

**FOR OFFICIAL USE ONLY**

Report No: PAD3614

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 36.4 MILLION
(US\$50.0 MILLION EQUIVALENT)

AND A PROPOSED GRANT

IN THE AMOUNT OF SDR 36.4 MILLION
(US\$50.0 MILLION EQUIVALENT)

TO THE

REPUBLIC OF GUINEA

FOR THE

COMMERCIAL AGRICULTURE DEVELOPMENT PROJECT

AS PHASE 1 OF THE MULTIPHASE PROGRAMMATIC APPROACH

GUINEA COMMERCIAL AGRICULTURE DEVELOPMENT
MULTIPHASE PROGRAMMATIC APPROACH

WITH AN OVERALL FINANCING ENVELOPE OF US\$200.0 MILLION EQUIVALENT

AUGUST 26, 2020

Agriculture And Food Global Practice
Western and Central Africa Region

This document is being made publicly available prior to Board consideration. This does not imply a presumed outcome. This document may be updated following Board consideration and the updated document will be made publicly available in accordance with the Bank's policy on Access to Information.

CURRENCY EQUIVALENTS

(Exchange Rate Effective {June 30, 2020})

Currency Unit = Guinean francs (GNF)

US\$1 = SDR 0.7269

FISCAL YEAR

January 1 - December 31

Regional Vice President: Ousmane Diagana

Country Director: Coralie Gevers

Regional Director: Simeon Kacou Ehui

Practice Manager: Chakib Jenane

Task Team Leaders: El Hadj Adama Toure, Jeremy Robert Strauss, Marie Paviot



ABBREVIATIONS AND ACRONYMS

ACGP	<i>Administration de Contrôle des Grands Projets</i> (Agency for Managing Major Project)
AFD	<i>Agence Française de Développement</i> (French Development Agency)
AfDB	African Development Bank
AGUIPEX	<i>Agence Guinéenne de Promotion des Exportations</i> (Guinea Export Promotion Agency)
ANAFIC	<i>Agence Nationale de Financement des Collectivités Locales</i> (National Agency for Financing Local Government)
ANPROCA	<i>Agence Nationale pour le Conseil Agricole</i> (National Agricultural Extension Agency)
APIP	<i>Agence de Promotion des Investissements Privés</i> (Agency for Promoting Private Investment)
AWPB	Annual Work Plan and Budget
BCRG	<i>Banque Centrale de la République de Guinée</i> (Central Bank of Guinea)
BDS	Business Development Services
BES	<i>Bureau d'Évaluation Stratégique</i> (Office of Strategic Evaluation)
BGACE	<i>Bureau Guinéen d'Audit et de Contrôle Environnemental</i> (Guinean Office of Environmental Studies and Assessment)
BOS	<i>Bureau Opérationnel de Suivi</i> (Office of Operational Monitoring)
BP	Business Partnership
CBG	<i>Compagnie des Bauxites de Guinée</i> (Guinea Bauxite Company)
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus Disease
CPF	Country Partnership Framework
CPIA	Country Policy and Institutional Assessment
DA	Designated Account
DFF	Dedicated Financing Facility
DNCMP	<i>Direction Nationale du Contrôle des Marchés Publics</i> (National Public Procurement Control Directorate)
DNRR	<i>Direction Nationale du Génie Rural</i> (National Rural Works Directorate)
DPO	Development Policy Operation
ECOWAS	Economic Community of West African States
EIRR	Economic Internal Rate of Return
Enabel	Belgian Development Agency
ENPV	Economic Net Present Value
ERR	Economic Rate of Return
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FAO	Food and Agriculture Organization of the United Nations
FM	Financial management
FNDL	<i>Fonds National de Développement Local</i> (National Fund for Local Development)
FRR	Financial Rate of Return
GAC	Guinea Alumina Corporation
GBV	Gender-based Violence
GDP	Gross Domestic Product
GHG	Greenhouse gas
GIADP	Guinea Integrated Agricultural Development Project
GoG	Government of Guinea
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HACCP	Hazard Analysis and Critical Control Point
ICA	Investment Climate for Agribusiness
ICT	Information and Communication Technology
IDA	International Development Association
IFC	International Finance Corporation
IGNM	<i>Institut Guinéen de Normalisation et de Métrologie</i> (Guinean Bureau of Standards)
IFR	Interim Financial Report
IMF	International Monetary Fund
IPF	Investment Project Financing



IRR	Internal Rate of Return
LIPW	Labor-intensive Public Works
M&E	Monitoring and Evaluation
MGIM	Matching Grant Implementation Manual
MINAGRI	Ministry of Agriculture
MPA	Multiphase Programmatic Approach
MSME	Micro, small and medium-sized enterprise
NGO	Non-governmental Organization
NPV	Net Present Value
OHADA	<i>Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i> (Organization for the Harmonization of Business Law in Africa)
ONCQ	<i>Office National de Contrôle Qualité</i> (National Bureau of Quality Control)
OP/BP	Operational Policy/Bank Policy
PASAG	<i>Programme d'Appui au Secteur Agricole de Guinée</i> (Guinea Agriculture Sector Support Project)
PASANDAD	<i>Programme Accéléré de Sécurité Alimentaire et Nutritionnelle et de Développement Agricole Durable</i> (Accelerated Program of Food and Nutritional Security, and Sustainable Agricultural Development)
PCG	Partial Credit Guarantee
PCIU	Program Coordination and Implementation Unit
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PIMA	Public Investment Management Assessment
PrDO	Program Development Objective
PIDMA	Cameroon Agricultural Investment and Market Development Project
PIM	Project Implementation Manual
PISCO	Project Inter-ministerial Steering and Coordination Committee
PNDES	<i>Plan National de Développement Économique et Social</i> (National Economic and Social Development Plan)
PNIASAN	<i>Programme National d'Investissement Agricole et de Sécurité Alimentaire et Nutritionnelle</i> (National Agricultural and Food Security and Nutrition Investment Program)
PPMP	Pests and Pesticides Management Plan
PPSD	Project Procurement Strategy for Development
PREFIP	<i>Plan Stratégique de Réforme des Finances Publiques</i> (Public Finance Reform Strategic Plan)
PTECO	Project Technical Coordination Committee
RAP	Resettlement Action Plan
RCN	Raw Cashew Nut
RFFI	Rural Finance Facility I
RMCP	Rural Mobility and Connectivity Project
SCD	Strategic Country Diagnostic
SDR	Special Drawing Rights
SEA/SH	Sexual Exploitation and Abuse/Sexual Harassment
SME	Small and Medium Enterprise
SNCPA	<i>Service National de Conditionnement des Produits Agricoles</i> (National Department in charge of packaging of agricultural products)
SOE	Statement of Expenditures
SPS	Sanitary and Phytosanitary
SPV	Special-purpose Vehicle
SSA	Sub-Saharan Africa
SYSCOHADA	<i>Système Comptable de l'Organisation pour l'Harmonisation en Afrique du Droit des Affaires</i> (Accounting System of the Organization for the Harmonization of Business Law in Africa)
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WAAPP	West Africa Agricultural Productivity Program
WBG	World Bank Group



TABLE OF CONTENTS

DATASHEET	1
I. STRATEGIC CONTEXT	7
A. Country Context.....	7
B. Sectoral and Institutional Context.....	8
C. Relevance to Higher Level Objectives.....	12
D. Multiphase Programmatic Approach	14
II. PROJECT DESCRIPTION.....	22
A. Project Development Objective	22
B. Project Components	22
C. Project Beneficiaries	28
D. Rationale for World Bank Involvement and Role of Partners	28
E. Lessons Learned and Progress on Learning Agenda	29
III. IMPLEMENTATION ARRANGEMENTS	31
A. Institutional and Implementation Arrangements	31
B. Results Monitoring and Evaluation Arrangements.....	32
C. Sustainability.....	33
IV. PROJECT APPRAISAL SUMMARY	34
A. Technical, Economic and Financial Analysis	34
B. Fiduciary.....	35
C. Safeguards	38
V. KEY RISKS	42
VI. RESULTS FRAMEWORK AND MONITORING	45
ANNEX 1: Implementation Arrangements and Support Plan.....	54
ANNEX 2: Economic and Financial Analysis	71
ANNEX 3: Targeted Agricultural Value Chains	75
ANNEX 4: Collaborative Initiatives to Support Sustainable Access to Finance.....	78



DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Guinea	Guinea Commercial Agriculture Development Project	
Project ID	Financing Instrument	Environmental Assessment Category
P164184	Investment Project Financing	A-Full Assessment

Financing & Implementation Modalities

<input checked="" type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Performance-Based Conditions (PBCs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	<input type="checkbox"/> Hands-on Enhanced Implementation Support (HEIS)

Expected Project Approval Date	Expected Project Closing Date	Expected Program Closing Date
22-Sep-2020	31-Jan-2026	31-Jan-2029
Bank/IFC Collaboration	Joint Level	
Yes	Complementary or Interdependent project requiring active coordination	

MPA Program Development Objective

The Program Development Objective (PrDO) is to increase the number of farmers and rural households benefiting from commercial agriculture value-chains in Program's areas.

MPA Financing Data (US\$, Millions)

MPA Program Financing Envelope	282.00
--------------------------------	--------

**Proposed Development Objective(s)**

The Program Development Objective (PrDO) is to increase the number of farmers and rural households benefiting from commercial agriculture value-chains in Program's areas.

Components

Component Name	Cost (US\$, millions)
Improving market access in targeted areas	57.00
Supporting private investments	30.00
Enabling environment for commercial agriculture	12.00
CERC	0.00
Project Management and Coordination	8.00

Organizations

Borrower: Republic of Guinea

Implementing Agency: Ministry of Agriculture

MPA FINANCING DETAILS (US\$, Millions)

MPA Program Financing Envelope:	282.00
of which Bank Financing (IBRD):	0.00
of which Bank Financing (IDA):	200.00
of which other financing sources:	82.00

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	107.00
Total Financing	107.00
of which IBRD/IDA	100.00



Financing Gap	0.00
---------------	------

DETAILS**World Bank Group Financing**

International Development Association (IDA)	100.00
IDA Credit	50.00
IDA Grant	50.00

Non-World Bank Group Financing

Counterpart Funding	7.00
Borrower/Recipient	2.00
Local Govts. (Prov., District, City) of Borrowing Country	5.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Guinea	50.00	50.00	0.00	100.00
National PBA	50.00	50.00	0.00	100.00
Total	50.00	50.00	0.00	100.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023	2024	2025	2026
Annual	0.00	10.00	15.00	18.00	25.00	20.00	12.00
Cumulative	0.00	10.00	25.00	43.00	68.00	88.00	100.00

INSTITUTIONAL DATA**Practice Area (Lead)**

Agriculture and Food

Contributing Practice Areas

Environment, Natural Resources & the Blue Economy, Finance, Competitiveness and Innovation, Transport

**Climate Change and Disaster Screening**

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Substantial
4. Technical Design of Project or Program	● Moderate
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● High
8. Stakeholders	● Moderate
9. Other	● Substantial
10. Overall	● High
Overall MPA Program Risk	● High

COMPLIANCE**Policy**

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04	✓	



Forests OP/BP 4.36	✓
Pest Management OP 4.09	✓
Physical Cultural Resources OP/BP 4.11	✓
Indigenous Peoples OP/BP 4.10	✓
Involuntary Resettlement OP/BP 4.12	✓
Safety of Dams OP/BP 4.37	✓
Projects on International Waterways OP/BP 7.50	✓
Projects in Disputed Areas OP/BP 7.60	✓

Legal Covenants

Sections and Description

Schedule 2. Section I.A.1.d. The Recipient shall have recruited the internal auditor and the chief accountant not later than three (3) months after the Effective Date, recruited on a competitive basis and with terms of reference, qualifications, integrity and experience acceptable to the Association.

Sections and Description

Schedule 2. Section 1.A.1.e. The Recipient shall have recruited the external auditor not later than five (5) months after the Effective Date, recruited on a competitive basis and with terms of reference, qualifications, integrity and experience acceptable to the Association.

Sections and Description

Schedule 2. Section 1.A.1.f. The Recipient shall have acquired, installed and customized a computerized accounting software, satisfactory to the Association, not later than three (3) months after the Effective Date.

Conditions

Type

Effectiveness

Description

Article V. 5.01.a. The Recipient has recruited on a competitive basis (i) a national Project coordinator, (ii) a financial management officer, (iii) a procurement specialist, (iv) an environmental safeguard specialist and (v) a social safeguards specialist, all with qualifications, experience and terms of reference acceptable to the Association.

Type

Effectiveness

Description

Article V. 5.01.b. The Recipient has adopted the Project Implementation Manual in



	accordance with Section I.B.1(a) of Schedule 2 of the financing agreement respectively in form and substance satisfactory to the Association.
Type Effectiveness	<p>Description</p> <p>Article V. 5.01.c. The Delegated Management Contract has been duly executed, on terms and conditions acceptable to the Association, between the Recipient, acting through the Project Coordination Unit, and the Specialized Implementing Agency.</p>
Type Effectiveness	<p>Description</p> <p>Article V.5.02. The Delegated Management Contract has been duly authorized, approved or ratified by the Recipient, acting through the Project Coordination Unit, on the one hand, and the Specialized Implementing Agency, on the other hand, and is legally binding upon the Recipient, acting through the Project Coordination Unit, and the Specialized Implementing Agency, in accordance with its terms.</p>
Type Disbursement	<p>Description</p> <p>Schedule 2. Section 3.B.1.a. No withdrawal shall be made under Category (2), unless and until the Project Matching Grant Implementation Manual referred to in paragraph (b) of Section I.B.1(b) of this Agreement has been adopted in a manner satisfactory to the Bank.</p>
Type Disbursement	<p>Description</p> <p>Schedule 2. Section 3.B.1.b. No withdrawal shall be made under Category (3), for Emergency Expenditures under Part 4 of the Project, unless and until the Association is satisfied, and has notified the Recipient of its satisfaction, that all of the conditions described in the Financing Agreement have been met in respect of said activities.</p>



I. STRATEGIC CONTEXT

A. Country Context

1. **Guinea possesses some of the world's largest deposits of bauxite and iron, and abundant agricultural land and water resources, while remaining one of Africa's poorest countries and one of the least competitive countries in the world.** The World Bank Group (WBG) classifies Guinea among the Low Income and Food Deficit Countries, and the World Economic Forum *Global Competitiveness Report 2015–2016* ranks it last (140) for overall competitiveness. Poverty is high and rising, affecting 57.7 percent of the population in 2014 (35 percent of whom are extremely poor)¹ compared to 55 percent in the 2012 national poverty survey. Guinea's Human Capital Index score is 0.37, below average for Sub-Saharan Africa (SSA) (0.4), reflecting poor education and health outcomes. Like most African countries, Guinea has a very young population; more than 50 percent of the population are under age 30.² Only 31 percent of adults (15+ years) are literate. Access to basic services is low: only 28 percent of the population has electricity and 20 percent has improved sanitation. Gender gaps are widespread in school enrolment, wages, agricultural productivity, and political representation.

2. **Guinea's economic growth has been too slow and inconsistent to reduce poverty.** Poverty declined and most social indicators improved in the 1990s³ following implementation of the *Programme de Redressement Economique et Financier (Economic and Financial Recovery Program)* sponsored by the World Bank and the International Monetary Fund (IMF). These gains were however short-lived. In the 2000s, the country experienced a series of internal political crises and the negative effects of conflicts in neighboring Liberia, Sierra Leone, and Côte d'Ivoire.⁴ Economic growth slowed, and poverty increased from 49 percent in 2002 to more than 55 percent in 2012 (65 percent in rural areas and 32 percent in urban areas). Following a return to constitutional order in 2010, macroeconomic policies improved, structural reforms were carried out in key sectors, and cooperation with external partners improved. Guinea reached the Highly Indebted Poor Countries Completion Point in 2012 with the cancellation of two-thirds of its external debt, but it remains highly vulnerable to internal and external shocks that can wipe out development gains and worsen entrenched poverty. The 2013 Ebola outbreak which lasted till end of 2015, coupled with internal political unrest linked to election cycles, devastated economic activity⁵ and took a heavy toll on the agricultural and food sectors. Despite the strong growth of recent years, driven by good harvests and the mining sector, per capita growth (averaging 0.6 percent during 1998–2016) has been too low to reduce poverty.

3. **Structural challenges inhibit more inclusive growth.** The agricultural sector represents on average 20 percent of Guinea's gross domestic product (GDP), provides income for 57 percent of rural households, and employs 52 percent of the workforce.⁶ Industrial-scale mining of alumina, gold, and especially bauxite accounts for about 15 percent of GDP, supplies 80 percent of foreign exchange earnings, and provides 20–25 percent of government revenues. The mining industry grew by approximately 50 percent per year in 2016 and 2017. By contrast, the non-mining sector grew by 5.4 percent in 2018, although infrastructure investment and expansion of the primary and tertiary sectors remained strong. Extractive industries do not create many direct jobs; instead, when not well managed, they contribute to increased income inequality, governance risks, and

¹ Based on simulations using data from the 2014 population census; see WBG (2018), Guinea Strategic Country Diagnostic (SCD).

² Guinea 2016 Demographic Survey.

³ Between 1985 and 1997, primary school enrolment increased from 29 percent to 51 percent, access to primary health care from 10 percent to 40 percent, and access to drinkable water from 28 percent to 55 percent.

⁴ Guinea recorded more than half-a million refugees.

⁵ The World Bank estimates the economic impact of Ebola at 0.7–2.3 percent of GDP during 2014–15.

⁶ WBG (2018), Guinea Agriculture Sector Review.



potential for corruption. Overdependency on the mining sector exposes Guinea to external shocks, high food prices, and a high rate of youth underemployment, which are key drivers of fragility, conflict, and violence.⁷ A 2017 Risk and Resilience Assessment concluded that while mining will continue to drive growth in the medium term, it is urgent to mitigate the industry's negative environmental impacts, dramatically improve its contribution to socio-economic welfare and for the country to invest in more sustainable, diversified, and inclusive economic activities.

4. **The ongoing Coronavirus disease (COVID-19) crisis clouds an already strained and fragile economy and will further set back the country's fight against poverty.** The first case was confirmed on March 12, 2020 and as of August 17, 2020, the country had 8,620 confirmed cases with 51 fatalities.. As a result of the pandemic, real GDP growth is projected to decline to 1.4 percent in 2020, almost four times lower than in 2019. As a consequence, around 120,000 people could be pushed into poverty in 2020. According to a May 2020 survey, about 30 percent of households reported a reduction in their income of more than 50 percent and 60 percent of households reported a reduction between 10-50 percent. Three-quarters of informal businesses declared that their revenues had decreased compared to the same period in 2019. Informal businesses also reported liquidity shortages (69 percent) and disruptions due to difficulties with transportation (57 percent). Movement restrictions will affect harvests leading to lower agricultural production. The closure of borders with neighboring countries will have a negative impact on exports and contribute to lower farmers' incomes. The pandemic exerts inflationary pressure due in part to the scarcity of food as a result of a lower agricultural production and the disruption of food transport from other regions to Conakry.

5. **The Government of Guinea (GoG) has deployed a coordinated strategy – the National Emergency Preparedness and Response Plan for COVID-19 - to mitigate COVID-19 health, economic and social impacts.** Until the end of 2020, funding of the plan amounts to 1.5 percent of GDP, including 0.81 percent of GDP for COVID-19 health spending, 0.42 percent for protecting the most vulnerable, and 0.27 percent of GDP for supporting the private sector. The Government's short-term response is partly supported through on-going World Bank operations, including a dedicated Guinea COVID-19 Crisis Response Development Policy Financing (P174063) in the amount of US\$80 million, the Guinea Integrated Agricultural Development Project (GIADP, P164326) in the amount of US\$40 million, and the Support to micro, small, and medium enterprises (MSME) Growth Competitiveness and Access to Finance Project (P164283) in the amount of US\$30 million. The IMF has also provided a Rapid Credit Facility in the amount of US\$148 million, in addition to the debt relief received in April 2020 under the Catastrophe Containment and Relief Trust to urgent balance of payment and fiscal financing needs.

B. Sectoral and Institutional Context

6. **Guinea's agricultural sector has considerable potential to reduce poverty, create jobs, and improve food security, but it suffers from low productivity and is concentrated on food crops.** According to a recent analysis by the International Food Policy and Research Institute, continued economic growth projected at 2.6 percent per annum over 2015–2025 will result in a 49 percent poverty headcount in rural Guinea in 2025, with 21 percent of rural people experiencing extreme poverty (compared to 14.7 percent of all Guineans). A minimum of 6 percent annual per capita growth is required to decrease poverty by 50 percent by 2025. Areas of priority investment in agriculture to achieve this target include the development of market-oriented value chains for cash crops, animal products, meat, milk, eggs, fish, rice, and forestry products.⁸ Guinea is richly

⁷ WBG (2017), "Risk and Resilience Assessment" (May).

⁸ Fofana, I. (2019), "Analyse stratégique et priorité d'investissement agricole en Guinée" (ECOWAS—Revue PNIASAN, International Food Policy Research Institute, Conakry, December).



endowed with a variety of agroclimatic conditions favoring the production of diverse cash and food crops. This considerable potential is underutilized. Only 25 percent of cultivable land is used, including fallow land, with less than 10 percent cropped every year, and less than 10 percent of the 360,000 hectares (ha) of irrigable land has been developed.⁹ Households produce food largely for their own subsistence and have poor links to markets; less than 15 percent of production is sold, mostly at local markets. Cash crops for the domestic market or export represent less than 5 percent of agricultural GDP.¹⁰

7. **It is estimated that female-headed households' labor productivity in Guinea is 8 percent less than that of male-headed households.**¹¹ Women participate in agricultural production, particularly of food crops, from land preparation through harvest, and while women are more likely to make the decisions related to crop sales and processing, they rarely control the resources involved or the resulting income. Women's inclusion in formal business activity (female participation in firm ownership, top management, and employment) in Guinea is much lower than in other SSA countries. Only 9 percent of Guinean firms report having a woman among their owners. The factors explaining the gender gaps in productivity and entrepreneurship include women's lower level of education, with only 24.7 percent of women aged 15 and over literate, compared to 54.9 percent for men,¹² and lack of capacity building and support necessary for the development of businesses among women.¹³ The absence of a favorable institutional framework, and de facto discrimination against women in accessing inputs and financial services, also limits their ability to invest and develop their businesses in an environment where access to finance is already scarce.¹⁴ There is also a gender gap in bank account ownership in Guinea.¹⁵

8. **Guinea agricultural sector is highly vulnerable to climate change.** Guinea's Nationally Determined Contribution¹⁶ identifies three main impacts of climate change on the country: (i) an overall increase in average temperatures, with mean annual temperature projected to increase by 1.1–3.0°C by the 2060s and 1.6–5.3°C by the 2090s, with the most rapid warming and greatest changes occurring in northern and northwestern areas; (ii) a drop in average annual rainfall, especially in North-West and North-East Guinea, together with a change in the frequency and intra-year distribution of precipitation, resulting in a shorter but more intense rainy season; and (iii) rising sea level (approximately 80 cm by 2100). The results of these projected climatic conditions include an increased risk of dry spells, disturbances in rainfall patterns, extreme precipitation, and increased soil salinization and flooding, particularly in coastal regions.¹⁷ For agriculture, rising average temperatures and diminishing annual rainfall increase the risks related to overall productivity, water scarcity, and storage losses (in the absence of proper storage facilities), and they are also expected to increase the incidence of pests (including insects) and diseases outbreaks. A more intense rainy season would increase flooding, harming not only crops but roads (which are mainly unpaved), which would reduce the mobility of people and goods, increase travel times, and raise transport costs.

9. **Growth in the agricultural sector has been modest, driven mostly by an expansion of cultivated area rather than intensification.** Long-term annual agricultural growth is estimated at 3 percent, consistent with the

⁹ Groupement SHER Ingénieurs—Conseils-TROPIC Environnement (2018), "PASAG- Schéma Directeur de Développement de l'Irrigation" (Namur, August).

¹⁰ République de Guinée – Revue du Secteur Agricole. MINAGRI-Banque Mondiale, Janvier 2018.

¹¹ WBG (2019), "Guinea: The Economic Benefits of a Gender Inclusive Society" (Washington, DC, <http://documents.worldbank.org/curated/en/607191569339066369/Guinea-The-Economic-Benefits-of-a-Gender-Inclusive-Society>).

¹² République de Guinée (2014), Recensement Général de la Population

¹³ Maiga M (2020), Etude sur le Gender Tag pour le Projet de Développement de l'Agriculture Commerciale de Guinée

¹⁴ OECD (2014), "Guinea Social Institutions and Gender Index 2014 Survey" (Paris, Organization for Economic Co-operation and Development).

¹⁵ WBG (2019), "Guinea: The Economic Benefits of a Gender Inclusive Society" (Washington, DC, <http://documents.worldbank.org/curated/en/607191569339066369/Guinea-The-Economic-Benefits-of-a-Gender-Inclusive-Society>).

¹⁶ https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Guinea%20First/INDC_Guinea_english_version%20UNFCCC.pdf

¹⁷ Data from the WBG Climate Change Knowledge Portal (<https://climateknowledgeportal.worldbank.org/about>).



increase in rural population. Agricultural productivity is very low — half that of Mali,¹⁸ and among the lowest in Africa. The lack of market opportunities keeps farmers in a low-input/low-output cycle, reinforcing the overwhelming dependence on rainfall and family labor. In the late 1950s, Guinea was a leading fruit exporter, but production and exports of fruits and vegetables collapsed after Independence and by 1970, the volume of exports was close to zero.¹⁹ Currently, few private operators are producing for export markets—for instance, Guinea has exported less than 1,000 tons of bananas annually over the last ten years. Exports of pineapples and mangoes are even lower, coming mostly from small farms producing for the domestic market. Formal exports of agricultural products represent approximately 10 percent of total exports, with only five products (rubber, cocoa, coffee, cashews, and fresh fruits and vegetables) exported in small quantities. Other products such as palm oil, potatoes, groundnuts, maize, and fonio (*Digitaria exilis*)²⁰ are exported to neighboring countries through informal trade. Finally, Guinea relies on imports to supply the domestic market for agricultural products that it has a potential comparative advantage to produce—including rice, palm oil, eggs, meat, and even high-quality fresh fruits and vegetables for the growing middle class. Agricultural imports represent 20 percent of the country's total imports.

10. Facilitating private investment in agriculture is critical to unlock the potential of commercial agriculture in Guinea. Agriculture in Guinea is entangled in a vicious circle in which inefficient government investment and distortionary incentives lead to low productivity and low competitiveness and crowd out private sector investment. As the Strategic Country Diagnostic (SCD) concludes, the absence of market-oriented firms in the sector results in weak upstream and downstream linkages within value chains, leaving farmers with limited access to (or high costs of) production factors and inputs, high transaction costs, and poor market access. As a result, local products are sold at low prices, and Guinean producers have few incentives to pursue commercially oriented agriculture. Interviews with private sector representatives and potential investors in the sector indicate that the binding constraints for investments in commercial agriculture and agro-processing are:

- *The lack of adequate transport infrastructure and services severely constrains farmers' participation in markets.* An estimated 25 percent of Guinea's agricultural products go to waste because of inadequate transport. Only 30 percent of the country roads are paved. Over the past ten years, road conditions have deteriorated because of increased flooding, the absence of investment, and ineffective maintenance mechanisms.²¹ In 2014, only 15 percent of national roads and 14 percent of unpaved roads were in acceptable condition. Rural roads (35,000 km) are deteriorating due to the lack of available funding. Deteriorating roads isolate rural communities and producers from markets and sharply reduce the competitiveness of agriculture.
- *Inadequate logistics infrastructure is restricting export-led growth.* The lack of logistics infrastructure for pooling, handling, storing, cooling, and shipping agricultural products prevents producers from establishing efficient commercial linkages to markets. Production remains too atomized with respect to end-market volume requirements. The lack of proper storage and cooling facilities results in significant waste. Post-harvest losses are high (rice: 10 percent, maize: 15–20 percent, roots and tubers: 20–45 percent, fruits and vegetables: 30–60 percent).²² Efforts to supply large domestic consumption centers such as Conakry and

¹⁸ Sectoral productivity analysis finds that productivity in manufacturing is roughly 15 times higher than productivity in agriculture, and productivity in construction is almost eight times higher. The manufacturing–agriculture productivity ratio in Guinea is much higher than the African average of about 2.3 (McMillan and others 2014).

