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JOINT IDA-IMF STAFF ADVISORY NOTE

ON THE

EXTENDED POVERTY REDUCTION STRATEGY PAPER 2011-12

AND

THE 2011 PROGRESS REPORT

August 22, 2012

Poverty Reduction and Economic Management 4
Country Department AFCW3
Africa Regional Office

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THE INTERNATIONAL DEVELOPMENT ASSOCIATION

AND

THE INTERNATIONAL MONETARY FUND

THE REPUBLIC OF GUINEA

**Joint Staff Advisory Note on the
Extended Poverty Reduction Strategy Paper 2011-12 and the
2011 Progress Report**

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

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August 22, 2012

I. Overview

1. **This Joint Staff Advisory Note (JSAN) reviews Guinea’s Extension of the Poverty Reduction Strategy Paper 2011–12 (EPRSP) and the 2011 Progress Report (PR).**¹ Implementation of the PRSP, adopted in August 2007 and covering 2007–10, was interrupted by a military coup in December 2008. In early 2011 a new democratically elected government extended the original PRSP over the period 2011–12. The progress report discusses (i) the EPRSP and (ii) developments in 2011 and 2012.

2. **The overarching objective of the EPRSP is to accelerate the nation’s economic growth and progress toward the Millennium Development Goals (MDGs).** The main pillars of the strategy are: (i) improving governance, (ii) accelerating growth and increasing employment opportunities while further stabilizing the economy, and (iii) improving access to basic services. The EPRSP attributes the disappointing implementation of the original PRSP for 2007–10 to poor governance caused by political and institutional instability. The EPRSP was prepared through extensive public consultations, particularly in the rural areas. Regional consultations were held in two major regional centers in January–February 2011.

3. **The PR shows the difficulty of implementing the EPRSP in a period of political turmoil despite a favorable resource endowment.** After 50 years of undemocratic regimes,

¹ Both EPRSP and PR are attached to this Note.

Guinea held democratic elections in 2010. Alpha Condé, a longstanding opposition politician, was elected President in December 2010. President Condé inherited an economy in disarray and faced daunting sociopolitical challenges. However, some sectors, notably agriculture and mining, have significant growth potential as recognized by the EPRSP. The PR documents the actions taken by the Condé Government during its first year to reestablish government accountability, restore growth, and reduce poverty.

4. **This JSAN is issued for presentation to the Boards of IDA and the IMF at the time of their consideration of Guinea’s proposed attainment to the enhanced HIPC completion point.** The JSAN draws conclusions that could be helpful to the ongoing preparation of the third PRSP (PRSP III) for the period 2013–15, expected to be finalized in December 2012. The JSAN has the same structure as the EPRSP and PR and concludes with staff recommendations, risks identification, and issues for discussion.

II. Poverty and Gender

5. **Since publication of the PR new information on poverty developments has become available.** The EPRSP reports a poverty incidence increase from 49 percent in 2002 to 58 percent in 2010, while acknowledging that these estimates are based on different methodologies. The PR notes the preparation of a poverty profile using a Core Welfare Indicators Questionnaire (CWIQ) survey 2012 which covers 7,632 households in 8 regions. The preliminary survey results have now been released, indicating that 55 percent of the population lives below the poverty line, compared to 53 percent in 2007 when a similar survey was conducted. Staffs consider that these 2012 survey results provide a reliable and comprehensive basis for the preparation of a poverty profile and adequate framework for the monitoring and evaluating the evolution of poverty under PRSP III.

6. **The 2012 CWIQ survey results may also be used to update the gender profile and strategy.** The EPRSP reports modest improvements in gender indicators during the years up to 2010, which continued during 2011 according to the PR. The preliminary CWIQ 2012 survey data suggest that the declining differences in girl/boy school enrollment ratios may have gradually reduced the gender differences in reading and writing skills. The CWIQ data also document that the poverty incidence of female-headed households is lower than that of male-headed households. Staffs welcome the reported improvements in this area.

7. **Staffs observe that poverty is increasingly an urban issue and recommend that poverty alleviation policies include a focus on inclusive development of urban areas.** Rural-urban disaggregation of the poverty profile suggests that most poor still live in rural areas. Nevertheless, between 2007 and 2012 the aggravation of poverty was significantly more pronounced in urban areas.

III. Macroeconomic Performance

8. **The PR surveys growth performance relative to targets but falls short of articulating the impact of adjustment policies on growth.** Real GDP growth accelerated to 3.9 percent in 2011, broadly in line with the EPRSP's projection of 4.0 percent.² The PR provides an informative list of supply-side measures that helped support growth. It omits however an analysis of the impact of demand management policies that reduced consumption, especially by the Government, by 19 percent and improved domestic savings and the current account balance. These policies stemmed the acceleration of inflation, stabilized the Guinean franc, and reduced the parallel exchange market premium to below 2 percent. As the Government gained credibility, risk premiums fell, confidence rose, and private investment increased with the crowding in effects from lower domestic bank financing of the budget. The PR could have highlighted the positive impact of the policies to reduce inflation on poverty. Similarly, the PR could have stressed the positive impact of the composition of fiscal adjustment – based on controlling transfers and military expenditure and improving public investments – on the economy's factor productivity.

9. **The PR satisfactorily highlights the Government's achievements in the conduct of fiscal policy and the central bank's conduct of monetary policy.** Accomplishments include (i) the improved domestic revenue mobilization, (ii) the freezing of 2009-10 irregular contracts, and (iii) the reestablishment of competitive bidding as the sole method for awarding government contracts. Staffs note that the increase in revenue collection to the unprecedented level of 17.5 percent of GDP reflected improvements in nontax revenue while non-mining revenue collection remained below the regional average. Staffs urge the Government to implement the automatic pricing mechanism for fuel products, to adopt implementing regulations for the mining code, and to develop a plan to improve non-mining revenue collection based on comprehensive action plans for reforming the taxation system and tax administration. On spending, staffs note that the two large public contracts awarded in 2011 on a single-source basis have increased the proportion of such contracts, in value. Staffs reiterate the recommendation of the last JSAN to safeguard value for money by banning this procurement method for large contracts; adoption and implementation of a procurement code may help to address these issues. The PR also notes the actions taken by the central bank to reduce inflationary pressures and stabilize the exchange rate through increases in the reserve requirement and the central bank rate. As macroeconomic stability is reinforced, staffs encourage the central bank to allow greater flexibility of the exchange rate.

