

AFRICAN DEVELOPMENT FUND



GUINEA-BISSAU

RICE VALUE CHAIN DEVELOPMENT PROJECT (PDCV-RIZ) IN THE BAFATA AND OIO REGIONS

APPRAISAL REPORT

OSAN//GECL

January 2017

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Currency Equivalents

(October 2016)

Currency Unit	=	CFAF
UA 1	=	CFAF 820.353
UA 1	=	USD 1.39581
UA 1	=	EUR 1.25062

Fiscal Year

1 January – 31 December

Weights and Measures

1 metric tonne	=	2 204 pounds
1 kilogramme (kg)	=	2 200 pounds
1 metre (m)	=	3.28 feet
1 millimetre (mm)	=	0.03937 inch
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

AAAC	Competent Environmental Assessment Authority
ADF	African Development Fund
ADPP	NGO for People-to-People Development Assistance
AfDB	African Development Bank
ANAG	National Association of Farmers of Guinea-Bissau
BOAD	West African Development Bank
CES	Water and Soil Conservation
CSP	Country Strategy Paper
CSS	Consequences of Climate Change
DU	Demonstration Unit
ECOWAS	Economic Community of West African States
ERR	Economic Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
EU	European Union
GAPLA	Agricultural Planning Cabinet
GIE	Economic Interest Grouping
GIFS	Integrated Fertility and Soil Management
Ha	Hectare
HIMO	Labour Intensive
IFAD	International Fund for Agricultural Development
INE	National Institute of Statistics
IRR	Internal Rate of Return
Km	Kilometre
LPDA	Letter of Agricultural Development Policy
LTS	Long-Term Strategy
MADR	Ministry of Agriculture and Rural Development
NGO	Non-Governmental Organization
NPV	Net Present Value
PANA	National Action Programme for Adaptation to Climate Change
PDCV-Riz	Rice Value Chain Development Project
PECA II	Technical Assistance Project
PMU	Project Management Unit
PNIA	National Agricultural Investment Programme
PNIMT	National Medium-Term Investment Programme
PRESAR	Agricultural and Rural Infrastructure Rehabilitation Project
PRP/AGIR	Study on Country Priority Resilience Programme/Global Alliance for Resilience
PSO	Strategic and Operational Plan
QNCOCPA	National Consultation Framework of the Farmers' and Agricultural Producers' Organization of Guinea-Bissau
RGPH	General Population and Housing Census
TFPs	Technical and Financial Partners
UA	Unit of Account
UAM	Million Units of Account
UNO	United Nations Organization
WAEMU	West African Economic and Monetary Union

Project Information Sheet

Client Information

BORROWER /DONEE: Republic of Guinea-Bissau

EXECUTING AGENCY: Ministry of Agriculture and Rural Development
(MADR)

Financing Plan

Source	Amount	Instrument
ADF	UA 0.493 million	Grant
	UA 3.722 million	Loan
Government	UA 0.14 million	-
Beneficiaries	UA 0.21 million	-
TOTAL COST	UA 4.56 million	

Key Information on ADF Financing

Distribution of ADF resources	Loan (UA M)	Grant (UA M)	Total (UA M)
Country allocation under ADF-13 - PBA	0.118	0.082	0.200
Country allocation under ATF-13 Pilar 1	3.325	-0.008	3.317
Remainder of resources deriving from ADF cancellations	0.279	0.017	0.296
Remainder of resources deriving from ATF Pilar 1 cancellations	-	0.402	0.402
TOTAL	3.722	0.493	4.215

ADF grant currency	UA
ADF loan currency	UA
Loan maturity	40 years
Grace period	10 years
IRR (baseline scenario)	14.6%
ERR	17.1%
NPV	CFAF 7.378 million

Timeframe – Key Milestones (expected)

Concept Note approval	3 October 2016
Project approval	14 December 2016
Effectiveness	February 2017
Closing of the loan and grant	31 December 2020

Executive Summary

Project overview: The Rice Value Chain Development Project (PDCV-Riz) was designed as part of a participatory and inclusive process bringing together all the stakeholders, including producer organizations, local communities and local technical services. Those discussions as well as the studies conducted by the Bank helped to make a thorough assessment of the situation and identify the development needs of the rice value chain, and the most suitable methods of implementation in the two regions concerned. The formulation of PDCV-Riz also took into account the fragile context in the country, lessons drawn from Bank projects and those of other partners in Guinea-Bissau, while developing synergies and complementarities. Factoring in the Bank's strategic orientations for the country, the project was formulated with special emphasis on the following: (i) hydro-agricultural infrastructure and access to markets; (ii) food and nutrition security; (iii) value chain development; (iv) employment of young people and women; and (v) adaptation to the impacts of climate change.

The specific goal of the proposed project, which is expected to cost UA 4.56 million and last four years, will be to ensure the sustainable recovery of the rice value chain in the Bafata and Oio regions. In addition to basic structuring infrastructure resulting from the project (development of 470 hectares of lowlands and mangroves, 7 km of roads, 2 markets, 5 stores and shops, etc.), innovative techniques needed for quality assurance, conservation and processing of food products will also be developed and disseminated. These activities will be accompanied by local and organizational capacity building, and specific focus will be placed on women's access to land and all project benefits. The project will affect close to 1 720 farmers directly, 55% of whom will be women, representing about 12 000 members of agricultural households. It will have an indirect impact on approximately 60 000 people.

Needs assessment: The project area is located in two of Guinea-Bissau's nine regions, namely Bafata and Oio, which occupy 31.5% of the national territory and in 2015 had a population estimated at 494 000 (27% of the national population). The project area is rich in water and land resources, owing in particular to the Corubal, Geba and Mansôa river basins. In keeping with the country's strategic orientations, the project will help to improve productivity and production in the flagship sector for food security: rice. The country has an annual rice deficit of more than 80 000 tonnes. The project will also develop market gardening, the current production of which covers only 60% of needs, for certain sites and school canteens. This activity will help to improve the nutritional status of the beneficiary population, particularly women and children. The project will serve as a catalyst for agricultural development in the area by facilitating water control, strengthening agricultural infrastructure, promoting sustainable production, packaging and processing technologies, and facilitating access to product markets by supporting the development of the strategic sectors of rice and market gardening.

Value added for the African Development Bank: Agriculture remains the main focus of development policies and the principal source of employment. In 2006, the Bank financed the Agricultural and Rural Infrastructure Rehabilitation Project (PRESAR), which was followed by three studies on the agricultural sector financed by trust funds between 2012 and 2014. These operations helped to develop specific expertise and shed new light on key areas (irrigation, seed production and control, solar energy, processing, etc.). To consolidate these gains, the Bank and the Government elected to finance the Rice Value Chain Development Project (PDCV-Riz), as a way of setting up production areas. By supporting the development of infrastructure in areas that are economically and socially depressed but have considerable irrigation potential, the Bank's activities will help to reduce poverty, promote the employment of young people and women, strengthen adaptation to climate change and increase the resilience of people who are vulnerable to food and nutrition insecurity.

Knowledge management: PDCV-Riz will contribute to farmers' training and consolidate their expertise. It will allow young people and women to develop technical and entrepreneurial skills in an inclusive manner by setting up operations on land that has modern operational resources and infrastructure, and promote the expansion of para-agricultural activities. With regard to resilience to climate change, the project will develop and disseminate innovative agricultural technologies for

production, storage and processing, while promoting local expertise. It will support the development of drip irrigation expertise with the establishment of a demonstration site. Knowledge management will also be carried out through mechanisms for communication and capitalization of project results and best practices, and through the process of generating endogenous value for vulnerable groups by developing value chains.

Results-Based Logical Framework

Guinea-Bissau: Rice Value Chain Development Project in the Bafata and Oio Regions (PDCV-RIZ)						
Project Goal: The goal of the PDCV-Riz is to contribute to the improvement of the of food and nutrition security, and poverty reduction in at the national level						
RESULTS CHAIN		PERFORMANCE INDICATORS			MEANS OF VERIFICATION	RISKS/ MITIGATION MEASURES
		Indicator	Baseline Situation	Target		
IMPACT	Food and nutrition security is improved and the incidence of poverty reduced	Prevalence of severe/moderate food insecurity Prevalence of chronic malnutrition (0-23 months) Percentage of the total population of poor people, including women	19% (2014) 34.7% (2014) 69.3% and 75.6%) (2010)	18% (2018) and 15 % (2020) 32% (2018) and 28% (2020) 65.5% and 70% (2018) and 60% and 65% (2020)	-PRP/AGIR/EDS -MICS -ILAP/CILSS	
	The volume of rice and market gardening production is increased	Volume of rice production Volume of market gardening production	Rice: 819 T (2015) Market gardening: 35 T (2015)	Rice: 3 058 tonnes (2020) Market gardening products: 570 tonnes (2020)		Risks: - Political instability coupled with a difficult economic situation - Weak project ownership
OUTCOME	Improved additional income for producers in rural areas and in the two regions	Average annual income of rice-producing households (including women)	CFAF 114 000 (2015)	CFAF 359 000 / per farmer (2020)	-Annual reports; Agricultural statistics - Periodic project monitoring reports -Mid-term review report and project completion report	<u>Mitigation measures:</u> - Contribution to the improvement of socio-economic and environmental resilience to ensure greater stability - Involvement and participation of beneficiaries in all stages and capacity-building (producers and MADR) - Stakeholder involvement in the project’s external communication
		Average annual income of market gardeners	CFAF 37 000 (2015)	CFAF 373 100 /per farmer (2020)		