¹⁹ Guinea exported 100,000 tons of bananas in 1959.

²⁰ World Bank Trade and Competitiveness Global Practice (2016), "Guinea Diagnostic Trade Integration Study Update: Back to Business" (Washington, DC, November).

²¹ National road density is lower in Guinea than the average for Africa (6.84 km/100 km²), which is already lower than the average in Latin America (12 km/100 km²) and Asia (18 km/100 km²).

²² USAID (2015), "Rapid Assessment of the Horticultural Sector in Guinea" (Washington, DC: United States Agency for International Development).



regional capitals are severely constrained by the lack of modern wholesale markets that efficiently pool and distribute food items to consumers. Value chains are poorly structured. The emergence of commercial operators is a prerequisite for coordinating and integrating value chain actors and generating economies of scale. Lacking this integration, agro-processing is negligible, consisting mostly of small-scale processing of staples; industrial processing is limited to flour milling and beverage industries that rely almost exclusively on imported inputs.

- *The lack of efficient market information systems also constrains the development of commercial agriculture.* Most producers have no information on market prices and other key elements of their businesses. The recent development of services based on information and communication technology (ICT) provides new opportunities to develop market information systems and productivity-enhancing services.
- *Sanitary and quality control for agricultural production is non-existent in Guinea, which does not possess an accredited laboratory.* The absence of these controls creates considerable food safety risks and is a binding constraint for exporting to all but the least sophisticated, least regulated markets, which are becoming fewer and fewer. Guinea must acquire the capacity to manage the sanitary and quality parameters of agricultural production if it wants to develop its agricultural exports. Furthermore, Guinea does not possess any modern slaughtering facility. Animals are slaughtered in open areas in the middle of urban centers, including Conakry. Given the risks associated with these shortfalls, it is urgent for the country to update and enforce the legal and regulatory framework on agriculture and food quality and safety standards, particularly for animal and horticultural products, in line with international and regional standards. The country should also establish critical facilities for managing sanitary and phytosanitary (SPS) requirements. In parallel, private players require stronger capacity to improve quality management through the adoption of (and certification in) good agricultural and agro-industrial practices (HACCP, ISO, and GLOBALGAP).²³
- *Limited access to finance is a constraint for the private sector.* The *Global Competitiveness Report 2015–2016* identified a lack of finance as the most problematic factor for doing business in Guinea. Guinea has one of the lowest levels of access to formal financial services in SSA with 23.5 percent of Guinean adults reporting to have an account with a formal financial institution up from 7 percent in 2014 and 3.7 percent in 2011²⁴. Access to finance is also quite low in rural areas (18.2 percent) and for women (19.7 percent) compared to SSA averages²⁵. The banking sector serves only a small number of formal small and medium enterprises (SMEs) and focuses primarily on corporate and retail clients needing short- and medium-term loans.²⁶ When available, credit is costly, with average interest rates at 22 percent. Firms are regularly asked to submit collateral for more than the loan value. Given these failures in markets for financial services, Guinea cannot attract players to drive value chain development without government support in the near term, accompanied by longer-term reforms to deepen domestic financial markets and ensure their sustainability.
- *Governance problems and a poor business environment adversely impact the private sector.* Guinea ranks in the low 25th percentile for most Worldwide Governance Indicators. The indicators of Rule of Law, Control of Corruption, and Government Effectiveness are below the 15th percentile, indicating major challenges in these areas. The Country Policy and Institutional Assessment (CPIA) assigns low scores to Guinea for Government Effectiveness—which rates the quality of public services, the degree of independence from

²³ HACCP (Hazard Analysis and Critical Control Point system to ensure food safety); ISO (International Organization for Standardization); GLOBALGAP is a global certification program for good agricultural practices, with food safety and environmental elements.

²⁴ Findex 2016.

²⁵ DE4A 2020.

²⁶ USAID (2017), “Initial Scoping of Guinea Financial Sector” (Washington, DC: CNFA-SAVVY, United States Agency for International Development).



political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies—pointing to a situation that is particularly damaging for private investments. This message is confirmed by Guinea's poor ranking in the World Bank Doing Business survey (156 among 190 economies in 2019).

11. **The GoG “Vision 2040 for Emerging and Prosperous Guinea” hinges on accelerated development of commercial agriculture for economic transformation.** The Government's longer-term strategic development framework is phased into four periods from year 2016 through 2040, each with accompanying national and sectoral implementation plans. With recent improvements in infrastructure along mining corridors, exports of some agricultural products could rapidly develop if the accompanying investments, capacity, and reform measures materialize. Guinea's well-known potential for commercial agriculture is eliciting growing interest from investors, and since 2016, the Government has emphasized the promotion of export-oriented agriculture. Proximity to European markets gives the country an important competitive advantage in exporting a variety of crops, including fresh fruits, cashews and fonio, a “superfood” which could spearhead Guinea's repositioning in global food markets. The West Africa region also presents large opportunities for developing Guinean agricultural exports of groundnuts, pineapples, potatoes, and palm oil.

12. **The proposed Multiphase Programmatic Approach (MPA) expresses WBG support to the GoG longer term commitment for agriculture development** and encompasses the GoG's Vision 2040 second part (2020–2025), and third part (2025–2030), supporting its Pillar 4 on Structural Transformation of the Economy and related national and sector implementation plans. For demonstration effect, the Program will focus its interventions in its Phase 1 in the bauxite mining regions where infrastructure and logistics are being developed, while preparing detailed commercial agriculture investment plans for other mining poles to inform subsequent sector implementation strategies and phases of the Program.

13. **The MPA will leverage and complement ongoing WBG operations to support the GoG in lifting key constraints to crowding private investors into agricultural value chains.** Lifting those constraints will provide: (i) incentives for farmers to invest in productivity and quality and (ii) much-needed job opportunities for a growing population, particularly in mining areas. Accelerating the development of commercial agriculture as a critical engine of growth will require a comprehensive public-private partnership. For its part, the Government will need to deliver considerable investments in infrastructure as well as continued reforms. These efforts will enable investors to play their part by delivering the capital, expertise, and knowledge of markets, credit for inputs, technology, logistics, and commercialization that are required to modernize agriculture in Guinea. The proposed approach to support the development of commercial agriculture, is a new approach for the country as well as a new area of engagement for the WBG in Guinea. For this reason, the phased approach and learning agenda of the proposed MPA will allow to introduce technical, commercial and institutional innovations which have not yet been tested at scale in Guinea, learn from their implementation and adjust the design over time, to achieve the ambitious objective set for this Program.

C. Relevance to Higher Level Objectives

14. **Recognizing the critical role of agriculture to achieve its Vision 2040 for economic growth and poverty reduction, the GoG has prepared and implemented a series of sectoral strategies and plans.** The most recent one, the Accelerated Program for Food and Nutritional Security, and Sustainable Agricultural Development (*Programme Accéléré de Sécurité Alimentaire et Nutritionnelle et de Développement Agricole Durable 2016–2020*, PASANDAD), aims at kick-starting the implementation of the agricultural chapter of the 2016–2020 National Economic and Social Development Plan (*Plan National de Développement Economique et Social*, PNDES). The PASANDAD is articulated around four key components: (i) promoting a conducive environment for



agricultural development; (ii) accelerating agricultural value chain development; (iii) gender and nutrition; and (iv) sustainable development of natural resources.

15. **PASANDAD aimed at accelerating the implementation of the National Agricultural and Food Security and Nutrition Investment Plan (*Programme National d'Investissement Agricole et de Sécurité Alimentaire et Nutritionnelle*, PNIASAN, 2018–2025).** Supported by the African Union and Economic Community of West African States (ECOWAS), the PNIASAN is organized around five subprograms: (i) boosting productivity and production of staple crops through agriculture and rural infrastructure; (ii) improving access to markets and structuring key agricultural value chains; (iii) enhancing agricultural resilience and improving food and nutrition security; (iv) improving agricultural sector governance; and (v) development of human capital and promotion of women and youth in agriculture. Although the implementation of these strategies has been lagging due to the slow mobilization of donor funding, their main objectives remain relevant.

16. **The Country Partnership Framework (CPF) FY18-FY23, Report 125899-GN)²⁷ for Guinea places agriculture at the center of WBG interventions in the next five to six years²⁸.** Echoing the 2018 SCD for Guinea's proposed pathways to shared prosperity and poverty reduction, the CPF is formed around three pillars: (i) fiscal and natural resource management; (ii) human development; and (iii) agricultural productivity and economic growth. The proposed Program supports the third pillar and encompasses the following objectives: (i) increased agricultural productivity and access to markets; (ii) an improved business environment; and (iii) increased access to job opportunities, especially for young people.

17. **In response to the GoG's request, the WBG has developed a support package with a Maximizing Finance for Development (MFD) approach to spearhead the emergence of commercial agriculture in Guinea.** The support package, articulated in a joint International Finance Corporation (IFC)/World Bank Agribusiness Action Plan endorsed in April 2017, consists of a series of sequenced interventions combining technical support and sector reforms. *Technical support* is provided through targeted analytical work, such as the World Bank–led comprehensive agricultural sector review; the IFC-sponsored private investment forum to explore investment opportunities with mature agribusiness companies operating in the region; the IFC/World Bank “Deep Dive” on selected value chains (fruit, rice, fonio, cashews, and livestock); and sector coordination tools and development of master plans for critical rural infrastructure, such as irrigation perimeters and rural roads), which was supported under the World Bank–funded Guinea Agriculture Sector Support Project (*Programme d'Appui au Secteur Agricole de Guinée*, PASAG, P148114). Informed by the results of these activities, sector reforms seek to promote private sector-led sustainable development of agriculture for growth and jobs. The most critical reforms are supported by: (i) a new series of Development Policy Operations (DPO, P166322), aiming to enhance the institutional and regulatory framework to promote competitiveness, including in the agricultural sector; (ii) the IFC Investment Climate for Agribusiness (ICA) Project; and (iii) World Bank-financed investment lending operations, including (a) the GIADP (P164326) supporting productivity, aggregation, and early stage, small-scale cottage processing of staple crops and animal products for local and cross-border markets; paired with (b) a Rural Mobility and Connectivity Project (RMCP, P164543); and (c) this proposed MPA, focusing on export crops and fresh and processed food for larger urban poles, taking food demand in mining zones and transport corridors into consideration.

18. **The Program is part of the WBG support to GoG's medium-term strategy to address the COVID-19 impacts,** in particular the fall in agricultural production, the loss of revenues for businesses in the agricultural sector, and loss of incomes for farmers. The proposed operation is fully aligned with the National Emergency Preparedness and Response Plan for COVID-19 for 2020-2022, particularly its components on Economic

²⁷ The CPF was presented to the Board of Executive Directors on June 7, 2018.

²⁸ The Performance and Learning Review of the CPF is underway and will integrate COVID-19 response efforts.



Recovery and Resilience to shocks. Likewise, this project is well-aligned with the WBG COVID-19 Crisis Response Approach Paper, particularly its Pillar 2 – Protecting poor and vulnerable households; Pillar 3 – Ensuring sustainable business growth and job creation; and Pillar 4 – Strengthening policies, institutions and investments for rebuilding better. In its Phase 1, the Program will ensure critical agricultural value-chains continue to function, help relaunch agricultural SMEs activities, and generate jobs and incomes within the agricultural value chains, including through labor-intensive public works (LIPW) to support livelihoods while providing communities with infrastructure and resilience. The proposed operation will also help strengthen the resilience of the country to future shocks through the establishment of a solid health and food-safety system that will contribute to preventing new outbreaks of zoonotic and food-borne diseases such as Ebola and coronaviruses-associated diseases.

19. **The proposed MPA is expected to have strong transformative development impacts on social and economic conditions in targeted areas.** As noted, a 2017 Risk and Resilience Assessment emphasizes the urgency of investing in more sustainable, diversified, and inclusive economic activities, in light of Guinea’s vulnerability to external shocks and high youth unemployment, and as reinforced by the current COVID-19 crisis. Investments under the proposed MPA will help to address these two major drivers of risk, building the foundation of longer-term development of the commercial agricultural sector, which will reduce vulnerability to external shocks by fostering economic diversification, and create jobs and other economic opportunities to reduce unemployment (24,000 agricultural and agro-industrial jobs). More specifically, the MPA aims to alleviate growing population pressure and social unrest in booming mining areas and starting with the two bauxite mining regions of Boké and Kindia and focusing initially on domestic value chains, gradually expanding to other mining poles and export-oriented value chains. The MPA will emphasize support for women and youth (aged 18–35) to develop their own economic activities, which will help to foster more inclusive economic development. With the IFC Infrastructure and Natural Resources Advisory department, the MPA will partner with mining companies in their respective concessions to support the preparation of community development initiatives that focus on commercial agriculture.

20. **At the same time, by strengthening resilience to climate change, the proposed Program will contribute to the implementation of the Africa Climate Business Plan.** Considering the potential impacts of climate change on the agricultural sector in Guinea, this MPA is committed to: (i) adapting rural roads to all-weather use to counteract the adverse effects of flooding and precipitation; (ii) building market infrastructure, particularly storage facilities designed for climate adaptation (with cooling facilities to adapt to increased temperatures) and mitigation (with energy-efficient equipment and efficient waste management systems); (iii) ensuring that a sustainable financing mechanism is available to maintain improved road and market infrastructure for long-term resilience, including covering the costs of repairing damage caused by climate change; (iv) mainstreaming climate resilience in the private investments to be supported under the Program (for instance, through the adoption of climate-smart agricultural practices, climate-resilient technology, energy-efficient equipment, and so on); and (v) working with value chain actors to improve their understanding of climate change and its impact on commercial agriculture, and building their capacity to use tools and techniques for designing and implementing adaptation and mitigation approaches.

D. Multiphase Programmatic Approach

(i) Rationale for using a Multiphase Programmatic Approach (MPA)

21. **Rationale for using a programmatic approach.** The MPA, as an adaptive and programmatic approach, will contribute to GoG’s ambition of structural transformation of the economy through commercial agriculture



with a longer-term and continuous engagement and adaptative and flexible approach. The MPA offers several advantages over a number of standalone Investment Project Financing (IPF) projects:

- Longer-term strategic engagement to build trust with private investors. The country is emerging from five decades of heavy, state driven development strategies, including a violent political transition to democracy after the first ever freely elected president in 2010. This history and the remaining fragility of governance institutions, combined with frequent policy changes, present high risks for private investments. In this context, the achievement of the program development objective requires an adaptive longer-term programmatic approach with strong support from WBG and partners. The longer-term commitment of an MPA would give space to the private sector, increase their confidence, help plan for the longer-term, and invest with greater confidence that a stop-and-go approach does not help achieve. A consistent support from the proposed MPA will help retain developed capacities sustainably over a longer term and provide a longer-term partnership platform.
- In the context of the development challenges and existing fragile institutions in the country, the structural changes needed to create an environment more conducive to private investments in commercial agriculture, require space for adaptive learning and course correction. Such an objective cannot be effectively delivered through independent single or short-term projects. To be successful, the necessary reforms need to be backed up by empirical evidence, coming from pilot experiences with demonstratable effects (supported in the Phase 1 of the Program). Such objectives, and the approach to achieve them, is best supported by a MPA.
- The phased approach of the MPA also allows to gradually build internal capacities both within the GoG's administration and among the private sector stakeholders and set internal systems in place to strengthen the governance of the sector necessary to support the preparation and implementation of the needed reforms. The West Africa Agricultural Productivity Program (WAAPP, P122065) has shown how a longer-term approach was successful in building strong systems to support agricultural productivity in West Africa, and Guinea in particular. The adaptative approach and learning agenda that the MPA offers, allows to launch during the Phase 1 pilot experiences in regions with existing infrastructures, like Boke and Kindia, and in value-chains and with agribusinesses companies that are ready, to demonstrate their value and learn from these experiences. An impact evaluation will be realized during the Phase 1 to further adapt the design of the Program in a subsequent phase and extend the support to other value-chains and agribusinesses companies as well as other mining -agriculture poles in the Phase 2.
- Commercial agriculture projects need an appropriate timeline. Similar projects seeking to foster the development of commercial agriculture have shown that time is required to strengthen investors' capacities, build support services and allow investors to successfully implement their subprojects. For example, the stop and go approach to support commercial agriculture in Senegal, through two IPFs over a 15-year period²⁹, has slowed down the development of agribusiness, as it was necessary to rebuild trust between the administration, private investors and local communities during the second IPF. A twenty-two month extension had to be granted to the Cameroon Agricultural Investment and Market Development Project (PIDMA, P143417) to ensure achievement of expected outcomes in commercial

²⁹ Senegal Agricultural Markets and Agribusiness Development Project (PDMA, P083609) and Senegal Inclusive and Sustainable Agribusiness Development Project (PIDAS, P124018).

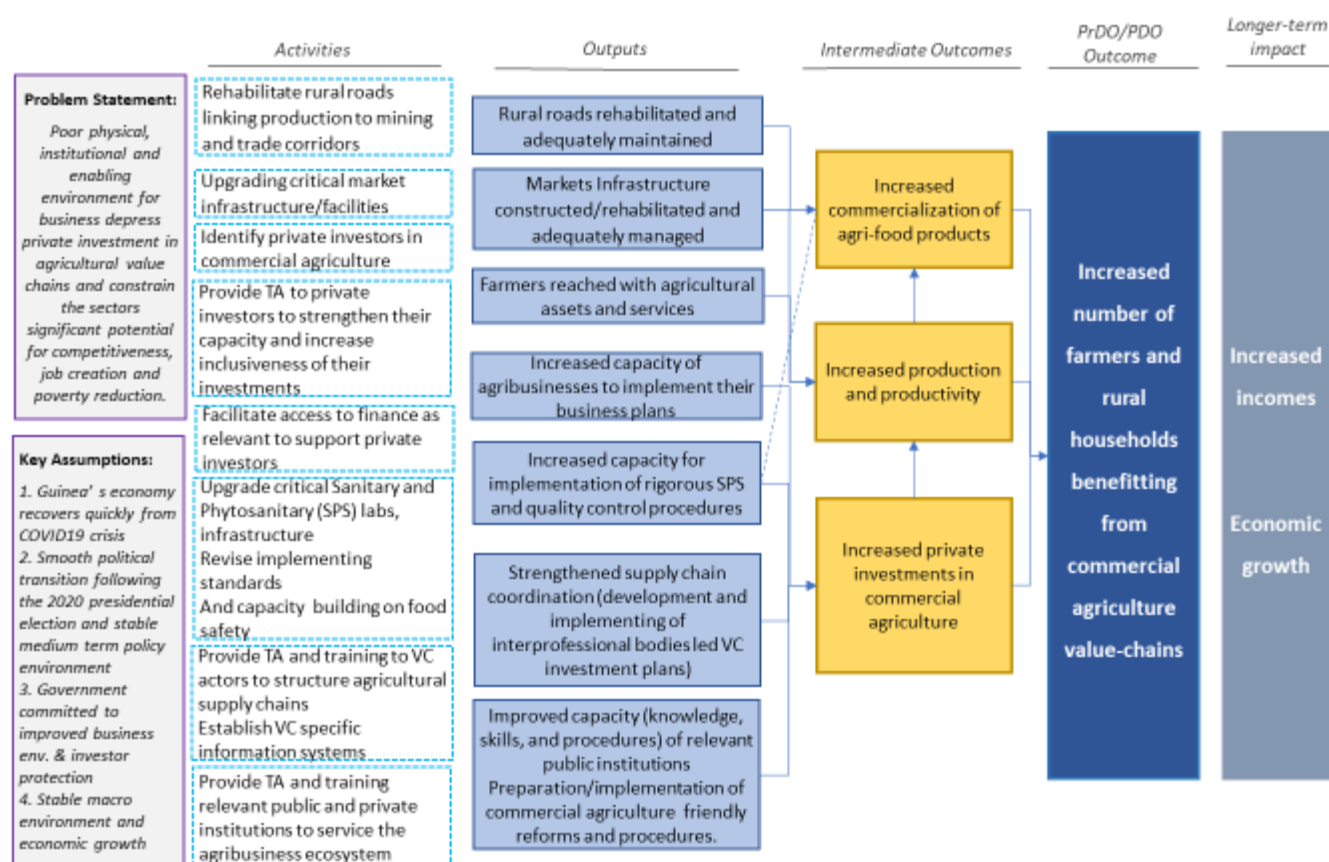


agriculture. The longer-term approach of the MPA (eight years) will help ensure optimum support to private investments.

(ii) Program Result Chain

22. **The Program will support Guinea in transforming its agri-food sector into a competitive and inclusive commercial agricultural sector.** The Program focuses on attracting private investment to develop inclusive agricultural value chains to supply rapidly growing international, regional, or national markets and to create jobs and economic opportunities for the local population in the Program areas. This would ultimately contribute to increasing incomes of farmers and rural households and foster economic growth. The development of commercial agriculture requires (i) connectivity to markets; (ii) support services to private investors; and (iii) functioning agricultural value-chains and enabling environment.

Figure 1: Program Theory of Change



23. The Program will target in its Phase 1, the resilient recovery of SMEs in the agricultural sector from the COVID-19 crisis focusing on domestic value-chains and on the areas of Boke and Kindia, that present high demand potential and existing infrastructures, and then will expand in its Phase 2 to other value-chains and areas to scale-up its support to commercial agriculture.



(iii) The Program Development Objective (PrDO)

24. **The PrDO is to increase the number of farmers and rural households benefitting from commercial agriculture value-chains in Program's Areas.** Over its eight-year implementation period, the Program is expected to:

- (i) create 24,000 jobs along the commercial agriculture value-chains (from a baseline of 0), of which 12,000 for women;
- (ii) increase the number of farmers and rural households provided with commercial opportunities (through contracting and access to markets) in agricultural value-chains by 145,000 of which 72,000 women (from a baseline of 0).

25. In the context of the Project, commercial agriculture is understood as a way for transforming agricultural production systems from household consumption-centered (with low marketable surpluses) to a market-oriented food production system with distribution to wholesalers or retail outlets. This implies a value chain type of organization that entails full range of activities required to bring a product from conception, through the different phases of production, to delivery to final customers, and final disposal after use. In the context of food production, these activities include farm production, trade and support to get food commodities to the end-consumer³⁰. Project outcomes in terms of commercial opportunities will stem from the full range of activities along the value chains, including (i) increased opportunities for direct sales of farmers' products through rehabilitated roads, access to market infrastructures and contract farming with off-takers; and (ii) additional job opportunities along the value-chain.

(iv) Program framework

26. The proposed Program includes two overlapping phases of five years each, which will be implemented over an eight-year timeframe. The phases will overlap to ensure complementarity and incorporation of lessons and experience from the Phase 1. The design of the Phase 2 will consider the capacity of relevant public agencies and institutions, contributions of other partners and sectors, and challenges and will be informed by an impact evaluation carried out during the Phase 1. Expansion of the Program in its Phase 2 to two other mining-agriculture corridors will be fed by the implementation of the Phase 1, learning from the experiences in the regions of Boke and Kindia. The overlap of the two phases also ensures that essential activities continue without gap in program roll-out while the Phase 2 is being prepared.

³⁰ F. Montabano, S. Nenci, L. Salvatici: Trade, Value Chains and Food Security. FAO, Rome, 2015.



Table 1: Program Phases

Phase #	Project Number	Sequential or Simultaneous	Phase's Proposed DO*	IPF or PforR	Estimated IDA Amount (US\$ million)	Estimated Other Amount (US\$ million) ³¹	Estimated Approval Date	Estimated Environmental and Social Risk Rating
1	P164184	Simultaneous	To increase the number of farmers and rural households benefitting from commercial agriculture value-chains in Boke and Kindia areas	IPF	100.00	7.00	September 22, 2020	High
2		Simultaneous (fourth year of the Program)	To increase the number of farmers and rural households benefitting from commercial agriculture value-chains in two other regions	IPF	100.00	75.00	2023	High
Total					200.00	82.00		

27. **IFC will complement the proposed Program** through (i) providing long-term financing to investors in commercial agriculture; (ii) providing, on a case by case basis, technical assistance to strengthen sponsor's technical and management capacity; (iii) providing support to local financial institutions through the IFC Rural Finance Facility I (RFFI) which is currently being developed to address market failures on the supply and demand side and help address constraints related to rural financing; and (iv) developing digital finance to enable more smallholders to access more financial services. IFC's ambition is to generate US\$100 million of investment over eight years broken down as follow: (i) US\$50 million from IFC own account and (ii) US\$50 million mobilized through other Development Financing Institutions (DFIs) and commercial lenders/ private sector investors to support access to finance for investments in commercial agriculture. Providing context has improved and public investments are done, IFC contribution could match IDA's financing, through increased support in the Phase 2.

28. **The Program will leverage private financing to foster the creation of economic opportunities in the targeted corridors.** Mining activities are often disrupted as local people express frustration with the lack of inclusive development opportunities in mining areas. Mining companies have started to finance programs to create immediate employment opportunities in local communities, but there is a demonstrated need—which the proposed Program can address—to scale up those programs with parallel financing and/or complementary interventions. Agriculture-based investments and employment have more potential to support a fast-growing population than capital-intensive mining activities alone³². The rationale for developing agriculture near mining areas also stems from the longer-term need for economic development that can be sustained in the post-mining period. Developing labor-intensive commercial agriculture would alleviate social tensions among people who feel that they do not receive a fair share of the windfall of mining revenues; at the same time, it would attract further investment in these areas.

29. **Because the development of commercial agriculture requires connectivity to markets and functioning agricultural supply chains, the Program intervention is based on the following principles:** (i) leveraging existing connective infrastructure (roads, rail, ports, energy, and so on); (ii) concentrating initial support on value chains

³¹ Including US\$107 million from the GoG and Local Governments (Municipalities) for the maintenance of rural infrastructure built or rehabilitated under the Program and to expand support to other mining-agriculture poles.