10. **The fiscal consolidation undertaken also permitted the Government to clear its arrears to all multilateral institutions,** allowing the resumption of budget support and project assistance. The Government also benefited from the forbearance of bilateral creditors with respect to the clearance of arrears and payment of current debt service. Staffs welcome the more recent progress made by the Government in establishing normal financial relations with all its external creditors.

² For macroeconomic developments in 2011, see EBS/12/18, February 13, 2012.

11. **There is no discussion in the PR on the financial sector.** Staffs note that steps have been taken to improve banking supervision and the legal framework for leasing operations. Notwithstanding this progress, important challenges remain and the staffs urge the Government to step up efforts in this area, including actions to deepen financial intermediation, strengthen banks' compliance with minimum capital requirements, and improve the financing mechanisms of the agricultural sector. Regulatory reforms should also be extended to the insurance market and strengthened over microfinance institutions. The staffs urge the authorities to finalize a financial sector development plan before end-June 2013.

12. **Public financial management (PFM) reforms are critical to a lasting improvement in the effectiveness of public expenditures and poverty reduction.** On budget preparation, staffs reiterate the recommendation of the last JSAN and of the 2012 energy sector roundtable to prioritize government projects to guide medium-term expenditure policy. This is critical given the gap between funding and the cost of the measures in the EPRSP. Staffs welcome the authorities' intention to develop a medium-term investment plan, and conduct a PEFA to guide a multi-year PFM action plan. Staffs recommend that the next PR review the status of implementation of the new organic budget law (LORF) and other measures to improve PFM and to analyze the impact on growth and poverty reduction of the Government's public investment program. The staffs encourage the Government to seek advice from partners to develop a budget nomenclature to improve the tracking of priority spending and the pro-poor orientation of the budget.

13. **Staffs support the emphasis in the PR on directing resources from the mining sector to support other sectors.** Staffs notes that the PR makes no reference to the Special Investment Fund (SIF), established in early 2012 to promote the efficient and sustainable use of the remainder of the 2011 windfall mining revenue and possible new such revenue in the future. They underscore that the SIF offers a potential vehicle to boost the level and efficiency of the public capital stock. In that light, staffs recommend the rapid setting up of the governance structure for the SIF to provide adequate safeguards and ensure the appraisal, selection, and implementation of investment projects financed by the SIF are at par with best practices. In view of possible additional exceptional mining revenue—which could be substantial—staffs recommend that the forthcoming PRSP include a comprehensive strategy for the efficient and sustainable use and management of these revenues, given the importance of the sector to economic development and management. Staffs recommend acceleration of ongoing efforts to revamp the investment code and terminate the benefits received by ineligible companies. Staffs welcome the creation of the one-stop shop for investors and recommend swift action on the reform of the investment code and the judiciary.

14. **Staffs reiterate that macroeconomic stability will be critical to deliver the EPRSP's objectives.** Fighting inflation will necessitate continued sound fiscal and monetary policies. Given the economy's still high excess liquidity, the staffs note the optimistic inflation target of 5 percent in the EPRSP and encourage the authorities to provide in the next poverty reduction strategy more plausible projections. Mobilizing more public revenue, improving the quality of expenditure, and securing debt sustainability by borrowing only on highly concessional terms would create space for an increase in pro-growth and pro-poor spending. Staffs recommend the development of a medium-term debt strategy to ensure debt sustainability after the HIPC

completion point. Staffs urge the Government to exercise prudence in financing its participation in the Simandou iron ore project and other potential megaprojects to ensure that it does not destabilize the only recently won macroeconomic gains.

IV. Strategic Pillars

A. Reforming the State

15. **The EPRSP identifies poor governance of state institutions as the root cause of increased poverty in Guinea.** The document prioritizes security of property and persons, which is to be achieved through a reform of defense and security forces and the justice system and a modernization of the administration. Staffs welcome the progress achieved on these issues but they are also concerned about delays in initiatives to strengthen state legitimacy, notably the ongoing difficulties in organizing the legislative elections and the implementation of judicial reforms.

16. **The EPRSP presents the objectives of the reform of the defense and security forces, and the PR reports progress on this issue.** The objectives are to (i) reduce military spending to free up resources for poverty alleviation and (ii) ensure the integrity of the national territory. The PR documents the progress made in implementing the security sector assessment under the aegis of ECOWAS, the African Union, and the United Nations in 2010. Implementation of the reforms is supervised by the National Steering Committee to Reform the Security Sector. Military spending declined from 16.8 percent of the budget in 2010 to 15.4 percent in 2011 and is projected to decline further. Staffs are encouraged by the program and recommend that the Government define the size, shape, and role of the new army of 2015, as well as how it will manage such comprehensive restructuring without undermining the country's political stability.

17. **The PR reiterates the EPRSP's objective to strengthen the credibility of the justice system.** Staffs commend the organization of broad consultations in the justice sector (États Généraux de la Justice) and the launching of institutional reforms programs. Staffs advise the Government to consider revitalizing commercial justice reforms to ensure that business disputes can be settled fairly and quickly.

18. **The EPRSP aims to improve state effectiveness by strengthening transparency and the demand for good governance.** This also requires follow-up on serious issues raised by the public or NGOs. For example staffs note the actions by the Inter-ministerial Asset Recovery Committee reported in the EPRSP. However, no recent cases are mentioned in the PR. The PR notes the difficulties in increasing participation in the political process during a period of instability, but also reports that the functioning of the National Transition Council (NTC) has improved. Staffs agree that a well functioning NTC—which should soon be replaced by an elected National Assembly—is important; however, they also encourage participatory local consultative processes since local demand-driven public investment remains crucial to strengthen peace and reconciliation.

19. **Staffs concur with both the EPRSP and the PR that strengthened public administration will remain a central element to poverty alleviation in Guinea.** Basic budget discipline and controls over public finances as well as the civil service have been restored, but there is scope for further improvement. Poor accountability of government finances and public services remain fundamental problems that will need to be addressed. Staffs recommend that the reform of the structure of the Government administration and of the civil service be taken forward quickly.