OUTPUTS

1. <u>Agric. infrastructure s modernisation and development</u>	Rehabilitation/development of rice-growing areas		Target indicator in 2020		-Progress reports of technical services in charge of monitoring the implementation	Risks
	1.1 Development of lowlands	1.1 Area of lowland developed	1.1 NA	1.1 185 ha (50% W)		
	1.2 Development of mangroves/anti-salt structures	1.2 Area of mangroves developed	1.2 0	1.2 180 ha (10% W)		- Procurement delays, weak capacity of technical services
	1.3 Areas under full control	1.3 Area of lowland under full control	1.3 NA	1.3 105 ha (50% W)		- Weak capacity of enterprises
Rehabilitation/development of market gardening areas	1.4 Improved areas with wells and motor pumps		1.4 NA	1.4 15 ha (80% W)		Mitigation measures
	1.5 Market gardening areas with solar energy	1.5 Area equipped with solar energy panels	1.5 0 ha	1.5 4 ha (80% W)		- Preparation of priority CBDs based on available BOAD studies
1.6 Pilot market gardening areas used as ADPP training centres	1.6 ADPP developed drip irrigation area	1.6 0 ha	1.6 1 ha (50% W)		-Contracts signed with enterprises	- Use of PRESAR's Project Management Unit (PMU)
Agricultural infrastructure	1.7 Length of road rehabilitated		1.7 0 km	1.7 7 km	-Reports of control agencies	- Central State services supported in the sovereign activity
1.7 Development of access roads	1.8 Number of markets rehabilitated	1.8 0	1.8 2		- Project progress reports	- Use of specialized NGOs
1.8 Rehabilitation/revitalization of markets	1.9 Number of input shops built	1.9 NA	1.9 2 (50% of beneficiaries are women)			
1.9 Construction of shops for sale of agricultural inputs	1.10 Number of stores built	1.10 NA	1.10 3 irrigated areas for women market gardeners			
1.10 Construction of stores for market gardening products						
2. <u>Development of value chains</u>	Advisory support and structuring		2.1 75		-Project progress reports	Risks
2.1 Demonstration Units (DUs) set up	2.1 Number of DUs in place	2.1 0	2.2 1 720, including 960 owned by women-			
2.2 Number of farms monitored and support	2.2 Number of farms monitored	2.2 0	2.3 11 (55% of them belonging to women)		- Mobilization of counterpart funding	
2.3 Developed sites secured in terms of land use	2.3 Number of sites secured	2.3 0	2.4 5		- Limited infrastructure ownership and management	
2.4 Conflict management committees established	2.4 Number of local agreements established	2.4 0	2.5 30 (10 irrigated areas for women market gardeners)		- Conflicts between farmers /herders	
2.5 AHA management committees set up	2.5 Number of management committees established	2.5 0	2.6 60 (30% F) and 10 (umbrella org.)		Mitigation measures	
2.6 Grassroots POs and their umbrella organizations established	2.6 Number of POs and umbrella organizations set up	2.6 NA	2.7 4.5 t (base) 50 t (certified) in 2017		- Counterpart funding limited to the provision of premises and payment of the salaries of project employees (3.5% of the project's total cost)	
Access to means of production and processing	2.7 Quantity of seeds procured		2.8 2 in 2018 (50% benefiting women)		- Participatory approach initiated	
2.7 Revolving funds in place for procurement of seeds	2.8 Number of shops operational	2.8 0	2.9 Drivers (15), artisans (8)		- Involvement, organization and training of local actors	
2.8 Input shops operationalized	2.9 Number of beneficiaries trained	2.9 NA	2.10 20 (50% for women)		- Framework for consultation between farmers and stockbreeders, facilities designed in a concerted manner, development, fencing of market gardens.	
2.9 Drivers of tillers and artisans trained	2.10 Number of equipment provided to POs	2.10 NA	2.11 15 (all - 100% - belonging to women)			
2.10 Post-harvest equipment provided to POs	2.11 Number of women's EIGs set up	2.11 NA	2.12 70, of whom 40 are established (30% of them women)			
2.11 Women's processing EIG set up	2.12 Number of youths trained at DAPP centres and established	2.12 NA	2.13 8 trained and established (30% of them women)			
Agricultural and nutrition entrepreneurship	2.13 Number of other youths trained and established	2.13 0	2.14 3 (2017 and 2018)			
2.12 Young entrepreneurs trained at ADPP and established	2.14 Number of school canteens supported	2.14 NA	2.15 2 000 (all of them women)			
2.13 Youth trained, business plan and established	2.15 Number of women sensitized	2.15 NA				
2.14 Pilot school canteens supported						
2.15 Women's awareness raised concerning nutrition education						

	3. <u>Project Management</u> 3.1 Procurement activities 3.2 Project activities carried out 3.3 Financial management assured 3.4 Monitoring and evaluation conducted 3.5 Communication ensured	3.1 Procurement plan (PP) adopted and implemented 3.2 Compliant disbursement rate 3.3 Audit reports produced 3.4 Operational M&E system 3.5 Communication plan implemented	3.1 PP prepared (end-2016) 3.2 0% (December 2016) 3.3 Firm hired (June 2017) 3.4 Established (1 st half of 2017) 3.5 Plan developed (2017)	3.1 PP updated at least once a year 3.2 25% a year on average 3.3 Four annual audit reports validated 3.4 Mid-term final M&E reports produced 3.5 Communication tools disseminated	PP SAP system Audit reports Progress and M&E reports Brochures, website, films, etc.	<u>Risks</u> - Weak capacity <u>Mitigation measures</u> - Confirmation of PRESAR's PMU after evaluation, performance contracts, review of accounting and monitoring tools
KEY ACTIVITIES	COMPOSANTES			RESOURCES		
	Component A: Agricultural infrastructure modernisation and development Studies, works implementation and control (lowlands, mangroves, market gardening, irrigated areas, roads, markets, shops and stores, etc.). Component B: Development of value chains Advisory support, structuring, securing of land, access to seeds and fertilizers, support for mechanization, training and installation of young people, support for women, nutrition support, etc. Component C: Project management Coordination, procurement, monitoring/evaluation, financial management, audit, communication, leadership, etc.			<u>Components</u> Component A : UA 2.57 million (56%) Component B : UA 1.23 million (27%) Component C : UA 0.76 million (17%) <u>Sources of Financing</u> ADF (loan and grant) : UA 4.215 million (92.4%) Govt. : UA 0.14 million (3.0%) Beneficiaries : UA 0.21 (4.6 %)		

Project Implementation Schedule

Year		2016		2017				2018				2019				2020				2021			
Quarter		T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3	T4
1 INITIAL ACTIVITIES																							
PDCV-Riz financing negotiations																							
ADF grant and loan approval																							
Signing of financing agreements																							
Effectiveness and fulfilment of conditions precedent to 1 st disbursement																							
Publication of the General Procurement Notice																							
2 START-UP ACTIVITIES																							
PMU staff Confirmation																							
Preparation of priority procurement agreements and documents																							
PDCV-Rice launching mission																							
Procurement of equipment for the PMU (vehicles, IT, etc.)																							
Signing of agreements with partner entities																							
3 AGRIC. INFRASTRUCTURE MODERNIZATION AND DEVELOPMENT.																							
Development of documents on priority infrastructure and projects																							
Procurement for priority infrastructure and structures																							
Studies on complementary hydro-agricultural infrastructure, roads and buildings																							
Works on irrigation and roads																							
Works on marketing and processing infrastructure																							
Implementation of the environmental management and monitoring plan																							
4 VALUE CHAIN DEVELOPMENT																							
Extension and improvement of access to production resources																							
Support for the structuring and of POs and umbrella organisations																							
Support for the conservation, processing and marketing of products																							
Development of agricultural entrepreneurship and mechanization in collaboration with DAPP																							
Support for nutrition and 3 school canteens																							
Support for the Ministry of Agriculture and Rural Development (MADR) and Stakeholders																							
5 PROJECT MANAGEMENT																							
Updating management and monitoring-evaluation tools																							
Baseline situation and implementation of the monitoring and evaluation system																							
Coordination, management, monitoring, evaluation and communication activities																							
Annual accounts audit																							
Mid-term review																							
ADF and Government Completion Report																							

RICE VALUE CHAIN DEVELOPMENT PROJECT (PDCV-RIZ) IN THE BAFATA AND OIO REGIONS

Management hereby submits this report concerning a proposal to extend *a loan of UA 3.722 million and award a grant of UA 0.493 million* to the Republic of Guinea-Bissau to finance the Rice Value Chain Development Project (PDCV-Riz) in the Bafata and Oio regions.

I Strategic Thrust and Rationale

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 Accounting for 67% of GDP and 80% of jobs, agriculture remains the focus of development policies and, over the medium term, will continue to be the driver of growth and the main source of employment. Rice is the dominant food crop and the food deficit is made up annually by importing approximately 80 000 tonnes of rice. PDCV-Riz, which aims to improve food and nutrition security and boost producers' income by promoting rice production and market gardening in targeted areas, is in line with the strategic objectives for Guinea-Bissau.¹ These are set out in such documents as the Letter of Agricultural Development Policy (LPDA) and its plan of action, aimed at ensuring food security, increasing and diversifying agricultural exports, while ensuring sustainable management of agricultural, silvicultural and pastoral resources, and improving the living conditions of the rural population. Similarly, the strategic pillars of the strategic and operational plan for the period 2015-2020, known as *Terra Ranka*, developed and adopted by the Government of the Republic of Guinea-Bissau, includes the following pillars: (a) governance and peace; (b) infrastructure; (c) industrialization; (d) urban development; (e) human development; and (f) biodiversity. The strategy underscores the need to work towards economic recovery based on structural reforms, in order to ensure sustainable development. It also highlights the four main engines of economic growth, including agriculture and agro-industry, which will be based on the development of cashew and rice production, while aiming for gender parity, equity and women's empowerment.

1.1.2 PDCV-Riz also plugs into Sub-programme 1 of the National Agricultural Investment Programme (PNIA) ("Promotion of Plant Production"), which focuses on the development of food crops (including rice) and market gardening, through better control of water and factors of production. It is also in line with the orientations of (a) the National Food Security Programme (PNSA), which aims to contribute to the gradual eradication of hunger and food insecurity, and promotion of the people's comprehensive and sustainable socio-economic development; (b) the National Medium-Term Investment Programme (PNIMT), whose major goal is to speed up the growth of the agricultural and fisheries sector by increasing the flow of capital directed towards the sector, but also by enhancing the effectiveness of investments in terms of growth and poverty reduction; and (c) the Rice Farming Development Programme (PDR - 2016), which aims to stimulate rice production in sufficient quantity and quality to ensure supply and improve the balance of trade. The project is in keeping with the "Develop infrastructure to promote inclusive growth" pillar of the CSP 2015-2019 through the development of agricultural infrastructure and opportunities in agriculture (in particular for young people and women).

1.2 Rationale for Bank Involvement

1.2.1 According to the agriculture sector study conducted in 2014 (Portuguese Cooperation Trust Fund), it is essential to optimize the use of farmland, considering the limited land resources, to create added value for products, but also to enable households to generate sufficient income to purchase certain commodities that have to be imported. Rice is the staple foodstuff and food deficit is made up annually by rice imports of about 80 000 tonnes. The constraints in the sector are primarily the remoteness of production areas, the degradation of production systems, particularly mangroves, caused by salinity and acidity,

¹ It also draws on the main findings of studies conducted by the Bank on the gender profile (financed by the Portugal Trust Fund and in partnership with UN-Women); agriculture (financed by the Portugal Trust Fund); Fragility in Guinea-Bissau, 2014 (financed by the Bank); and capitalization of PRESAR (financed by the South-South Cooperation Fund).

insufficient access to inputs, and weak processing capacity. It is against this backdrop that PDCV-Riz was prepared, to support the development of infrastructure in two of the country's most vulnerable regions (poverty rates of 79% in Oio and 72% in Bafata). The Bank's involvement will help to reduce poverty and regional and social disparities. The development of hydro-agricultural facilities, the integration of value chains and agricultural entrepreneurship will help to promote the employment of young people and women, strengthen adaptation to climate change and increase the resilience of the segments of the population that are vulnerable to food and nutritional insecurity.

1.2.2 The objectives of PDCV-Riz are aligned on the Bank's "High 5s" (five priorities), which include feeding the people of Africa by 2025 and improving their living conditions by developing the rice value chain, building the capacity of actors, creating jobs and generating income. The project is aligned on the Bank's Long-Term Strategy (LTS 2013-2022) and its two overarching objectives: inclusive growth and transition to a green economy. The project is built on the three areas of special emphasis of the LTS: fragile States, agriculture and food security, and gender. PDCV-Riz is aligned on the Bank's new strategy: "Feed Africa: Strategy for Agricultural Transformation in Africa (2016-2025)", which puts special emphasis on the development of value chains and agricultural entrepreneurship. The project also plans to rely heavily on grassroots associations, local NGOs and the private sector, thereby fulfilling the requirement for non-State actors to participate in the Bank's operations, identified in the CSP as a way of strengthening the country's resilience to fragility. The project is also in conformity with the Bank's Gender Strategy (2014-2018) "Investing in Gender Equality for Africa's Transformation", more specifically Pillar II, "Economic Empowerment". It also follows the recommendations of the gender profile prepared by the Bank and UN-Women in 2015, on the need to integrate women into value chains and provide extension services for women's economic entities in rural areas.

1.3 Aid Coordination

1.3.1 Since the crisis of April 2012, the TFP consultation framework that was operating through multi-sector thematic groups has been put on hold. However, it should be noted that, in general, aid coordination and monitoring mechanisms have always suffered from the structural weaknesses of public administration. In this regard, before the coup d'état of 2012, the Bank approved a technical assistance project (PECA II) to build coordination capacity. The project included the convening of donor round tables in Brussels in March 2015 as well as capacity-building activities organized by the Ministry of Economy and Finance.