³² Risk of pollution of crops and agriculture produce in mining areas will be addressed under the Program's Component 3 on sanitary and phytosanitary control, quality, norms and standards.



with demonstrated high development potential; and (iii) flexibility to respond to business opportunities contributing to the PDO. More specifically:

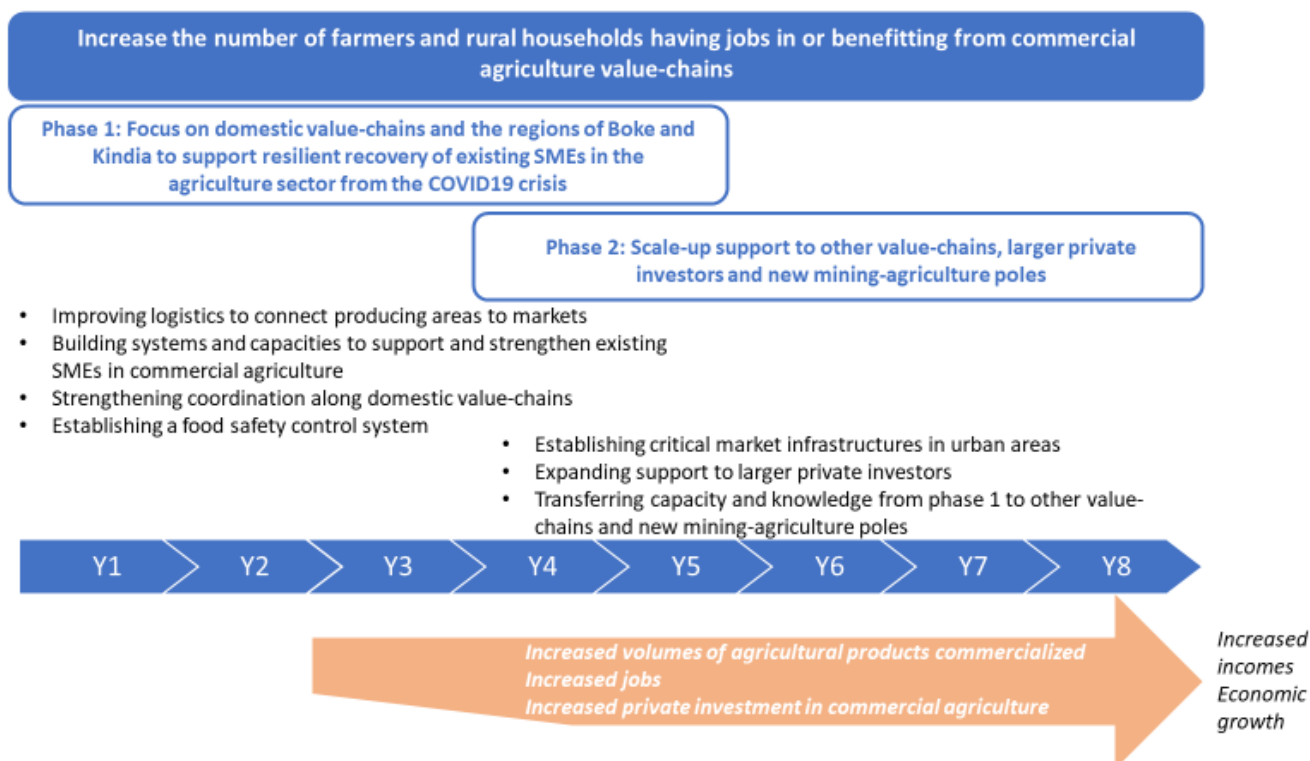
- **The Program will geographically concentrate its interventions to unlock the potential of “3H areas”— areas with high demand, high potential, and high connectivity.** Mining corridors provide connectivity to domestic and export markets through existing railway lines,³³ fairly good national roads, and port infrastructure, which are used mainly for the transport and export of bauxite. The Program can build on this connectivity to rapidly increase the commercialization and export of agri-food products produced in these areas. Mining activities are also attracting large inflows of people seeking employment that mining alone cannot offer, which creates increasing social unrest that could be alleviated by the development of agricultural and non-agricultural rural activities. The Boké–Kamsar and the Conakry–Kindia mining corridors have been identified as priority areas for the Phase 1 of the Program because they are endowed with important agricultural production potential, growing domestic markets, and connective infrastructure.
- **Although the potential for commercial agriculture is huge in Guinea, the Program will focus its efforts on value chains that can attract immediate interest from private investors.** Based on a number of recent analyses and other criteria (see details in Section IV.A),³⁴ the Program will target four value chains: (i) fonio, given that Guinea is the top global producer and leading exporter in the region, and that the crop has important prospects in international markets as a superfood; (ii) fruits with production and export prospects that are attracting private investors (pineapple, mango); (iii) livestock (meat and poultry), to respond to the growing domestic market; and (iv) cashews, which are a leading export product (see Annex 4 for details on these value-chains).

³³ Kamsar-Boké-Sangaredi, 135 km; Conakry-Kindia, 105 km; and Conakry-Fria 143 km.

³⁴ The value chains have been carefully selected based on the following considerations: (1) the national agricultural development strategy; (2) the main crops in the regions selected for the Project’s integrated agriculture-mining growth pole approach (Boké and Kindia); and (3) detailed value chain analysis by the government (specific value chains in the context of the 2018 Agricultural Sector Review, “Scoring of potential high growth value chains” (Ministry of Agriculture, 2018), and the “Guinea Agribusiness Deep Dive” (WBG, 2018); and (4) the competitiveness of selected priority value chains (assessed in preparing the Agribusiness Project, 2019).



Figure 2: Program Conceptual Framework for the Development of Commercial Agriculture in Guinea



30. **Phase 1 of the Program**, with a total cost of US\$107 million (of which US\$100 million IDA), will primarily focus on fostering a resilient recovery of the agricultural sector in Guinea, following the COVID-19 crisis, setting-up a conducive environment for private investments in commercial agriculture. It will primarily focus on improving logistics to connect producing areas to markets through the rehabilitation of rural roads and upgrade of critical markets infrastructures in regions with existing infrastructures connections. This will be done, to the extent possible, through labor-intensive public works to provide incomes opportunities to rural households. The operation will also focus on building systems and capacities to support and strengthen existing SMEs in commercial agriculture, including farmers' organizations, through access to business development services (BDS) and a Dedicated Financing Facility (DFF). Larger pilot investments, some already pre-identified through IFC³⁵, will be supported during this Phase 1. Lessons learned from these pilots will help adapt the support to further scale it up during the Phase 2. The operation will also support the creation of an enabling environment for commercial agriculture by (i) strengthening relevant public agencies; (ii) strengthening coordination among two of the targeted value-chains, with a focus on domestic value-chains; and (iii) establishing the basis for an efficient food safety control system. The investments in infrastructures described above as well as systems and capacities build will help foster resilient recovery of the sector and provide the foundational basis for the development of commercial agriculture in Guinea.

31. **Phase 2 of the Program** with an estimated total cost of US\$175 million, of which US\$100 million IDA, will scale up the support provided to private investors, based on lessons learned under Phase 1 from pilot medium and larger enterprises. It will also expand the support to two other agricultural value-chains. The

³⁵ Including a SME led out-grower scheme for fonio processing and quality management for exports, and mining company-sponsored cashew processing plants sourcing from smallholders; an agribusiness venture to feed large beverage processing plant from locally produced cereals and fruits.



operation will also support, based on the lessons learned from the Phase 1, the preparation and implementation of strategies and plans for developing commercial agriculture in two other mining – agriculture poles (e.g. gold mining areas in the North-East and iron mining areas in Guinée Forestière). Under Phase 2, the Program will also support, through an opportunistic and non-geographically targeted approach, the establishment or expansion of promising private agricultural or agro-processing companies (“low-hanging fruit”) in any other agricultural value chains based on the companies’ specific market prospects, investor profiles, and detailed development plans.

(v) Learning agenda

32. The learning agenda of this MPA will help foster knowledge exchange with other countries where commercial agriculture development is already happening such as Côte d’Ivoire, in particular with regards to agriculture value-chain interprofessional bodies, Senegal around horticulture exports development, or Malaysia on the exit strategy from a state-led agriculture development to a private sector led commercial agriculture. The learning by doing approach that an MPA allows, will also ensure that capacities of key stakeholders are strengthened and that these innovations are tailored to Guinea’s context and market requirements, and can be scaled up in the subsequent phase.

33. **The MPA has the advantage of allowing for built-in adaptive, as well as phase-to-phase learning.** The first component of the learning agenda will focus on adaptive learning and the phases are being implemented. The Program will introduce several technical, commercial and institutional innovations which have not yet been tested at scale in Guinea: (i) technical innovations include climate smart agricultural production, processing, logistics and marketing, and leveraging digital solutions for their implementation; (ii) institutional innovations: interprofessional associations, partnership between mining companies and agribusiness investors for inclusive value chain development; arrangement with the National Agency for Local Government Finance (*Agence Nationale de Financement des Collectivités Locales*, ANAFIC) and communes for sustainable management, operations and maintenance of rural infrastructure; and (iii) commercial innovations: introduction of new business models such as productive alliances to facilitate contract farming, marketing trials encompassing SPS, and logistics.

34. **The second component of the learning agenda will focus on phase-to-phase learning.** An impact evaluation will be carried out to learn from implementation of the various activities and inform the design of the following phase. The impact evaluation will particularly focus on activities and innovations that enhance inclusion in commercial agriculture, being it inclusion of smallholder farmers into productive alliances along the value-chains or creating economic opportunities and jobs for women and youth along these agricultural value-chains. The impact evaluation will also assess the sustainability of Program-supported infrastructures, and in particular, their management systems set in place with the Local Governments, in order to extend Program support to other, larger-scale market infrastructures in the Phase 2. Finally, the evaluation will also look at the ability to leverage private investments within agricultural value-chains at all levels (small, medium and large enterprises). This learning will complement the continuous lesson-learning on private sector support that will be realized through a firm specialized in commercial agriculture hired in the Phase 1 of the Program, which will provide technical assistance to the Program Coordination and Implementation Unit (PCIU). This firm will be responsible to mobilize specific expertise under Component 2 to support agribusinesses in strengthening their capacities, developing their business plans and expanding their markets.

35. **Systematic monitoring, assessment of the implementation of pilot activities under Phase 1 will feed the learning agenda of the Program, allowing for the gradual adaptation of the Program’s design and implementation.** The learning agenda will be implemented through firm specialized in commercial agriculture in close coordination with the PCIU. This continuous and adaptive learning during the implementation will be



critical to achieve the Program Development Objective, while mitigating the risks as a focus will also be made on building capacities of Program implementing partners in the public and private sectors.

II. PROJECT DESCRIPTION

A. Project Development Objective

PDO Statement

36. **The PDO is to increase the number of farmers and rural households benefitting from commercial agriculture value-chains in Program's Areas**
37. The PDO for the proposed Phase 1 is same as the PrDO, with a particular focus of Program intervention on Boké and Kindia areas.

PDO Level Indicators

38. The proposed PDO-level performance indicators are:
- (i) Number of jobs created along the agricultural value-chains, disaggregated by gender;
 - (ii) Number of farmers and rural households provided with commercial opportunities in the agricultural value-chains, disaggregated by gender.

B. Project Components

39. **Each phase of the MPA will consist** of five interrelated components: (i) *Improving Market Access in Targeted Areas* of Boké–Kamsar (Boké Prefecture) and Kindia–Conakry (Prefectures of Kindia and Conakry); (ii) *Supporting Private Investment*, targeting private investment with significant impacts (such as building partnerships with local farmers, creating jobs, and/or providing economic opportunities for youth and women and structuring the local economy); (iii) *Enabling Environment for Commercial Agriculture*; (iv) *Emergency Response*; and (v) *Project Management and Coordination*.

Program Component 1: Improving Market Access in Targeted Areas (US\$174 million, of which US\$97 million IDA) – Phase 1 (US\$57 million, of which US\$52 million IDA)

40. Component 1 will finance public infrastructure to improve connectivity and logistics between producers and markets in the agriculture-mining corridors, such as Boké–Kamsar and Kindia–Conakry for the Phase 1, to capitalize on their high agricultural potential, demand (they are important consumption centers), and connectivity (through existing mining infrastructure). The objective of this component is to increase market access and to reduce transport and logistics costs to improve the competitiveness of agriculture in the targeted areas. All infrastructure constructed and rehabilitated by the Program, including rural roads, buildings, and storage facilities, will be designed for climate resilience and encouraged to utilize energy-efficient materials and designs.

Subcomponent 1.1: Rehabilitation of rural roads (US\$74 million, of which US\$37 million IDA) – Phase 1 (US\$37 million IDA)



41. Subcomponent 1.1 will finance preliminary studies for rehabilitating rural roads (feasibility studies and environmental and social impact assessments (ESIAs) and support the rehabilitation of about 1,600 km of unpaved rural roads connecting the main agricultural production areas to major trade corridors. Of that 1,600 km, 600 km will be in the targeted areas of Boké and Kindia Prefectures, 200 km will be in other areas to enable specific private agricultural investments to access markets and the remaining 800 km in new mining-agriculture poles to be supported during the Phase 2 of the Program. Technical design and costing for the rehabilitation of rural roads will incorporate efficient drainage systems such as culverts, retaining walls, and small bridges to withstand the heavy rains and water erosion that are the main local climate risk factors. Phase 1 will cover the rehabilitation of 800 km of rural roads, including 600 km in Boké and Kindia Prefectures.

Subcomponent 1.2: Establishment of aggregation and logistics centers (US\$87 million, of which US\$57 million IDA) – Phase 1 (US\$13 million IDA)

42. Phase 1 of the Program will focus on construction of the agri-logistics centers and small-scale slaughterhouses in Boké and Kindia and on the complementary facilities to the slaughterhouse of Conakry, while supporting feasibility studies for larger infrastructure around Conakry and in other mining poles. Specifically, Subcomponent 1.2 will support (i) in the Conakry area, (a) feasibility studies (technical studies, market studies, ESIs) in Phase 1 of a wholesale market and a logistics area (with conditioning, cross-docking, and storage facilities) to improve the supply of agri-food products to Conakry, for construction equipment in Phase 2; and (b) feasibility studies and construction and equipment in Phase 1 of complementary facilities (cattle park, butchering facilities) for the slaughterhouse being completed by the GoG to improve supply and sanitary standards in the Conakry meat value chain; (ii) technical feasibility studies, ESIs, and the construction and equipment of smaller agri-logistics centers and small-scale, standards-compliant slaughterhouses (for up to 50 units of cattle and 100 units of small ruminants) in Boké and Kindia in the Phase 1, and feasibility studies of similar facilities in other agriculture-mining poles in the Phase 2 to facilitate and rationalize supply operations of agricultural products; and (iii) improvement of the infrastructure necessary for exporting agri-food products at the port of Kamsar.

43. The marketing infrastructure (wholesale markets, logistics centers, and so on) to be rehabilitated or established under the Program will incorporate design elements to maximize climate co-benefits, including efficient waste management and the systematic use of materials and designs that are climate-resilient and energy-efficient (and/or that use renewable energy). Streamlined (more efficient) market infrastructure, including improved and new storage facilities, will reduce the risk of losses due to increased temperatures and will increase resilience to one of Guinea's main climate risks. Infrastructure supported under the Project will benefit from appropriate arrangements to ensure satisfactory operation and maintenance.

Subcomponent 1.3: Support sustainable management of market infrastructure (US\$13 million, of which US\$3 million IDA) – Phase 1 (US\$7 million, of which US\$2 million IDA)

44. Subcomponent 1.3 will provide technical assistance to develop and establish efficient management systems (including cost-recovery mechanisms) for the rural roads and market infrastructures rehabilitated or constructed under the Program. Local Governments (*communes rurales*) will manage and maintain rural roads, mobilizing the substantial resources of the National Local Development Fund (*Fonds National de Développement Local*, FNDL). Each of the market infrastructures will be managed by a qualified private operator either under a concessionary agreement or through a special-purpose vehicle (SPV) established by the owners (the ministries in charge of commerce and/or livestock or the Local Governments) and the relevant value chain professional associations, as determined by the market studies.

Program Component 2: Supporting Private Investment (US\$69 million IDA) – Phase 1 (US\$30 million IDA)



45. Program Component 2 aims to attract and support private investment in commercial agriculture, to drive the development of inclusive agricultural value chains for the sustained creation of value-added and jobs. This component has been prepared and will be implemented in close collaboration with IFC (Appendix 4.1 in Annex 4 describes the synergies between IFC programs and the proposed Project). While it is expected that Project support under this component will prioritize the targeted value chains (at least half of funding) and targeted Project areas, an opportunity will be given to support promising private investments in any agricultural value chain and any region of the country, based on the investment's specific market prospects, investor profile, expected economic and social impact on the local economy, and contribution to achieving the PDO. Component 2 is comprised of two subcomponents which will (i) provide support to potential investors, and (ii) finance private investment for inclusive supply chains through a DFF.

Subcomponent 2.1: Support to potential investors (US\$8 million IDA) – Phase 1 (US\$3 million IDA)

46. Subcomponent 2.1 will provide BDSs to potential investors and Project beneficiaries in general through service providers. A technical assistance firm specializing in agribusiness will be hired to support the PCIU in: (i) facilitating business partnerships (BP) between potential investors and producers to drive value chain development; (ii) providing training and technical assistance to all potential investors, with a focus on the needs of women and young investors to strengthen their capacity to operate a business and improve their participation in value chains; (iii) gathering and sharing information on the financial services available for commercial agriculture, providing training and technical assistance to financial institutions to strengthen their capacity to assess agribusiness projects and design financial services adapted to their needs; (iv) supporting the implementation of investment subprojects funded through a DFF; and (v) lessons learning from pilot investments to subsequently adapt the support provided. The Phase 1 will focus on putting in place the BDSs and on supporting pilot investors.

47. The Project will address the gender gap in entrepreneurship (only 9 percent of Guinean firms report having a woman among their owners) resulting from women's lower level of education, lack of entrepreneur skills and more limited access to finance³⁶, by offering training and technical assistance specifically designed to strengthen women's business capacities and tailored to women's needs (e.g. flexible schedule, female trainer, child care facilities). The effectiveness of this support will be measured by a specific indicator in the results framework: number of women trained on business capacities. To reach potential beneficiaries, gender-sensitive public awareness activities will be developed to advertise and promote these trainings and the DFF among women.

Subcomponent 2.2: Private investment financing for inclusive supply chains (US\$61 million IDA) - Phase 1 (US\$27 million IDA)

48. Subcomponent 2.2 will provide co-financing for competitively selected investments (subprojects) through a DFF. This co-financing will vary by investor profile (size and technical capacity) and will bundle training, technical assistance targeted to the investment initiative, and limited support for investment costs (see details in Annex 1 Table 1.1):

- **Window A** will co-fund technical assistance for at least 13 investment subprojects for investments above US\$1 million.
- **Window B** will co-fund technical assistance and investment costs for at least 200 investment subprojects for investments between US\$100,000 and US\$1 million.

³⁶ Maiga M (2020), Etude sur le Gender Tag pour le Projet de Développement de l'Agriculture Commerciale de Guinée.



- **Window C** will co-fund technical assistance and investment costs for at least 1000 investment subprojects for investments up to US\$100,000. This window will prioritize women and youth (18–35 years old), who will receive a higher percentage of co-funding from the Project.

49. In the Phase 1, this subcomponent will focus on pilot medium and smaller operators (50 and 550 respectively). In addition to these, five large subprojects will be selected based on their potential to generate spillovers and linkages in the targeted value chains. The Program will learn from the implementation of these first pilot investments to adapt its support over time.

50. Detailed operating procedures for the DFF, including specific selection and eligibility criteria, will be laid out in the Matching Grant Implementation Manual (MGIM) for the Project, which will be prepared and validated prior to the disbursement of this component. The eligibility criteria will ensure that investments in irrigation schemes that use water from international waterways are limited to rehabilitation and minor upgrades of existing schemes. Climate-resilient investments will be encouraged in the MGIM, and at least 50 percent of supported subprojects are expected to have climate co-benefits.

51. To address the gender gap in entrepreneurship that is partly linked to the fact that women have less access to finance³⁷, the Window C of the DFF will prioritize women and offer a higher percentage of co-funding by the Project. Technical assistance will also be provided to beneficiaries to ensure a successful implementation of the sub-projects. The effectiveness of these efforts will be measured by a specific indicator in the results framework: number of new agribusinesses led by women receiving financing from the Project.

52. **Sustainability in access to finance** (see details in Annex 4). The Program is expected to make access to finance more sustainable for commercial agriculture by implementing the DFF and by fostering the provision of BDSs for agriculture throughout Guinea, because such services should help to sustain access to financing when the proposed Program ends. In collaboration with other initiatives funded by the WBG, other donors, and non-governmental organizations (NGOs), the Program will partner with financial institutions to build their pipeline of SMEs in the agricultural sector. The financial and technical assistance provided under the DFF is expected to incentivize private investments in commercial agriculture and generate an estimated US\$150 million in private investment. The GoG is currently implementing, with support from (MSME) Growth Competitiveness and Access to Finance Project (P164283), a risk-sharing facility, a partial credit guarantee (PCG) fund, to mobilize credit in support of SMEs. This PCG fund will be critical to further enhance sustainability of access to finance for SME involved in the agriculture sector. Provided that all necessary assessment are met to comply with Investment Project Financing Policy and Directive and satisfactory implementation of this PCG under the Support to MSME Growth Competitiveness and Access to Finance Project (P164283), the Program under Phase 2 will support the scale up of this PCG to safely grow the volume of loans guaranteed to agriculture SMEs. Special guarantee products targeted to farmers; agri-SMEs and women entrepreneurs will be designed with a higher incitation guarantee rate (for instance 70 percent for farmers and women compared to 50 percent of the credit amount for SMEs).

Program Component 3: Enabling Environment for Commercial Agriculture (US\$22 million IDA) – Phase 1 (US\$12 million IDA)

53. Component 3 aims to create an enabling environment to foster the sustained development of commercial agriculture in Guinea. It will build on the IFC ICA Project and will be implemented in close collaboration with ongoing IFC operations. Under this component, the Project will: (i) strengthen capacities of

³⁷ WBG (2019), “Guinea: The Economic Benefits of a Gender Inclusive Society” (Washington, DC, <http://documents.worldbank.org/curated/en/607191569339066369/Guinea-The-Economic-Benefits-of-a-Gender-Inclusive-Society>).



key institutions to facilitate private investments in commercial agriculture and the emergence of efficient agricultural value chains; (ii) strengthen coordination along targeted value chains; and (iii) strengthen quality and SPS management systems.

Subcomponent 3.1: Strengthening relevant public agencies (US\$7 million IDA) – Phase 1 (US\$2.5 million IDA)

54. Subcomponent 3.1 will strengthen the capacity of key public institutions involved in promoting commercial agriculture. Training and capacity-building will cover topics essential for understanding climate change and its impact on commercial agriculture, as well as tools and techniques to facilitate the design and implementation of climate adaptation and mitigation approaches. The activities to be supported will include: (i) strengthening the capacity of Guinea's Agency for the Promotion of Private Investment (*Agence de Promotion des Investissements Privés*, APIP) to implement internal procedures and to mobilize, facilitate, and monitor private investments; (ii) strengthening the Guinea Export Promotion Agency (*Agence Guinéenne de Promotion des Exportations*, AGUIPEX), within the framework of its new Strategic Development Plan, to facilitate and monitor agricultural exports; (iii) strengthening the National Department in charge of packaging of agricultural products (*Service National de Conditionnement des Produits Agricoles*, SNCPA); (iv) supporting increased information on land, including available agricultural land controlled by the State and mining companies; and (v) carrying out detailed studies and public-private dialogue on specific issues and reforms required for the development of commercial agriculture, and supporting the preparation of strategies and plans for the development of commercial agriculture in other mining-agricultural areas. Such strengthening of capacity of key public institutions will be undertaken after carrying out capacity needs assessment as well as environmental and social due diligence encompassing environmental and social screening and/or audits of existing activities. The terms of reference of these activities will require prior approval by the World Bank and pay due attention to environmental and social considerations.

55. Under Phase 1 of the Program, the focus will be on strengthening capacities of selected institutions to support private investment, namely APIP, AGUIPEX and SNCPA and in preparing strategies and plans for the development of commercial agriculture in other mining-agriculture poles.

Subcomponent 3.2: Strengthening coordination along targeted value chains (US\$5 million IDA) – Phase 1 (US\$2.5 million IDA)

56. Subcomponent 3.2 aims to strengthen cooperation among priority value chain players to efficiently respond to market demand and ensure that small producers fully participate in and benefit from value chain development. Specifically, and based on the value chain analyses conducted during preparation, the Project will support, in partnership with the National Chamber of Agriculture: (i) the detailed mapping of the four priority value chains, including the main constraints linked to climate risks and possible adaptation measures and mitigation opportunities within each value chain; (ii) the structuring of value chain actors into commodity-specific, multi-actor platforms (interprofessional regional and/or national associations) for each targeted value chain; (iii) the preparation, with the value chain actors, of detailed development plans for each of the four priority value chains to improve their efficiency, competitiveness, and resilience to Guinea's main climate risk factors;³⁸ and (iv) the establishment of specific market information systems for each value chain to improve its overall efficiency in distributing agri-food products, reduce fuel use and costs, and lower emissions, thus improving resilience to climate change as well as increasing climate change mitigation.

57. The Phase 1 will focus on the detailed mapping of the four priority value chains and support to the structuring of two of these value-chains into interprofessional associations with their detailed development

³⁸ Increased temperatures, shorter but more intense rainy seasons, and rising sea level.



plans and a specific market information system. Lessons learned from these two value-chains will inform support that will be given under the Phase 2. The terms of reference of these activities will require prior approval by the World Bank and pay due attention to environmental and social considerations.

Subcomponent 3.3: Enhancing SPS control, quality, norms, and standards (US\$10 million IDA) – Phase 1 (US\$7 million IDA)

58. Subcomponent 3.3 will help establish an efficient SPS system for food safety and quality control (which is critical to access agricultural export markets) and improve the management of risks related to food safety and pest and disease outbreaks (which is critical for the domestic market). The Project will support: (i) the upgrading of facilities and equipment³⁹ of key food-safety laboratories; (ii) the development of technical guidelines, manuals, and training to improve the capacity of actors in targeted value chains to apply good agricultural and climate-smart practices; (iii) the design and implementation of a communication program aimed at improving the visibility and positive perceptions of Guinean products in domestic and international markets; (iv) the preparation of (and consultations related to) a framework law on information, quality control, and food safety and a National Quality Policy; and (v) training key government agencies in charge of SPS and quality control to assess food safety risks and manage pests and diseases outbreaks. Improved SPS standards and control systems can help reduce losses from pest outbreaks—which are increasing because of climate change, particularly warmer temperatures—and increase the resilience of agriculture to climate change.

59. During Phase 1, the focus will be on the upgrading of key food-safety laboratories, training of key government agencies in charge of SPS and quality control to conduct food safety risk assessments and manage pests and diseases outbreaks and the preparation of the framework law to set the basis of an efficient SPS and quality control system. The terms of reference of these activities will require prior approval by the World Bank and pay due attention to environmental and social considerations.

Program Component 4: Emergency Response (US\$0)

60. In recognition of Guinea's vulnerability to shocks, a Contingent Emergency Response Component (CERC) with no funds is included in the Project as a mechanism for funding requests arising from emergencies such as natural disasters and other shocks. If such a crisis develops, the GoG can ask the World Bank to reallocate part of the Project funds to cover the costs of emergency response and recovery. An operational manual acceptable to the World Bank for implementing the CERC will be developed and annexed to the Project Implementation Manual (PIM). All expenditures under this CERC will be in line with paragraphs 11, 12, and 13 of World Bank IPF Policy). Expenditures will be evaluated and reviewed to determine if they are acceptable to the World Bank prior to disbursement. Disbursements will be made based on an approved list of goods, works, and services required to support mitigation, response, recovery, and rebuilding in a crisis. If this component is to be implemented based on the prevailing conditions defined in the Financing Agreement, the due diligence on a positive list of CERC eligible activities will be assessed against those reported in the PIM to ascertain coverage of CERC activities are included in the Environmental and Social Management Framework (ESMF). No withdrawal shall be made under this component unless and until all safeguards documents required for said activities are prepared and disclosed and any actions required to be taken under these safeguards documents are fulfilled.