B. Promoting Private Sector Development

20. **The EPRSP makes a convincing case that Guinea's natural resource endowment offers abundant opportunities for private sector development.** The PR emphasizes the importance of developing the agricultural and mining sectors. Staffs agree that these sectors are important and that their development is constrained by poor infrastructure, an unfavorable business environment (including poor trade facilitation), and difficult access to credit, as discussed below. Staffs caution against a state-led industrial policy that may be signaled by the nationalization of nineteen privatized industrial units as reported in the PR, and state interventions in the importation of basic food items. Staffs note that the authorities envisage to re-privatize these units and encourage them to conduct the operation transparently.

(1) Growth Sectors

21. **Agriculture:** Staffs encourage the authorities to empower farmer organizations in the distribution and cost recovery of government goods and services as a transition to a more market-based mechanism. A supply-driven approach tends to be less successful, as demonstrated by the distribution of agricultural inputs during the 2011 campaign. Allocations during this campaign were not transparent and the subsequent low cost-recovery rate resulted in an effective subsidy of over 70 percent. Medium-term policies are framed by the Government's adoption of the agricultural sector investment plan (PNIASA). Staffs commend the Government for focusing on (i) the need to improve the role of the private sector, (ii) developing sector policies that aim to improve competitiveness, and (iii) organizing the public sector as an enabler rather than an executor of agricultural development.

22. **Mining:** Staffs are encouraged by the adoption of the new mining code but disappointed that the PR does not report on EITI accession despite the attention to this initiative in the EPRSP.³ Staffs note that EITI and other transparency initiatives, such as the Kimberley process, are important instruments to achieve the authorities' EPRSP policy goals, which are reiterated in the PR. Staffs urge the Government to abide by the provisions of the new mining code relating to transparency and accountability in all of its dealings with operators and investors. Specifically, the PR mentions that the new code includes a principle establishing the need for transparency in awarding titles and licenses. Staffs caution that as a result of the large number of exploration licenses awarded during 2008–10, some of the concessions has overlapping titles of unknown legal status. Staffs therefore also recommend addressing these legal issues and developing new

³ The 2006 EITI report mentioned in the EPRSP was published in 2011. Copies of the 2007–2010 reports were received by the World Bank on June 13, 2012. Validation of these reports is ongoing.

systems, regulations, and capacities to build a transparent process that will bring considerable stability to investments and value creation.

23. **Urban development:** The rising urban poverty reported above highlights the need for an urban development strategy to inform the preparation of the PRSP III. Such strategy should address: (i) development of commuter services; (ii) decongestion of port activities; and (iii) urban water services.

(2) Cross-Cutting Issues

24. **Infrastructure:** The EPRSP envisages energy and telecommunications services to be largely provided by private suppliers, subject to government regulation. By contrast, road and potable water services are to be provided directly by public agencies. Staffs concur with this approach and make the following observations:

- **Power:** Staffs stress the importance of developing a strategy for sustainable biomass harvesting and use of more efficient stoves, as well as encouraging the use of butane gas, as outlined in the Government's recently updated Energy Sector Policy Letter. Moreover, staffs recommend that the Government prepare a clear calendar to implement sector reform and develop hydropower public-private partnerships (PPPs).
- **Telecommunications:** Staffs welcome the EPRSP's emphasis on PPPs that will allow the private sector to play a key role in the development of the telecommunications sector.
- **Transport:** Staffs encourage the authorities to include performance and output based road contracting. Further, staffs recommend the creation of road maintenance projects where local enterprises are contracted on a performance basis to maintain sections of the road network.
- **Water:** Water supply headed the list of priorities in the 2011 Survey on Subjective Poverty, with 21 percent of poor communities ranking water access as their number-one priority. Staffs caution that the reported 11.6 percentage point increase of the access rate to water services over five years, reaching 73.8 percent at national level, should be qualified by the low quality of urban water services, in terms of both service continuity and water quality.

25. **Business registration:** Other than large-scale companies operating in the mining sector, the economy is dominated by informal economic operators. Development of small and medium-sized companies is important for employment creation, since the few hundred jobs created by a small number of large firms, as reported in the PR, had a negligible impact on youth unemployment. To allow small and medium-sized companies to emerge and access financial services, some form of registration is required, for example, through a one-stop shop as recently established with support from the IFC. Staffs encourage the Government to further advance this reform by computerizing some of the processes.

26. **Financial sector concerns:** These concerns need to be addressed systematically. Supervision should focus not only on improving financial stability but also on constraining predatory behavior. Staffs recommend that obstacles to credit access should be addressed in the financial sector development plan. This plan also needs to (i) emphasize the importance of increasing financial inclusion; (ii) encourage competition in the financial services industry; and

(iii) propose preparatory measures that the Government could take (institutions, capacity, and funding) to implement its recommendations.

27. **Trade facilitation:** Staffs welcome the emphasis on the role of foreign trade as an engine of economic growth, including for the agricultural sector. The realization of this vision requires better trade facilitation procedures. Further liberalization of trade in goods and services will also provide a more competitive environment to the detriment of inefficient monopolists.

C. Human Development

28. **The EPRSP envisages a continuation of the human development strategy presented in the original PRSP discussed by the Boards of the World Bank and IMF in January 2008.**⁴

29. **Education:** The EPRSP commends the approach that was suggested in the 2008 JSAN for its balance between the need to provide additional resources and measures to improve education quality. Staffs note, however, that the EPRSP and PR address insufficiently some issues. In particular, more emphasis could be placed on the low primary school passing rate (about 32 percent in 2011). Staffs also note that the following issues deserve attention: (i) the need for improving human capital and for ensuring that the colleges and universities in the country produce skills that are in demand in the labor market, (ii) the misalignment between the distribution of resources and sectoral objectives, and (iii) the inefficient allocation of funding across schools.

