Agriculture alone is a challenge for about 56% of Guinea's work force. The sector provides employment for over half of the country's work force, a large proportion of which is female, and remains one of the drivers of economic growth. Therefore, the volatility of world mining product prices remains likely to harm the country's economy with serious social consequences. Many studies have found that "countries whose economies depend on the export of a limited number of primary commodities are more likely to be politically fragile and marked by conflicts".</p> <p><u>Regulatory framework (central government's role in the provision of services):</u> Unfortunately, Guinea is disadvantaged by not having had high quality infrastructure assets since it gained independence. Investment in the development of priority infrastructure to improve the quality of service delivery by central government to the population is one of the government's leitmotifs for its development programme in all sectors of activity likely to bring about a change in the population's living standards and provide economic opportunities. Although progress has been noted in the energy sector despite persisting wide regional disparities, public utility-related sectors (water, waste, ICT and transport) are struggling to take off because of a lack of rapid and efficient actions and also because of funding delays. The uneven distribution of public services between the regions and segments of the population could in the longer term weaken the rediscovered social peace and cohesion unless corrective measures are taken to reverse the trend.</p>	<p>industrialisation of the Guinean economy. The high potential agro-industrial sub-sectors selected by the programme will be growth drivers through the processing of raw materials which will help to reduce the country's dependency on the mining sector.</p> <p>The Boké and Kankan Special Agro-Industrial Processing Zones Development Programme is part of a multi-sector approach whose completed activities will increase the number of socio-economic facilities in the programme area as well as the number of people or households with access to public utility easements in the areas of drinking water, electricity, transport, education, health and markets.</p>