Program Component 5: Project Management and Coordination (US\$17 million of which US\$12 million IDA) – Phase 1 (US\$8 million of which US\$6 million IDA)

³⁹ Whenever possible energy-efficient equipment and climate-resilient materials and design will be used.



61. Component 5 will support Project coordination and management, including: (i) Project management and administration; (ii) financial management (FM); (iii) procurement; (iv) monitoring and evaluation (M&E) of Project performance and impact and documenting lessons learned and experiences to adapt the Program's implementation and inform the subsequent phase; (v) environmental and social safeguards compliance management and grievance redress mechanism (GRM); and (vi) communication and outreach. The Project will be implemented by a Project Coordination and Implementation Unit (PCIU) embedded in the Ministry of Agriculture (MINAGRI) and reinforced by technical assistance. The PCIU will contract out activities to service providers, particularly consulting firms, NGOs, and others as required. Service providers will be selected competitively. The PCIU will ensure compliance with World Bank procurement, disbursement, FM, and safeguard policies and procedures by preparing and implementing a comprehensive PIM. In addition, the PCIU will coordinate as necessary with all national institutions.

C. Project Beneficiaries

62. The direct beneficiaries of the Program will be private investors, farmers and rural households in commercial agriculture, including MSMEs, as well as public institutions supporting the development of the agricultural sector (Table). The Program will also benefit thousands of people, including women and youth, who will participate in the income-generating activities supported by the Program. Finally, local communities in the Boké and Kindia areas will benefit indirectly from the Program by gaining better access to markets and services through the rehabilitation of rural roads and the development of marketing infrastructure.

Table 2: Program Beneficiaries

Component	Beneficiaries
Component 1	Approximately 347,000 beneficiaries of rehabilitated access roads
	25,000 direct beneficiaries from additional infrastructure investments (Conakry wholesale market, livestock facilities, agricultural platforms)
Component 2	24,000 direct agricultural and agro-industrial jobs created (2/3 salaried and 1/3 agricultural jobs in SMEs and out-grower schemes)
Component 3	12,000 professionals from the public and private sector trained in food safety, quality, and standards
	10,000 users of market information systems

D. Rationale for World Bank Involvement and Role of Partners

63. **The World Bank is engaged in a comprehensive program to support the GoG in transforming its agri-food sector, based on previous and ongoing operations, and jointly developed with the IFC.** The MPA is a key element of the envisaged WBG support to boost the sector's competitiveness and seize opportunities in growing domestic, regional, and international markets. The proposed Program supports the third pillar of the CPF (agricultural productivity and economic growth) and will contribute to meeting three objectives: (i) increased agricultural productivity and access to markets; (ii) an improved business environment; and (iii) increased access to job opportunities, especially for young people. The proposed Program also responds to all three subprograms of the GoG strategy for the agricultural sector (PASANDAD): (i) boosting productivity and production of staple crops; (ii) revamping commercial and export crops; and (iii) developing agricultural production and marketing infrastructure.

64. **The MPA is designed to address key constraints and provide critical public goods to stimulate greater private sector participation in the agri-food sector.** The absence of critical public goods such as roads, credible SPS and quality control systems, transparent market information systems, and a sufficient supply of financial



and BDSs are typical market failures that limit private investment in agriculture, restrict participation in markets by producers and other actors in agricultural value chains, and also limit their access to economic opportunities such as improved inputs and jobs, among others. The Program will help bridge part of the infrastructure gap in the targeted areas and support GoG efforts to improve the business environment and increase private investment in agriculture by addressing these market failures.

65. **A multisector approach will be used in implementing the Program.** Expertise from different World Bank Global Practices (Agriculture and Food; Finance, Competitiveness, and Innovation; Transport) and IFC will come together to support the implementation of activities under Components 2 and 3. The Program will also be implemented closely with other projects: GIADP (P164326), RMCP (P164543), the Support to SME Growth and Access to Finance Project (P164283), the Mineral Governance Support Project (P122916), and the Guinea First Competitiveness, Energy, and Fiscal Management Reform DPO (P166322). The WBG will leverage its convening power to bring development partners together to support the GoG in implementing its strategy and to develop synergies with other donors such as the French Development Agency (*Agence Française de Développement*, AFD) on land policy reform; the European Union, United Nations Industrial Development Organization, and Belgian Development Agency (Enabel) on commercial agriculture; and the African Development Bank (AfDB), which supports the Special Economic Zone in the Boké area.

E. Lessons Learned and Progress on Learning Agenda

66. **The design of the Program reflects experience gained from implementing several World Bank-funded agriculture projects in Guinea, such as PASAG (P148114) and the WAAPP (P122065), as well as relevant World Bank operations in other countries.** The design also reflects particular lessons from the Senegal PDMAS Project (P083609), the Niger Agro-Silvo-Pastoral Export and Market Development Project (PRODEX, P095210), Nigeria Commercial Agriculture Development Project (CADP, P096648), and Cameroon PIDMA Project (P143417). Several analytical studies on the agri-food sector in Guinea also informed the design.⁴⁰ The Program seeks close coordination and synergy with ongoing projects and programs and is harmonizing approaches to leverage support in critical areas, optimize development outcomes, and avoid duplication.

67. **Key lessons reflected in the MPA design include:**

- *An integrated value chain approach will maximize impact.* An integrated approach that combines hard investments (for instance, in developing shared infrastructure for the public good) with soft support (capacity building and advisory support) is essential to maximize impact and ensure sustainable outcomes. Lessons from PDMAS show that physical investments need to be complemented by regulatory measures, particularly measures that create a more friendly business environment and facilitate trade flows, and by support for enterprises that can act as “leaders” in entering new markets and structuring supply chains. It is also important to define the proper regulatory framework for each value chain and strengthen professional organizations.
- *Access to finance through competitive grants can be effective for sustained agribusiness development.* Experience from many WBG-supported programs and projects shows that competitive grants, if designed and implemented appropriately, can be effective financial mechanisms if they result in

⁴⁰ WBG (2018), “Guinea Agriculture Sector Review” (Washington, DC); WBG (2017), “Systematic Country Diagnostic” (Washington, DC); WBG (2018), “Guinea Agribusiness Deep Dive” (Washington, DC); and several value chains studies by the World Bank-funded WAAPP and PASAG, as well as various analyses supported by USAID and AFD.



investments that are sustainable over the long term—in other words, the proceeds of investment subprojects are sufficient for investors to continue funding and investing in subprojects on their own.

- *An effective communication strategy is critical for the success of projects seeking to introduce game-changing institutional and technical innovations.* An effective communication strategy ensures participation and buy-in of people who cannot be identified in advance but would benefit from participating in project activities. A first-class, professional, interactive communication strategy will use all forms of media, including digital media, in early stage of project implementation.
- *Projects must be selective in the choice of value chains while being flexible enough to accommodate changes in the local context and priority needs of target groups.* For that reason, it is important to focus initially on a few cross-cutting issues, locations, and/or value chains with an established comparative advantage and strong market prospects. The proposed Program targets four priority value chains, while leaving the window open for supporting businesses along and around all value chains included in the GoG strategy. The flexibility and learning agenda of an MPA will help adapt design and implementation based on experiences from pilot activities.
- *Continuous capacity building is essential for small-scale producers and agribusinesses (SMEs in particular) to pursue successful subprojects.* Small-scale private actors need to maintain adequate product quality standards and good agricultural practices to compete in international markets that are highly demanding with regard to the quality of exported products. Lessons from PIDAM (the market development project in Cameroon) and the WBG Independent Evaluation Group review of PDMAS (the market development project in Senegal) have shown that small-scale private entities require continuous capacity building.⁴¹ The proposed Program will offer capacity building and technical assistance to recipients of matching grants, both before they implement their subprojects (to strengthen their business plans) and during the Phase 1 of implementation (to ensure successful investments in commercial agriculture).

68. **Lessons from current and past operations supported by the WBG in Guinea emphasize the value of simplified project implementation arrangements, taking into account the decision-making process associated with public projects.** The low capacity of implementing partners could also inhibit the speed and effectiveness of program implementation, if not accompanied by adequate technical assistance. To mitigate this risk, the Program will provide technical assistance to the implementing partners by hiring a qualified agribusiness firm to be embedded within the PCIU. Finally, current and past operations in Guinea have experienced a slow start to implementation and a lack of preparedness.

69. **For the proposed MPA, several steps are helping to mitigate the risk of delays and foster preparedness for implementation.** Readily implementable, detailed actions plans for the food safety program have been prepared with the Investment Department of the Food and Agriculture Organization of the United Nations (FAO). Consultations to determine rural roads segments to be rehabilitated during the first year of the Project are underway. The Phase 1 of the MPA will also be used to carry out necessary feasibility studies for the second batch of investments to be implemented under Phase 2.

⁴¹ IEG (undated), Implementation Completion Report (ICR) Review for SN-Agr Markets & Agribusiness Development Project (P083609) (Independent Evaluation Group, World Bank, Washington, DC).

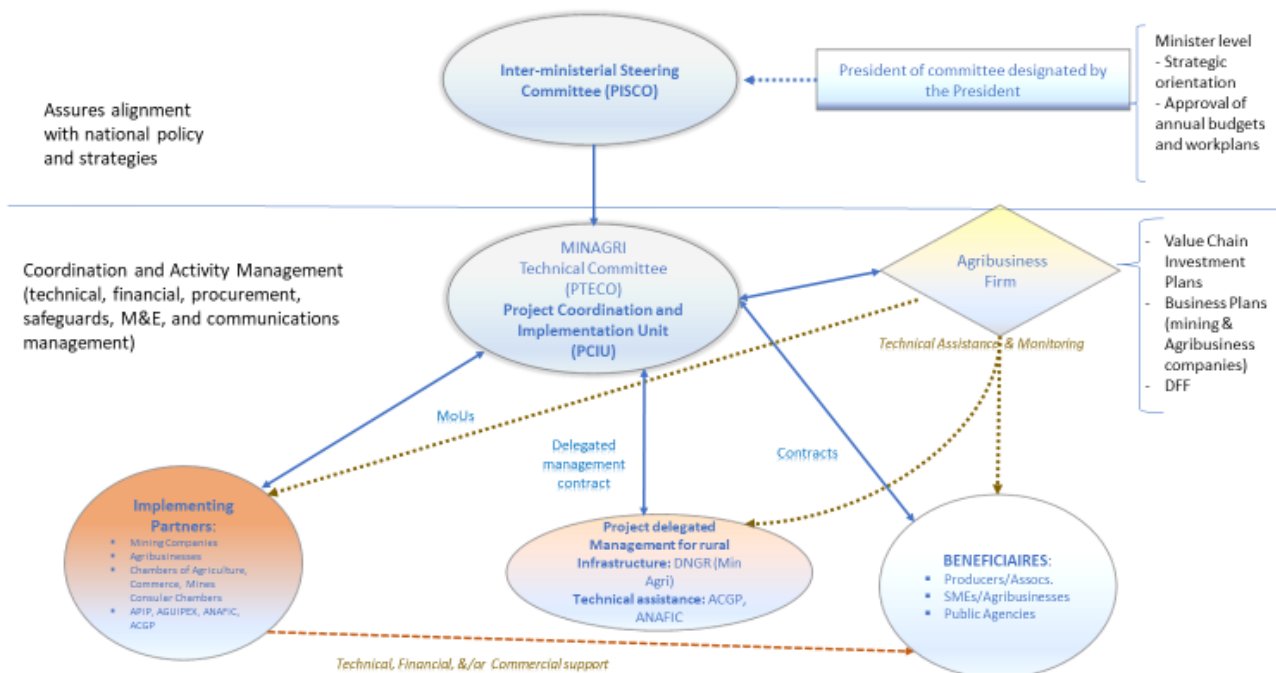


III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

70. The institutional arrangements for the proposed Program are based on four principles to allow effective implementation. First, ensure strategic and operational coordination at a high level of all actors and institutions involved. Second, avoid multiplying the levels of coordination. Third, provide effective support to private investors and respond quickly to their concerns. Fourth, respect the national institutional framework for decision making, with technical execution of Program activities vested with strategic government entities (the Program Implementing Partners) and capacity-building activities vested with the institutions concerned. The PIM, to be finalized before Project effectiveness, will detail all coordination, management, implementation, M&E, and reporting functions. The specific institutional implementation arrangements for the proposed Program are as follows (see Annex 2 for details and Figure 3 for an illustration):

Figure 3: Implementation Arrangements for the Proposed Commercial Agriculture Development Program



- The MINAGRI will have overall responsibility for implementing the Program.
- At the strategic level, the Project Inter-ministerial Steering and Coordination Committee (PISCO) will be chaired by a designated official at the highest level of government. The PISCO will be composed of the key ministers involved or designated representatives at the Secretary General/Director level from the relevant ministries and agencies (that is, the ministries in charge of Agriculture, Livestock, Commerce, Environment, Finance, Fisheries, Industry and SMEs, Investment Promotion, Mining, Planning and International Cooperation, Territorial Development, Transport, Women and Social Affairs, and Youth and Employment), a representative from the Prime Minister's Office, and representatives from the private sector (at a minimum, the heads of the National Chambers of Commerce, Agriculture, and Mining). The PISCO will: (i) ensure that Project activities are aligned with GoG strategies and policies; (ii)



approve the Annual Work Plans and Budgets (AWPBs) for the Project, approve recruitment by MINAGRI of the Project's core staff, and provide operational guidance; and (iii) review implementation progress and advise on any adjustments needed, as well as monitor progress in the implementation of key private investment projects.

- At the operational level, the Project Technical Coordination Committee (PTECO) will be chaired by the Secretary General of MINAGRI and include no more than 20 members from relevant planning and technical departments of key ministries, coordinating bodies, relevant technical agencies, as well as representatives of the private sector. The main functions of the PTECO will be to: (i) ensure coherence of approaches and complementarity with other projects and programs; (ii) identify issues and make recommendations to PISCO for resolving private investors' difficulties with national institutions; (iii) ensure technical backstopping to the PCIU, with technical review of packages submitted by the PCIU for decision; and (iv) approve the subprojects to be funded through the DFF under Component 2.
- A Project Coordination and Implementation Unit (PCIU) will be established within MINAGRI and report to the Secretary General. The PCIU will be responsible for the technical and administrative coordination of the Project. The PCIU will be headed by a National Coordinator with adequate qualifications and experience, who will be recruited competitively. The National Coordinator will be assisted in day-to-day management of Project operations by a competitively recruited core team, including a deputy coordinator with solid technical expertise and background in agribusiness, and specialists in procurement, accounting and FM, environmental and social issues, gender, and M&E.
- The PCIU will be supported by (i) two regional operational units, in Boké and Kindia Prefectures, to facilitate the PCIU coordination of implementing partners on the ground; and (ii) a qualified and competitively recruited international agribusiness firm, which will support the implementation of the Project while strengthening the capacities of MINAGRI and implementing partners.
- The PCIU will enter into Implementation Agreements with the Project's main implementing partners, including the Ministry of Industry/APIP; the Ministry of Commerce/AGUIPEX, the Ministry of Decentralization/ANAFIC; and mining and agribusiness companies. The Project will further establish financing agreements with DFF beneficiaries in accordance with WBG policies and procedures, as specified in the PIM and MGIM, and will facilitate linkages to the Government SME Guarantee Fund.

B. Results Monitoring and Evaluation Arrangements

71. **The Program will establish a robust system to monitor and evaluate its performance as defined in the results framework, including the PrDO indicators.** This M&E system will support supervision by ensuring that baseline and follow-up surveys and data for key performance indicators are available and regularly updated. To collect data, the M&E system will use a mix of conventional approaches and participatory methods involving beneficiaries and other external stakeholders, such as local communities, local committees, and prefectural committees. A baseline survey conducted at the start of the first year of implementation will complete the baseline data and targets presented in the results framework. All data collected will be disaggregated by gender and by age (to capture youth and women's participation). During Project implementation, M&E will follow standard WBG practices, including as appropriate the use of the Geo-Enabling initiative for Monitoring and Supervision.

72. **The M&E manual will provide details regarding the definition of the results framework, the methodology and instruments to be used for collecting data, and the mechanism to be used for disseminating information.** The M&E system will be managed by the PCIU, which will prepare aggregate M&E reports every six months covering Project physical implementation and results monitoring. These reports will serve as the



basis for semi-annual progress reports to be submitted to the PISCO and the PTECO and circulated to sector ministries and other partners. The M&E system will also be used to prepare reports on the GRM established under the Project and will provide information that contributes to the Mid-term Review (to be conducted no later than three years after the first disbursement) as well as to the Project's final evaluation (to be conducted in the last semester of implementation, to assess overall achievements against expected Project results). The M&E system will be designed to be compatible with/integrated into MINAGRI's overall M&E system, which tracks the implementation and impact of PNIASAN, and the progress report for the proposed Project will be included in the annual report on sector performance under the PNDES.

73. **The PCIU will be responsible for overall M&E and for meeting the agreed reporting requirements.** An M&E Specialist located at the PCIU will be responsible for all Project M&E activities and for collating information from implementing agencies. The progress reports will include all the data related to Project performance and will report on the progress of each indicator.

C. Sustainability

74. **Program sustainability is determined by four factors:** (i) the profitability for beneficiaries of activities supported by the Program; (ii) cost recovery mechanisms for the maintenance of infrastructure supported by the Program; (iii) ensuring strong commitment and ownership by the GoG; and (iv) institutional sustainability achieved by building the capacity of public agencies.

75. **The Program design and activities aim to create a continuous stream of income from a structured, market-oriented agri-food system.** The Program has been designed to support agricultural value chains that are carefully selected for their good development prospects, and for this reason it is expected to foster a high, sustained level of income along the segments of these value-chains. The PIM will clearly define the criteria for prospective beneficiaries to access the benefits of the Program, including criteria for least-favored groups such as women and young entrepreneurs.

76. **Before undertaking any investment to build infrastructure, for each separate infrastructure investment, the Program will first establish a management structure and determine the operations and maintenance arrangements.** Thanks to the Program's market-oriented approach, benefits from initial Program support are expected to propel beneficiaries to further invest in and expand their activities, as similar interventions have demonstrated. The involvement of the private sector also promises to help sustain and scale up Program outcome.

77. **Program preparation benefitted from strong commitment and ownership by the GoG, which bodes well for implementation and sustainability.** The proposed implementation arrangements involve the participation of high-level authorities from different ministries. This participation should assure commitment to the Program and ownership at a very high level, which in turn will favor the sustainability of Program outcomes. The sustainability of Program outcomes should also benefit from the Program's engagement with public institutions as implementing partners and from efforts to strengthen their capacity to fulfill their respective mandates and deliver their respective services.



IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

78. **Technical considerations.** The concept and design of the proposed Program, which seeks to alleviate binding constraints on the development of commercial agriculture in Guinea, are technically sound, fully informed by national policy, and framed by strong analytical work. The concept for the Program is aligned with the national agricultural development agenda defined in the PASANDAD, PNIASAN, and PNDES. The design and concept reflect an extensive body of evidence, experience, and lessons derived from longstanding work in the agricultural sector, including careful consideration of detailed analytical work conducted for previous and ongoing WBG projects. That work developed a sound analysis of the sector and of the priority value chains selected for support under the proposed MPA, including the main constraints and current opportunities faced by these value chains, and the actions that could possibly be undertaken to address those constraints and opportunities.⁴² The concept for the Program also benefited from analytical work by development partners, such as the United States Agency for International Development (USAID) feasibility study of the Conakry slaughterhouse. The GoG, with support from FAO, undertook an in-depth analysis of market infrastructure.⁴³ The rural roads to be rehabilitated under the Program were identified through PASAG, which developed a master plan for rural roads (*Schéma directeur des pistes rurales*). The GoG, again with support from FAO, prepared a comprehensive action plan for quality control and food safety standards,⁴⁴ based on studies by the International Trade Centre. A consulting firm hired by IFC screened potential private investors.

79. **Economic and financial analysis.** The economic and financial analysis (for details, see Annex 3) assesses the economic impact of the Program at the country level and its financial impact on the main individual beneficiaries, based on investments planned in the targeted areas of Boke and Kindia. The analysis is based on a comparison of the situation with and without the Program to establish the incremental benefits due to Program implementation. The incremental benefits and expenditures of the Program are considered over a 20-year period corresponding to the economic life of some of the expected agricultural production (from fruit and cashew trees) generated by the Program, as well as the reasonable expected economic life of infrastructure rehabilitated or developed under the Program, such as access roads or marketing infrastructure.

80. **Costs and expected benefits.** The Program will generate a variety of direct and indirect benefits accruing to different groups of beneficiaries. The main Program beneficiaries will be investors in production, processing, and marketing activities of targeted agricultural value chains—fonio, cashews, fruit, and livestock (poultry/beef)—and the small-scale producers that will supply raw material to some of these investors. Other beneficiaries will be the rural communities of Boké and Kindia Prefectures through improved transport infrastructure, and (more generally) consumers in the main consumption centers targeted under the Project (Conakry, Boké, Kindia, and mining areas), who will benefit from an increased supply of food products of improved quality, less foodborne illness, and lower costs.

⁴² WBG (2018), "Guinea Agriculture Sector Review" (Washington, DC); WBG (2018), "Guinea Agribusiness Deep Dive" (Washington, DC); IFC (2016), *Evaluation du marché de l'agriculture et des chaînes de valeur en Guinée* (Washington, DC: International Finance Corporation); B. Lee (2017), "Project Fonio Report"; USAID (2015), Guinea value-chain analysis – Eggs, small ruminants (Washington, DC: United States Agency for International Development); Konate S. (2017), *Scoring des filières porteuses en Guinée*; BES (2018), "Export Opportunities for the Pineapple Value-Chain in Guinea" (Conakry: Bureau d'Evaluation Stratégique); USAID (2015), "Rapid Assessment of the Horticulture Sector in Guinea" (Washington, DC: United States Agency for International Development).

⁴³ Gouvernement de Guinée (2019), *Infrastructures de transport et de mise en marché* (Conakry).

⁴⁴ Samb B. (2019), *Programme prioritaires pour le renforcement du système de contrôle sanitaire et de promotion de la qualité des productions agricoles et de l'élevage*.



81. **Results of the analysis.** The economic rate of return (ERR) for the Program is estimated at 25 percent. The economic net present value (ENPV) of the global stream of net economic benefits generated by the Program over the period of 20 years is estimated at approximately US\$858 million (with a 6 percent discount rate). The Program is thus economically sound. The results are also robust with respect to potential adverse economic events and implementation risks. The carbon footprint of the Program shows an annual savings equivalent to 421,000 tons of carbon dioxide (tCO₂-eq) compared to the situation before the Program, over a period of 10 years. The ERR is even stronger when the reduced carbon footprint is considered.

82. The financial rate of return (FRR) for typical investment models to be supported under Component 2 varies between 16 percent and 28 percent, higher than the opportunity cost of financing for producers and investors (estimated at about 12 percent). Their NPVs, calculated for the stream of net benefits over the period corresponding to the life of the productive investments at a discount rate of 6 percent, are positive, indicating that they are profitable and that they will be sustainable at the end of their economic life.

83. Globally, it is estimated the Program will generate a total benefit of US\$95 million per year at full development, of which US\$50 million will accrue to households, US\$30 million to salaried workers of private enterprises supported by the Program, and US\$15 million in profits for those private enterprises. These financial inflows will contribute strongly to poverty reduction and social stability in the two mining zones of Boké and Kindia. Finally, the net additional fiscal revenues collected by the GoG from Program activities are estimated at US\$35 million per year at full development, with an NPV of US\$321 million (discounted at 6 percent) and net annual receipts more than covering reimbursement of the IDA Credit.

84. **Greenhouse gas (GHG) accounting and climate co-benefits.** The net carbon balance quantifies GHGs emitted or sequestered because of the Program compared to the scenario without the Program. Over 10 years, the Program is expected to result in a carbon emission savings of 4,216,333 tCO₂-eq, which is equivalent to savings of 421,633 tCO₂-eq per year. Following World Bank guidance, these benefits have been valued at a social price of carbon of US\$40–60 per tCO₂-eq in 2020 and an annual price increase of 2.25 percent over the following period. The internal rate of return (IRR) is estimated to range between 34 percent and 57 percent, depending on the assumed 2020 social value of carbon. The economic soundness of the Program is further confirmed by the high ENPV, which is estimated to range between US\$428 million and US\$531 million, depending on the assumed 2020 social value of carbon. The total climate co-benefits for the Program are estimated at US\$73.0 million (36.5 percent)⁴⁵.

B. Fiduciary

(i) Financial Management

85. **The FM arrangements for the Project have been designed with due consideration of the country's fragile situation as well as the minimum requirements set forth in the World Bank Policy and Directives for IPF, which describe the World Bank's overall FM policies and procedures.** The GoG has adopted in December 2018, the revised Strategic Framework for Public Financial Management (*Plan Stratégique de Réforme des Finances Publiques*, PREFIP), and is committed to address the public financial management challenges highlighted in WBG and IMF assessments.⁴⁶ At this time, however, the WBG cannot rely entirely on the public expenditure framework in managing the fiduciary aspects of the proposed Project. The GoG has requested to

⁴⁵ Assessed at Decision Meeting stage with the Joint MDB Methodology for tracking climate finance.

⁴⁶ Mainly in the Public Expenditure and Financial Accountability (PEFA) review (WBG 2018), Public Investment Management Assessment (PIMA) (IMF, 2018), and CPIA (WBG, 2019, Q13–16).



use a ring-fenced approach for the fiduciary aspects of the program, and it has proposed that MINAGRI manage the Project.

86. An assessment of the implementing entity, MINAGRI, concluded that the FM arrangements based on national FM procedures and applied by the MINAGRI Directorate of Finance are inadequate in terms of staffing and FM tools (accounting software and manuals of procedure) to handle Project activities in compliance with WBG procedures. At the request of the GoG, the PCIU for the Project will be established and have fiduciary responsibility for the proposed Project. A system for FM—staff, manual of FM procedures, and a management information system, including accounting software—will be established to enable MINAGRI to comply with WBG FM procedures and requirements as a prerequisite for implementing the Project. Once done, the PCIU will be in a position to manage the Project. The PCIU will also be in charge of the DFF disbursements to the beneficiaries under a designated account (DA) for this purpose.

87. **Overall FM risk for the proposed Project is assessed as Substantial.** The primary reasons for this assessment stem from a number of factors: (i) the Project will involve a multiplicity of actors who are expected to engage in a large number of transactions; (ii) the Project plans to develop infrastructure; (iii) the level of inherent risk at the country and Project level is considerable; (iv) the Project will have two operational units in two regions of the country (Boké and Kindia); and (v) effective FM arrangements are not in place—namely, FM staff familiar with WBG procedures, a manual of FM procedures, and accounting software—and an effective internal audit function is lacking.

88. **To mitigate the risks associated with the FM weaknesses identified within MINAGRI and to be able to manage World Bank funds, the ministry must implement five critical actions.** As a condition of effectiveness, MINAGRI will: (i) on a competitive basis, recruit a FM Officer (*Responsable Administratif et Financier*) to the PCIU with qualifications and experiences acceptable to the WBG, including familiarity with WBG procedures for FM before Project effectiveness; and (ii) develop the FM procedures manual to comply with WBG procedures and requirements. Under dated covenants, within two to five months after the Project effectiveness date MINAGRI will also: (iii) operationalize the internal audit function, including the appointment on a competitive basis of a Head of the Internal Audit Unit and the development of an internal audit manual and charter of audit; (iv) acquire and install accounting software and train users; and (v) recruit a Chief Accountant (at the central level) and two Accountants (assistants for the two regional units) on a competitive basis, with qualifications and experience acceptable to the WBG, and familiarity with FM procedures and requirements of the WBG and other donors.