30. **Health:** The 2008 JSAN agreed with the health strategy objectives but noted the absence of a detailed roadmap to achieve them. The EPRSP and PR address these concerns, providing a candid diagnostic of the sector's performance. However, staffs recommend that greater attention be given to the negative consequences on maternal mortality of low government spending in the health sector, the low institutional capacity at all levels of the health administration, and the need for a stronger health information system. Staffs advise the Government to take action on key policy priorities by: (i) improving human resources, (ii) strengthening child vaccinations, (iii) widening geographic accessibility, (iv) strengthening disease control and quality of basic services, and (v) encouraging citizen participation. In addition, staffs recommend that the Government increase health spending over the medium term, especially on basic health care programs that benefit the poor, and strengthen the institutional capacity of the regional health offices and districts health teams. The ongoing preparation of the Health sector Monitoring and Evaluation system could benefit from the use of the new 2012 CWIQ data to established base line indicators for monitoring performance of the sector

31. **Social protection:** The 2008 JSAN called for targeted social protection policies to be implemented consistent with the overall fiscal framework. The objectives set out in the EPRSP are important but need to be prioritized. The PR provides neither a clear vision nor a definition of the key elements of a strategy. Today Guinea does not have an explicit social protection policy

⁴ "Guinea: Poverty Reduction Strategy Paper—Joint Staff Advisory Note," December 2007; "IMF Country Report No. 08/8," World Bank IDA/SecM207-0684, December 12, 2007.

and the existing limited interventions are scattered among several institutions with very limited coordination. Financing is insufficient and largely funded by donors. The Bank's 2011 Interim Strategy Note (ISN), which is closely aligned with the main pillars identified in the EPRSP, advocated a two-stage approach towards social protection: (i) in the short term, assisting the poorest and most vulnerable population groups to weather the negative effects of reforms and rising prices, while (ii) developing a comprehensive safety net system in the medium to long term. Staffs urge the Government to expedite preparation of the comprehensive social protection strategy (being supported by the Bank) to define the institutional arrangements and monitoring and evaluation systems

V. Monitoring and Evaluation

32. **The EPRSP makes an effort to present information that allows monitoring and evaluation (M&E) of the execution of the strategy and its impact.** An annex to the EPRSP presents (i) the Government's Priority Action Plan, (ii) the Monitoring Matrix for PRSP Results and, (iii) the Matrix of Priority Actions for Public Finance Management, dated February 7, 2011.⁵ However, staffs note that the PR lacks a presentation of the institutional arrangements for tracking the results defined in the matrices. Staffs advise the Government to improve the existing capacity and quality of monitoring systems across sectors, as elaborated below, and to ensure that household surveys' comparability over time is maintained through appropriate design.

33. **Staffs recommend the preparation of a strategy for monitoring the result indicators with clearly assigned responsibilities for data collection.** Once focal persons for each sector are identified, staffs advise the Government to assess sector capacity in monitoring the indicators. Where there are obvious weaknesses, staffs advise the initiation of an M&E capacity-strengthening program, which the World Bank could assist in implementing. Staffs also recommend the Government develop sector M&E plans and templates to facilitate continuous monitoring and transmission of data to the Ministry of Finance and Economy and other central coordinating ministries or agencies.

34. **Staffs advise the Government to encourage third parties to monitor progress against the PRSP.** For example, agencies of the United Nations system present in Guinea and civil society organizations could contribute to the tracking and reporting of progress made against the PRSP, and developing a communication strategy to reach key constituents.

35. **Finally, staffs recommend that the Government ensure that PRSP outcome reports are fully disseminated and used by key stakeholders.** A coherent strategy to encourage the utilization of monitoring information would enable the Government to gauge the usefulness of the information being tracked and to strengthen the demand side of the monitoring system.

⁵ Staffs note that the Priority Action Plan attempts some results-based budgeting by defining key activities to be implemented under each pillar and their related costs. The Government's share of the budget for each intervention is clearly defined and the expected contributions of development partners are equally highlighted. Additionally, the Monitoring Matrix for PRSP Results defines short-term and medium-term results indicators with baseline values and targets for 2011 and 2012.

VI. Conclusions, Risks, and Issues for Discussion

36. **Staffs commend the Guinean authorities for their sustained efforts in implementing the EPRSP and in preparing the PR.** The PR provides valuable analysis of many of the socio-economic challenges facing Guinea and offers a generally realistic assessment of the policy reforms necessary to address these challenges. The main weakness of the PR is that it lacks an adequate poverty diagnosis. However, this has been compensated for by the recent release of the preliminary 2012 CWIQ survey results.

37. **The PR notes the importance of improving economic governance through public financial management reforms.** The review and update of procurement regulations should be a priority area for reform. Lack of progress in the area of economic governance, particularly the implementation of the Extractive Industries Transparency Initiative and the Kimberly Process, needs immediate Government attention. Continued efforts to maintain expenditure within available means will be important to cement the recent gains in fiscal and macroeconomic stability.

38. **The main risks to successful implementation of the EPRSP are:** (i) a deterioration in the security situation, (ii) a sharp fall in international commodity prices, (iii) lack of progress in achieving macroeconomic stability, and (iv) the long-term risk of state capture by vested interest, a major concern in a small economy dominated by a limited number of major companies surrounded by widespread poverty.

39. **In preparing the PRSP III, staffs encourage authorities to assess strategic priorities on the basis of projected costs and benefits as well as to initiate a multi-year budget framework.** Staffs suggest that the ongoing preparation of the next PRS take the following lessons into account: (i) priorities should be based on projected benefits and realistic cost estimates and their medium-term fiscal implications; (ii) additional resources will be required to strengthen the capacity of the PRS Secretariat to coordinate the efforts of the various ministries, participation of civil society groups, legislative branch of the Government and development partners.

40. **In considering the Guinea EPRSP for 2001-12, PR for 2011 and associated JSAN, Executive Directors' views are sought on whether they concur with the advice and recommendations made by staffs in the priority areas identified.**

MINISTRY OF ECONOMY AND FINANCE

PERMANENT SECRETARIAT FOR THE POVERTY
REDUCTION STRATEGY (**SP-SRP**)

Poverty Reduction Strategy

PRS (2011-2012)

2011 PROGRESS REPORT

May 2012

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List of Abbreviations

ACE	Underwater Fiber Optic Cable Project
AFD	French Development Agency
AFRITAC	African Regional Technical Assistance Center
AIOG	African Iron Ore Group
ANLC	National Corruption Control Agency
ANPRO-CA	National Rural Development and Agricultural Counseling Agency
APIP	National Private Investment Promotion Agency
ARV	Antiretrovirals
AU	African Union
BAfD	African Development Bank
BID	Islamic Development Bank
CECOJE	Youth Assistance, Counseling and Orientation Centers
CENI	National Independent Elections Commission
CES	Economic and Social Council
CNP-SSR	National Steering Committee for Security Sector Reform
CNSS	National Social Security Fund
CNT	National Transition Council
CPAR	National Procurement Framework
CRD	Rural Development Community
CWE	China Walter Electricity
DAF	Financial Affairs Division
DTP 3	Diphtheria Tetanus Pertussis
ECF	Extended Credit Facility
ECOWAS	Economic Community of West African States
EDG	Electricité de Guinée
ELEP	Small-Scale Survey for the Evaluation of Poverty
EPI	Expanded Program on Immunization
EU	European Union
FAO	United Nations Food and Agriculture Organization
FONIJ	National Youth Integration Fund
FSD	Security and Defense Forces
GDP	Gross Domestic Product
GIZ	German International Cooperation
GNF	New Guinean Franc
GUI-	
COPRESS	Guinéenne de Construction et de Prestation de Services
GUIAB	Guinéenne de la Large Bande
HC-REMA	Office of the High Commissioner for Government Reform and Modernization of the Administration
HIPC	Heavily Indebted Poor Countries
HIPCI	Heavily Indebted Poor Countries Initiative
HIV/AIDS	Human Immune Deficiency Virus/Acquired Immune Deficiency Syndrome
HV	High Voltage
IAFD	International Agricultural Development Fund
ICT	Information and Communication Technology