1.3.2 Based on the Letter of Agricultural Development Policy, several bilateral and multilateral partners provided significant support for rural development and food and nutrition security in Guinea-Bissau, including Spain, Italy, Brazil, Portugal, China, the European Union, the World Bank, AfDB, the West African Development Bank (BOAD), IFAD and the United Nations system. From an institutional standpoint, the activities of partners are coordinated by the Ministry of Economy and Finance. For agriculture in particular, the partners reached a consensus on the sector strategy, notably the PNIA, during the partners' round table convened in Brussels in March 2015. The Food and Agriculture Organization plays a major role in policy support and coordination of activities. More broadly, in the rural sector (agriculture, stock raising, fishery, environment), the involvement of the various partners is presented in Annex A4 of volume 2 and is summarized as follows:

Sector or Sub-sector*	GDP	Size of Exports	Labour
[Rural Sector]	[+50%]	93%	80%
Stakeholders – Public Expenditure (on-going programmes or projects)			
Government	Donors	Amounts (USD M)	Period
0.73	World Bank	0.76	2015-2020
	ADF	0.20	2014-2015
	IFAD	16.91	2015-2020
	FAO	7.36	2015-2021
	BOAD	2.95	2015-2020
	EU	1.21	2014-2019
	WAEMU	11.34	2015-2020
	FAO	7.36	2015-2021
Existence of thematic working groups		No	
Existence of a comprehensive sector programme		No	
AfDB's role in aid coordination		Participation	

II Project Description

2.1 Project Components

The overall objective of PDCV-Riz is to help improve nutritional and food security and reduce poverty across the country. Its specific objective is to ensure sustainable recovery of the rice value chain in the Bafata and Oio regions by improving productivity, strengthening infrastructure, ensuring resilience to climate change, managing natural agricultural resources in a sustainable manner and reducing gender inequality. Lasting four years, PDCV-Riz revolves around three main components: (i) Modernization and development of agricultural infrastructure; (ii) Development of value chains; and (iii) Project management. The table below shows a summary of the activities selected. A detailed description is provided in Annex C3 of Volume 2.

Table 2.1: Project Components

Component	Cost	Description of Components
A- Modernization and development of agricultural infrastructure	UA 2.57 million (56%)	<p>A1 Rehabilitation/development of rice production infrastructure and facilities: (i) development of 185 hectares of lowland; (ii) development of 180 hectares of mangroves/anti-salt facilities; (iii) development of 105 hectares of areas with full water control; (iv) protection of developed areas with area dykes and erosion abatement measures.</p> <p>A2 Rehabilitation/development of land for market gardeners: (i) development of 15 hectares with improved wells and pumping motor units; (ii) setting aside a 4-hectare piece of land for market gardening by women, with solar energy; (iii) installation of a 1-hectare drip irrigation system at the NGO for People-to-People Development Assistance (ADPP) training centre in Bissora.</p> <p>A3 Development of various agricultural infrastructure: (i) development of 7 km of access roads, including a road dyke for access to the Olom site; (ii) rehabilitation/operation of 2 markets (Bissora and Bantandjan); (iii) construction of two input shops and three stores for the storage and conservation of market gardening products.</p>
B- Development of value chains	UA 1.23 million (27%)	<p>B1 Advisory support and structuring: (i) advisory support and research/development; (ii) support for the emergence and strengthening of the capacity of grassroots producer organizations (farmers' organizations) and associated umbrella groups; (iii) support for the securing of developed sites; (iv) establishment and structuring of committees for the management of developed infrastructure.</p> <p>B2 Improvement of access to means of production and processing: (i) strengthening of access to certified seeds and quality inputs (in line with INPA and DCCS); (ii) establishment of revolving input funds (Japanese Cooperation); (iii) promotion of mechanization (Japanese Cooperation) and supply of post-harvest equipment (threshers, hulling machines, mills); (iv) support for 10 women's economic interest groupings (EIGs) (parboiling of rice, drying and processing of vegetables, etc.).</p> <p>B3 Development of agricultural entrepreneurship: (i) training of 70 young people (from the Oio and Bafata regions) at the ADPP training centre in Bissora; (ii) entrepreneurship training for 10 young people or groups proposing agricultural and para-agricultural projects and support for them to set up their operations.</p> <p>B4 Nutrition support: (i) education, nutritional monitoring and aid for diversification of food rations among the population, particularly among infants aged 0 to 23 months; (ii) pilot operation for supplying local products to three school canteens (in line with WFP); and (iii) support for the promotion of family and community vegetable gardens.</p> <p>B5 Support for MADR and partners: (i) capacity building for the services and technicians involved in implementing PDCV-Riz; (ii) support for strategic discussions at the Ministry of Agriculture and Rural Development (MADR).</p>
C- Project management	UA 0.76 million (17%)	(i) Coordination and piloting of project activities; (ii) administrative, accounting and financial management; (iii) procurement of goods, works and services; (iv) implementation of a communication plan; (v) monitoring and evaluation of project execution; and (vi) environmental monitoring.

2.2 Technical Solutions Adopted and Alternatives Explored

2.2.1 The technical solutions adopted for PDCV-Riz are based on field data and lessons drawn from similar projects, including those obtained from the PRESAR capitalization study, and on design methods tailored to the specific context of the two regions and each of the sites.

2.2.2 With regard to the pre-selected sites, only the Bafata sites offered conditions conducive to the development of facilities with full irrigation water control. Several technical options were available in the Bafata region, including that of developing a single large area with water pumped from the Gébà River, where the project would be concentrated. That option was rejected in light of the management difficulties encountered in the past and the complexity of operating that type of facility, and the difficulty of having sufficient labour to develop the investments. The alternative was to develop several small areas on different sites, which would be easier to manage and set up. For other lowlands, the

solution adopted was that of partial control of runoff (cascading dykes equipped with regulators), but using manufactured structures, to ensure greater durability. For the mangrove sites, partial irrigation water control was the only technical solution possible. In essence, the process entails building an anti-salt dyke equipped with regulators and partitioning the area using dykes and bunds for the retention and distribution of irrigation water on the parcels and partitions.

2.2.3 Market gardening is a vitally important activity for improving the nutritional intake of households and is also a source of income for women. However, it has been noted that several pieces of land belonging to women, developed summarily, are abandoned owing to poor design and technical solutions that do not alleviate the tedious work of watering. To develop those pieces of land, the underground water will need to be captured by building or using large wells and/or boreholes, and equipping them with a dewatering system powered by a generator and/or solar panels.

Table 2.2: Alternatives Explored and Reasons for Rejection

Alternative	Brief Description	Reason for Rejection
Develop just one large area with total control where the project would be concentrated	Construction of a large pumping station, covered water transportation canals with large civil engineering structures for the collection, carriage and distribution of water to the various blocks and neighbourhoods.	This alternative does not ensure the availability of labour, in terms of quantity or quality, for the development of the facilities and the investments required. It is quite likely that the area will not be fully used, whereas on several sites available labour could make better use of the irrigated areas and develop the project.
Develop market gardening areas with improved wells without any dewatering mechanism	Construction of one or more large wells (one well per hectare) where irrigation water is collected manually and carried to the parcels by the operators.	The constraint for the development of market gardening production is manual dewatering of the wells. This takes up an enormous amount of work time, makes the task, which is carried out mainly by women, very tedious and limits the production capacity of women engaged in market gardening, causing them to lose interest.
Develop animal-drawn cultivation in the intermediary phase instead of motorizing soil cultivation activities	Animal-drawn cultivation practised in the project regions is suited for light soils with limited humidity, to ensure high productivity. Its effectiveness depends a great deal on the physical conditions of the area to be cultivated.	Large arable land in the region, the short period available for soil preparation and the short rainy season are factors militating against animal-drawn cultivation and in favour of motorized soil cultivation. The consolidation of the network of providers of agricultural mechanization services in the project region will help to achieve this goal.

2.3 Project Type

PDCV-Riz is an investment operation financed with ADF resources. The Government of Guinea-Bissau has not yet started implementing projects and programmes through the sector-based approach, given a number of institutional constraints and the context of fragility. At this juncture, the project approach is the most appropriate to ensure effective and efficient use of the resources allocated to the project, which will also consolidate the gains achieved with PRESAR.

2.4 Project Cost and Financing Arrangements

2.4.1 **The project cost** is estimated at UA 4.56 million, excluding taxes and custom duty (CFAF 3.742 billion), with UA 1.45 million (CFAF 1.193 billion) in foreign exchange and UA 3.11 million (CFAF 2.549 billion) in local currency. Custom duty and taxes will be covered by the State, which will have to take the necessary measures to implement this provision. The foreign exchange portion represents 31.9% of the total cost, net of taxes, and the local currency portion represents 68.1%. The

physical contingency rate applied was 5% for works and 5% for equipment. A provision for compounded price escalation of 3% was applied on all components. The summary of the project cost by component and by expenditure category is presented in Tables 2.3 and 2.4 below.

Table 2.3: Estimated Costs by Component

COMPONENTS	CFAF Million			UA Million			% Foreign Exchange
	Local Currency	Foreign Exchange	Total	L.C.	F.E.	Total	
Modernization / development of agricultural infrastructure	1 105.8	816.1	1 921.9	1.35	0.99	2.34	42.5%
Support for the development of value chains	726.6	220.7	947.4	0.89	0.27	1.15	11.9%
Project management	530.6	55.7	586.3	0.65	0.07	0.71	9.5%
Base cost	2 363.0	1 092.5	3 455.6	2.88	1.33	4.21	31.6%
Physical contingencies	30.1	34.2	64.3	0.04	0.04	0.08	53.2%
Price escalation	155.6	66.3	221.9	0.19	0.08	0.27	29.9%
TOTAL	2 548.7	1 193.0	3 741.8	3.11	1.45	4.56	31.9%

Table 2.4: Estimated Costs by Expenditure Category

CATEGORIES	CFAF Million			UA Million			% Foreign Exchange	%
	Local Currency	Foreign Exchange	Total	L.C.	Foreign Exchange	Total		
Works	836.7	725.5	1 562.2	1.02	0.88	1.90	46.4	41.8%
Goods	214.0	250.1	464.1	0.26	0.30	0.57	53.9	12.4%
Services	802.0	117.0	919.0	0.98	0.14	1.12	12.7	24.6%
Operation	135.4	0.0	135.4	0.17	-	0.17	-	3.6%
Personnel	374.9	0.0	374.9	0.46	-	0.46	-	10.0%
Base cost	2 363.0	1 092.5	3 455.6	2.88	1.33	4.21	31.6	92.4%
Physical contingencies	30.1	34.2	64.3	0.04	0.04	0.08	53.2	1.7%
Price escalation	155.6	66.3	221.9	0.19	0.08	0.27	29.9	5.9%
TOTAL	2 548.7	1 193.0	3 741.8	3.11	1.45	4.56	31.9	100.0%

2.4.2 The project will be financed by a grant of UA 0.493 million and loan of UA 3.722 million from the African Development Fund (ADF), representing 92.4% of the project cost, net of taxes and custom duty. Considering the country's fragile state (see Annexes IV and V), the Government's financial contribution, estimated at UA 0.136 million, will be limited to covering the salaries of civil servants seconded to the project and providing office space for the Project Management Unit (headquarters in Bafata and liaison office in Bissau), and setting up a revolving fund for the procurement of inputs (fertilizers and seeds). The contribution of beneficiaries will be limited to the computation of their participation in easy-to-undertake on-going development and maintenance work, estimated at UA 0.21 million. The breakdown by source of financing is indicated in Table 2.5 below.