89. **For fiduciary reporting, during Project implementation the PCIU must prepare and submit to the World Bank:** (i) the Annual Work Plan and Budget (AWPB), no later than November 30 of the year preceding the year the work plan will be implemented; (ii) consolidated interim unaudited financial statements (IFRs) on a quarterly basis, no later than 45 days following the end of each quarter; and (iii) audited annual financial statements of the Project, no later than six months after the end of the fiscal year.

90. **A DA in US dollars will be opened at the Central Bank of the Republic of Guinea (*Banque Centrale de la République de Guinée*, BCRG).** A transaction account managed by the PCIU will be opened in a commercial bank on terms and conditions acceptable to the WBG. Payments on and to the transaction account will be approved following procedures described in the FM procedural manual. Any interest income on the transaction account will be deposited into a specific account opened in a commercial bank.



(ii) Procurement

91. **Procurement rules and procedures.** Procurement for works, goods, and non-consulting and consulting services for the Project will be carried out in accordance with the procedures specified in the “World Bank Procurement Regulations for IPF Borrowers,” dated July 2016 (Procurement Regulations), revised in November 2017 and August 2018, and the World Bank “Anti-Corruption Guidelines: Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,” dated October 15, 2006 and revised in January 2011 and July 2016, as well as the provisions stipulated in the Financing Agreement.

92. **Project Procurement Strategy for Development (PPSD).** The proposed Project is expected to finance the procurement of civil works, equipment, information technology equipment, vehicles, consultants, and non-consulting services. As part of Project preparation, the Borrower has prepared a PSD that identifies the risks, strengths, and weaknesses of the parties involved in procurement activities for the proposed Project. The PSD describes how fit-for-purpose procurement activities will support Project operations to achieve the PDO and deliver value for money. The strategy describes the procurement risk, the risk mitigation action plan, market analysis, and procurement approaches. The analysis of the project's activities indicates that 14 primary contracts represent 80 percent of the total amount of contracts. Ten (10) of these are related to rural roads and commercial infrastructure. These amount to 55 percent of the total amount of contracts. Three contracts are for consulting services amounting to 14 percent of the total amount of contracts. One contract is for equipment supply and accounts for 11 percent of the total amount of contracts.

93. **Procurement risk assessment and mitigating measures.** The procurement assessment conducted by the World Bank as part of Project preparation reflects that: (i) First, the main risk lies in the fact that new PCIU will be established and will need to coordinate procurement with a multiplicity of implementing partners; (ii) A second concern is that MINAGRI has one Procurement Officer (*Personne Responsable des Marchés Publics*) to handle all of the ministry's public procurement activities, as well as a tender committee that will be involved in Project procurement processes. The MINAGRI staff and tender committee members have limited procurement skills and insufficient experience in WBG procurement procedures; (iii) Third, outside of MINAGRI, another actor—the National Public Procurement Control Directorate (*Direction Nationale du Contrôle des Marchés Publics*, DNCMP), under the Ministry of Finance—is involved in public procurement process. Considering that so many entities will be involved in procurement and contract management processes related to the proposed Project, and considering that significant delays in procurement are common, the overall procurement inherent risk is rated as High before mitigation measures. The residual risk will be **Substantial** after implementation of the following mitigation measures: (i) the recruitment of one Procurement Specialist with qualification and experience satisfactory for the World Bank before Project effectiveness (ii) the elaboration of a PIM including procurement procedures before effectiveness; (iii) provision of a procurement training on World Bank procedures to the tender Committee and others Partners involved in the procurement process; (iv) provision of World Bank team support to the PCIU and to the Procurement tender Committee.

94. Options incorporated into the Project design to mitigate other procurement risk, the procurement of works, include using the government Agency for Managing Major Projects (AGCP) to provide technical assistance to implementing partners for conducting feasibility studies (including through consultants), preparing bidding documents, and supervising contractors.

95. The details of the procurement arrangements can be found in Annex 2- Implementation Arrangements and Support Plan.



C. Safeguards

(i) Environmental Safeguards

96. **The proposed Project is classified as a Category A project, because of its complexity and the potential environmental and social risks and impacts are expected to extend beyond the physical infrastructure developed under the Project, triggering OP/BP 4.01 on Environmental Assessment.** While the Project will include activities that will positively affect the environment, the rehabilitation and construction of infrastructure as well as the increase in industrial activity and intensification of agricultural production may adversely affect soil, water, air quality, flora, and fauna, triggering additional World Bank safeguard policies. For example, negative impacts could include the use of chemicals (pesticides, including insecticides); health risks for the rural population; contamination of soils and surface water; waste generation; increased noise due to machines and vehicles; dust pollution; the destruction of marketing and drying areas; the destruction of forest and natural habitats; risks of accidents; the proliferation of mosquitoes; the temporary obstruction of roads; and to some extent the destruction of sites of cultural and historical value. An ESMF has been prepared to guide screening project activities and ensure that the environmental and social concerns related to Project activities are properly considered from the planning phase through implementation. Accordingly, ESIA and Environmental and Social Management Plans (ESMPs) will be realized for specific investments, as needed, to help avoid, mitigate and manage adverse impacts.

97. **More specifically, in addition to the Environmental Assessment, the Project triggers the following safeguard policies:**

- **Pest Management (OP/BP 4.09).** Support provided under the Project through the DFF may finance agricultural inputs such as pesticides and fertilizers or equipment to apply agrochemicals. As part of the technical assistance to farmers, cooperatives, traders, and processors, all beneficiaries will receive training that includes training in integrated pest management, particularly to reduce fruit fly infestation in mango production areas, as well as in other fruit-producing areas and plantations. A Pests and Pesticides Management Plan (PPMP) has been prepared and disclosed in-country on December 20, 2019, and through the World Bank Group website on December 23, 2020 to respond to these concerns.
- **Natural Habitats (OP/BP 4.04).** This policy is triggered because the proposed activities may cause significant conversion or degradation of natural habitats, mainly in forested areas, and especially during the rehabilitation and construction of rural roads. Through environmental and social screening, the PCIU will ensure that only activities that do not threaten critical natural habitats are funded. The ESMF and site-specific safeguard documents will define the relevant measures to address any risks to critical natural habitats.
- **Physical Cultural Resources (OP/BP 4.11).** Rural road improvements and other civil works along the corridors where the proposed Project will operate could affect cultural and historical resources. The ESMF includes appropriate mitigation measures (chance find procedures) as well as clauses that contractors must implement if cultural relics or archaeological remains are discovered at sites where the Project is implemented.
- **Forests (OP/BP 4.36).** This policy is triggered because the proposed activities may adversely impact the health and quality of forests or the rights and welfare of people and their level of dependence upon or interaction with forests, including through forest conversion. The PCIU will ensure that in the forest areas that are most degraded as a result of Project activities, mandatory forest restoration activities are implemented. The ESMF and site-specific safeguard instruments will define the relevant measures to be taken to avoid natural forest degradation.



- **Projects on International Waterways (OP/BP 7.50).** This policy is triggered because investments to be supported under Component 2 may include small-scale irrigation schemes located in the Niger River, Senegal River, or Kolenté River Basins. A maximum of 1,000 ha may be rehabilitated under the Project, corresponding to an annual maximum water requirement of 6 million cubic meters. Most of the investments will focus on the rehabilitation and minor alteration of small-scale irrigation schemes. The few new schemes to be developed will be located in lowland areas and source water from rivers that are not tributaries of international waterways, to avoid any impact on riparian countries. An exception to the Riparian Notification Requirement under OP 7.50 has been granted by World Bank regional management on March 24, 2020. The World Bank team will work closely with the GoG and the relevant respective basin authorities to ensure full compliance with the policy.

98. **The ESMF also provides guidance for rating all Project activities and Project-supported subprojects by the PCIU before their financing:**

- **Category A** refers to activities with high environmental and social impacts. Such activities require ESIA's to be prepared in accordance with Guinean law and WBG requirements. Examples of Category A activities include: (i) the construction of a wholesale market in Conakry's area; (ii) construction of cattle parks and associated facilities to operate in conjunction with the Conakry slaughterhouse (Kagbelen); (iii) the construction and development of a platform for agricultural exports in Kamsar; and (iv) the establishment of logistics and storage platforms and small-scale slaughterhouses in Boké and Kindia.
- **Category B** refers to activities with substantial environmental and social impacts. Such activities also require ESIA's to be prepared in accordance with Guinean law and WBG requirements. This category of activity is expected to include all rural and divisional road improvement and rehabilitation works as well as other construction works.
- **Category C** refers to activities with minor environmental and social impacts. Such activities require an ESMP to be prepared. Based on the ESMF, the ESMP details measures to tackle potential negative impacts. Category C is expected to include all works related to post-harvest facilities as well as the acquisition of equipment and assistance to develop farmland under subprojects supported by the DFF.

99. **The ESMF details a series of measures for reinforcing institutional capacity to ensure that appropriate mitigation measures for each activity are in place.** These measures are to: (i) recruit an Environmental Specialist and a Social Specialist within the PCIU before Project effectiveness, who will be responsible for screening all activities and drafting terms of reference for specific studies to be undertaken—for example, ESIA's or Resettlement Action Plans (RAPs)—for all activities that will have high to substantial environmental and social impacts; (ii) build capacity of and train all stakeholders involved in implementing the Project; (iii) organize meetings among local, regional, and national stakeholders; (iv) draft terms of reference for an Environmental and Social Manual of Procedures; and (4) prepare a code of practice regarding the use of phytosanitary products.

100. **The ESMF (December 2019 version) and PPMP (December 2019 version) have been prepared, reviewed, and publicly disclosed in-country on December 20, 2019 and submitted for disclosure through the WBG website on December 23, 2019.** These documents were prepared in full compliance with national and WBG environmental and social safeguard policies and guidelines. They have been reviewed and approved by the GoG agency in charge of environmental studies and assessments (*Bureau Guinéen d'Audit et de Contrôle Environmental*, BGACE).

101. Since the Project includes a CERC component, if this component is to be implemented based on the prevailing conditions defined in the Financing Agreement, the due diligence on a positive list of CERC eligible activities will be assessed against those reported in the PIM to ascertain coverage of CERC activities are included in the ESMF. No withdrawal shall be made under this component unless and until all safeguards documents



required for said activities are prepared and disclosed and any actions required to be taken under these safeguards documents are fulfilled. If the activities in the CERC action plan are not aligned with those already described in the ESMF, then the CERC-ESMF specific section should be developed and include (i) a screening process for the potential activities; (ii) the institutional arrangements for environmental and social due diligence and monitoring; (iii) any needed capacity-building measures; and (iv) and generic guidance on emergency on small-scale civil works.

(ii) Social Safeguards

102. **Social risks.** The Project will induce involuntary resettlement, varying in scale and magnitude. Based on preliminary field assessments, the proposed infrastructure interventions under the Project are expected to cause physical and economic displacement with associated social risks and impacts. The physical works include rehabilitation of rural roads and construction other market access infrastructure, as well as post-harvest storage, animal slaughtering, processing, logistics, and market facilities. These interventions may result in: (i) physical displacement; (ii) land acquisition; and (iii) impacts on people and properties. To mitigate the risk of land grabbing, the Project will also ensure that supported investments under Component 2 follow the Committee on Food Security Principles for Responsible Investments (CFS-RAI) and Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the context of Food Security, including through the use of United Nations Conference on Trade And Development (UNCTAD)-World Bank Knowledge Into Action Note Series on Responsible Agricultural Investment.⁴⁷ The eligibility and selection criteria will be detailed in the Project's MGIM. This manual will be prepared and cleared by the World Bank as a condition of disbursement of the DFF.

103. **Owing to those risks, OP/BP 4.12 (Involuntary Resettlement) is triggered.** The requirements of the policy, combined with the relevant country laws and regulations on land acquisition, provide the framework and guidance for social due diligence, impact assessments, and mitigation throughout the life of the Project. Therefore, the PCIU is required to ensure that proponents of activities to be supported under the Project: (i) scope and assess the social impacts associated with the activities/subprojects; (ii) undertake a census, asset enumeration, and valuation of affected properties; (iii) determine workable arrangements/framework for compensation payment; (iv) initiate and sustain meaningful consultation with local communities to develop awareness of the positive and negative impacts of the Project; (v) resolve and/or incorporate stakeholder concerns in Project design and implementation; (vi) ensure the client has resources for compensation; and (vii) hire experienced and well-qualified safeguard personnel, among other actions. In line with OP 4.12 and the applicable laws of the country, a Resettlement Policy Framework has been prepared, consulted upon, and disclosed by the GoG on December 20, 2019 and submitted for disclosure through the WBG website on December 23, 2019. The World Bank deems this process satisfactory and proportionate to the social and environmental risks. Where designs and specific sites for activities are not known beforehand (Component 1), the frameworks outline the principles and procedures for screening activities for social and environmental risks and impacts and offer indicative mitigation measures, including cash compensation and support for activities to restore livelihoods. Location-specific RAPs will be developed once sites are determined and involuntary resettlement is unavoidable. These RAPs will also be disclosed and implemented before civil works start. Furthermore, the Project will undertake a specific social assessment to help mining firms understand the needs of local communities, youth, and women and enable those firms to design and deliver appropriate programs for generating income and supporting livelihoods.

⁴⁷ www.worldbank.org/responsibleinvestment



104. **Gender and gender-based violence (GBV).** The World Bank encourages Borrowers to assess and contribute to closing gender gaps in terms of access to opportunities, resources and assets, employment, capacities, vulnerability to violence and sexual exploitation, and others. Preparation of the proposed Project included a gender analysis to explore gender constraints in depth, ensure that gender is mainstreamed into Project planning and implementation, conduct a GBV risk assessment, and establish key indicators for M&E. For the gender analysis, the Borrower identified and consulted with gender-focused NGOs, community-based organizations, and individual stakeholders. Given that women have a considerable presence in the agricultural value chains targeted by the proposed Project, training offered under the Project will be gender sensitive and participation will be gender balanced. Each site-specific activity will address gender gaps to ensure that women have an equal chance at being successful. The Project will also pay special attention to GBV and child exploitation and undertake three key measures to minimize and respond to Sexual Exploitation and Abuse/ Sexual Harassment (SEA/SH) risks and impacts: (i) all bidding documents for works and procurement contracts will include a statement of commitment from bidders to avoid and address GBV and winning bidders will translate that commitment into action by adopting and observing a code of conduct that prohibits sexual harassment and exploitation throughout the life of the contract; (ii) contractors will be required to include measures to prevent SEA/SH, child exploitation and issues related to HIV and other sexually transmitted diseases as well as measures to limit the spread of COVID-19 in their worker induction sessions and daily toolbox meetings; (iii) regular audits and inspection will be undertaken to verify if there is cases of SEA/SH or child exploitation; (iv) the GRM will be able to receive SEA/SH and child exploitation grievances and deal with them in the appropriate manner; and (v) in the event that individuals are assaulted, harassed or exploited, the PCIU (working with WBG social specialists) will support their access to available services and where necessary referred the case to the relevant authorities. In addition to this, the SEA/SH assessment and action plan for this project will be finalized and disclosed. For the risks related to child exploitation and specifically child labor, all ESAs will include an assessment of labor risks, including child labor, and measures for dealing with these risks. The ESAs will also include measures to assist and support vulnerable groups in the project, a stakeholder engagement plan and a GRM.

105. **Coronavirus disease (COVID-19) Outbreak.** The World Bank will encourage the Project implementation partners in (i) taking appropriate precautions to prevent or minimize any COVID-19 outbreaks and (ii) identify specific actions to take in the event of an outbreak. The handling of COVID-19 on a project site goes beyond occupational health and safety (OHS) and is a broader project issue that will require the participation of the project management team, the workers and community members. Specific procedures will be developed by the PCIU to deal adequately with COVID 19 following the guidance developed by the World Bank. The procedures will then be communicated to all workers and community members through various channels in line with the COVID 19 guidance and taking into account cultural and language appropriateness. The PCIU will also put in place verifications and audits to measure the effectiveness of the implementation of the measures. A designated team will also be set up to address issues related to COVID-19, including the GoG representatives, the supervising engineer, management (e.g. project Director) of the contractor and subcontractors, safety and health, Work Health and Safety (WHS) professionals and worker representatives. Procedures should be clear and simple, improved if necessary, and supervised and controlled by the Project's COVID-19 focal point or focal points. There will be a focal point that deals with all COVID 19 community related issues, to ensure that there is no cross contamination and that the cases in proximity of the project and in the project affected communities receive adequate treatment.

106. **Citizen engagement.** Stakeholder consultation and citizen engagement are fundamental to the success of the Project, which will require coordinated communication channels to reach different stakeholders. In its design, the Project incorporates deliberate measures and avenues for ensuring broader stakeholder consultation at the institutional and community levels. At the institutional level, the PCIU will develop



communication channels with the public agencies involved in implementation, and at the community level, Project activities will be implemented through citizen engagement and participation. The focus of these consultations is to facilitate dialogue and information flow and ensure that Project activities are responsive to the expectations of beneficiary communities. All major citizen engagement activities and feedback will be recorded and tracked through PCIU reports. The Project will prepare a GRM manual to define the process for communities and other stakeholders to raise and resolve grievances.

107. The PCIU will set-up a GRM to ensure that individuals, communities, or investors that believe that they are adversely affected by a World Bank-supported project may submit complaints. The GRM will cover difficulties that may be encountered by direct beneficiaries of the Project in obtaining the support they are entitled to from the Project or national institutions (building on the GRM established within APIP), or the adverse impacts that Project activities may have on individuals or communities at large (through the GRM established within the PCIU and building on the ANAFIC grievance redress system that is already in place). The GRM system will ensure that complaints are promptly addressed, if necessary, by referring them to the PISCO (see above). There will be training provided and qualified personnel hired to deal with sensitive complaints such as SEA/SH complaints and child exploitation concern. These complaints will be dealt with confidentially and perpetrator will face consequences including warnings, suspension, termination etc. and where necessary, the cases will be referred to the relevant authorities for judicial processing.

108. **The implementation of safeguards under the proposed Project will be supported by specialized staff.** As noted, the PCIU will recruit an Environmental Safeguards Specialist and a Social Safeguards Specialist before Project effectiveness. These specialists will retain responsibility on monitoring and reporting on environmental and social safeguards and will be supported by safeguard focal points in each decentralized office of the Project (Boké and Kindia). To ensure continuous and adequate environmental and social safeguards capacity on the ground, the focal points will be regularly trained and will further receive assistance through consultants at the community level and Project investment sites. In this way, the capacities of all participating institutions to implement environmental and social safeguards will be strengthened during Project implementation.

(iii) Grievance Redress Mechanisms

109. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel, which determines whether harm occurred, or could occur, as a result of the World Bank's non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate GRS, visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, visit www.inspectionpanel.org.

V. KEY RISKS



110. **Key risks to the Program.** The overall risk for the Program is **High**. Primary risks arise from (i) the unstable political environment and governance; (ii) low institutional capacity for implementation; (iii) environmental and social risks and (iv) fiduciary factors.

111. **The overall Project (Phase 1 of the MPA) risk is rated High.** This overall rating is based on assessments of several categories of risk, described next.

112. **Political and governance risk is High.** Guinea has a turbulent political history, and with elections planned for 2020, there is potential for a difficult transition, which could at least slow down or complicate implementation. The best way to mitigate political risk is to ensure an efficient start-up for the Project and establish a solid base for implementation prior to the presidential campaign and election. Issues related to governance and the rule of law (difficulty enforcing contracts, and arbitrary trade policies like export bans, exemptions, and unpredictable enforcement of tariff and non-tariff regulations) affect the profitability of agribusiness. These issues have been raised and potential remedies identified for the GoG in the Diagnostic Trade Integration Study Update, but the limited capacity and political will to implement reforms will make it difficult to address some of them, despite the heavy costs they impose on the private sector, particularly agricultural SMEs. There are some signs of improvement in the business climate, however. At the same time, the Project may raise its profile through the involvement of large private companies (such as global and reputable mining companies), and the involvement of Local Governments in planning and monitoring Project activities may provide a degree of social control.

113. **Although the macroeconomic policy framework is adequate, the macroeconomic risks are Substantial.** Growth outlook is positive in the medium-term. Over the medium term, mining, particularly gold, and mining-related infrastructure investment would continue to drive growth. The implementation of structural reforms on governance and business climate, as well as higher electricity provision thanks to the completion of the Souapiti dam, will support private sector development over the medium-term. However, the Guinean economy remains vulnerable to external shocks, notably swings in commodity prices. The COVID-19 outbreak will further slow growth in the short-term to an estimated 1.4 percent in 2020. China's weaker growth will reduce demand for bauxite and associated mining investment in Guinea. The impact of lower aluminum prices on the current account could be compensated by rising gold prices and declining oil prices. On the demand side, social distancing measures will reduce labor supply and contract private consumptions. To mitigate these risks, the Project will rely upon the WBG and IMF to monitor the macro-economic developments. To help the country address urgent balance of payments and fiscal financing needs stemming from the negative impact of the COVID-19 pandemic and mitigation measures, IMF disbursed US\$148 million in June 2020 under the Rapid Credit Facility in addition to the debt relief received in April 2020 under the Catastrophe Containment and Relief Trust. The financing partnership WBG/IFC/IMF will go a long way to mitigate the negative impact of the COVID-19 pandemic and create a better working environment for the proposed project.

114. **The risk linked to the impact of sector strategies and policies on private investment is also Substantial.** The GoG has comprehensive strategies and programs for developing the agricultural sector and agribusiness, including proposed reforms. Such reforms may encounter resistance from vested interests and well-grounded practices within the administration, however. While the proposed Project seeks to remove some of the most binding constraints to private investment in agricultural value chains through technical assistance and investments, critical reforms enabling the environment for commercial agriculture need to be supported under the WBG policy dialogue with the GoG through the upcoming DPOs.

115. **The institutional capacity and sustainability risks are Substantial.** World Bank-funded private sector development projects have in the past experienced difficulties in disbursement and implementation, and the skill level of private sector operators is low. To mitigate this risk, the implementation of Project activities will be



coordinated through an independent PCIU within MINAGRI. The PCIU will be guided and overseen by a high-PISCO and a PTECO chaired by the Prime Minister's Office, with the relevant technical ministries (agriculture, livestock, commerce, infrastructure, etc.) participating in Project planning and supervision. This arrangement proved effective for implementing the WAAPP. A specialized international agribusiness firm will be recruited to guide and support the development of Project activities and strengthen the capacities of the various implementing partners to ensure the sustainability of Project outcomes. In addition, capacity building and training will be provided to relevant public institutions and Local Governments under Component 3. Independent technical reviews/audits will be organized regularly, and the World Bank will undertake frequent and proactive implementation support missions. Specific attention will be paid to designing and setting up adequate management and maintenance systems for Project-financed infrastructure, with sound arrangements for beneficiary ownership and private sector management at start.

116. **The overall fiduciary risk is assessed as Substantial.** To mitigate this risk, the PCIU will be staffed with competitively hired fiduciary staff, the fiduciary capacity of implementing agencies will be strengthened, and adequate financial and administrative procedures and segregation of duties will be implemented. An FM Action Plan has been designed during Project preparation to strengthen the internal control environment and maintain the continuous timeliness and reliability of information produced by the PCIU. The procurement risk is assessed as High before mitigation measures, as a new PCIU will be established and will need to coordinate procurement with a multiplicity of implementing partners. The Procurement residual risk will be **Substantial** after implementation of the mitigation measures. To mitigate this risk, the PCIU will be staffed with a competitively selected Procurement Specialist and systemically rely on the government agency in charge of large public works *Administration de Contrôle des Grands Projets* (Agency for Managing Major Projects, ACGP) for technical assistance. Adequate supervision will also be exercised to guarantee full compliance with WBG fiduciary guidelines and policies.

117. **The Environmental and social risks are rated Substantial. Project safeguard classification is Category A** to account for possible significant impacts associated with the development of infrastructure and of private sector subprojects. As the specific location of some Project interventions is not determined yet, the GoG has prepared safeguard framework documents to delineate Project accountability and guide the development of site-specific assessments (ESIAs) and plans (RAPS, ESMPs) once investments locations are more defined. The safeguards framework documents include an ESMF, a Resettlement Policy Framework, and a PPMP, which were consulted upon, cleared by the World Bank and BGACE, and disclosed on December 20, 2019. Although Guinea has experience in implementing safeguard policies under WBG-supported operations, there are challenges in terms of capacity, including at BGACE for supervising and monitoring implementation of safeguard requirements. As a mitigation measure, the PCIU will recruit an environmental safeguards specialist and a social safeguards specialist to be supported by consultants at the community as well as the sub-project levels. The capacities of all the participating institutions will be strengthened during project implementation. Provision is also being made under the GIADP to enhance the technical safeguard capacity of BGACE, and additional support might be provided under this Project following further assessment.