IFEM	Interbank Foreign Exchange Market
IMF	International Monetary Fund
ITIE	Extractive Industries Transparency Initiative (EITI)
LI	Labor-intensive
LMD	Licence Master Doctorate degrees
LNR	National Reference Laboratory
MDG	Millennium Development Goal
MDRI	Multilateral Debt Relief Initiative
MSEGUI	Guinean Economy Simulation Model
MTCTP	Mother-to-child Transmission Prevention
MV	Medium Voltage
MW	Megawatt
NDB	National Development Budget
OFID	OPEC Fund for International Development
PAMS	Poverty Analysis Simulation Model
PERD	Decentralized Rural Electrification Project
PNAEPA	National Food, Drinking Water and Sanitation Program
PNIA	National Agriculture Investment Plan
PNLAT	National Tuberculosis Program
PPGNF	Fishing Project in Guinée Forestière
PREMA	Government Reform and the Modernization of Administration Program
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
SIMFER	Société Internationale de Mines de Fer
SME	Small and Medium-Sized Enterprises
SMIG	Minimum wage
SNDS	National Statistics Development Strategy
SOGUIPAMI	Société Guinéenne de patrimoine minier
SP-SRP	Permanent Secretariat for the Poverty Reduction Strategy
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
US\$	United States dollar
USAID	United States Agency for International Development
VCSP	Village Communities Support Program
WB	World Bank
WFP	World Food Program
WHO	World Health Organization

Executive Summary

1. As a result of serious institutional and political instability, a dearth of democracy, and a poor economic situation that was especially challenging and led to major social tensions, the PRSP (2007-2010) was not properly implemented. The 2007 and 2008 status reports were prepared for the purpose of taking stock of the progress in implementation. Their conclusion was that no progress had been made in fighting poverty, and that the incidence of poverty was roughly 58 percent in 2010 versus 49.2 percent in 2002. This situation is due to domestic and external factors, such as the burdensome legacy left behind by the transition, poor institutional capacity, the debt crisis in the developed countries, and sub-regional instability.

2. The government's objective is to significantly lower the poverty rate from 58 percent in 2010 to 56 percent in 2012 by satisfactorily implementing the PRSP (2011-2012) that contains three central themes:

- ✓ Improve governance and strengthen institutional and human capacities;
- ✓ Accelerate growth and create job opportunities for all;
- ✓ Improve the people's access to basic social services.

3. This implementation report examines the results obtained in 2011 and looks at the prospects for 2012.

I. Improve governance and strengthen institutional and human capacities

4. In this context, the achievements were as follows:

- ✓ Reform the defense and security forces. These reforms, which must be continued and strengthened, have had a positive impact on the national economy; military spending has declined from 16.8 percent of the budget in 2010 to 15.4 percent in 2011 and from 4.8 percent of GDP to 4.7 percent in the same period;
- ✓ The special customs regulations were adopted;
- ✓ A priority plan to strengthen peace was adopted;
- ✓ The Estates General of Justice were organized. They are concerned primarily with the independence of justice and the adoption of the special regulations governing judges. A justice reform steering committee was created in November 2011 by presidential decree;
- ✓ Activity reports of the National Corruption Control Agency were prepared for 2007, 2008, 2009, 2010, and the first half of 2011, and are available on the websites of the Permanent Secretariat for the Poverty Reduction Strategy, the National Statistics Institute (INS), and the United Nations Development Program (UNDP);
- ✓ Quarterly audits were performed of government contracts worth over GNF 100 million and will be published before May 30, 2011 in the Official Gazette;
- ✓ The Office of the High Commissioner for Government Reform and Modernization of the Administration was created, and the National Steering Committee to Upgrade Administrative and Financial Files was set up.

II. Accelerate growth and create job opportunities for all

5. Economic growth improved significantly, rising from 1.9 percent in 2010 to 4 percent in 2011. This is the result of the effectiveness of the economic and financial policy measures and the good performance of growth sectors such as agriculture, mining, livestock, and fishing.

6. Regarding public finances, efforts focused primarily on executing the budget in accordance with PRSP priorities and the staff monitored program prepared with the IMF, executing appropriations-based spending, eliminating extrabudgetary operations, complying with the

consolidated cash management rule [unicité de caisse], and streamlining missions abroad and health evacuations.

7. Through these measures, the budget deficit excluding grants was reduced considerably, from 14.3 percent in 2010 to 3.9 percent in 2011.

8. In the monetary area, programs that were carried out pertained to increasing the rate of compulsory reserves, raising the policy rate, and jump-starting the Interbank Foreign Exchange Market (IFEM). Through this latter measure, nearly US\$170 million was allocated to the primary banks for financing imports of goods and services. The capping of amounts of deposits in the accounts and the regulation of the business of bureaux de change and money transfer establishments are part of improving monetary performance.

9. Moreover, budget support from our partners and the resumption of the PRGF alleviated the debt burden considerably while easing the effects of the global crisis on our economy.

10. This is the place to mention that the budget was prepared based on the priorities in the PRSP. This connection between the PRSP and the NDB can be observed through budget execution, which takes place in a manner that is much more orthodox than in previous years.

11. This phenomenon is noticeable through the volume of investments in the priority sectors of health and education and economic growth sectors, such as agriculture, livestock, fishing, mining, etc.