Table 2.5: Sources of Financing

SOURCES	CFAF Million			UA Million			%
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total	
ADF loan	2 053.4	999.9	3 053.4	2.50	1.22	3.722	81.6%
ADF grant	211.3	193.1	404.4	0.26	0.24	0.493	10.8%
Govt.	112.0	0.0	112.0	0.14	-	0.136	3.0%
Beneficiaries	172.0	0.0	172.0	0.21	-	0.210	4.6%
TOTAL	2 548.7	1 193.0	3 741.8	3.11	1.45	4.561	100%

2.4.3 The expenditure schedule is as follows:

Table 2.6: Expenditure Schedule by Component (in UA million)

COMPONENTS	2017	2018	2019	2020	Total
Modernization / development of agricultural infrastructure	0.41	1.48	0.44	0.02	2.34
Support for the development of value chains	0.40	0.44	0.24	0.08	1.15
Project management	0.25	0.16	0.15	0.15	0.71
Base cost	1.07	2.07	0.83	0.25	4.21
Physical contingencies	0.01	0.05	0.01	-	0.08
Price escalation	0.03	0.13	0.08	0.03	0.27
TOTAL	1.11	2.26	0.92	0.28	4.56

2.5 Project Target Area and Beneficiaries

2.5.1 The project target area consists of two regions – Bafata and Oio – out of the eight (in addition to the autonomous region of Bissau) in Guinea-Bissau. It covers 31.5% of the national territory (representing a surface area of 36 125 km²) and has a population estimated in 2015 and 494 000 inhabitants, compared with 1 783 000 inhabitants in the country (projection based on the General Population and Housing Census, 2009)² The area is endowed with huge water resources (rain, the Corubal, Geba and Mansôa Rivers, sedimentary basin) and has strong potential of lowlands that can be developed (especially in Bafata) and mangrove plains (particularly in Oio).

2.5.2 The project areas were selected following a multi-criteria analysis based on: (i) accessibility; (ii) existence of community/local operational dynamic; (iii) absence of latent land conflicts; and (iv) overall consistency with the project objectives (availability of labour, level of organization and sense of initiative of the future beneficiaries, expertise, participation of women and young people). A wide variety of sites were pre-identified: (i) *Development of lowlands*: (a) with partial irrigation water control (Carabina, Gêba, Cumuda and Olom sites); (b) with full irrigation water control (Contuboel, Gêba, Cumuda and Ponta Nova sites); (ii) *Development of mangroves*: partial irrigation water control (Binhomi); (iii) *Market gardening areas*: Contuboel, Carabina, Sormone, and ADPP training centre in Bissora.

2.5.3 The majority of the population of the area is engaged in agriculture (rice, corn, cassava, peanuts, sorghum/millet, black-eyed peas, fruits and vegetables, cashew nuts, etc.), stock raising and trading. Traditional and family farming faces a variety of constraints, including the absence and age of facilities, difficulties in accessing factors of production (certified seeds, quality inputs, tilling and post-harvest equipment, etc.). Women are involved in all rural farming activities and most participate in rice cultivation and market gardening work, and in product processing and marketing. The project target group comprises smallholders, in particular women and young people, the main segments of the population that are vulnerable to food and nutrition insecurity and poverty. The project will affect 1 720 households/farmers, including 960 women farmers (55%), representing about 12 000 people (direct beneficiaries), including 6 400 women. The other direct targets are artisans, processors, traders, young entrepreneurs, about 200 students from three pilot school canteens, various service providers and NGOs, etc. In addition to infrastructure, innovative techniques needed for quality maintenance, conservation and processing of food products will be developed and disseminated, and accompanied by local and organizational capacity building. Specific attention will be paid to access to land for women and young people and all project beneficiaries. Therefore, PDCV-Riz will affect more than 60 000 people in all.

² National Institute of Statistics (INE) / General Population and Housing Census 2009.

2.6 Participatory Approach in Project Identification, Design and Implementation

2.6.1 The project design was based on a participatory approach involving all stakeholders: administration, producer organizations, women's groups, civil society, private sector, technical and financial partners (TFPs), projects, etc. These broad-based consultations, which began with PRESAR and during studies supported by the Bank, continued during the PDCV-Riz preparation and appraisal mission. The consultation meetings convened in each of the two regions with all the parties (local technical services, NGOs and advisory support associations, local communities, representatives of beneficiaries, including women) helped with the identification by consensus of constraints and needs in the project area and for the two sectors involved. Focused discussions with institutional local partners and civil society and visits to different potential sites, followed by working sessions with beneficiaries, including women and young people, helped to fully examine the development of the area, identify support needs for the two sectors and the most appropriate methods of implementation, as well as the appropriate measures for effective implementation. The sites and activities were chosen following several investigations and fruitful discussions with beneficiaries and other actors involved.

2.6.2 This entire participatory process showed that there was great interest for the project, which builds on the achievements of PRESAR and other past and on-going projects, and a broad consensus on its design and methods of implementation. Producers reaffirmed the need to fully exploit the project area's considerable potential (land, natural watercourses, mangroves, lowlands, etc.). Women expressed their interest for market gardening, processing and marketing of farm products, with modernization of production and processing tools and improved access to markets. Following visits to various sites, the status of the existing facilities and infrastructure was assessed and technological options to be adopted for their construction/rehabilitation were proposed. The development of a good communication strategy centred on PDCV-Riz and the maintenance of a participatory approach during its implementation are guarantees that local actors will take ownership of the project during the execution phase.

2.7 Bank Group Experience Reflected in and Lessons Learned from Project Design

2.7.1 It will be recalled that since the start of cooperation with Guinea-Bissau, the Bank has carried out operations in the agricultural sector through five projects, the last of which was the Agricultural and Rural Infrastructure Rehabilitation Project (PRESAR) costing UA 5.80 million, completed in September 2012. The project completion report, which was submitted in February 2014, showed satisfactory results (score of 3.12 out of 4), in a difficult socio-economic context. PRESAR contributed to the rehabilitation of rice farming land and other agricultural community infrastructure, while building administrative capacity. The formulation of PDCV-Riz takes into account, to a large extent, lessons drawn from Bank projects in Guinea-Bissau, particularly PRESAR, and in the sub-region, while striving to integrate the country's context of fragility, and rectifying some of the weaknesses identified during project implementation and highlighted during portfolio reviews and in completion reports. During the last review in September 2016, the portfolio's performance was deemed satisfactory, but efforts will have to be made in terms of: (i) availability of studies to improve the quality-at-entry of operations; (ii) timely designation of project management teams, including the coordinator and financial management and procurement officers; (iii) compliance with the procurement schedule; (iv) systematic establishment of performance contracts and annual evaluation of the contracts on an objective basis; and (v) timely development of the baseline situation and establishment of monitoring and evaluation systems. It is worth noting that even though the current portfolio does not include any problem projects (PPs), two projects have suffered considerable implementation delays and may be cancelled pursuant to Directive No. 02/2015: (i) the Economic Governance Strengthening Support Project (PARGEF), approved on 1 July 2015, and the Project to Improve Electricity Service in the City of Bissau (PASEB), approved on 8 July 2015.

2.7.2 Therefore, the design of PDCV-Riz took into account: (i) enhancement of the quality-at-entry of the project by making feasibility studies available and preparing the first computer-assisted designs (CADs); (ii) special focus on the involvement of local actors, in particular producers directly concerned,

through an inclusive participatory process; (iii) involvement of other partners (BOAD, WFP, etc.), to ensure coherence, complementarity and synergies in selected activities; (iv) focus on the procurement process and methods, relying on an experienced project team that was already in place; and (v) indispensable capacity-building needs of the various actors. Taking into account the aforementioned strategic guidelines, the project formulation also emphasized certain topics, in particular: (i) food and nutrition security; (ii) value chain approach; (iii) employment of young people and women; and (iv) resilience to climate change. To ensure good quality-at-entry and to anticipate performance essential to the start-up of activities, the initial sites chosen for development were those for which studies were available or at an advanced stage (market gardening sites, Contuboel, National Agricultural Research Institute (INPA) station, etc.). All these arrangements will help to satisfy the design and implementation criteria set out in Presidential Directive No. 002/2015.

2.8 Key Performance Indicators

The monitoring and evaluation specialist will be responsible for the internal monitoring and evaluation of project activities and logical framework indicators, working in liaison with the technical experts (rural engineer, food crop specialist and producer organizations). Special emphasis will be placed on the targeting of areas that might be monitored and collected internally, and those relating specifically to women and young people (data disaggregated for women and young people). The main performance indicators that will be monitored from the baseline scenario include: (i) surface area of lowlands and mangroves developed with partial control for rice; (ii) surface area of rice-growing areas developed with full control; (iii) surface area of market gardening areas developed; (iv) infrastructure developed (number of markets commissioned, kilometres of farm roads, number of stores for storage of produce, number of input shops, etc.); (v) level of additional production (tonnes) and crop yields (t/ha); (vi) number of farmers (including women) per type of facility; (vii) number of demonstration units (DUs), technological review workshops organized; (viii) number of structured producer organizations and management committees established, (ix) growth level of farmers' income, including those of women and young people; (x) number of jobs created for young people and women through entrepreneurial initiatives and number of young entrepreneurs who set up operations; (xi) number of producers, processors and traders trained and organized; (xii) level of involvement of women in decision-making bodies and their rate of access to post-development land; (xiii) number of processing units established and allocated (including for women); and (xiv) number of nutrition activities supported and level of incidence on food and nutrition security. All indicators selected for the project will be aligned on those selected for the PNIA and will help to enhance the performance of the agricultural sector in Guinea-Bissau. The Bank's various supervision missions and periodic activity reports will reflect the level of achievement of the indicators.

III Project Feasibility

3.1 Financial and Economic Performance

Table 3.1: Main Economic and Financial Data

NPV (baseline scenario)	CFAF 7,378 million
IRR (baseline scenario)	14.6%
ERR (baseline scenario)	17.1%

3.1.1 The project's financial and economic analysis was conducted based on cost/benefit of additional cash flow from the production models of the two priority sectors (rice and market gardening). The following assumptions were used: (i) the period for evaluating the impact of PDCV-Riz is 25 years; (ii) the average basic prices, yields and production costs of the 2015/2016 farm year were selected for the baseline scenario and realistic projections were made up to the cruising period of the project, taking into account the existing potential and the absorptive capacity of beneficiaries; (iii) additional income was determined by calculating the difference between the baseline scenario and the with-project

scenario, based on gross proceeds less production costs; (iv) an equal inflation rate was selected for jobs and resources on the cash flow table; (v) for the calculation of the economic rate of return, a cost correction coefficient was added for factors related to distortions inherent in customs duty. The detailed assumptions of the financial and economic analysis, the tables of the operating models (baseline scenario and with-project scenario) and financial and economic flows are presented in Annex B7 of Volume 2. The results of the financial and economic analysis show that PDCV-Riz is financially and economically sustainable.

3.1.2 Financial performance: The additional income resulting from the different development and operating models selected is as follows: (i) mangroves with partial water control (rice): CFAF 555 000/hectare and CFAF 278 000 per operator; (ii) lowlands with partial water control (rice): FCFA 676 000/hectare and FCFA 290 000 per operator; (iii) lowlands with full water control (double cropping of rice and seeds): CFAF 2 220 000/hectare and CFAF 555 000 per operator; (iv) lowlands with full water control (double cropping of rice for final consumption): CFAF 1 376 000/hectare and CFAF 344 000 per operator; and (v) irrigated market gardening: CFAF 3 415 000/hectare and CFAF 341 000 per beneficiary. The additional income generated will help to increase the overall value added of the project and hence its contribution to the agricultural GDP. The internal rate of return (IRR) is estimated at 14.60%, for an NPV of CFAF 6,974 million. With sensitivity tests established based on a 10% income reduction, a 10% cost increase and a 10% simultaneous cost increase and income reduction, the IRR comes to 12.3%, 12.5% and 10.3%, respectively. This IRR is relatively satisfactory and will help to reduce the poverty rates in the project area.