118. **Other: the COVID-19 pandemic risk is assessed as Substantial.** The current COVID-19 pandemic has led to many uncertainties, impacts on labor force availability and has the potential to disrupt supply chains globally. The pandemic could negatively impact completion timelines of the project. A National Emergency Preparedness and Response Plan for COVID-19 was adopted in March 2020, leveraging the country's experience with the Ebola outbreak in 2014-2015. The mitigation measures will include a close follow up of the implementation of the plan and related impacts by both the Government and the World Bank team.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Guinea

Guinea Commercial Agriculture Development Project

Project Development Objective(s)

The Program Development Objective (PrDO) is to increase the number of farmers and rural households benefiting from commercial agriculture value-chains in Program's areas.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
Increase number of farmers and rural households benefiting from commercial agricultural VC										
Number of jobs created along the agricultural value-chains (Number)		0.00	2,000.00	4,000.00	7,000.00	10,000.00	12,000.00	16,000.00	20,000.00	24,000.00
of which women (Number)		0.00	800.00	1,600.00	2,800.00	4,000.00	5,000.00	8,000.00	10,000.00	12,000.00
Number of farmers or rural households provided with commercial opportunities in agricultural value-chains (Number)		0.00	10,000.00	20,000.00	35,000.00	50,000.00	65,000.00	90,000.00	115,000.00	145,000.00
of which women (Number)		0.00	4,000.00	8,000.00	15,000.00	22,000.00	32,000.00	44,000.00	56,000.00	72,000.00



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Improving market access							
Roads rehabilitated (CRI, Kilometers)		0.00	150.00	400.00	600.00	700.00	800.00
Number of market and logistics infrastructures built or rehabilitated under the project and operated efficiently (Number)		0.00	0.00	1.00	2.00	4.00	5.00
Number of beneficiaries of market infrastructures (Number)		0.00	0.00	0.00	1,000.00	2,000.00	5,000.00
of which women (Number)		0.00	0.00	0.00	500.00	1,500.00	2,500.00
Increase in volume of agri-food products commercialized by project supported beneficiaries (Metric ton)		0.00	10,000.00	20,000.00	30,000.00	45,000.00	60,000.00
of which volumes exported (Metric ton)		0.00	0.00	2,000.00	6,000.00	10,000.00	15,000.00
Supporting Private Investment							
Firms benefiting from private sector initiatives (CRI, Number)		0.00	5.00	15.00	30.00	40.00	55.00
Amount of private investments in commercial agriculture mobilized through Program's support (US\$) (Amount(USD))		0.00	6,000,000.00	13,000,000.00	20,000,000.00	40,000,000.00	60,000,000.00
Number of private investments supported by the DFF with climate-resilient investments (Number)		0.00	40.00	90.00	150.00	220.00	300.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Farmers reached with agricultural assets or services (CRI, Number)		0.00	1,000.00	2,000.00	4,000.00	6,000.00	7,000.00
Farmers reached with agricultural assets or services - Female (CRI, Number)		0.00	400.00	800.00	1,600.00	2,400.00	2,800.00
Number of women trained on business capacities (Number)		0.00	100.00	200.00	300.00	400.00	600.00
Number of new agribusinesses led by women (Number)		0.00	20.00	50.00	100.00	150.00	180.00
Building Institutions for Agribusiness							
Number of reforms and policies prepared under the Project (Number)		0.00	0.00	0.00	1.00	1.00	2.00
Number of operational interprofessional value-chain associations (Number)		0.00	0.00	1.00	1.00	2.00	2.00
Number of accredited laboratories for microbiological and chemical analyses created or upgraded with project support (Number)		0.00	0.00	0.00	1.00	1.00	2.00
Project Management and coordination							
Satisfactory rate of beneficiaries from the Project's assets and services (Percentage)		0.00	0.00	0.00	70.00	80.00	80.00



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of jobs created along the agricultural value-chains	Number of jobs created or supported along the agricultural value-chains through project support	bi-annually	DFF tracking system	registry of beneficiaries	PCIU
of which women					
Number of farmers or rural households provided with commercial opportunities in agricultural value-chains	Number of farmers or rural households provided with commercial opportunities in agricultural value-chains, including through contract farming with agribusinesses supported by the Program, access to markets and market infrastructures	bi-annually	M&E tracking system	registry of beneficiaries, impact evaluation	PCIU
of which women					

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Roads rehabilitated		Twice a year	Monitoring and evaluation	Physical measurement of km rehabilitated. Data collected from	PCIU



			data collection system	implementing agencies (Communes and DNGR)	
Number of market and logistics infrastructures built or rehabilitated under the project and operated efficiently	Number of marketing and logistics infrastructures (logistics platforms, whole sale markets, slaughterhouses) built or rehabilitated under the Project and operated efficiently	Twice a year	Monitoring and Evaluation Data collection system. Data collected from the concerned urban Communes (Conakry, Boke and Kindia) where the infrastructures will be built	Registration of infrastructure built. Data collected from the concerned urban Communes (Conakry, Boke and Kindia) where the infrastructures will be built	PCIU
Number of beneficiaries of market infrastructures	Total number of individual benefiting directly from the market infrastructures supported by the project (storage facilities, wholesale markets, slaughterhouse...)	Annually	Monitoring and Evaluation Data Collection System	Registration of beneficiaries in a database using digital application	PCIU
of which women	Number of women benefiting from the component (as part of the total number of	Annually	Monitoring and Evaluation Data	Registration of beneficiaries	PIU



	component beneficiaries)		Collection System		
Increase in volume of agri-food products commercialized by project supported beneficiaries	Quantity of marketed agricultural and agri-food products (for export or domestic markets) by project supported beneficiaries in targeted value-chains	bi-annually	M&E data system	registry from MINAGRI and Ministry of Commerce	PCIU
of which volumes exported	volumes of agri-food products exported	bi-annually	registry of exports	registry from customs	PCIU
Firms benefiting from private sector initiatives		bi-annually	M&E system, DFF monitoring systems on Windows A & B	Registry of firms benefiting from Project support in data collection system	PCIU
Amount of private investments in commercial agriculture mobilized through Program's support (US\$)	Amount of private investments in commercial agriculture mobilized through Program's support (US\$)	bi-annually	Monitoring and Evaluation Data Collection System, APIP tracking mechanism	Registry of investments through M&E data collection system	PCIU
Number of private investments supported by the DFF with climate-resilient investments	Number of subprojects supported by the DFF that incorporate climate-resilient investments	bi annuallay	DFF M&E system	Registry of firms benefiting from Project's support in data collection system	PCIU



Farmers reached with agricultural assets or services	This indicator measures the number of farmers who were provided with agricultural assets or services as a result of World Bank project support. "Agriculture" or "Agricultural" includes: crops, livestock, capture fisheries, aquaculture, agroforestry, timber, and non-timber forest products. Assets include property, biological assets, and farm and processing equipment. Biological assets may include animal agriculture breeds (e.g., livestock, fisheries) and genetic material of livestock, crops, trees, and shrubs (including fiber and fuel crops). Services include research, extension, training, education, ICTs, inputs (e.g., fertilizers, pesticides, labor), production-related services (e.g., soil testing, animal health/veterinary services), phyto-sanitary and food	bi-annually	M&E data collection system	Registry of beneficiaries in data collection system	PCIU



	safety services, agricultural marketing support services (e.g., price monitoring, export promotion), access to farm and post-harvest machinery and storage facilities, employment, irrigation and drainage, and finance. Farmers are people engaged in agricultural activities or members of an agriculture-related business (disaggregated by men and women) targeted by the project.				
Farmers reached with agricultural assets or services - Female					
Number of women trained on business capacities	Number of women trained on business capacities (cumulative)	Every semester	M&E data collection system	Registry of beneficiaries in data collection system	PCIU
Number of new agribusinesses led by women	Number of new agribusinesses led by women and benefiting from Project support	bi-annually	M&E data collection system	Registry of beneficiaries of the DFF	PCIU
Number of reforms and policies prepared under the Project	Number of policies and reforms addressing key constraints to the development of commercial agriculture that are prepared under	Twice a year	Ministry of Agriculture, Livestock, Commerce	Documents validated by relevant ministries	PCIU



	the Project (support to consultations with stakeholders, analytical studies, drafting of documents)				
Number of operational interprofessional value-chain associations	Number of operational interprofessional value-chain associations with status, budget and a market information system	annually	National Chamber of Agriculture	registry of value-chains associations	PCIU
Number of accredited laboratories for microbiological and chemical analyses created or upgraded with project support	Number of accredited laboratories for microbiological and chemical analyses created or upgraded with project support	annually	accreditation agency	Accreditation registry	PCIU
Satisfactory rate of beneficiaries from the Project's assets and services	This indicator measures the level of satisfaction of the beneficiaries from the Project's assets and services. the data will be disaggregated by gender.	Annually from year 3	Monitoring and Evaluation Data Collection System	Survey of beneficiaries from year 3	PCIU

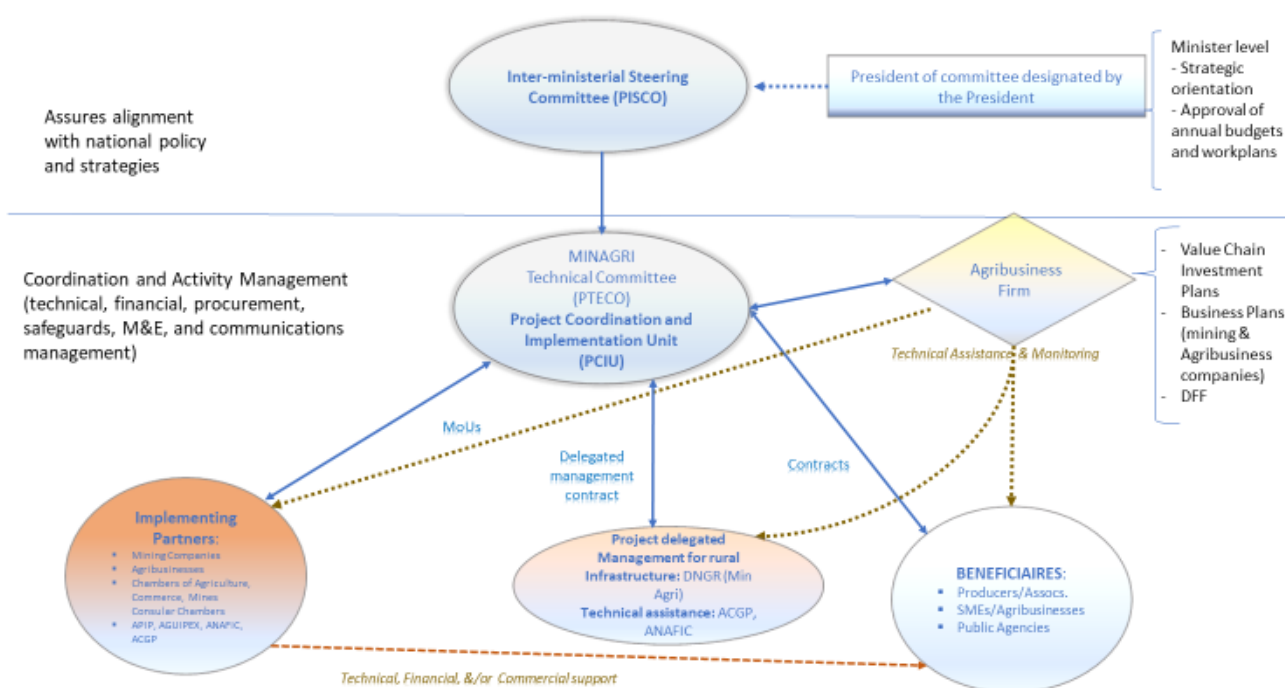


ANNEX 1: Implementation Arrangements and Support Plan

A. Institutional and Implementation Arrangements

1. The institutional arrangements for the proposed Program (**Error! Reference source not found.**) are designed to allow its effective implementation through the adoption of four principles. First, it is importance to ensure strategic and operational coordination at a high level of all actors and institutions involved. Second, avoid multiplying the levels of coordination. Third, provide effective support to private investors and respond quickly to their concerns. Fourth, respect the national institutional framework for decision making, with technical execution of Project activities vested with strategic government entities (the Project Implementing Partners) and the capacity-building activities vested with the institutions concerned. The PIM, to be finalized before Project effectiveness, will detail all coordination, management, implementation, M&E, and reporting functions.

Figure 1.1: Implementation arrangements for the proposed Commercial Agriculture Development Project



2. **The MINAGRI will have overall responsibility for the implementation of the Project.**

3. **At the strategic level, the PISCO** will be chaired by a designated official at the highest level of government and be composed of the key ministers involved or designated representatives at the Secretary General/Director level from the relevant ministries and agencies (that is, the ministries in charge of Agriculture, Commerce, Environment, Finance, Fisheries, Industry and SMEs, Investment Promotion, Livestock, Mining, Planning and International Cooperation, Territorial Development, Transport, Women and Social Affairs, and Youth and Employment), a representative from the Prime Minister's Office, and representatives from the private sector (at a minimum, the heads of the National Chambers of Commerce, Agriculture, and Mining). The PISCO will: (i) ensure that Project activities are aligned with GoG strategies and policies; (ii) approve the AWPBs for the Project, approve



recruitments by MINAGRI of the Project's core staff, and provide operational guidance; and (iii) review implementation progress and advise on any adjustments needed, as well as monitor progress in the implementation of key private investment projects. Decisions by this committee will require a two-thirds quorum of its members, with at least two ministers participating.

4. **At the operational level, the PTECO** will be chaired by the General Secretary of the MINAGRI, and include no more than 20 members from relevant planning and technical departments of key ministries, including designated representatives (and alternates) from government coordinating bodies of the Prime Minister's Office Office of Strategic Evaluation (*Bureau d'évaluation Stratégique*, BES) and the Ministry of Planning and International Cooperation Operational Monitoring Office (*Bureau Opérationnel de Suivi*, BOS), and relevant technical agencies (ACGP, ANAFIC, AGUIPEX, National Agricultural Extension Agency (*Agence Nationale pour le Conseil Agricole*, ANPROCA), IRAG) as well as representatives of the private sector. The main functions of the PTECO will be to: (i) ensure coherence of approaches and complementarity with other projects and programs; (ii) identify issues and make recommendations to PISCO for resolving private investors' difficulties with national institutions; (iii) ensure technical backstopping to the PCIU, with technical review of packages submitted by the PCIU for decision; and (iv) approve the subprojects to be funded through matching grants under Component 2. The PTECO will defer technical reviews to existing permanent technical bodies for some aspects of the Project, such as the SPS/CODEX committee (for activities related to food safety, quality, and standards under the Project).

5. **A dedicated PCIU** will be established within MINAGRI and will be responsible for the technical and administrative coordination of the Project. The PCIU will be headed by a competitively recruited National Coordinator, who will report to the Minister of Agriculture through the Secretary General of MINAGRI, the PTECO chairperson. The National Coordinator will be assisted in day-to-day Project operations by a full-time Deputy Coordinator (with solid technical expertise and a background in agriculture/agribusiness), also recruited competitively. The PCIU will be staffed by competitively recruited specialists in procurement, accounting and FM, environmental and social issues, gender and M&E. A qualified and competitively recruited agribusiness firm will assist the PCIU in the overall management of the DFF under Component 2, including developing and implementing the communication strategy, supporting the development of business services for Project beneficiaries, and carrying out the program of capacity-building activities for targeted institution under Component 3. The PCIU will also hire on a gender-parity basis young Guinean graduates with less than five years of experience in relevant areas of the Project for internships within the PCIU, the agribusiness firm, and/or implementing partners to give these individuals in-depth operational training in agribusiness and agricultural trade. Their stipends and operational expenses will be financed by the Project.

6. **To facilitate the coordination of implementing partners and monitoring of Project activities on the ground, the PCIU will rely on two regional operational units (*Cellules Régionales Opérationnelles*).** These units will be established in Boké and Kindia Prefectures within the regional directorates of MINAGRI. The PCIU will ensure that the regional operational units have adequate capacity on environmental and social safeguards, through regular trainings and support from consultants as necessary. The PCIU will conclude Memorandum of Understanding with the Project's main implementing partners, including ACGP, APIP, AGUIPEX, ANAFIC, and the National Chamber of Agriculture and a delegated management contract with the National Rural Works Directorate (*Direction Nationale du Génie Rural*, DNGR) for the rural infrastructures envisioned under Component 1. The Project will also sign Memorandums of Understanding as necessary with relevant entities (IRAG, ANPROCA, and others) and based on identified needs from the value chain investment plans prepared under Component 3. To ensure that Project activities get off to a strong start, signed agreement with DNGR will be a condition of effectiveness.



Component 1: Improving Market Access in Targeted Areas

7. **Transport and market infrastructure.** The infrastructure to be established or rehabilitated under the Project will be identified (i) based on the development plans of Boké and Kindia Prefectures and/or of the concerned Local Governments (*communes rurales* and the Commune of Conakry); and (ii) taking into consideration the infrastructure already financed or planned under other development projects. For Boké Prefecture, infrastructure to be developed through the Project will be integrated into plans for the recently created Boké Special Economic Zone.

8. In accordance with Guinea's decentralization strategy, Local Governments will be responsible for the public infrastructure works (*maîtrise d'ouvrage*) undertaken in their area through the Project. After more than 15 years of support under the Village Community Support Program (PACV),⁴⁸ Local Governments have acquired the planning and fiduciary capacity to assume this responsibility. In addition, they will benefit from the assistance and oversight of ANAFIC, which itself is supported through the recently approved IDA-financed Support to Local Governance Project (P167884).⁴⁹

9. To manage the rehabilitation of rural roads, Local Governments will mobilize the expertise of DNGR through a delegated management contract (*maîtrise d'ouvrage déléguée*), and the work itself will be performed by private, competitively recruited contractors. The concerned Local Governments in urban areas—the *communes urbaines* of Conakry, Boké, and Kindia—will be responsible for the other infrastructure, such as logistics platforms, wholesale markets, and the slaughterhouse. They will assume this responsibility under the technical supervision of the ministries concerned, with assistance from the agribusiness firm recruited by the PCIU. Qualified private operators will manage this infrastructure under a concessionary agreement or SPV.

10. Local Governments will also be responsible for maintaining the infrastructure developed under the Project. The annual maintenance cost (around US\$1,000/km) will be financed on a declining basis by the Project (100 percent, 66 percent, 33 percent), with Local Governments gradually taking full responsibility for maintenance costs. An agreement to this effect has been concluded with Local Governments during appraisal. Given that Local Governments can make use of the substantial mining royalties set aside for local development in the FNDL and have annual budgets of more than US\$200,000, they are expected to be able to finance the annual maintenance costs. Annual maintenance will be carried out by small local enterprises contracted by Local Governments and supervised by DNGR.

11. Similar arrangements will prevail for financing the operating costs of the market infrastructure established under the Project. The specific modalities of this declining co-financing will be agreed upon with the Local Governments and the private operators selected to manage the markets. Before construction begins, an agreement will be sought from the concerned urban communes to provide the continuing operating subsidies that may be required to fully finance the operations of the wholesale markets and slaughterhouses at full development.

12. The detailed technical, environmental, and social studies for market infrastructure (wholesale markets, logistics platforms, slaughterhouse) will be done during the first year of the Project by consulting firms recruited competitively by the PCIU with support from the agribusiness firm, in collaboration with the relevant parties (Local Governments, ministries, agencies, value chain actors). Implementation will be carried out during the second year.

13. **Rehabilitation of rural roads through LIPW.** If deemed feasible by the detailed technical studies, some part of the selected rural roads will be rehabilitated and subsequently maintained through LIPWs to create

⁴⁸ Financed by IDA (three phases), AFD, and the International Fund for Agricultural Development.

⁴⁹ And a companion project financed by AFD.



employment in Boké and Kindia Prefectures.⁵⁰ Works will be undertaken only during the agricultural off-season to avoid interfering with demand for agricultural labor. DNGR will have the delegated responsibility (*maitrise d'ouvrage déléguée*) for implementing the works on behalf of Local Governments, and the works will be carried out by private contractors selected on a competitive basis. These contractors will be responsible for providing site managers and qualified workers and will be required to recruit the non-qualified labor force from local communities.

Component 2: Supporting Private Investment

14. Subcomponents 2.1 and 2.2 will be implemented in close collaboration with IFC and APiP. APiP, as a Project Implementing Partner, will sign an Implementation Agreement with the PCiU specifying its roles, responsibilities, and operational/financing modalities.

15. Through a DFF (matching grants), this component will provide partial financing for technical assistance and investment to selected beneficiaries to design and implement investment subprojects. The DFF will consist of three windows designed to support different categories of investment (Table).

Table 1.1: Types of investment subproject funding available for different categories of private investors under the Project

Size of subproject and type of activities supported	Coverage ratio	Number of grants	Eligibility criteria
Window A. Large (above US\$1 million)			
Technical assistance for: <ol style="list-style-type: none"> 1. Structuring subprojects into bankable/viable business plans to facilitate financing from financial institutions. 2. Facilitating access to the benefits of the investment code. 3. Supporting market research and market analysis and product development, including test shipments to promising markets, branding, and advertising and other promotional campaigns. 4. Facilitating the implementation of climate mitigation and adaptation approaches. 5. Helping to identify sites, equipment, and best practices in agro-processing production. 6. Managing food safety, including the establishment of HACCP systems and assistance in obtaining certification for their products. 7. Developing BPs with farmers/smallholders, including training in climate-smart practices. 	Maximum grant of 30 percent of total cost of technical assistance for subprojects above US\$5 million, and 50 percent for subprojects from US\$1–5 million, up to a limit of US\$200,000.	Program: 13 Phase 1: 5	Age of business: 3+ years Formal registration or business registration affiliation No existing public assistance Ownership at least 75 percent private Potential for expansion plan and partnership with smallholders Potential contribution to strengthening priority value chains Minimum demonstrated audit and financial control Investments in irrigation schemes that use water from international waterways ⁵¹ are limited to rehabilitation and minor upgrades of existing schemes
Window B. Medium (>US\$100,000 to US\$1 million)			
Technical assistance for: <ol style="list-style-type: none"> 1. Structuring subprojects into bankable/viable business plans to facilitate financing from financial institutions. 	<ul style="list-style-type: none"> • Maximum grant of 75 percent of total cost of technical assistance for 	Program: 200 Phase 1: 50	Age of business: 3+ years Formal registration or business registration affiliation

⁵⁰ It is estimated that the rehabilitation of 100 km through LIPWs will create about 4 million days of work for the local population and allow the distribution of about US\$1.2 million to participants.

⁵¹ This includes tributaries and alluvial aquifers of transboundary rivers as well as transboundary aquifer systems



<p>2. Facilitating access to the benefits of the investment code.</p> <p>3. Improving market analysis and product development, including test shipments to promising markets, branding, and advertising and other promotional campaigns.</p> <p>4. Facilitating the implementation of climate mitigation and adaptation approaches.</p> <p>5. Improving their capacity in financial and accounting systems.</p> <p>6. Selecting sites, equipment, agricultural/industrial processes, and good industrial/agricultural practices.</p> <p>7. Managing food safety, including the establishment of HACCP systems and assistance in obtaining certification for their products.</p> <p>8. Developing BPs with farmers to ensure advice, monitoring, etc.</p> <p>9. Conducting market trials.</p> <p>Investments: Poultry production, production of animal feed, packaging centers, assistance for certification, export trials, etc.</p>	<p>subprojects up to US\$150,000</p> <ul style="list-style-type: none"> Maximum grant of 20 percent of the cost of the subproject investment 		<p>No existing public assistance</p> <p>Ownership at least 75 percent private</p> <p>Potential for growth</p> <p>No previous public assistance for similar activities</p> <p>Investments in irrigation schemes that use water from international waterways are limited to rehabilitation and minor upgrades of existing schemes</p>
Window C. Small (from US\$10,000 up to US\$100,000)			
<p>Provision of services, inputs and equipment, including the provision of advisory services for better understanding of climate risks, available adaptation measures (e.g., use of climate-smart agricultural technologies and practices), and mitigation opportunities (e.g., energy-efficient irrigation systems, solar water heating systems, climate-resilient materials and design).</p> <p>Eligible activities: Infrastructure and equipment for small-scale processing; seed production and nurseries; small-scale drip irrigation; digital agriculture applications, etc.</p>	<ul style="list-style-type: none"> Grant of 100 percent of total cost of technical assistance for investment subproject preparation and implementation activities Maximum grant of 60 percent of the cost of the investment subproject. * <p><i>* For women and youth, maximum grant of 90 percent of the cost of the investment subproject.</i></p>	<p>Program: 1,000</p> <p>Phase 1: 550</p>	<p>Formal registration required</p> <p>Age of business: 2+ years, except for start-up businesses coming from an incubator</p> <p>Ownership: 75 percent private, domestically owned</p> <p>Basic requirements for BDSs</p> <p>No previous public assistance for similar activities</p> <p>Must have (or be willing to have) a bank account with a financial institution</p> <p>Investments in irrigation schemes that use water from international waterways are limited to rehabilitation and minor upgrades of existing schemes</p>

Note: The terms for these grants are in line with the terms of other, similar, grant-making initiative in Guinea, including those financed by the WBG. HACCP = Hazard Analysis and Critical Control Point.

16. Processes and procedures for implementing this financing will be fully described in the PIM and MGIM, but the main arrangements include:

- The PCIU, with the support from APIP and assistance firms specialized in agribusiness, which will be responsible for: (i) identifying and mobilizing a sustained flow of private investment opportunities in



agriculture/agribusiness by carrying out sector scans, developing sector-specific strategies, conducting agri-investment information and outreach activities, and identifying potential investors or groups of investors; (ii) tracking the implementation of subproject investments through the Private Investment Tracking and Support System; and (iii) generally facilitating subproject implementation by removing administrative constraints, mediating disputes through GRM.

- A screening and approval process for investment subprojects to obtain funding through matching grants. The manual for implementing matching grants (MGIM) will comprehensively describe grant processes and procedures, including eligibility criteria, selection criteria, obligations of beneficiaries, and other arrangements. The MGIM will be prepared and validated prior to disbursement under the DFF. The MGIM will be informed by experience with successful matching grant activities implemented for agricultural sector and agribusiness development elsewhere in Africa.
- When subprojects are selected for financing, the respective investors will sign a formal Grant Agreement with the PCIU, including the objectives of the investment subproject, its detailed specifications, including environmental and social requirements, the assistance to be provided by the Project, and the financing modalities.
- A competitively hired agribusiness firm will support the PCIU in the overall management of the DFF. Among other activities, that firm will mobilize the specific expertise required to support subprojects during the pre-investment, investment, and start-up phases (for up to 18 months).

Component 3: Enabling Environment for Commercial Agriculture

17. **Strengthening relevant public agencies.** This subcomponent will support APIP, AGUIPEX, and public-private dialogue on key issues. This subcomponent will be implemented by the PCIU with support from the agribusiness firm, in close collaboration with IFC to ensure complete coordination with activities supported by the ICA Project.

18. **Strengthening coordination along selected value chains.** The PCIU, assisted by the specialized agribusiness firm recruited under the Project, will be responsible for implementing this subcomponent, under the supervision of the MINAGRI Planning Directorate. Specialized service providers recruited by the PCIU, working closely with the concerned producer associations, will complete the detailed design and specifications for the value chain market information systems. The specialized service providers will also support the establishment and operation of those market information systems during the first three years of the Project. The systems will be designed to be ultimately fully funded by the users. The Project will finance the cost of the technical assistance, equipment, and training for designing the systems and establishing them within the producer associations, and it will cover the operating costs of the systems over the Project period through a declining operating subsidy.

19. **Enhancing SPS control, quality, norms, and standards.** This subcomponent focusing on food safety and quality control will be implemented by the PCIU through appropriate contractors and service providers selected competitively with assistance by the agribusiness firm, in cooperation with the respective ministries (agriculture, livestock, environment, mining) and other relevant public and private national institutions.

20. This subcomponent will finance the necessary service providers, works, equipment, short-term consultants, and related operating expenses. Activities related to quality and SPS control systems will be coordinated by the PCIU. However, the national quality control system includes a large number of public ministries, with the Ministry of Commerce playing a central role and overseeing several key institutions such as the Guinean Bureau of Standards (*Institut Guinéen de Normalisation et de Métrologie*, IGNM), National Bureau of Quality Control (*Office National de Contrôle Qualité*, ONCQ) (responsible for quality control of all consumer goods in Guinea), and AGUIPEX. Thus, for quality assurance of SPS-related activities, the PTECO will defer to the SPS



Technical Committee chaired by the Ministry of Commerce. That committee includes representatives of all ministries concerned, the agricultural professional organizations, and the private sector; its capacity will be enhanced under the Project through training and knowledge exchanges. The PCIU will be responsible for the procurement of all contractors, equipment, and service providers required to implement this subcomponent.

Component 4: Contingent Emergency Response Component

21. The PIM will define operational procedures acceptable to the WBG for implementing the Component 4 CERC in the event of an eligible emergency or crisis. All CERC expenditures will be in accordance with paragraphs 11, 12, and 13 of World Bank IPF Policy. They will be appraised and reviewed to determine if they are acceptable to the WBG before any disbursement is made. Disbursements will be made against an approved list of goods, works, and services required to support crisis mitigation, response, recovery, and reconstruction. If this component is to be implemented based on the prevailing conditions defined in the Financing Agreement, the due diligence on a positive list of CERC eligible activities will be assessed against those reported in the PIM to ascertain the coverage of CERC activities are included in the ESMF. No withdrawal shall be made under this component unless and until all safeguards documents required for said activities are prepared and disclosed and any actions required to be taken under these safeguards documents are fulfilled.

Component 5: Project Management and Coordination

22. Component 5 supports the establishment and operations of the PCIU, which is embedded in MINAGRI and is responsible for the technical and administrative coordination of the Project. The PCIU National Coordinator and core staff will be recruited competitively. As mentioned, the PCIU will: (i) establish two regional operational units in Boké and Kindia; (ii) have counterparts (focal points) in the main participating ministries (Ministry of Livestock, Ministry of Environment, Ministry of Mining, Ministry of Commerce, and Ministry of Industry and SMEs); (iii) contract competitively selected service providers, including the agribusiness technical assistance firm, to perform specific activities; (iv) enter into agreements with the Project's main implementing partners (APIP, AGUIPEX, ANAFIC, and so on); and (v) recruit qualified young Guineans for in-depth operational training internships within the PCIU, agribusiness firm, and/or the implementing partners.