12. In the agriculture sector, GNF 205 billion, or US\$28.8 million, was invested in the 2011-2012 growing season to purchase and distribute seeds, fertilizer, phytosanitary products, farm equipment, and to reenergize the cotton business. Moreover, the government provided support to develop 100,000 ha of land to increase rice production by 100,000 net tons to reduce imports of this grain, whose current level exceeds 300,000 tons. Through the growing season action plan, the government was able to supply farmers with 20,000 tons of fertilizer, 1,500 tons of improved rice seed, 235,000 liters of herbicide, 120,000 liters of insecticide, and 150 tractors. Thus, according to the results of the 2011-2012 growing season report, rice production, for example, would amount to 1,664,400 tons of paddy, or 1,132,000 net tons after processing.

13. The share of agriculture in the national development budget climbed from 2 percent in 2009 to 20 percent in 2011.

14. In livestock, the AfDB provided \$11 million in financing to purchase equipment as part of support under the Regional Small Ruminant Management Project in West Africa.

15. For fishing and aquaculture, the government strengthened the surveillance of fishing areas, acquired four (4) refrigerated trucks at a total cost of GNF 1.28 billion or about \$180,000, and provided a grant of GNF 2.5 billion, or roughly \$350,000 to import fish to assist the poor. Through these government interventions, satisfactory results were obtained in both sectors (the growth rate of the fishing sector is 3.9 percent and the rate is 4.5 percent for livestock).

16. The year 2011 was a transition year for the mining sector with the incorporation of the new government's vision into the mining development strategy through the new mining code that stresses the following:

- ✓ Good governance,
- ✓ Transparency in the management of mining rights,
- ✓ Job creation,
- ✓ Community development,
- ✓ Environmental protection,

- ✓ Government revenue enhancement,
- ✓ Guarantees for investments in Guinea.

17. In this regard, the government signed the following agreements:

- ✓ The Transactional Agreement with Rio Tinto to establish a new timeline for the iron deposit development project in Simandou Sud and the construction of the Transguinean,
- ✓ The Memorandum of Understanding with BAOBAB to design and develop mining infrastructure,
- ✓ The Framework Agreement with the Emirate of Abu Dhabi, United Arab Emirates, for a partnership to develop mines and mining infrastructure,
- ✓ The Agreement with AIOG (African Iron Ore Group) to develop and build the Transguinean.

18. Moreover, in cooperation with all the actors in the sector, the government began to revise the Petroleum Code with its implementing regulations, created Société Guinéenne du Patrimoine Minier (SOGUIPAMI), finalized the memorandum of understanding with GEOX International on the study of the evaluation of petroleum potential on the Guinean offshore, and began drilling the SABOU well, owned by Hyperdynamics Corporation, a petroleum outfit.

19. Thus, the sector growth rate target was up from 1.8 percent in 2010 to 4.3 percent in 2011.

20. In terms of the outlook, programs will be carried out in the regulatory and institutional context and in mining development so that all the stakeholders in this sector can dedicate themselves to development.

21. In industry, the government decided to return to the government portfolio 19 privatized industrial units that had been shut down. In an effort to improve the business climate, a roundtable on public-private partnerships was held. The preparation of the policy letter on the promotion of the private sector and the revision of the Investment Code are in progress to better seize opportunities in the business environment.

22. In electricity, the government undertook a major program to study, equip, rehabilitate and build facilities. The activities were the refurbishment of the Tombo III and Tombo V generators; this resulted in additional generation of about 40 MW in 2011, the ongoing refurbishment of the G3 generator of the Grandes Chutes hydroelectric plant, the rehabilitation of the Donkèa-Grandes Chutes 110-KV line, the start of work to rehabilitate the grids in Conakry, the ongoing work of rehabilitating the power grids of the four (4) regional capitals and the launch of the work to open access to the Kaléta hydroelectric dam site on the Konkouré River.

23. In transportation and public works, it should be mentioned that Société Nationale des Chemins de Fer de Guinée was created and that the Conakry Express train began to operate; the study of the project to build the Conakry-Kankan-Kérouané rail line to connect with the Republic of Mali and Burkina Faso line was finalized; the work to expand the container terminal began in partnership with Groupe Bolloré; maritime security has been bolstered; and the headquarters of Société Navale Guinéenne is being built. In the same context, the government invested about GNF 90.3 billion to pave the Matoto-ENTA and ENTA-DABOMPA sections of road, to build the 8 Novembre interchange, and to launch the paving of the ENTA–Sonfonia section.

24. Regarding the environment, the sector is in the process of implementing a national environmental standards project and obtained a satellite image reception and processing station to monitor environmental parameters. In addition, 350,000 forest seedlings were supplied by 32 private and community nurseries, six forest management plans were prepared, 200 ha were reforested through community participation, and 220 ha were reforested in the 2011 season.

25. In the New Information Technologies, Telecommunications and Post sector, the results were as follows: (i) the policy paper and national strategy paper to develop Information and Communication Technologies (ICT) were validated; (ii) six (6) post offices were renovated; (iii) the Telecommunications Observatory was launched; (iv) the subscribers of all the carriers were identified; (v) a mobile and stationary station was acquired to control and manage frequencies, etc.

26. Regarding employment, the government carried out the following programs: (i) held regional employment and technical training fairs for 10,000 youths and a national job and investor fair on December 5, 2011. In total, 518 youths were hired in public administration and finance. Along those same lines, the Ministry of Youth and Youth Employment, through the National Youth Employment Fund (FONIJ), provided 140 motorcycle taxis and 100 multiservices kiosks to the youths of the country's seven administrative regions.

27. These programs will continue in the long run through structural reforms and investment in the growth sectors, which are the sectors that create the most income-generating jobs.

III - Improve the people's access to basic social services

28. In health, 10,924 women with obstetrical complications received Cesarean sections, thereby contributing to reducing maternal mortality. Efforts were made to effectively purchase and distribute 225,000 birthing kits and 11,250 Cesarean kits to the hospitals and health centers to implement free Cesarean sections and delivery procedures in the amount of GNF 28.8 billion. It was possible to treat surgical-medical emergencies through the purchase and distribution of drugs in the amount of GNF 3.5 billion.

29. These financial efforts improved the health indicators. Thus, the rate of antenatal consultations rose from 89.77 percent in 2010 to 90.06 percent in 2011, versus a target of 90 percent; the measles vaccine coverage rate was up from 83.60 percent in 2010 to 97 percent in 2011, and DTP3 climbed from 87.00 percent in 2010 to 95.00 percent in 2011. Efforts were also made in the following areas: the purchase of 5,468,372 doses of ACT drugs and the distribution of insecticide-treated nets. In tuberculosis control, in 2011, 11,576 cases of TB (all forms combined) were reported, and of those, 6,912 were cases of smear-positive pulmonary tuberculosis.