3.1.3 Economic performance: The economic rate of return (ERR) stands at 17.1%, for a net present value (NPV) of CFAF 7,378 million. In the context of Guinea-Bissau, this amount is significant: by comparison, it represented 11.2% of the country's tax revenue or 1.3% of its GDP in 2014. The sensitivity tests established on the same basis as above bring the ERR to 14.6%, 14.8% and 12.5%, respectively. The other project economic impacts can be summarized as follows: (i) upstream effects of additional income on providers (NGOs, businesses, suppliers, engineering firms); (ii) downstream effects of the generation of additional income on producers, traders and processors, essentially women; (iii) decrease in foreign exchange costs owing to the sharp reduction of rice import costs in the trade balance; and (iv) the incidence on wealth creation in the country owing to an increase in GDP resulting from the generation of additional value added. For households, the benefits of the project will translate into, among other things, better nutrition for vulnerable groups (children, women of child-bearing age and the elderly); reduction of medical bills and the difficulty of agricultural tasks, especially those performed by women; decrease in the incidence of monetary and non-monetary poverty; strengthening of livelihoods and resilience of the targets of PDCV-Riz in relation to food insecurity and the effects of climate change.

3.2 Environmental and Social Impact

3.2.1 Environment: The environmental and social impacts of the facilities of PDCV-Riz will not be significant. The facilities will be relatively modest and will be built in less environmentally sensitive communities. Their dispersion throughout the two regions of Oio and Bafata will also reduce their impacts. It is also worth noting that there are no protected areas or reserved forests³ in the project area. The main impacts anticipated are quite positive. Appropriate measures will be taken to address the potential negative impacts (conflicts between farmers and herders, poor use of pesticides, water-borne diseases, etc.). Under the Bank's Environmental Safeguards Policies, the project was classified in Category 2 and was the subject of a strategic environmental assessment, and an environmental and social management framework was developed because the sites where the infrastructure will be located had not yet been selected. The Competent Environmental Assessment Authority (AAAC) of Guinea-Bissau has also classified the project in Category B, the equivalent of the Bank's Category 2

³ Guinea-Bissau does not have a forest reserve. Its primary forest relics are being gradually replaced by mono-specific cashew farms, considerably reducing biodiversity in the two regions.

classification, pursuant to Act No. 10/2010 of 24 September 2010 on environmental assessments. The environmental and social management framework as well as its summary were approved by the Safeguards Division and published on the Bank's website on 7 November 2016.

3.2.2 For the implementation of the environmental aspects of the project, the arrangements made with the AAAC include: validation of the environmental and social assessment reports at the national level, AAAC's implication in the environmental screening of sub-projects, validation of impact studies related to the sub-projects, and where applicable, oversight of the implementation of mitigation measures, as well as environmental monitoring. In this regard, the project will sign a memorandum of cooperation with the AAAC for better management of the environmental aspects of the project. The budget for future impact studies of sub-projects, implementation of resulting measures, the capacity-building programme for the administration and the beneficiary population, institutional support for the AAAC and environmental monitoring is estimated at slightly more than UA 71 000. The capacity building will address directly a constraint identified in the CSP for Guinea-Bissau.

3.2.3 **Climate change:** The project was classified a Category 2 project following climate screening based on the Bank's safeguards system against the effects of climate change. This category corresponds to projects that may be vulnerable to climate risks and that require a climate risk review and the proposal of appropriate adaptation measures to mitigate those risks.

3.2.4 Main characteristics of the country's climate: Despite the relative climate stability seen over the past few decades, there are still some variability in the country's climate parameters, in particular irregularity in the frequency of rainfall and a worsening of the rainfall deficit in a few regions, notably the North and the East. Projections by the Weather Service for 2100 call for an 11.7% decrease in rainfall, a 2% increase in temperature and a 50-cm increase in average sea levels. However, rainfall surpluses can also be seen from year to year in certain parts of the country, due essentially to exceptional climate events attributable, in particular, to global climate disturbances. However, the level of variation in rainfall over the past decade remains low.

3.2.5 Main climate risks in the project area: There is no known history of severe drought in the project area. During the rainy season, rice farms may sometimes become flooded in places during periods of normal rainfall. This phenomenon is primarily the result of sand silting in the natural canals that serve as outlets to the production sites.

3.2.6 Mitigation measures: To deal with the effects of climate change, the project will adopt the measures prescribed by the National Action Programme for Adaptation to Climate Change (PANA) following participatory assessments of the country's vulnerability and adaptation to climate change, based on the agricultural sector diagnoses. The PANA offers a set of adaptation measures, most notably a significant increase in the level of food security among the people by building the adaptation capacity of agricultural production systems, in order to reduce the pressure on forest and fishery resources, while improving access to drinking water for human consumption and for cattle. The project fully aligns its activities on PANA's strategic orientations by developing lowlands and horticulture, with a view to strengthening the food and nutrition security of the beneficiary population. The project will use a holistic approach that is designed to eliminate constraints at all levels of the rice and horticultural value chains. More specifically, it will introduce in the horticultural areas solar technology for water control and for reducing substantially the use of fossil energies in the dewatering systems.

3.2.7 For better management of occasional flooding in rice fields, the natural canals of the target sites will be drained and resized to allow for the evacuation of any excess flow in the rice-growing lowlands concerned. To prevent sanding in rice fields, which is the primary cause of flooding in the lowlands, bunds consolidated with soil-fixing plants will be built opposite slopes with strong runoff. At the foot of the bunds, evacuators will be created to make it easy for runoff to be drained laterally to appropriate deposition areas. Water resources will be better managed with facilities, which will be upgraded and equipped with an adequate drainage system. Irrigation will be offered on sites with water

potential that can adequately meet crop water needs. The project will also make it easier for producers to acquire certified seeds by putting in place a programme related to the INPA and multiplier organizations. It will also introduce reasoned use of fertilizer to improve yields, and hence agricultural productivity. The related agricultural infrastructure will be set up and designed with additional measures for adapting to climate change, to make them more resilient.

3.2.8 Involuntary resettlement: The activities of PDCV-Riz will not lead to any resettlement of people or restriction of access to goods and means of living.

3.2.9 Gender: In collaboration with UN-Women, the Bank established a gender profile for Guinea-Bissau in 2014. The situational analysis shows that, out of a population of 1.7 million people (2014 estimate), 50.3 % are women. The average number of school enrolment among women is 1.4 and 76.5 % of women live below the poverty line. This unfavourable situation for women is even more pronounced at a time of political instability and weak economic performance in the country. Even though more than 80% of women work in the agricultural sector, including in the processing and marketing of farm products, access to land, particularly for rice farming, and to factors of production remains limited. They are confined to farm work and to processing with rustic implements. In the regions targeted by the project, 60% of rice farmers in the lowlands are women. The horticultural areas are essentially used by women, who occupy virtually the entire value chain. [For this project, and in keeping with its new strategy, the Bank will pay special attention to the strategic interests of women, promotion of inclusive growth and improvement of the status of women in the two regions covered.

3.2.10 The project will give priority to rural activities undertaken by women, for which they have recognized expertise (market gardening, lowland rice farming, processing activities, marketing, etc.) and from which they can derive an income. The three horticultural areas are essentially reserved for women, as is a good portion of lowland rice fields, with land-securing mechanisms that will be supported by the project (social assessment, consultation frameworks, licensing, etc.). The increase in the purchasing power of beneficiaries (income rising from CFAF 114 000 to 359 000/rice farm and from CFAF 37 000 to 373 000/market gardening farm) will enable the 1 720 households concerned, particularly the women, to have easier access to basic socio-economic services. The project will apply affirmative action in favour of women and vulnerable groups in any area where local practices tend to exclude them from decision-making bodies or from certain benefits. In general, the project will ensure that women have access to factors of production (developed land, agricultural inputs, production equipment and materials), in the organization and management of new infrastructure (stores, markets, etc.), as well as access to training. Therefore, it will help to strengthen the economic empowerment and decision-making power of women, which will give them greater social visibility and bolster their socio-economic status. Specifically, the budget allocated specifically to gender promotion activities is UA 833 000.

3.2.11 Nutrition: The project will develop initiatives to improve the hygiene and nutritional quality of food consumed by the people, especially by women and children, and will collaborate with the World Food Programme to develop three school canteens as a pilot. The additional production of rice (2 000 tonnes) and horticultural products (390 tonnes) will help to improve feeding and nutrition, and hence the health of the population. The need to incorporate direct nutrition activities into the project activities is essential to have an impact on the nutritional status of the population. Specific and indirect nutrition activities of the programme will also help to improve the nutritional status of children and women. The setting up of vegetable gardens in some schools with the help of women's groups will contribute to enhancing the food regime within the communities. Activities designed to prevent the resurgence of water-borne diseases will also help to improve health and nutrition among the population.

3.2.12 Social: The different activities undertaken as part of the project (improved access to factors of production, technical itineraries for production, processing and marketing) will help considerably in ensuring food and nutrition security, and raising income levels. In so doing, they will help to reduce the poverty rate considerably. The project will further strengthen connectivity between producers and

markets through partnerships that will be beneficial for all actors of the rice and horticulture value chains. Strengthening food security through the developments and raising awareness of good feeding practices will help to improve the nutritional status of the population, particularly of vulnerable groups such as women of childbearing age and children below the age of five. The rehabilitation of roads, construction of storage/conservation stores, rehabilitation of markets and support of processing units will contribute to reducing post-harvest losses (expected to decline by at least 20%), make it easier to sell products, and therefore increase agricultural production and household income. By making it easier for beneficiaries to participate in decision-making processes and to secure land (management of community infrastructure, management of conflicts between farmers and herders, maintenance of access roads, etc.), the project will also be instrumental in bolstering the local development process and promoting good governance.

3.2.13 The promotion of rural entrepreneurship among young people and women (close to 100 persons targeted), will help to create a business culture among people proposing projects aimed at increasing the income of poor people and creating jobs for young people and women. The development of agricultural entrepreneurship will make the rural areas more attractive and create several production hubs in the project area, through training of young producers and helping them set up their operations. This approach will make it possible to obtain concrete results and ensure that actions are sustainable. The project will also make it easier for young promoters to acquire materials, equipment and critical inputs (basic kits) based on their business plans and areas of specialization. The training will involve basic concepts and specialization modules. There will also be a la carte training, taking into account the specific needs identified in the project area

IV Implementation

4.1 Implementation Arrangements

4.1.1 **Implementation procedure:** The project implementation will hinge on an autonomous coordination arrangement, involving a small team based at Bafata and placed under the supervisory authority of the MADR, with a liaison office at Bissau. The team will comprise a national coordinator, an administrative and financial officer responsible for accounting management, a procurement specialist, a monitoring/evaluation officer, a rural engineering expert, an agricultural engineer specialized in value chains and a specialist in farmer organizations and gender, a liaison officer based in Bissau and support staff. Given its experience (proper understanding of Bank procedures, participation in formulation, etc.), and good results obtained in the implementation of PRESAR, the PRESAR expert team will be responsible for implementing and monitoring PDCV-Riz activities. An order was issued by the MADR on 26 October 2016 confirming the team. The experts will all sign a performance contract, which will be evaluated annually.