23. Component 5 will finance the goods and services necessary for the establishment and operations of the PCIU, the two regional operational units, and other expenses incurred in implementing the Project, including: (i) the cost of the agribusiness firm and other service providers/consultants; (ii) studies, audits, and training to enhance the implementation capacity of the PCIU; (iii) the GRM; (iv) communication, knowledge production and sharing, and outreach activities; (v) M&E of Project outcomes and impacts; (vi) citizen engagement; and (vii) oversight of social and environmental safeguard measures in accordance with agreed procedures.

B. Financial Management and Disbursement

Overview

24. The FM arrangements for the Project have been designed with due consideration of the country's fragile situation as well as the minimum requirements set forth in the World Bank Policy and Directives for IPF, which describe the World Bank's overall FM policies and procedures. The FM system of the Project must be capable of correctly and completely recording all transactions related to the Project; facilitating the preparation of regular, timely, and reliable financial statements; safeguarding Project assets; and can be subject to auditing as required by the WBG. The FM arrangements also aim to facilitate disbursements and ensure effective use of Project



resources while using the country's own systems to the extent possible.

25. In December 2018, the GoG adopted the PREFIP 2019–2022, a new strategic framework for public financial management (PFM) reform, based on the progress made in implementing the 2014–2018 PFM reform action plans and the findings of the 2018 PEFA and PIMA. The Republic of Guinea benefits from a strong legal and institutional framework; an effective and transparent budget, with documentation in accordance with public finance law; public access to budget information for citizens; review of the budget by Parliament; and transparency in procurement, with more than 80 percent of contracts awarded through a competitive process. At the same time, there are opportunities to strengthen various components of the PFM cycle, including realism in budgeting, the reliability of internal control systems for budget execution, the timeliness of accounting and financial reporting, and the performance of internal and external auditing arrangements. The GoG is committed to addressing the weaknesses identified in recent PFM assessments; implementation of the recommendations is underway.

26. At this time, therefore, the WBG cannot rely entirely on the public expenditure framework for implementing the proposed Project. The GoG has requested to use a ring-fenced financing mechanism for the fiduciary aspects of the Project. For this operation, the GoG has proposed that MINAGRI manage the Project. The institutional implementation arrangements will include a high-level steering and coordination committee (PISCO), a PTECO chaired by the Secretary General of MINAGRI, and a PCIU. It is proposed that the PCIU be responsible for the fiduciary aspects of the Project. The PCIU will be in a position to manage the Project once FM staff, a manual of FM procedures, and a computerized management information system (including accounting software) are put into place to enable MINAGRI to comply with the minimum FM procedures and requirements for World Bank–funded projects.

Risk assessment and mitigation

27. The principal concern of the WBG is to ensure that Project funds are used economically and efficiently for the intended purpose, and an important part of the FM assessment is an evaluation of the risks that Project funds may not be used as intended. Two aspects of fiduciary risk are evaluated, as shown in **Table** : (i) the risk associated with the Project as a whole (inherent risk) and (ii) the risk linked to weak controls during implementation of the Project (control risk).

28. Overall FM risk for the Commercial Agriculture Development Project is assessed as **Substantial**, primarily owing to several factors: (i) the Project will involve a multiplicity of actors who are expected to engage in a large number of transactions; (ii) the Project plans to develop infrastructure; (iii) the level of inherent risk at the country and Project level is considerable; (iv) the Project will have two operational units in two regions of the country (Boké and Kindia); and (v) effective FM arrangements are not in place yet—namely, FM staff familiar with WBG procedures, a manual of FM procedures, and accounting software—and an effective internal audit function is lacking. Consequently, additional mitigation measures will be incorporated into the FM arrangements for the proposed Project (**Table 3**).

Table 1.2: Risk assessment and mitigation measures

Risk	Risk rating	Risk mitigation measures/comments	Residual risk rating	Remarks
Inherent risks	H		H	
Country: Poor governance and associated risks from a poorly performing PFM system; weak	H	Economic and Governance Technical Assistance and Capacity Building Project support the PFM reforms.	H	Some improvements in PFM have been noted following the



Risk	Risk rating	Risk mitigation measures/comments	Residual risk rating	Remarks
procurement practices.				commitment of the new government to re-establish basic controls over public finance.
Entity: Many entities involved in implementation might create confusion in Project coordination and oversight.	S	Roles and responsibilities of the different actors will be clearly defined in the PIM.	S	
Project: The Project resources may not be used for the intended purposes. Unfamiliarity of the PCIU with WBG FM procedures may delay reporting and auditing. The Project will pursue activities that are prone to irregularities and the beneficiaries are in geographically dispersed and remote locations.	S	For efficiency, the PCIU will strengthen ex-ante and ex-post control of funds allocated to activities that are prone to irregularities. The scope of audit will include review of expenditures incurred for this category of activities. The FM procedures manual will clearly describe FM processes, and a computerized accounting system will be set up accordingly.	S	
Control risks	S		M	
Staffing: Inadequate.	S	Recruit an FM Officer and appoint a Senior Accountant and two Accountants to handle Project activities.	M	The appointment and installation of the FM Officer is a condition of effectiveness.
Budgeting: Variations are not authorized or monitored, and the budget is not revised during the year. The budget may be based on unrealistic expenditure forecasts and costing.	S	Accounting administrative and FM procedures, including the budgeting process from preparation to execution and monitoring, will be described in the FM procedures section of the PIM.	M	
Accounting: Delays in bookkeeping due to a lack of experience within MINAGRI. Lack of appropriate accounting software.	S	Accounting procedures will include a chart of accounts, the accounting routine, and administrative activities. Accounting software will be procured and set up.	S	
Internal control: A weak internal control environment presents risks to Project assets and operations.	S	The PIM will describe the roles and responsibilities of all involved stakeholders. The internal auditor and the chief accountant with terms of reference, qualifications, integrity and experience acceptable to the World Bank will be recruited no later than 3 months after the Effective date.	S	
Funds flow: Funds might be diverted, used for purposes that are ineligible for Project support.	S	Open a DA for the Project in the Central Bank of the Republic of Guinea.	M	
Reporting: The lack of adequate accounting software may delay submission of interim unaudited financial reports (IFRs).	S	The accounting software will be customized to generate financial statements.	M	



Risk	Risk rating	Risk mitigation measures/comments	Residual risk rating	Remarks
Auditing: Lack of capacity in the Supreme Audit Institution may delay external audits.	S	An external auditor with terms of reference acceptable to the World Bank will be recruited.	M	The external auditor will be recruited no later than five months after Project effectiveness.
Overall risk	S		S	

Note: H (high), S (substantial), and M (moderate).

Strengths and weaknesses

29. The FM arrangements for the proposed Project build on experiences and lessons from previous projects in the agricultural sector (P126773 and P148114). Accordingly, the Project design reflects existing FM arrangements to implement World Bank-financed projects in the Republic of Guinea, which rely on a ring-fenced financing mechanism for planning, budgeting, accounting, disbursement, procurement, financial reporting, internal control, and auditing.

30. Potential weaknesses stem from the political situation, which has affected governance and corruption. To address risks related to governance, fraud, and corruption, the Project will prioritize effective oversight through increased public accountability, increased monitoring and auditing, and greater disclosure and transparency.

Financial Management Action Plan

31. A FM Action Plan (Table) has been developed to mitigate the overall FM risks.

Table 1.3: FM action plan

Action	Responsible party	Deadline and conditionality
1. Elaborate PIM, including fiduciary procedures	PCIU	Before Project effectiveness
2. Recruit a FM Officer with qualifications and experience satisfactory to the WBG	PCIU	Before Project effectiveness
3. Recruit a Chief Accountant with qualifications and experience satisfactory to the World Bank	PCIU	Three (3) months after Project effectiveness
4. Recruit two Accountants with qualifications and experience satisfactory to the WBG (for the Boké and Kindia regional operational units)	PCIU	Three (3) months after Project effectiveness
5. Purchase accounting software	PCIU	Three (3) months after effectiveness
6. Recruit an Internal Auditor	PCIU	Three (3) months after Project effectiveness
7. Recruit an External Auditor	PCIU	Five (5) months after Project effectiveness

Internal controls and internal audit

32. The PIM, including accounting administrative and FM procedures, will be developed and approved before Project effectiveness. To maintain a sound control environment, the Project team is expected to follow the control mechanisms described in the PIM, and then to ensure that adequate internal controls are in place for the preparation, approval, and recording of transactions as well as segregation of duties. The PIM will set forth the roles and responsibilities of each stakeholder and updated as needed. An internal audit function will be also



developed and operationalized through the selection of an experienced Internal Auditor. The manual of audit and charter of audit will be developed.

33. **Planning and budgeting.** The PCIU will prepare a detailed AWPB for implementing the activities of the Project. The AWPB will be submitted to the PISCO for approval and thereafter to IDA for no-objection, not later than November 30 of the year preceding the year the work plan should be implemented.

34. **Accounting policies.** The prevailing accounting policies and procedures currently used in the Republic of Guinea for ongoing World Bank-financed operations, in line with the accounting standards for West African francophone countries (*Système Comptable de l'Organisation pour l'Harmonisation en Afrique du Droit des Affaires*, SYSCOHADA), will apply to the proposed Project. These accounting systems, policies, and FM procedures will be documented in the Project's administrative, accounting, and financial manual. The PCIU will customize the accounting software to meet Project requirements.

35. **Interim financial reporting.** The unaudited Interim Financial Reports (IFRs) will be prepared every quarter and submitted to the World Bank regularly (for example, 45 days after the end of each quarter) and on time. The consolidated quarterly IFR for the Project will include the following financial statements: (i) Statement of Sources of Funds and Project Revenues and Uses of funds; (ii) Statement of Expenditure (SoE) classified by Project component and/or disbursement category (with additional information on expenditure types and implementing agencies as appropriate), showing comparisons with budgets for the reporting quarter, the year, and cumulatively for the Project life; (iii) cash forecast; (iv) explanatory notes; (v) DA Activity Statements; and (vi) the table of control.

36. **Annual financial reporting.** In compliance with International Accounting Standards and IDA requirements, the PCIU will produce annual financial statements. These include (i) a Balance Sheet that shows assets and liabilities; (ii) a Statement of Sources and Uses of Funds showing all the sources of Project funds and expenditures analyzed by Project component and/or category; (iii) a DA Activity Statement; (iv) a Summary of Withdrawals using SoEs, listing individual Withdrawal Applications by reference number, date, and amount; and (v) notes related to significant accounting policies and accounting standards adopted by management and underlying the preparation of financial statements.

External auditing

37. The PCIU will submit audited Project financial statements satisfactory to the World Bank every year within six months after the end of the fiscal year (**Table**). The audit will be conducted by an independent auditor with terms of reference including qualifications and experience acceptable to the WBG. A single opinion on the audited Project financial statements in compliance with the International Federation of Accountants will be required. In addition, a Management Letter will be required. The Management Letter will contain auditor observations and comments and recommendations for improvements in accounting records, systems, controls, and compliance with financial covenants in the Financing Agreement. The report will also include specific controls, such as compliance with procurement procedures and financial reporting requirements, and consistency between financial statements and management reports, as well as findings of physical controls. The audit report will thus refer to any instance of noncompliance and questionable or ineligible expenditures and misprocurement identified during the audit mission. The Project will comply with the World Bank policy to disclose audit reports on the official website within two months of the report being accepted as final by the team and the WBG.



Table 1.4: Due dates of the audit report

Audit report	Due date	Responsible party
Audited financial statements, including audit report and Management Letter	(1) Not later than June 30 (2000 + N) if effectiveness has occurred before June 30 (2000 + N-1) (2) Not later than June 30 (2000 + N+1) if effectiveness has occurred after June 30, (2000 + N-1)	PCIU

Disbursements

38. Upon Project effectiveness, transaction-based disbursements will be used. The Project will finance 100 percent of eligible expenditures inclusive of taxes. A DA will be opened at the BCRG in US dollars. A transaction account will be opened in Guinean francs (GNF) in a commercial bank under terms and conditions acceptable to IDA. The ceiling of the DA will be specified in the Disbursement and Financial Information Letter. An initial deposit will be made, and subsequent disbursements will be made against submission of SoEs reporting on the use of the initial/previous advance. The option to disburse against submission of quarterly unaudited IFRs (also known as report-based disbursement) could be considered, as soon as the Project meets the criteria. Other methods of disbursing the funds (reimbursement, direct payment, and special commitment) will also be available to the Project. The minimum value of applications for these methods is 20 percent of the DA ceiling. The program will sign and submit Withdrawal Applications electronically using the eSignatures module accessible from the World Bank's Client Connection website.

39. **Payments to Implementing Entities, Regional Offices and services providers, beneficiaries.** Even though operational relations will exist with implementing entities and service providers, funds will not be transferred to regional units nor implementing partners. The funds will be managed by the PCIU. The PCIU will also be in charge of the DFF disbursements to the beneficiaries under a DA for this purpose.

40. **Local taxes.** Funds will be disbursed in accordance with project categories of expenditures and components, as shown in the Financing Agreement. Financing of each category of expenditure/component will be authorized as indicated in the Financing Agreement and will be inclusive of taxes according to the current country financing parameters approved for the Republic of Guinea.

Financial management Implementation Support Plan

41. FM implementation support will be conducted over the Project's lifetime. The Project will be supervised on a risk-based approach taking into account the alternative options developed in OPCS Guidance issued on March 24, 2020 (Streamlined Fiduciary Implementation Support Measures for Active World Bank-financed Operations given Travel Limitations due to COVID-19 Pandemic) and Streamlined FM and Disbursement Procedural Measures for Preparation of Operations under COVID-19 Emergency Response. Based on the outcome of the FM risk assessment, an Implementation Support Plan is proposed (Table) to ensure that the Project maintains a satisfactory FM system throughout its life.

Table 1.5: FM Implementation Support Plan

Financial management activity	Frequency
Desk reviews	
IFR review	Quarterly
Audit report review of the program	Annually
Review of other relevant information, such as interim internal control systems reports	Continuous, as they become available



On-site visits	
Review of overall operation of the FM system (Implementation Support Mission)	Every six months for Substantial risk
Monitoring of actions taken on issues highlighted in audit reports, auditors' Management Letters, internal audits, and other reports	As needed
Transaction reviews	As needed
Capacity-building support	
FM training sessions	Before Project effectiveness and during implementation as needed

D. Procurement

Procurement Arrangement and Action Plan

42. **Procurement rules and Procedures.** The Recipient will carry out procurement for the proposed project in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018 under the "New Procurement Framework" (NPF), and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016 and other provisions stipulated in the Financing Agreements.

43. All goods, works and non-consulting services will be procured in accordance with the requirements set forth or referred to in the Section VI-Approved Methods: Goods, Works and Non-Consulting Services of the Procurement Regulations. The Consulting Services will be procured in accordance with the requirements set forth or referred to in the Section VII-Approved Selection Methods: Consulting Services of the Procurement Regulations, the PPSD, and Procurement Plan, approved by the World Bank. The Procurement Plan, including its updates, shall include for each contract: (i) a brief description of the activities/contracts; (ii) selection methods to be applied; (iii) cost estimates; (iv) time schedules; (v) the World Bank's review requirements; and (vi) any other relevant procurement information. The Procurement Plan covering the first 18 months of the project implementation has been prepared and submitted for World Bank's approval. Any updates of the Procurement Plan will be submitted for the World Bank's approval. The Recipient shall use the World Bank's online procurement planning and tracking tools (STEP) to prepare, clear and update its Procurement Plans and conduct all procurement transactions.

44. **PPSD.** The Recipient (with assistance from the World Bank) has prepared a PPSD which describes how procurement activities will support project operations for the achievement of PDOs and deliver Value for Money (VfM). The procurement strategy is linked to the project implementation strategy. It considers institutional arrangements for procurement; roles and responsibilities; thresholds, procurement methods, and prior review, and the requirements for carrying out procurement. It also includes a detailed assessment and description of government capacity and the implementing agency for carrying out procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues to be considered include the behaviors, trends and capabilities of the market (i.e. Market Analysis) to respond to the procurement plan. The analysis of the project's activities indicates that 14 primary contracts represent 80 percent of the total amount of contracts. Ten (10) of these are related to rural roads and commercial infrastructure. These amount to 55 percent of the total amount of contracts. Three (3) contracts are for consulting services amounting to 14 percent of the total amount of contracts. One (1) contract is for equipment supply and accounts for 11 percent of the total amount of contracts. Among the construction contracts, only the contracts for the construction of slaughterhouses and mini laboratories are likely to present particular complexity for domestic construction companies. As a result, it is likely that these companies will not have had experience managing similar contracts because these types of contracts are very rarely entered into Guinea; therefore, these contracts will be tendered internationally regardless of their estimated costs in order to limit the risk of an unsuccessful tendering



process. The main consulting services contracts are Technical Assistance, Technical and Environmental Studies, and Construction Supervision. Particular attention will be given to the tenders for the technical assistance for supporting project implementation, and for the studies and supervisory contractors for slaughterhouse and wholesale market construction. These are specific works in terms of complexity and cost. International expertise will be pursued for these contracts in order to guarantee the quality of these services. Goods contracts will focus on material and equipment to be installed in slaughterhouses, butcher shops, wholesale markets and laboratories. For slaughterhouse and laboratory material and equipment, qualified suppliers in the domestic market could not be identified, so international vendors will be considered.

45. **Procurement risk assessment and mitigating measures.** The procurement assessment conducted by the World Bank as part of Project preparation reflects that: (i) First, the main risk lies in the fact that new PCIU will be established and will need to coordinate procurement with a multiplicity of implementing partners; (ii) A second concern is that MINAGRI has one Procurement Officer (*Personne Responsable des Marchés Publics*) to handle all of the ministry's public procurement activities, as well as a tender committee that will be involved in Project procurement processes. The MINAGRI staff and tender committee members have limited procurement skills and insufficient experience in WBG procurement procedures; (iii) Third, outside of MINAGRI, another actor—the DNCMP, under the Ministry of Finance—is involved in public procurement process. Considering that so many entities will be involved in procurement and contract management processes related to the proposed Project, and considering that significant delays in procurement are common, the overall procurement inherent risk is rated as High before mitigation measures. The residual risk will be **Substantial** after implementation of the following mitigation measures: (i) the recruitment of one Procurement Specialist with qualification and experience satisfactory for the World Bank before Project effectiveness; (ii) the elaboration of a PIM including procurement procedures before Project effectiveness; (iii) the provision of a procurement training in World Bank procedures to the tender Committee and others Partners involved in the procurement process; and (iv) support by the World Bank team to the PIU and to the Procurement tender Committee.

46. **Staffing.** A Procurement Specialist with qualifications and experience satisfactory to the World Bank will be hired before Project effectiveness.

47. **Systematic Tracking of Exchanges in Procurement (STEP).** The Project will use STEP, a planning and tracking system, which will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance. The first 18-month procurement plan (PP) shall be reviewed and cleared by the World Bank through STEP. This PP shall be updated at least annually. All procurement to be carried out under the Project shall be included in the PP and cleared by the World Bank prior to its realization.

48. **Operating Costs.** Operational costs financed by the Project would be incremental expenses, including office supplies, vehicles operation and maintenance cost, maintenance of equipment, communication costs, rental expenses, utilities expenses, consumables, transport and accommodation, per diem, supervision costs and salaries of locally contracted support staff. Such services' needs will be procured using the procurement procedures specified in the PIM accepted and approved by the World Bank.

49. **Record keeping.** All records pertaining to award of tenders, including bid notification, bid opening minutes, bid evaluation reports and all correspondence pertaining to bid evaluation, communication sent to/with the World Bank on the process, bid securities, and approval of invitation/evaluation of bids will be retained by respective agencies and uploaded in STEP.

50. **Disclosure of procurement information.** The following documents shall be disclosed: PP and updates, invitation for bids for goods and works for all contracts, request for Expression of Interest for selection/hiring of consulting services, and contracts awards for goods, works and non-consulting and consulting services.



51. **Complaints handling.** For the procurement-related complaints, the Project will follow the procedure prescribed in the Procurement Regulations [Paragraphs 3.26 and 3.31]. in order to deal with the complaints from bidders, contractors, suppliers, consultants and general public at large, a complaint handling mechanism will be set up and detailed procedures will be prescribed in the procurement section of the procurement manual.

52. **Fiduciary oversight and Procurement Review by the World Bank.** The World Bank shall prior review contracts according to prior review thresholds set in the PP. All contracts not covered under prior review by the World Bank shall be subject to post review during implementation support missions and/or special post review missions, including missions by consultant hired by the World Bank.

53. **Contract management capability.** The PCIU remain overall responsible for compliance to the agreed procurement procedures and processes and shall monitor the contractual performance including contract management issues, if any.

54. **Project Procurement Strategy for Development (PPSD).** The PPCS for the Project has been prepared by the Borrower during Project preparation.

Table 1.6: Procurement Action Plan

Action	Responsible party	Deadline
Elaborate PIM including Procurement procedures	PDAIG PIU and MINAGRI	Before Project effectiveness
Recruit a Procurement Officer with qualifications and experience satisfactory to the World Bank	PDAIG PIU and MINAGRI	Before Project effectiveness
Training for tender committee members and other partners	PCIU with World Bank support	Six (6) months after Project effectiveness

E. Strategy and Approach for Implementation Support

55. The strategy for supporting Project implementation will focus on mitigating the risks identified at various levels and supporting the risk management efforts proposed. The approach consists of closely monitoring the implementation of the Project's technical design, as well as governance, fiduciary, and safeguard matters. It will entail (i) implementation support missions, carried out jointly with the counterpart as needed for technical support; and (ii) technical assistance in areas of weakness and where new approaches and/or procedures have been introduced.

56. One of the biggest implementation challenges identified is that the overall capacity of many ministerial services is weak. To respond to this challenge, and to ensure that Project resources are being used effectively to achieve the PDO, the supervision strategy contains measures to review progress and respond to implementation issues. The support plan is divided into three phases, each with different levels and types of support and a different mix of skills in the World Bank Task Team: (i) implementation kick-off; (ii) early implementation and monitoring of outcomes; and (iii) Project closing.

57. For the Phase 1 of six months to one year, the World Bank team, with the support of the Country Management Unit, will closely follow up on Project effectiveness and on finalizing the design of key activities, giving particular attention to important investments and activities requiring intensive procurement processing support and addressing related governance risks.

58. The Phase 2 (early implementation from year 1 to year 2) will require substantial technical support to identify early shortcomings and assist in devising corrective measures. Supervision missions will be more frequent at this stage, with quarterly field missions and more as necessary, including consulting support for specific tasks.



During this phase, IFC will continue supporting APIP in developing the pipeline of potential investors to contribute to the implementation of Component 2.

59. The third phase will focus more on monitoring and documenting Project outputs and outcomes and preparing for smooth closing, including evaluations and projections for Project expansion in other areas/value chains. At Project closing, the World Bank will carry out an implementation completion review to assess the success of the Project and draw lessons from its implementation.

60. In the second and third phases, the World Bank Task Team will conduct quarterly/semiannual review and implementation support missions to monitor Project implementation performance and progress toward the achievement of the PDO. Given the overall Project design and scope, a multidisciplinary team comprising technical specialists, along with fiduciary, environmental, social, and operations specialists will be needed to support the GoG in implementing the Project. In addition, the World Bank and the GoG may conduct an ad-hoc review at any point of time, through field or virtual missions.

61. A Mid-Term Review will be carried out midway in the implementation phase, by the end of year 3. The review will include a comprehensive assessment of progress in achieving the Project objectives laid out in the results framework. The Mid-Term Review will also serve as a platform for revisiting design issues that may require adjustment to ensure satisfactory achievement of the Project objective.

62. Implementation support will include technical support from the Food and Agricultural Organization Investment Centre (FAO DPIA) on markets, logistics, food safety, quality, and standards, and from relevant World Bank Global Practices (on rural roads and transport, and on enhancing environmental, social, and climate co-benefits, for instance). IFC will assign a Senior Investment Officer from the agribusiness department to coordinate and supervise the work, including upstream work to be done to support investment subprojects (FAO DPIA). Specific attention will be given to ensuring compliance with WBG safeguard policies.

F. Implementation Support Plan and Resource Requirements

63. Table presents the elements of the Implementation Support Plan.

Table 1.7: Implementation Support Plan and resource requirements

Phase	Focus	Skills needed	Number of missions per year	Budget (US\$)
Implementation kick-off (year 1)	<ul style="list-style-type: none"> Team building and capacity enhancement Finalization of design of activities Safeguards readiness Procurement processing 	<ul style="list-style-type: none"> Team lead FM, procurement Environmental and social safeguards specialists Transport specialist Agricultural economist Value-chains/Business plan specialist M&E specialist IFC upstream ACS 	3	200,000
Early implementation (years 2 and 3)	<ul style="list-style-type: none"> Contract management Matching grant mechanism Monitor implementation of Project activities FM, procurement, safeguards 	<ul style="list-style-type: none"> Team lead FM, procurement Environmental and social safeguards specialists Transport specialist Agricultural economist Value-chains/Business plan specialist Gender specialist 	3	300,000



		<ul style="list-style-type: none">• M&E specialist• IFC MAS/advisory• ACS		
Monitoring implementation and closing (years 4 and 5)	<ul style="list-style-type: none">• Monitor implementation activities• FM, procurement, safeguards• Midterm review• Project withdrawal and closure• Implementation Completion Report (ICR)	<ul style="list-style-type: none">• Team lead• FM, procurement• Environmental and social safeguards specialists• Transport specialist• Agricultural economist• Value-chains/Business plan specialist• Gender specialist• M&E specialist• IFC MAS/sdvisory• ICR writer• ACS	2	600,000



ANNEX 2: Economic and Financial Analysis

1. The economic and financial analysis⁵² assesses the economic impact of the Program at the country level and the financial impact of the Project on the main individual beneficiaries. The analysis was realized based on the investments intended in the two targeted areas of Boke and Kindia. The analysis is based on a comparison of the situation with and without the Program to establish the incremental benefits due to Program implementation. The incremental benefits and expenditures of the Program are considered over a 20-year period corresponding to the economic life of some of the expected agricultural production (fruit and cashew trees) generated by the Program as well as the reasonable expected economic life of infrastructure rehabilitated or developed under the Program, such as access roads or marketing infrastructure.

2. Market prices are used for the financial analysis. Economic prices reflect the financial prices adjusted for transfers (taxes and subsidies). The analysis assumes a macroeconomic environment with price and exchange rate stability. On the cost side, the analysis considers all Program -supported private investments undertaken by farmers, processors, government agencies, and other actors as well as the cost of Program support. A discount rate of 6 percent is used to determine the financial net present value and ENPV of the activities and the Program's net benefits.

Costs and Expected Benefits

3. The Program will generate a variety of direct and indirect benefits accruing to different groups of beneficiaries (Table). The main Program beneficiaries will be investors in production, processing, and marketing in targeted agricultural value chains—fonio, cashews, fruit, and livestock (poultry/beef)—and the small-scale producers who will supply raw material to some of these investors. Other beneficiaries will be the rural communities of Boké and Kindia Prefectures, which will benefit from improved transport infrastructure, and more generally consumers in the main targeted consumption centers (Conakry, Boké, Kindia, and mining areas), who will benefit from an increased supply of better quality food products, less foodborne illness, and lower costs.