30. In education, the accomplishments were as follows: rehabilitation, construction of infrastructures and their equipment; construction in progress of 1,946 classrooms, including 1,557 for the primary level and 389 for the secondary level; provided teachers with 12,000 sets of elementary education programs and provided 40 brand-new vehicles to the deconcentrated units to strengthen mobility and supervision of the education system.

31. Regarding housing, sanitation and urban development: in 2011 the government continued work to upgrade the KEITAYA site; the Moussoudougou wastewater purification plant was completed and officially opened; computer hardware and training were provided to the National Directorate of Government Property and Land Registration to use database software to computerize the land registry; security was provided for the Maritime Public Property; in Beyla, Rio Tinto renovated some public buildings; a project to build subsidized housing was developed; the pilot project for 320 housing units continued; and the construction of buildings at the Kipé site in Conakry was resumed.

32. These achievements will be reinforced as part of the implementation of the "Vision Habitat 2021" national housing policy.

33. In social protection, in cooperation with the World Bank, the government established a National Social Protection Group consisting of the representatives of about 20 technical departments, civil society, and the National Social Security Fund. In 2012, financing of roughly \$27

million is expected to implement the “Productive Social Nets” Project. This project will assist the government in finalizing the National Social Protection Policy Paper.

IV – Outlook

34. Despite the progress made in 2011, major challenges remain in the years to come. Although inflation stabilized in 2011, it remains a subject of concern and is the leading short-term macroeconomic challenge. Moreover, the very high burden of the external public debt and weak infrastructures, particularly in the electricity, water, transportation and telecommunications sectors, are major impediments to jump-starting growth. Structural reforms should prepare the economy for the massive investments expected in the mining sector over the coming years. Thus, the principal measures to be taken include the following among others:

- ✓ In a transparent and credible manner, organize legislative, communal and community elections;
- ✓ Continue justice reform, implementing the recommendations from the Estates General of Justice;
- ✓ Continue to reform the defense and security forces with support from the technical and financial partners;
- ✓ Continue the mining reforms, and in particular negotiate mining agreements in a spirit of partnership with the goal of ensuring good governance and improving the economy’s capacity to manage the mining boom;
- ✓ Implement a medium-term public investment program in a manner consistent with the PRSP;
- ✓ Revise the existing sectoral policies;
- ✓ Continue to raise the people’s awareness to strengthen peace;
- ✓ Improve upon and strengthen the results;
- ✓ Strengthen macroeconomic stability;
- ✓ Improve the potential of agriculture, hydroelectricity and mining in the country;
- ✓ Monitor trends in indicators using data from the small-scale survey on poverty, now being processed, and the data from the general census of the population and housing, now in the preparation phase. Not only can these data be used to update the database on poverty, but they can also serve to prepare the PRSP 3 using reliable data.

Introduction

The Poverty Reduction Strategy Paper PRSP (2011-2012) was prepared on a participatory basis and all the stakeholders were involved, including the public administration, development partners, national institutions, civil society, etc.; the Paper is an extension of the PRSP 2 (2007-2010), adopted by the government and supported by the development partners in August 2007.

As a result of serious institutional and political instability, a dearth of democracy and an economic situation that was especially challenging and led to major social tensions, the PRSP2 was not properly implemented. However, two status reports for 2007 and 2008 were prepared to take stock of progress in implementation. Their conclusion was that no progress had been made in fighting poverty, and that the incidence of poverty was roughly 58 percent in 2010 versus 49.2 percent in 2002, the year in which the first poverty reduction strategy paper was prepared and implemented.

Thus, the new authorities based their program and governance contract for the 2011-2012 period on the extended PRSP2 strategy themes, which is the framework for implementing the Millennium Development Goals (MDGs); it remains the sole reference framework for implementing the economic and social development policies and programs in the Republic of Guinea. It establishes common, clear and harmonized goals that support the proper implementation of the country's policies and programs. In addition, it provides the framework for coordinating government and partner efforts to both implement the strategic themes of the PRSP and to mobilize the necessary resources.

To properly implement this PRSP, during the extension period, the country's new authorities consulted the members of the country's institutions, in particular the National Transition Council (CNT), which played the role of National Assembly, the Economic and Social Council (CES), the technical and financial partners, and the other stakeholders from Guinean society, and civil society in particular.

As in the past, the general goal of the PRSP is to significantly and sustainably reduce poverty by strengthening peace, improving governance, increasing income, and improving the well being of the people, and of the poorest people in particular.

Thus, the Strategy is constructed around three central themes as follows:

- Improving governance and strengthening institutional and human capacities;
- Accelerating economic growth and creating job opportunities for all;
- Improving the people's access to quality social services.

This report discusses the principal results of implementing the PRSP2 for 2011. It is divided into three main parts:

- The first part of the report addresses the context of implementation and states the principal goals for 2011,
- The second part addresses, theme by theme, the results achieved in 2011 and also deals with monitoring and evaluation.
- Finally, the third part deals exclusively with the outlook for 2012.

PART ONE: Implementation Context

In this part of the report, we address the principal issues that highlighted the implementation of the PRSP2, in the areas of politics, economics, social issues and international issues.

As opposed to the previous years, the context of implementing the Poverty Reduction Strategy was highlighted by a resumption of international cooperation between Guinea and the principal technical and financial partners. However, this context was made difficult, mainly because of the poor economic heritage left by the civilian-military transition of 2009 and 2010.

In the area of politics, after the November 2010 presidential election, whose results all the stakeholders accepted, the new government took energetic steps to improve overall governance. Among these measures, it is important to stress the creation of a Office of the High Commissioner for Government Reform and Modernization of the Administration, the reform of the security and defense forces, the organization of the Estates General of Justice, and the preparation of the Government and Modernization of the Administration Reforms (PREMA). All of these measures are based on the Government Priority Action Plan and the extended PRSP2, with objectives that are properly expressed and harmonized.