4.1.2 Considering the weak capacity of State services and actors at the grassroots, NGOs (APRODEL and ADPP, which are firmly implanted respectively in Bafata and Oio) will be recruited to strengthen the conduct of activities in the areas of leadership, advisory support and training, structuring and organization of producers, around value chains. Agreements and protocols will be signed with these entities, specifying their respective roles and the expected outcomes. An agreement will also be signed with the Competent Environmental Assessment Authority (AAAC) for the environmental monitoring of the project. Furthermore, the project will ensure close involvement of the regional directorates of agriculture in Bafata and Oio. Private service providers (contractors, consulting firms, NGOs, individual consultants, etc.) will be responsible for the delivery of certain works, goods and services, in accordance with the procurement methods defined in the financing agreements. The NGOs known as ADPP and APRODEL, which have specific infrastructure and expertise in the project area, will be responsible for training, structuring and producer support. The local population will take part in certain labour-intensive works (ring dykes, live hedges and routine maintenance) under the supervision of specialized NGOs and with the support of the Directorate-General of Forestry and Wildlife.

4.1.3 Supervision of activities: A Steering Committee will be set up, chaired by the Minister in charge of the Ministry of Agriculture and Rural Development (MADR), or his/her designated representative. The Committee's secretarial services will be provided by the Project Coordinator. In addition to the relevant MADR technical departments, the Steering Committee will comprise: the Directorate-General for Planning, the Ministry of Infrastructure, the Secretariat of State for the Environment, the Ministry in charge of Women and Youth, ANAG and QNCOCPA. Its functions will include: (i) monitoring the project implementation; (ii) ensuring coherence and planning of eligible activities; (iii) conducting an annual review of the progress report, and approving the annual technical programme and budget; (iv) evaluating the project impacts and outcomes; (v) identifying constraints to and opportunities for the improvement of project impacts; and (vi) ensuring technical and methodological compliance with project objectives, the objectives of the Terra Ranka PSO and relevant sector policies, including the PNIA and the Rice Development Strategy. The Steering Committee will meet twice a year to review the project outcomes, validate the financial statements, discuss the programmes and approve the budgets related thereto.

4.1.4 Procurement: The procurement of goods (including non-consultancy services), works and consultancy services financed by the Bank for the project will be carried out in accordance with the Procurement Framework for Operations Financed by the Bank Group, October 2015, and in accordance with the provisions set out in the financing agreements. However, although progress has been made to forge public procurement in Guinea-Bissau into a functional system, substantial progress remains to be made, notably in the regulatory and management frameworks, internal and external oversight, the complaints mechanism, building the capacity of all actors in public procurement, and putting in place mechanisms for the coherent and effective operationalization of the various bodies involved in the process (ANAP, DGCP and ARCP). Risk assessment was carried out at the country, sector and project levels and the procurement capacity of the executing agency evaluated. The outcomes (substantial risks for the most part) helped to guide the selection of the procurement system (Borrower, Bank, or Third Party) used for specific activities or for a set of similar activities under the project. Therefore, the Bank's Procurement Methods and Procedures (BPMs) based on the relevant standard competitive bidding documents (SCBDs) will be used for the procurement of goods, works and consultancy services. Appropriate risk mitigation measures have been included in the PERCA Action Plan provided in paragraph B.5.2 of Annex B5, Volume 2.

4.1.5 Financial management: Given that the public management system in force in the MADR was deemed unsatisfactory upon assessment, a parallel accounting system based on the SYSCOHADA accrual accounting method will be set up and managed by a PMU officer responsible for the administrative, financial and accounting management of the project. The PMU of PDCV-Riz will comprise, in addition to the other experts, an Administrative and Financial Officer (AFO) who will have at his/her disposal the management tools that were procured under PRESAR. These tools, comprising the administrative, financial and accounting procedures manual and the accounting management software package, will be updated and adapted to the new project prior to its start-up and the staff trained in the use of such tools. The AFO will produce quarterly financial monitoring reports providing details on the implementation of activities and the use of the financial resources of the project, and an annual financial statements consisting of the balance sheet, table of supply and use, status of the capital assets and notes to the financial statements to which the reconciliation statement of the special account will be annexed. The satisfactory experience acquired by the Project Management Unit of the Bank-financed PRESAR project warrants the maintenance of the same financial management staff since they have the requisite qualifications. Training on Bank financial management requirements will be provided by Bank experts at project launch.

4.1.6 Disbursements: The financial implementation of the project will mainly involve the reimbursement, special account and direct payment methods. An account will be opened with a commercial bank acceptable to the Bank to receive part of the ADF loan resources and will be used to finance operating expenses. Opening of this account will be a condition precedent to first disbursement.

This special account will be used for an initial advance whose amount will be determined based on the estimated budget for six months of project activities. The special account will be replenished on the same basis after the borrower must have justified the use of at least 50% of the amount of the previous advance. The direct payment method will be used for expenses relating to goods, services and works contracts. Training in Bank disbursement rules and procedures will be provided at the project launch.

4.1.7 Audits: In accordance with the general conditions applicable to African Development Fund financing agreements, the country shall account for the use of the resources that it will be allocated. Therefore, an independent and competent external audit firm will verify once a year the reliability of the consolidated annual financial statements prepared by the project management team, and will assess the functioning of the internal oversight system of the entire project. The audit firm will be recruited according to the Bank's terms of reference and following a competitive bidding procedure recommended by the Bank. The terms of reference shall be subject to the Bank's prior approval. The continuation of audit services during the last two years will be contingent on the Bank's validation of the audit report for the first year. The audit expenses will be financed with ADF resources. Audit reports will be forwarded to the Bank on an annual basis latest six months following the close of the audited fiscal year.

4.2 Monitoring

4.2.1 Monitoring mechanisms: The project's monitoring and evaluation system will be designed in relation to the activities selected and the expected outputs and outcomes contained in the logical framework of the project. The system will be participatory and will provide regular information on performance and impact indicators as well as on the implementation of planned activities. The project partners will be systematically involved in the data collection and monitoring effort. A baseline situation will be established, based on the final hydro-agricultural sites selected. The monitoring and evaluation framework will systematically include gender-disaggregated data to make the outcomes concerning women, youths and the most vulnerable groups more visible. Targeted surveys will also be conducted to better understand issues relating to income, food security, nutrition, job creation, gender mainstreaming, and aspects related to vulnerability and resilience. The information collected will be fed into the computerized monitoring and evaluation system to capture actual values and gauge the impacts and outcomes of the project. This information will be recorded in periodic progress reports, highlighting the level of progress of the project and the achievement of outcomes. External monitoring and evaluation missions involving the relevant sector departments and GAPLA will also be organized regularly by the Government, in addition to the two annual supervision missions fielded by the African Development Bank with the support of its Dakar Office.

4.2.2 The following is a summary of the provisional project implementation schedule:

<i>Activities</i>	<i>Date/ Period</i>	<i>Responsible Entity</i>
Preparation	May-August 2016	AfDB/Govt.
Preparation of the ESMF	September 2016	AfDB
Evaluation	1 st half October 2016	AfDB/Govt.
Preparation of priority PDs and CBDs	4 th quarter 2016/1 st half 2017	PMU
Appointment of PMU	26 October 2016	AfDB/Govt.
PDCV-Riz negotiation	21 November 2016	Govt./AfDB
Board of Directors	14 December 2016	AfDB
Signing of the financing agreement	January 2017	AfDB/Govt.
Effectiveness of the first disbursement	February-March 2017	Govt./AfDB
Launching of PDCV-Riz	end of 1 st quarter 2017	AfDB/Govt./PMU
Signing of agreements with partners	1 st half of 2017	PMU/Partners/ST
Preparation of remaining PDs and CBDs	2017 to 1 st half 2018	PMU/MAEP
Works implementation and service delivery	2017 to 2019	Contractors/Firms/PMU
Implementation of operational activities	2017 to 2020	PMU/Govt./Sce. Providers
Mid-term review	1 st quarter 2019	AfDB/Govt./PMU
Project completion date	31 December 2020	PMU/GVT/AfDB
Completion report	2 nd quarter 2021	AfDB/Govt.

4.3 Governance

4.3.1 Indicators relating to political, economic and social governance remain mixed in Guinea-Bissau, despite the progress made in recent years. As regards political governance, it is necessary to find lasting resolutions to possible conflicts and establish mechanisms for ensuring justice. Indeed, in 2016, the country was ranked 44th out of 54 countries in the Mo Ibrahim African Governance Index (and particularly 43rd in the rule of law sub-indicator). In the area of economic governance, particularly in public financial management, the country's performance has deteriorated as a result of the crisis and the capacity to mobilize domestic resources remains weak, as noted in the Bank's analysis on the governance of projects approved in 2015 and in the CPIA scores for 2016 (Country Policy and Institutional Assessment).

4.3.2 As part of PDCV-Riz implementation, and in an effort to mitigate the risks inherent in the weaknesses and instability of the administration and improve the project quality-at-entry, it was decided to maintain the Project Management Unit (PMU) of the Agricultural and Rural Sectors Rehabilitation Project (PRESAR), since this PMU was already conversant with Bank procedures, and to capitalize on existing implementation studies, particularly those relating BOAD and PESAR capitalization. Moreover, although progress has been achieved in aligning the procurement system on WAEMU guidelines, the bureaucracy characterizing the procurement system is still one of the main challenges in the implementation of development programmes. Regarding procurement, operational arrangements were adopted to address the weaknesses observed.

4.4 Sustainability

Rudimentary facilities often have a limited lifespan and require major rehabilitation from time to time, which may exceed the capacity of beneficiaries, including women, who are heavily involved in rice farming. In this respect, the project will pay special attention to the quality and sustainability of the facilities that will be put in place. Structuring works will be carried out based on detailed technical studies and will involve specialized enterprises or skilled jobbers. That will concern works on large-scale retention, anti-salt or protection dykes, major drainage ditches and irrigation canals, spillways, certain levelling works, etc. Labour-intensive techniques will be reserved only for certain secondary developments that can be reasonably carried out by the people, such as routine maintenance of facilities that been built already. On the other hand, the facilities enhance the people's adaptive capacity and resilience to recurrent climate risks, and reduce the economic vulnerability of beneficiaries. The high motivation of the beneficiaries observed during field missions is a factor that guarantees their

participation in all maintenance activities and works, and consequently the sustainability of the facilities. Other factors that will contribute to the sustainability of the project include secure tenure rights over the land where the project is located, support for the organization of beneficiaries and adoption of management tools to ensure the proper maintenance and the settlement of the recurrent costs of infrastructure (irrigation schemes, markets, stores, farm-to-market roads, etc.), and enhancement of the organization of producers. In addition, activities under the component for the promotion of rural entrepreneurship, processing and market access are sources that will generate value added and create wealth, which are factors of ownership of project achievements by the direct beneficiaries.

4.5 Risk Management

Political instability, coupled with a difficult economic situation, poses a real risk to the implementation of this project, and other portfolio operations. The weak capacity of the technical services involved, lack of familiarity with the procedures and the cumbersome procurement process, weak ownership of project achievements by beneficiaries and risks of conflicts between farmers and transhumant stockbreeders could adversely impact adherence to the project implementation schedule and the achievement of outcomes. However, these risks will be minimized by the fact that: (i) the development of the infrastructure needed to improve socio-economic and environmental resilience will lay the groundwork for inclusive growth and improved stability; (ii) the project team (formerly the PRESAR team) is already familiar with Bank procedures; (iii) the involvement of technical services and beneficiaries in the preparation of PDCV-Riz and the selection of sites, land tenure security measures, and the structuring and training of management and maintenance committees involving women, will lead to better performance and ownership. Through its second component, PDCV-Riz will scale up the support provided to communities in order to guarantee the sustainability and durability of investments, on an economically and socially viable basis.