Table 2.1: Program Beneficiaries

Component	Beneficiaries
Component 1	Approximately 347,000 beneficiaries of rehabilitated access roads in Boke and Kindia regions
	18,000 direct beneficiaries from additional infrastructure investments (Conakry wholesale market, livestock facilities, agricultural platforms) in Boke and Kindia regions
Component 2	20,000 direct agricultural and agro-industrial jobs created (2/3 salaried and 1/3 agricultural jobs in SMEs and outgrower schemes)
Component 3	12,000 professionals from the public and private sector trained in food safety, quality, and standards
	10,000 users of market information systems by Year 5

4. The Program is expected to generate benefits at two levels: in agriculture and in agro-processing. At the agricultural level, Program-financed investments will generate additional production, both own production and the production of small-scale producers linked through contract farming. This production will benefit from higher farm/factory-gate prices from increased quality, lower costs due to improved road transport, and gains in marketing efficiency derived from Program-built modern marketing infrastructure (logistics platforms, wholesale markets, export facilities). Agricultural producers in the targeted value chains will also benefit from improved

⁵² Based on Gergely, Nicolas (August 2019), *Analyse économique et financière du projet de développement de l'agriculture commerciale en Guinée* (PDACG), prepared under the World Bank-funded Project Preparation Facility by MINAGRI with the support of a consultant, with adjustments and revisions agreed following a Project pre-appraisal mission in September 2020.



value chain organization and efficiency due to Program support and the market information systems established with Program assistance. At the processing (“industrial”) level, investors will derive benefits from Program-supported technical and managerial assistance in establishing/developing their activities and establishing backward linkages to ensure their supply of raw material and facilitate access to markets and finance. Investors will also receive assistance in resolving administrative constraints they may encounter. Finally, both agricultural producers and agro-processors will benefit from increased access to export markets through improvements in the national food safety legal framework and operational capacity, and improvements in market infrastructure. See the summary of projected impacts in Table .

Table 2.2: Program Impact on Production and Exports

Increase in total agricultural production in Project intervention areas over a period of 20 years	400,000 MT
Increase in volume of commercialized agricultural products by Project beneficiaries (of which volume exported)	175,000 MT (45,000 MT)

Other Benefits

5. The Program will promote the emergence of a modern agricultural/agro-industrial sector through its support to agribusiness investors and innovative ventures in agricultural services. In the regions of Boké and Kamsar, an estimated 9,000 people, especially women and youth, will benefit from the investment subprojects supported under Component 2, which aim to create economic opportunities and jobs. These additional jobs and economic opportunities will help to mitigate social conflict in the two regions while developing the business skills of many people. Large indirect benefits will also flow from: (i) the fact that consumers in targeted markets will benefit from improved access to better quality and safer food products; (ii) improved access to markets and basic services in the Boké and Kindia regions through the rehabilitation of 800 km of priority rural roads; (iii) improved management of truck traffic in Conakry and reduced logistics costs as a result of the wholesale market; and (v) the improved capacity of public institutions (APIP, AGUIPEX, ONCQ) to provide efficient assistance to private investors. These indirect benefits are substantial, but their impact is difficult to quantify. They have not been taken into consideration in the economic analysis, and for this reason the estimated economic return to the Project investment should be regarded as conservative.

Summary of Results

6. Table 1 summarizes results of the economic and financial analysis, as well as the GHG accounting. The sections that follow discuss the results in greater detail.

7. **Economic analysis.** The economic analysis has been conducted over a period of 20 years, corresponding to the estimated average economic life of private and public investments/infrastructure established under the Program.

Economic prices exclude transfers (taxes and subsidies). On the cost side, the analysis considers all costs incurred for Program-supported production, storage, and processing activities, the rehabilitation of supporting infrastructure, the provision of services, and capacity-building activities. On the benefit side, the analysis considers only the direct benefits generated by the incremental production from Program-supported productive investments. The prices of products are based on export or import parity prices. Indirect benefits, such as those accruing to consumers and society at large from the improved quality/safety of food products, or the increased access of the general population in Boké and Kindia Prefectures to basic social services, are not considered

Table 1: Summary results of the Economic and Financial Analysis

ERR	25%
ENPV	US\$858 million
FRR	16–28%
Financial net present value	US\$693 million
Carbon sequestration ENPV	US\$428–531 million



because they are difficult to quantify. Since all benefits are not fully accounted for, the overall estimated economic return from the Program is conservative.

8. The ERR for the entire Program is estimated at 25 percent over a period of 20 years. Net present value (NPV) of the global stream of net economic benefits generated by the Program over the period of 20 years is estimated at approximately US\$858 million (considering a 6 percent discount rate, closer to current conditions in Guinea). Component 1 on access to markets (supporting infrastructure) is contributing the most, with an ERR of 30 percent and NPV of US\$542 million. Component 2 supporting private investment has an ERR of 23 percent, with an NPV of US\$337 million. While the ERR was not calculated for other activities (capacity building and institutional development), the associated costs are considered in the overall Program investment costs. The Program is thus economically sound. A sensitivity analysis of the economic internal rate of return (EIRR) of supporting infrastructure shows resilience to a 30 percent increase in investment cost, or a reduction of economic profitability to 10 percent (Table). Compared to the EIRR of 25 percent for the base case, growth in production of 4 percent will result in an EIRR of 23 percent, which is still robust and emphasizes the importance of Program support for unlocking markets to drive productivity and production. The results are also robust with respect to adverse economic events and implementation risks. The carbon footprint of the Program shows an annual saving of 421,000 tCO₂-eq compared to the situation before the Project, over a period of 10 years. The ERR considering the carbon footprint is even stronger.

Table 2.4: EIRR for the base case and under sensitivity analysis assumptions

Scenario	EIRR
Base case	25%
30 percent increase in infrastructure costs	21%
Decrease in production growth at 4 percent	23%
Reduction of economic profitability at 10 percent of investment costs	17%

9. **Financial analysis.** The financial analysis covers: (i) typical investment models that would be supported under the Program in the targeted value chains (representing the bulk of Program support under Subcomponent 2.2); (ii) smaller investments (of up to US\$100,000) to be supported with the mining companies in Boké and Kindia regions (Subcomponent 2.2); and (iii) some of the market infrastructure (slaughterhouse, supported under Component 1). The FRR for typical investment models varies between 16 percent and 28 percent, which is higher than the opportunity cost of financing for producers and investors (estimated at about 12 percent). Their NPVs, calculated for the stream of net benefits over the period corresponding to the life of the productive investments at a discount rate of 6 percent, are positive, indicating that they are profitable and that they will be sustainable at the end of their economic life. Other investments will probably be implemented under Component 2 as well, such as service-oriented, transport, and trading enterprises. Because they are of lesser importance and more difficult to specify, however, they are not considered in this analysis. It is agreed, however, that only investments that generate an FRR superior to 20 percent will be eligible for Project support.

10. For the slaughterhouse (Component 1), an increase in slaughtering fees (of about 10–12 percent above current levels) to cover all operating expenses and generate an FRR of 12 percent is considered reasonable (in terms of the impact on the price of final consumer products) and feasible. Similarly, for the wholesale market and logistics platforms, the fees to be charged to meet operating expenses are reasonable and will be more than covered by the additional income obtained from the expected reduction in losses and wastage. The positive impact of this infrastructure was included in the benefits accruing to producers and investors and in the non-quantifiable benefits accruing to consumers in terms of food quality and safety. The financial analysis of rural road rehabilitation (supported under Component 1) was not attempted. Considering the lack of reliable data to conduct an extensive cost-benefit analysis, the analysis has been carried out through the multicriteria approach used under



the rural road master plan to identify and select the highest priority rural roads for rehabilitation (connectivity, social/population, agricultural potential, and environmental impact).

11. Globally, it is estimated that the Program will generate a total benefit of US\$95 million per year at full development, of which US\$50 million will accrue to households, US\$30 million to salaried workers of private enterprises supported by the Program, and US\$15 million in profits to those enterprises. These financial inflows will strongly contribute to poverty reduction and social stability in the two mining zones of Boké and Kindia. Finally, the net additional fiscal revenues collected by the Government from Program activities are estimated at US\$35 million per year at full development, with an NPV of US\$321 million (discounted at 6 percent) and net annual receipts more than covering the reimbursement of IDA Credit.

GHG Accounting and climate co-benefits.

12. The net carbon balance quantifies GHGs emitted or sequestered because of the Program compared to the without Program scenario. Over a period of 10 years, the Program is expected to result in a total savings of carbon emissions of 4,216,333 tCO₂-eq, equivalent to 421,633 tCO₂-eq per year. Following World Bank guidance, these benefits have been valued at a social price of carbon of US\$40–60 per tCO₂-eq in 2020 and an annual price increase of 2.25 percent over the following period; the IRR is estimated at 34–57 percent, depending on the assumed 2020 social value of carbon. The economic soundness of the Program is further confirmed by the high ENPV, estimated at US\$428–531 million, depending on the assumed 2020 social value of carbon (at a 12percent discount rate). The total climate co-benefits for the Program are estimated at US\$73.0 million (36.5 percent)⁵³.

⁵³ Assessed at Decision Meeting stage with the Joint MDB Methodology for tracking climate finance.



ANNEX 3: Targeted Agricultural Value Chains

1. The value chains targeted by the proposed Program were carefully selected based on the following considerations: (i) the national agricultural development strategy; (ii) the main crops in the regions selected for the Project's integrated agriculture–mining growth pole approach (Boké and Kindia); and (iii) detailed value chain analyses that include (among others) government studies of specific value chains in the context of the 2018 Agricultural Sector Review; MINAGR (2018) "Scoring of potential high growth value chains," and WBG (2018) "Guinea Agribusiness Deep Dive"; and (iv) assessments of the competitiveness of selected priority value chains undertaken in preparing the Agribusiness Project, 2019.

2. The main characteristics of the selected value-chains are presented in **Table .**

Table 3.1: Overview of priority value chains targeted by the Commercial Agriculture Development MPA (including market prospects, key constraints, and possible areas for Project intervention)

PRIORITY VALUE CHAINS	CASHEW	FONIO	HORTICULTURE	LIVESTOCK (poultry/beef)
Market demand and growth potential	<ul style="list-style-type: none"> - Local demand extremely limited. - World demand growing at 6 percent per annum. - Strong production growth projected to continue (strong plantings and young national orchard) at about 12 percent per year, reaching 125,000 t by 2025, reaching critical volumes for industrial processing. 	<ul style="list-style-type: none"> - Large and growing (4 percent+) domestic demand driven by growing incomes and urban demand. - Growing international demand as "superfood." 	<ul style="list-style-type: none"> - Large and growing domestic and regional demand. - Wide-open export market if production competitive. - Excellent agroclimatic conditions for a large variety of fresh fruits and vegetables. 	<ul style="list-style-type: none"> - High and increasing demand for both meat and eggs (5 percent+), mostly from the fast-growing urban population. - Potential for displacing large imports of poultry meat.
Guinea production	<ul style="list-style-type: none"> - About 70,000 t of raw nuts (2018). - Strong growth (12 percent per year over the last 10 years). 	<ul style="list-style-type: none"> - About 550 000 t or 80 percent of West Africa production (and 70 percent of world production). - Estimated to grow at 3–4 percent per year. - Mostly for the domestic market. - Small official exports (less than 50 t) but large informal exports to Senegal and Mali. 	<ul style="list-style-type: none"> - Important production (about 900 000 t) of low quality for the domestic and regional (Senegal) markets. - Large post-harvest losses. - Very thin production of export quality products (exports of mangoes and pineapples less than 1,500 t in 2018). 	<ul style="list-style-type: none"> - Domestic production largely dominated by small traditional producers. - Growing number of semi-commercial producers of poultry (mostly for egg production) and red meat (fattening) in peri-urban areas to supply urban demand (in particular Conakry). - Poultry meat mostly from egg-producing units (competition from low-end imports of poultry meat and parts).
Geographical location	National along the Northern border, with concentrations in the North-East (Kankan, Siguiri) and North West (Boké) Regions.	Countrywide, with Haute and Moyenne Guinea as lead producing regions.	- In every region of Guinea. - Fruit very important in Kindia region and Haute Guinea.	<ul style="list-style-type: none"> - Traditional production throughout the country (traditional cattle production concentrated in Moyenne Guinea). - Commercial production in peri-urban areas (concentrated in Kindia-Conakry).



PRIORITY VALUE CHAINS	CASHEW	FONIO	HORTICULTURE	LIVESTOCK (poultry/beef)
Number of producers	<ul style="list-style-type: none"> - Estimated at about 100,000 households and growing. - Emerging modern plantations. 	<ul style="list-style-type: none"> - Around 450,000 very small producers; mostly women involved in dehulling. - No commercial producer. - Large share of production for home consumption; most surplus sold in local markets. 	<ul style="list-style-type: none"> - More than 100,000 small producers for home consumption and small surpluses for local markets. - Just a handful of commercial producers. 	<ul style="list-style-type: none"> - Over 1 million households throughout Guinea. - About 400 peri-urban commercial fattening and poultry (egg) producers.
Markets targeted competitively	<ul style="list-style-type: none"> - International market for raw cashew nut (RCN) exports (Vietnam, India), with small but growing kernel exports. 	<ul style="list-style-type: none"> - Growing urban demand for processed (“precooked”) fonio. - Growing regional demand (rising informal exports to Mali and Senegal for local market and re-export). - Growing international niche market. Formal exports very low (50 t per year) but growing due to high nutrition and gluten-free value (like quinoa in other parts of the world). - Prospects to increase exports hinge on ability of Guinean producers, exporters to build a “Guinea” fonio brand. 	<ul style="list-style-type: none"> - Domestic urban markets and mining companies. - Regional market and North Africa (medium quality). - European market in specific periods where less offer from major producers. 	<ul style="list-style-type: none"> - Urban population (focus on Conakry) and mining companies (Béke and Kindia).
Potential for value-added and job creation	<ul style="list-style-type: none"> - Strong, mostly in rural areas: - Suitable for smallholder production. - Processing is labor intensive (1 full-time job/3–5 t of RCN processed). - Strong value-added in downstream activities. 	<ul style="list-style-type: none"> - Production and dehulling very labor intensive (women). - Value addition through quality improvements, “precooked” products for urban consumers, and high-quality and “Guinea origin” exports. 	<ul style="list-style-type: none"> - Large, including through processing (dried mangoes and pineapples, jams and juices). - Suitable for already small producers through contract farming with commercial producers. 	<ul style="list-style-type: none"> - Strong from processing for supplying urban demand for high quality (sanitary) aspects; - Derived demand for cattle and poultry feed, poultry feed and services.
Value chain structure	<ul style="list-style-type: none"> - Value chain organization in process: national association of exporters (~20) and processors (4). - Need to organize producers and provide services (planting material, good agricultural practices, etc.). 	<ul style="list-style-type: none"> - Very scattered production. - Very large number of small traders (women). - Lack of aggregators, except a few women’s cooperatives. - Very few (formal) exporters. 	<ul style="list-style-type: none"> - Not structured, no effective action. - Small number of isolated commercial producers. - Large number of small cooperatives (including women’s cooperatives), but weak and need assistance. 	<ul style="list-style-type: none"> - Value chain weakly structured at production level but nascent associations for modern fattening/poultry operators and butchers.
Key constraints and risks Commercial Agriculture Development Project could help address	<ul style="list-style-type: none"> - Scattered and dispersed production increase aggregation/export costs. - Low yields due to traditional planting material, poor post-harvest practices. - For processing: competition with raw nut exports, need for (at least temporary) 	<ul style="list-style-type: none"> - Very small farms, very low productivity of traditional production (1 t/ha). - Low productivity of manual dehulling; poor quality farm product with foreign matter. - Scattered production and lack of aggregators. 	<ul style="list-style-type: none"> - Logistics (infrastructure, services, and bureaucracy). - Lack of high-quality planting material. - Unstructured value chain with no collective action. - Support needed for good agricultural practices and certification. 	<ul style="list-style-type: none"> - Day-old chicks for poultry production mostly imported and expensive. - High cost of animal feed. - Veterinary supplies poor quality and expensive. - Lack of modern slaughterhouses complying



PRIORITY VALUE CHAINS	CASHEW	FONIO	HORTICULTURE	LIVESTOCK (poultry/beef)
	<p>protection; low access to and high cost of finance for investments and RCN inventories; cost of equipment maintenance; low productivity of labor.</p>	<ul style="list-style-type: none"> - Lack of technology and quality control to enter export markets. - No “origin branding” and promotion in the international market. 	<ul style="list-style-type: none"> - Difficult to gain (secure) access to land. - Difficult to access finance. 	<p>with sanitary and quality standards.</p> <ul style="list-style-type: none"> - Lack of access to finance. - Lack of quality control. - No protection against cheap imports of poultry meat. - Weak value chain organization.
Cross-cutting issues for commercial value chains	<p>Cross-cutting constraints (all products):</p> <ul style="list-style-type: none"> - Difficult to access land for commercial production. - Poor road infrastructure and transport services. - Weak value chain organization and lack of aggregators. - Poor export logistics and procedures. - Lack of access to finance. - Low quality of most products. - Lack of adequate local packaging production. - Lack of food safety controls. - No accredited laboratories. 			



ANNEX 4: Collaborative Initiatives to Support Sustainable Access to Finance

1. Access to finance is a constraint for private investment in commercial agriculture in Guinea. The World Economic Forum *Global Competitiveness Report 2015–2016* identified the lack of access to finance as the most problematic factor for doing business in Guinea. The Program will help alleviate two main market failures in this regard: It will address the perceived high risk of lending to producers and SMEs in the agricultural sector through the provision of BDSs to potential investors, and it will address the lack of financing through the DFF and the PCG and by working closely with financial institutions.
2. Financial institutions in Guinea regard lending to SMEs in the agribusiness sector as a high-risk prospect, resulting in chronic underinvestment in BDSs and technical assistance which would otherwise have led to the financing of potentially profitable projects. Lending to SMEs in the agricultural sector presents specific challenges that stem from: (i) their lack of information on available financial services and how to access them; (ii) their lack of financial and management skills; (iii) their lack of a financial and operational track record; and (iv) limited resources available to help overcome these obstacles. The result of these challenges is a sector that is chronically underfinanced, in which BDSs and technical assistance have been insufficient to support the needs of the sector.
3. Under Subcomponent 2.1, the Program will provide BDSs to strengthen the entrepreneurial capacity of potential investors and will also provide targeted technical assistance to selected beneficiaries to enable them to capitalize on market opportunities. Subprojects supported under Subcomponent 2.2 will receive technical assistance to develop the required Financial Sustainability Plan; in that plan they will identify their future financing needs, potential sources of financial services, and actions to take to increase the likelihood of obtaining credit and other financial services. International experience indicates that there is significant potential for incentivizing firms to think strategically about market and project opportunities. Technical assistance provided under Subcomponent 2.2 will support participating firms to enhance their knowledge of the technical, competitive, and market environment; they will be able to identify their strengths and weaknesses and develop project development plans that take these elements into account. In addition, it is likely that the Program will energize the supply of BDSs and potentially help establish a technical assistance industry in the sector to sustain these efforts after the Program ends.
4. The banking sector in Guinea is highly concentrated; three banks share 60 percent of the market. The financial services industry serves only a very small number of SMEs and focuses primarily on corporate and retail clients needing short- and medium-term loans.⁵⁴ Markets for leasing, asset-based lending, factoring, PCG, warehouse receipts, insurance, and other financial products are embryonic, and often the required legal framework for them to operate does not exist. Banks and microfinance institutions have expressed willingness to work with the Program to increase their lending to SMEs and agribusinesses and are looking to the Program to help them identify potential borrowers. The Program is developing alliances with an array of financial institutions, NGOs, and donor- and government-funded initiatives to expand the range of financial services, assist financial institutions to develop a pipeline of agribusiness clients, and decrease risks for both financial institutions and potential borrowers (Table). Through these various alliances, Program beneficiaries will have increasing opportunities to link with providers of financial services.

⁵⁴ USAID (2017), Initial scoping of Guinea Financial Sector. CNFA-SAVVY.



Table 4.1: Partner financial institutions and initiatives that will help deliver financial services to Program beneficiaries

Mechanism	Funding amount	Financial services offered
World Bank SME Project (PRECOP) (P164283)	US\$6 million	IFC-funded risk-sharing facility for SMEs.
WBG Guinea Leasing Program		Development of a sustainable leasing industry.
US Development Finance Corporation	US\$10 million	SME credit line with Vista Bank. Developing partial credit guaranties with ECOBANK and others.
CRG (Crédit Rural de Guinée)		Investment loan product for producers.
Afriland		SME credit line.
CECI	US\$3.2 million	Revolving fund providing credit to producer groups working with the Guinea mining company (<i>Compagnie des Bauxites de Guinée</i> , CBG).

5. The Program will develop and keep current its knowledge of what financial services are available, their eligibility and criteria, how they are managed, and how beneficiary agribusinesses can access them. Under Subcomponent 2.1, the Program will support regular information-sharing sessions with partner financial institutions and projects, as well as organize convening events to bring project beneficiaries together with these partners. The Program will also work with these partners to identify ways that technical assistance, consulting, and monitoring can lower costs for financial institutions, decrease risks, and facilitate increased lending. With these partners, the Program will explore ways for the technical assistance provided through the Program to be placed at the disposal of agribusinesses that are already clients of partner financial institutions to improve their profitability and increase their sustainability. The agribusiness firm will assist the PCIU in implementing these activities.

6. In parallel, other WBG initiatives in Guinea are fostering access to finance. The World Bank SME Project (PRECOP – P164283) is financing critical financial infrastructure to encourage sustainable, viable, and significantly better access to finance for SMEs and develop financial services tailored to their needs. The objective of the Guinea Leasing Program (IFC/World Bank FCI Practice) is to facilitate access to finance for SMEs through the development of a sustainable leasing industry. The WBG is supporting the GoG to create an enabling framework that is conducive to launching and growing leasing operations, as well as attracting investors, to increase access to finance for SMEs. It is doing this by supporting the Government with legal and regulatory reforms; industry players by creating technical partnerships and increasing market awareness and capacity; and local financial institutions to provide customized advisory services to help them grow their leasing operations. This support has helped three companies to launch leasing operations (BICIGUI, Société Générale, and Guinea Leasing Services).

7. IFC will complement the proposed Program by: (i) providing long-term financing to investors in commercial agriculture; (ii) providing, on a case by case basis, technical assistance to strengthen a sponsor's (investor's) technical and management capacity; (iii) providing support to local financial institutions through the IFC RFFI, which is being developed to address market failures on the supply and demand side and help address constraints related to rural financing; and (iv) developing digital finance mechanisms to enable more smallholders to access more financial services (see Appendix 4.1 for a snapshot of the synergies between IFC's programs and the Project). IFC's ambition is to generate US\$100 million of investment over eight years—US\$50 million from IFC own account and US\$50 million mobilized through other development financing institutions and commercial lenders/private sector investors—to support access to finance for investments in commercial agriculture. Providing context is improved and public investments done, IFC contribution could match IDA's financing, through increased support in the second phase.



Appendix 4.1: IFC activities in Guinea and synergies with the Commercial Agriculture Development Project

IFC implements several activities in Guinea that are directly related to the development of commercial agriculture and are complementary to the proposed Project.

The **IFC ICA Project** promotes private investment by supporting reforms in the business environment to alleviate key market failures and establishing an operational one-stop shop for land registration and construction permits. The ICA Project also builds capacity at APIP to increase private investment and provide facilitation services for agribusiness investors by developing an Investor Relationship Management System and establishing regional focal points to track investors and convert investment leads into commitments. The project encourages public-private dialogue to identify and help implement business environment reforms, and it develops a pipeline of investment-ready agribusiness projects.

- *The ICA Project will identify a pipeline of promising projects for support under the proposed Project and establish a public-private dialogue that projects can use to increase engagement between the private and public sectors. The ICA Project and the proposed Project will work in an integrated way to deliver much-needed high-quality advisory and investment support for their investment climate and investment promotion activities.*

The **Guinea Investment Climate (IC) Mining Project** supports an improved legal and regulatory environment for the mining sector, streamlined requirements for licenses and permits related to mining, and better links between local agribusinesses and mining companies. Through the Buyers and Suppliers Marketplace—the Bourse de Sous-Traitance et de Partenariats Guinée (BSTP)—mining companies (and firms in other sectors) seeking to purchase goods, services, or works are matched with qualified local small and medium suppliers. The BSTP trains local SMEs to respond to tenders and fulfill buyers' requirements (volumes, quality, terms of trade), and it provides access to finance.

- *The Guinea IC Mining Project will collaborate with the proposed Project in a number of ways. It will help to develop local SMEs and create more linkages between agribusinesses and mining companies through the BSTP, with an emphasis on women and youth. It will improve the business environment and eliminate constraints that discourage investors from entering the agribusiness sector in Guinea, particularly by operationalizing the Commercial Court of Conakry (providing equipment, developing a case management system, and building capacity) and establishing a Commercial Appeal Court of Conakry (developing the institutional framework to ensure that commercial disputes are resolved in a timely and efficient manner).*

The **Guinea Local Economic Development (LED) Project** engages with a range of stakeholders—mining companies (CBG and Global Alumina Corporation (GAC)), national institutions, local authorities, and communities in Boké Prefecture. By improving the technical, financial, and management capacity of local MSMEs, the LED Project seeks to expand local economic and livelihood opportunities through closer links with the mining sector. It focuses especially on women-owned enterprises and youth.

- *The LED Project will collaborate with the proposed Project (under Component 2) to develop subprojects for communities impacted by GAC and CBG and other mining projects. By supporting small business ventures, it will help to create a more diversified local economy, and by supporting the development of eco-mining through sustainable solutions, it will help to rehabilitate degraded areas.*

IFC Manufacturing, Agribusiness, and Services (MAS) and Financial Institutions Group (FIG)

- *MAS and FIG may provide complementary support to the proposed Project by providing long-term financing to agri-investors, offering technical assistance on a case-by-case basis to strengthen a sponsor's (investor's) technical and management capacity, enabling local banks to finance small projects in agriculture and agro-processing through training and risk-sharing arrangements, and developing Digital Finance to enable more smallholders to access more financial services.*

The **SME Growth and Access to Finance Project** supports the growth and development of MSMEs through multiple channels. It is helping to establish and operationalize a one-stop shop SME Support Center in Conakry and offering supplier development and quality improvement programs for SMEs. The SME Project is also strengthening the operational framework for a functional credit bureau, developing an electronic registry for collateral to support both lending and leasing, and promoting digital payments. It is improving access to finance for MSMEs through a risk-sharing facility



established with banks and microfinance institutions, and it offers those institutions technical assistance to strengthen their institutional, human, and business capacity to serve the MSME market effectively.

- *The SME Project presents interesting opportunities for synergy with the proposed Project in many areas, such as: building capacity of ecosystem service providers for agribusinesses; leveraging the supplier development and quality improvement programs to support development of joint programs for young/women entrepreneurs; expanding access to finance for MSMEs, and improving the business environment to enable wider access to finance, with positive effects for agribusinesses.*

Guinea Leasing Program. The program aims to facilitate access to finance for SMEs through the development of a sustainable leasing industry by (i) creating an enabling legal and regulatory framework; (ii) creating technical partnerships with industry players and increasing market awareness and capacity; (iii) providing technical assistance to financial institutions to help them grow their operations. As a result, three companies have launched their leasing operations (BICIGUI, Société General and Guinea Leasing Services).

- *This will complement the proposed Project by increasing access to finance opportunities for SME in Guinea.*
-