4.6 Knowledge Building

PDCV-Riz operations that will lead to better management and knowledge development may be summarized as follows: (i) strengthening of local expertise in the area of local community resilience and adaptability to the recurrent impacts of climate change, through hydro-agricultural works and better control of water resources; (ii) dissemination of new production and processing technologies: development of expertise in drip irrigation techniques by setting up a demonstration site at the Bissora ADPP location, dissemination of solar dryers and onion storage sheds, and promotion of mechanization; (iii) establishment of demonstration units and dissemination of best practice: integrated soil fertility management (ISFM), sustainable land management (SLM), integrated water resource management (IWRM) and integrated pest and production management (IPPM) will help to protect and preserve resources, and mitigate the vulnerability of soil resources; (iv) organization of production and transformation technology review workshops and exchange visits as tools for encouraging interaction between researchers, consultants and producers in an effort to adapt technologies to the local context; (v) conduct of awareness and information campaigns through various communication channels (community radios, media programmes, websites, films, etc.); and (vi) promotion of innovative youth and women's employability actions in conjunction with ADPP, and activities to enhance the resilience of vulnerable groups to food and nutrition insecurity.

V Legal Framework

5.1 Legal Instrument

The legal framework of the project will be a Protocol Agreement and a Loan Agreement signed between the Republic of Guinea-Bissau and the Bank.

5.2 Conditions Associated with the Bank's Intervention

5.2.1 The legal framework of the project will be an ADF Loan Agreement and an ADF Grant Protocol between the Republic of Guinea-Bissau and the Bank. The agreements thus signed, to the satisfaction of the two parties in both form and substance, will include the terms and conditions of use. The effectiveness of the ADF Loan Agreement will be subject to the fulfilment by the Borrower of the conditions set forth in Section 12.01 of the General Conditions Applicable to Loan and Guarantee Agreements of the Bank (ratification of the Loan Agreement and legal opinion). The ADF Grant Protocol will be effective from the date of its signature.

5.2.2 In addition to the effectiveness of the two financing agreements, the first disbursement of the ADF loan and grant will be subject to the fulfilment by the Borrower/Donee, to the satisfaction of the Fund, of the following single condition:

- (i) Provide evidence of opening of an account, in the project's name, with a commercial bank acceptable to the Fund to receive part of the ADF loan resources, and including full bank references of the account.

5.2.3 Regarding other terms and conditions, the Borrower/Donee will further transmit, to the satisfaction of the Fund, at the latest six months after the first disbursement:

- (i) The agreements signed with APRODEL and ADPP (both NGOs), which must have been previously submitted to the Bank for approval.
- (ii) The project's administrative, accounting and financial management procedures manual.

5.3 Compliance with Bank Policies

This project complies with all applicable Bank policies. The project will be implemented within the framework of the Bank's intervention strategy in Guinea-Bissau, as defined in the CSP 2015-2019.

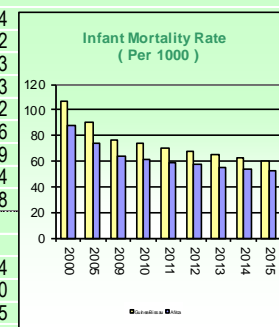
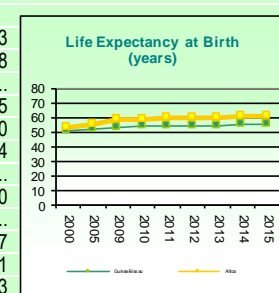
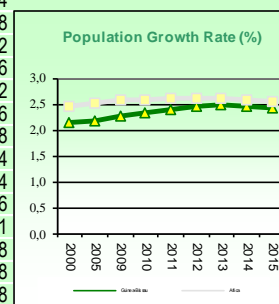
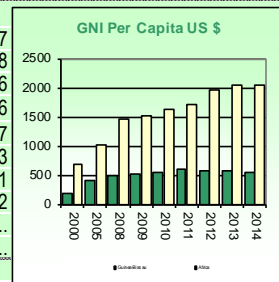
VI Recommendation

Management recommends that the Board of Directors of the Fund approve the proposal to award an ADF grant of UA 0.493 million and extend an ADF loan of UA 3.722 million to the Republic of Guinea-Bissau, for the purpose and according to the terms and conditions set out in this report.

Annex I: Guinea-Bissau's Comparative Socio-economic Indicators

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Guinea-Bissau	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km²)	2016	36	30 067	94 638	36 907
Total Population (millions)	2016	1,9	1 214,4	3 010,9	1 407,8
Urban Population (% of Total)	2016	48,5	40,1	41,6	80,6
Population Density (per Km²)	2016	67,2	41,3	67,7	25,6
GNI per Capita (US \$)	2014	550	2 045	4 226	38 317
Labor Force Participation *- Total (%)	2016	72,8	65,6	63,9	60,3
Labor Force Participation **- Female (%)	2016	67,3	55,6	49,9	52,1
Gender -Related Development Index Value	2007-2013	0,381	0,801	0,506	0,792
Human Develop. Index (Rank among 187 countries)	2014	178
Popul. Living Below \$ 1.90 a Day (% of Population)	2008-2013	67,1	42,7	14,9	...
Demographic Indicators					
Population Growth Rate - Total (%)	2016	2,4	2,5	1,9	0,4
Population Growth Rate - Urban (%)	2016	3,9	3,6	2,9	0,8
Population < 15 years (%)	2016	40,7	40,9	28,0	17,2
Population >= 65 years (%)	2016	3,2	3,5	6,6	16,6
Dependency Ratio (%)	2016	78,4	79,9	52,9	51,2
Sex Ratio (per 100 female)	2016	98,6	100,2	103,0	97,6
Female Population 15-49 years (% of total population)	2016	24,3	24,0	25,7	22,8
Life Expectancy at Birth - Total (years)	2016	55,8	61,5	66,2	79,4
Life Expectancy at Birth - Female (years)	2016	57,6	63,0	68,0	82,4
Crude Birth Rate (per 1,000)	2016	36,2	34,4	27,0	11,6
Crude Death Rate (per 1,000)	2016	11,7	9,1	7,9	9,1
Infant Mortality Rate (per 1,000)	2015	60,3	52,2	35,2	5,8
Child Mortality Rate (per 1,000)	2015	92,5	75,5	47,3	6,8
Total Fertility Rate (per woman)	2016	4,7	4,5	3,5	1,8
Maternal Mortality Rate (per 100,000)	2015	549,0	495,0	238,0	10,0
Women Using Contraception (%)	2016	17,6	31,0
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004-2013	7,0	47,9	123,8	292,3
Nurses and midwives (per 100,000 people)	2004-2013	58,5	135,4	220,0	859,8
Births attended by Trained Health Personnel (%)	2010-2015	45,0	53,2	68,5	...
Access to Safe Water (% of Population)	2015	79,3	71,6	89,3	99,5
Healthy life expectancy at birth (years)	2013	51,5	54,0	57	68,0
Access to Sanitation (% of Population)	2015	20,8	39,4	61,2	99,4
Percent. of Adults (aged 15-49) Living with HIV/AIDS	2014	3,7	3,8
Incidence of Tuberculosis (per 100,000)	2014	369,0	245,9	160,0	21,0
Child Immunization Against Tuberculosis (%)	2014	94,0	84,1	90,0	...
Child Immunization Against Measles (%)	2014	69,0	76,0	83,5	93,7
Underweight Children (% of children under 5 years)	2010-2014	17,0	18,1	16,2	1,1
Daily Calorie Supply per Capita	2011	2 304	2 621	2 335	3 503
Public Expenditure on Health (as % of GDP)	2013	1,1	2,6	3,0	7,7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2010-2015	113,7	100,5	104,7	102,4
Primary School - Female	2010-2015	109,8	97,1	102,9	102,2
Secondary School - Total	2010-2015	32,6	50,9	57,8	105,3
Secondary School - Female	2010-2015	12,1	48,5	55,7	105,3
Primary School Female Teaching Staff (% of Total)	2010-2015	21,8	47,6	50,6	82,2
Adult literacy Rate - Total (%)	2010-2015	59,8	66,8	70,5	98,6
Adult literacy Rate - Male (%)	2010-2015	71,7	74,3	77,3	98,9
Adult literacy Rate - Female (%)	2010-2015	48,1	59,4	64,0	98,4
Percentage of GDP Spent on Education	2010-2014	2,4	5,0	4,2	4,8
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2013	10,7	8,6	11,9	9,4
Agricultural Land (as % of land area)	2013	58,0	43,2	43,4	30,0
Forest (As % of Land Area)	2013	70,8	23,3	28,0	34,5
Per Capita CO2 Emissions (metric tons)	2012	0,3	1,1	3,0	11,6



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

last update :

August 2016

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+)

Annex II: Table of AfDB Portfolio in Guinea-Bissau (as at 30 September 2016)

Active National Projects as at 30 September 2016

	Sector/Operation	Approval Date	Approved Amount (UA million)	Disbursed Amount (UA million)	Disbursement Rate (%)	Closing Date
• SOCIAL						
1	Administration Capacity Building Project (PARCA) - ADF grant	15-July-09	7.80	1.06	13.6	31-Dec.-16
2	Education Project III - ADF loan - NTF loan	2-July-03 2-July-03	3.65 3.51	2.09 0.39	57.2 11.3	30-Sept.-16 30-Sept.-16
3	Emergency Assistance to Fight the Zika Virus. (Special Relief Fund (SRF) – Grant USD 1 million)	8-Sept.-16	0.71	0	0	31-Dec.-17
	Sub-Total		15.67	3.54	22.6	
• GOVERNANCE						
4	Emergency Programme to Support Economic and Financial Reforms (PUAREF) - TSF loan - TSF grant	13-May-15 13-May-15	3.87 1.13	3.87 1.13	100 100	31-Dec.-16 31-Dec.-16
5	Governance Strengthening Support Project (PARGEF) - TSF grant	1-July-15	5.00	0	0	30-June-19
	Sub-Total		10.00	5.00	50	
• ENERGY						
6	Bissau City Power Supply Improvement Project (PASEB) - ADF loan - ADF grant	8-July-15 8-July-15	7.18 6.12	0 0	0 0	31-Dec.-18 31-Dec.-18
7	Technical support to PRESAR in the area of climate change and the development of renewable energy (SSCTF grant)	21-Dec.-12	0.58	0.58	100	31-Dec.-16
8	Saltinho Hydropower Plant Project - Studies / preparation (SEFA grant)	16-Sept.-15	0.69	0	0	31-Dec.-18
	Sub-Total		14.57	0.58	3.9	
• RURAL						
9	Project to Support the Capitalization. Optimization and Dissemination of PRESAR Results (SSCTF grant)	21-Dec.-12	0.13	0.13	100	30-Nov.-16
	Sub-Total		0.13	0.13	100	
	TOTAL (UA million)		40.37	9.25	22.9%	

* Source: SAP September 2016

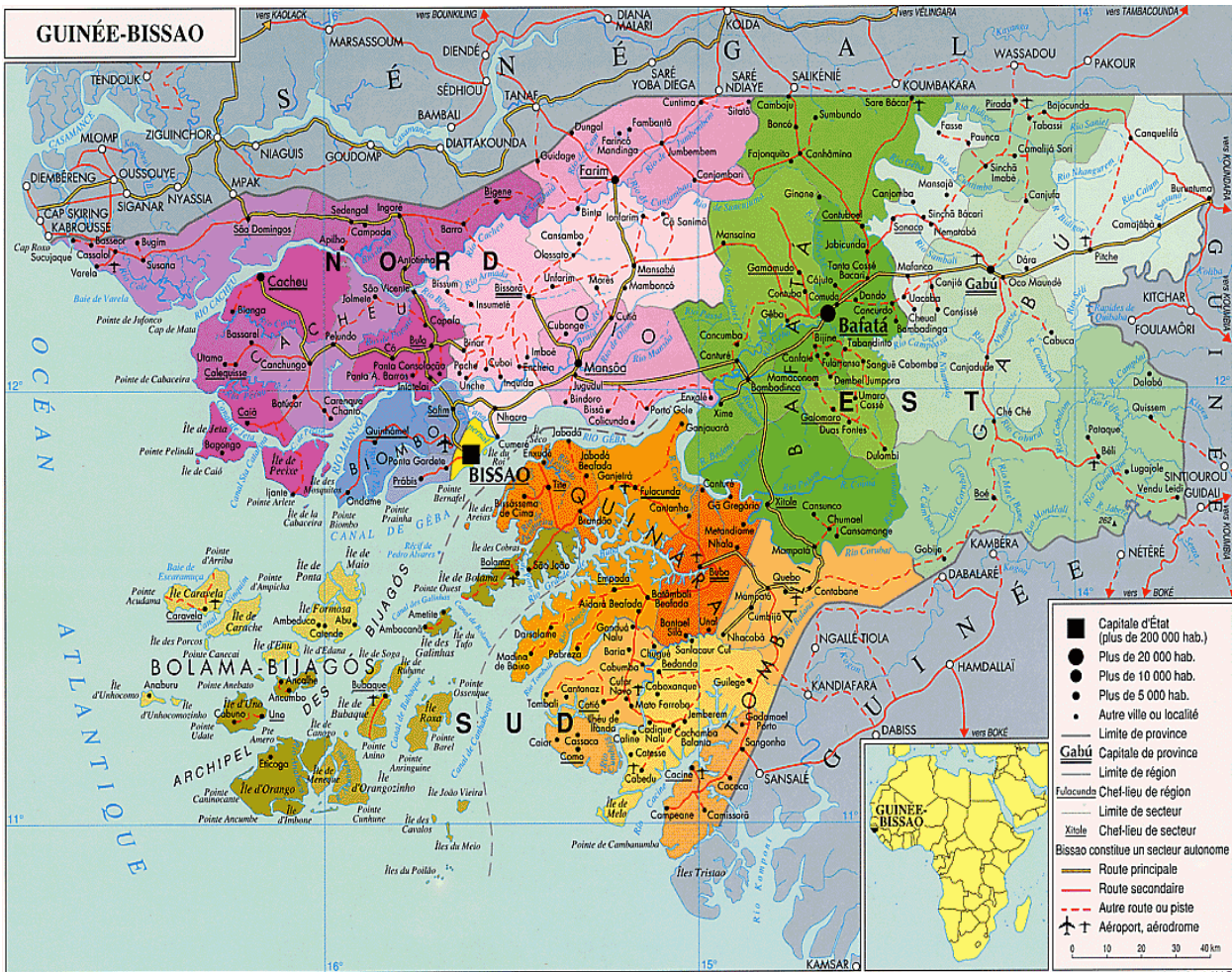
Sector distribution: Social Sector (38.8%); Energy (36.1%); Governance (24.8%) and Rural Sector (0.3%)

Active Multinational Projects Involving Guinea-Bissau as at 30 September 2016

	Sector / Operation	Approval Date	Approved Amount (UA million)	Disbursed Amount (UA million)	Disbursement Rate (%)	Closing Date
ENERGY						
1	OMVG Energy Project (ADF loan)	30-Sept.-15	3.81	0	0	31-Dec.-20
	OMVG Energy Project (ADF grant)	30-Sept.-15	0.69	0	0	31-Dec.-20
	Sub-Total		4.50	0	0	
	TOTAL (UA million)		4.50	0	0%	

* Source: SAP September 2016

Annex III: Map of Project Area



Project Area	Legend	
Bafata Region		
Oio Region		

Annex IV: Fragility Context

1 Guinea-Bissau faces multifaceted economic and structural factors of fragility that affect its institutional, geographic, security and socio-economic environment. These ills, which are mutually reinforcing, are based primarily on long-standing structural problems bequeathed by the country's colonial system and the ensuing struggle for independence. The main sources of fragility in Guinea-Bissau that were identified and analysed as part of the appraisal of PDCV-Riz may be summarized as follows: (i) poor infrastructure; (ii) extreme poverty and high unemployment among women and young people, and the scarcity of opportunities for their social and professional integration; and (iii) vulnerability of the economy to exogenous shocks due to its low diversification and high dependence on the primary sector, especially cashew-nut production; (iv) socio-economic exclusion of certain vulnerable groups; and (v) an unstable and uncertain political context. Other social and demographic factors also act as “fragility accelerators” and should be addressed by this project, namely: (a) the various forms of gender-based violence; and (b) population growth and rural exodus, which pose a real threat to the country's stability.

2 The main challenge in Guinea-Bissau is to strengthen institutional, economic and social resilience, while building the capacity of State and non-State actors, reducing gender disparities and supporting the country's structural transformation through the establishment of key infrastructure to ensure inclusive and green growth. The country faces an enormous infrastructure deficit, which constitutes a major constraint to the sustained and inclusive growth of its economy. The low levels of investment in rural areas and the generation of economic and social enclaves have led, since independence, to urban growth; however, growth has not been matched with the formulation of appropriate development programmes and plans, but has rather occurred against a disorganized backdrop exacerbated by political instability. Agricultural areas have remained without connection to infrastructure and access to basic services, thus limiting all development initiatives that have the potential to generate decent jobs and equitable access to public goods and services throughout the country. Rural exodus aggravates unemployment and urban poverty, which in turn poses an additional risk of vulnerability. Despite the huge efforts made by the Government to ensure the political and economic stabilisation of the country, including through the development and adoption of the strategic document called “Terra Ranka” Vision 2015-2025, the country ranked 178th globally out of 188 countries in the Human Development Index (HDI), according to the United Nations 2015 Report, with more than 80% of the population living below the poverty line. Poverty affects mainly young people and women. In this context, the agricultural sector may not only serve as a tool for achieving food security, but can also help to reduce poverty by curbing rural exodus.

3 PDCV-Riz will help reduce fragility by applying the following measures during the design and implementation stages: (i) strengthen non-State actors such as grassroots associations, local NGOs and the private sector in terms of their economic and social commitments; (ii) strengthen dialogue with the Government of Guinea-Bissau, as well as with other TFPs in order to keep abreast of developments in the political and security situation, and factor political risks into the project's monitoring and evaluation system; (iii) ensure that the project takes account of social sensitivities by seeing to it that certain segments of the society are not left out and especially that gender equity is taken into account when making decisions related to access to land at community level; (iv) ensure that the project includes ancillary activities aimed at empowering the most vulnerable segments of society, in line with the policy of Ministry of Women, Family and Social Cohesion; (v) under the project, implement activities to raise awareness among and empower residents of the project area concerning good nutrition practices and ways of achieving food security; and (vi) contribute to the creation of sustainable jobs, especially for young people in both in the formal and informal sectors.

Annex V. Rationale for Requesting a Waiver Allowing the Bank to Finance 92.4% of the Total Project Cost

1. **Context:** Generally, the project will help to strengthen the country's resilience. As noted in the CSP 2015-2019 and the study on fragility in Guinea-Bissau, the lack of economic opportunities, the isolation of some regions, the weak infrastructure and the lack of involvement of non-state actors exacerbate the country's fragility. Hydro-agricultural development and the opening-up of isolated regions are ways of boosting the Government's legitimacy, building trust between the State and its citizens and increasing the inclusiveness of growth. PDCV-Riz is in line with the Terra Ranka Vision 2015-2020 presented by the Government to donors in March 2015. The vision comprises a strategic and operational plan in which agriculture features as one of the sector priorities. The project is also in line with the second pillar of the Bank's Country Strategy Paper (CSP 2015-2019): "Development of infrastructure that will foster inclusive growth". The inclusive scope of the project also explains its alignment on the Bank's Gender Strategy and Ten-Year Strategy 2013-2022.

2. Bank analyses highlight the fact that Guinea-Bissau is plagued by numerous fragility drivers characteristic of a post-conflict country: a need for state-building, basic infrastructure and reform required for inclusive growth. These fragility drivers plunged the country into a difficult economic and socio-political situation in the wake of the April 2012 coup d'état, which was followed by a transition period that lasted until mid-2014. With the end of the transition period and the gradual return to constitutional rule, despite a difficult political situation in 2016, one of the major challenges facing the country is the strengthening and development of basic infrastructure, which, besides fostering the return of peace and building institutional resilience, will help to mitigate the drivers of the country's fragility.

3. Against this backdrop, it is proposed that the project cost, totalling UA 4.56 million, be financed to the tune of 92.4% by the Bank and that the Government should provide only 3.0% of this cost consisting of salaries of the staff seconded to the Project Management Unit (PMU), rents for PMU premises at Bafata and the liaison office at Bissau, as well as the revolving fund for the procurement of inputs, while the beneficiaries will contribute only 4.6% in the form of labour participation in the performance of certain unskilled, easy-to-undertake tasks. The waiver allows the Bank to finance 92.4% of the project cost, in accordance with the Policy on Expenditures Eligible for Bank Group Financing (ADBIBDIWP/2007f106/Rev.2 - ADF/BD/WP /2007/72/Rev.2 of 2 May 2008). The waiver request is based on the three requirements laid down by the above-mentioned Bank policy, particularly relating to cost-sharing, namely the country's budget situation and debt level; the country's commitment to implement its development programme and reforms; and, lastly, the financing and capacity building levels in the sector targeted by the Bank assistance.

4. **Recent trends in the economic and financial situation:** After the return to constitutional order in 2014, Guinea-Bissau experienced a gradual economic upturn, with growth rising from 0.9% in 2013 to 2.7% in 2014 and finally reaching a rate estimated at 4.8% in 2015. Economic recovery was driven by a good cashew nuts marketing season and a sharp increase in food crop production. The main risks to growth in the short term are the political situation and climate change that may affect the primary sector. In 2015 and 2016, the political situation deteriorated, as evidenced by the repeated changes of Government and institutional deadlocks, particularly at the parliamentary level. These events took their toll on the fiscal situation and stymied the continuity of reforms, auguring a decline in the growth rate for 2016, originally estimated at 5.7%.

5. Despite the resumption of growth in the wake of the transitional period, the bases of structural imbalance still remain. The country is heavily dependent on foreign aid and limited sources of income. The tax base remains very narrow, characterized by an extremely low number of taxpayers, and is mainly concentrated on a small number of revenue sources such as customs duties on imports, cashew exports and fishing agreements. The tax burden remains very low at 1.11% in 2016, below the 17% convergence criterion set by WAEMU. In addition, the budget structure remains rigid, particularly with a high proportion of wage-related expenses (50% of tax revenue at end-2015, compared with a community target of 35% maximum).

6. Guinea-Bissau's debt burden has become sustainable since the country attained the Heavily Indebted Poor Countries (HIPC) initiative completion point in 2010. However, the debt burden remains relatively high, albeit been brought down to below the bar set by the WAEMU convergence criterion. Outstanding public debt dropped to 59.7% of GDP in 2014 after reaching 164% in 2009 (BCEAO). According to the IMF debt sustainability assessment for 2014, the public debt burden is deemed “moderate”. In terms of public finances, the situation is difficult in 2016. Since the beginning of the year, the country has operated without a voted budget and without budget support. At end-August 2016, revenue was 13% lower compared to the same period last year. A financing gap remains and the latest information seems to augur a difficult end of year.