However, despite the seating of the government, the country's sociopolitical context continues to be dominated by the lack of dialogue between the opposition political parties and the administration supported by the parties that are aligned with the president. This lack of dialogue, despite the implementation of a Provisional National Reconciliation Commission, chaired jointly by the Premier Imam of the Grand Mosque of Conakry and the Archbishop of Conakry, led the opposition parties to hold a demonstration on September 27, 2011, during which two people died, 20 or so law enforcement agents were injured, and over 300 people were arrested and tried under the law.

In this difficult context, the legislative, communal and community elections were postponed to finalize the transition. This process is facing a certain number of obstacles, including the reorganization of the National Independent Election Commission (CENI) and the departure of its chairperson, demanded by the opposition.

Regarding economics, the reforms undertaken by the government were primarily the improvement of public finances as the main ingredient of macroeconomic stability, execution of the budget in accordance with the staff-monitored program prepared with the IMF, and the approval of a Supplementary Budget, taking into account the nonrecurring mining sector revenue and the implementation of a mining policy.

Thus, by observing the basic principles of budgetary management, consolidated cash management [unicité de caisse] was implemented and spending was executed on a cash basis. Moreover, the new Mining Code was adopted by the National Transition Council (CNT) in 2011. Furthermore, in cooperation with all the social partners, the government successfully lowered fuel subsidies by increasing the price of fuel at the pump from GNF 7,500 to 9,500 per liter.

It should be noted that these reform measures contributed to lowering the budget deficit from 14.3 percent in 2010 to 3.9 percent in 2011 and to jump-starting economic growth. The GDP growth rate in real terms jumped from 1.9 percent in 2010 to 4 percent in 2011 according to the

provisional macroeconomic framework statistics. Foreign exchange reserves rose from 0.8 months of imports of goods and services in 2010 to nearly five months of imports in 2011.

Mention should also be made of the government's efforts to achieve all the triggers of the completion point that would result in canceling a considerable amount of its external debt stock under the Heavily Indebted Poor Countries Initiative (HIPC Initiative) and the Multilateral Debt Relief Initiative (MDRI).

In social matters, the government carried out major activities, the most important of which are: i) setting the cost of health care in the national hospitals and the public communal and regional health centers at affordable levels; ii) temporarily subsidizing the price of rice; iii) transparently and credibly hiring 518 youths; iv) implementing the "zero tolerance" measure in national examinations; v) distributing insecticide-treated nets to the vulnerable populations free of charge; vii) organizing immunization campaigns for children and pregnant women and iron and folic acid supplementation, etc.

Through these activities, the quality of the health system was improved, the housewife's basket was made lighter, and the immunization and antenatal consultation rate improved.

Moreover, the government received a large grant from the Global Fund to Fight AIDS, Tuberculosis and Malaria. This partner support was used to begin providing free Cesarean sections and to bolster the fight against malaria.

On the international level, the context of implementing the strategy was dominated primarily by the higher costs of oil products, the debt crisis in Europe and the United States of America, regional instability, in particular in Libya, Côte d'Ivoire, Egypt and Tunisia, and the resumption of cooperation with the technical and financial partners.

In fact, in 2011, Guinea benefited from the resumption of the PRGF and received budget support.

Moreover, one highlight of 2011 was the intensification of the debt crisis in Europe.

Numerous uncertainties related to the economic outlook and economic policies affected the confidence of households and entrepreneurs, while the European sovereign debt crisis caused growing uncertainty in the financial markets.

Global growth slowed in 2011 (+3.8 percent) compared to 2010 (+5.2 percent). There were major tensions in the international economy. In many countries, the production chains became disrupted due to the tsunami in Japan. The political movements in the Middle East and North Africa generated tensions in world oil prices.

After the pace of growth of the world economy slowed in the second half of 2011, the global economy rebounded temporarily in the third quarter, especially in the developed countries (+0.5 percent versus +0.2 percent in the second quarter with quarterly variations). First, this rebound resulted in a resumption of activity in Japan (+1.5 percent versus -0.3 percent) and second, in a slight improvement in US activity (+0.5 percent versus +0.3 percent), buoyed by dynamic private consumption in particular. In the eurozone, by contrast, the pace of economic growth remained moderate (+0.2 percent) and uneven: first, France and Germany recorded significant activity; second, activity in Italy and Spain remained poor. The heightened uncertainty and growing tensions in the financial markets, as well as the fall in consumer and

entrepreneur confidence, undermined the positive push that global activity enjoyed in the third quarter.

Thus, activity slowed in the fourth quarter of 2011, both in the developed countries (+0.2 percent) and the emerging countries, which continued to show moderate growth as a result of the stronger consequences of tightening their macroeconomic policies.

Despite this uncertainty hanging over the world economy, activity in the United States remained relatively dynamic in the fourth quarter (+0.5 percent), supported by buoyant domestic demand and a dynamic job market.

Raw materials excluding energy dropped dramatically. The prices of metals (bauxite, gold and diamonds) suffered to a certain extent from the negative impact of the concerns over the slowdown in global growth, while the prices of food stabilized at levels that were deemed low (wheat prices fell by 11.4 percent in the fourth quarter of 2011 with quarterly variations), due to the improved outlook for world harvests.

Consequently, on the national level, this resulted in a considerable drop of Official Development Assistance (ODA), higher commodity prices, lower export revenue, and a possible worsening of the terms of trade.

PART TWO: 2011 Results

The government, in 2011, with the support of its technical and financial partners, initiated reforms and carried out a number of activities, which, over the long run, could have a considerable impact on reducing poverty. The purpose of this first part is to present the substance of the results achieved in the period under review through the implementation of these reforms.

Chapter 1: Improve governance and strengthen institutional and human capacities

Poor governance and weak human and institutional capacities are bottlenecks for fighting poverty and are a challenge for the country's socioeconomic and even political development. By grasping the importance of the issue, the government, in accordance with the PRSP priorities in this area, made improving governance a major task on its agenda. In this respect, the government developed a set of priority programs that cover the reform of the defense and security forces, improving judicial governance, improving administrative and local governance, strengthening peace and social dialogue, fighting poor economic and financial practices, gender promotion, and jobs for youths.

1.1. Defense and security forces reform

The goal is to return the army to its original mission of defending the integrity of the national territory and protecting the people and their property

To achieve this goal, the government has begun a major program to reform the defense and security forces. These reforms also aim to gradually and steadily lower military spending to be able to use the savings that are generated to finance the priority sectors to reduce poverty, and primarily for the health, education, economic infrastructures and social protection sectors.

Following the security sector assessment in 2010, under the egis of ECOWAS and the AU, with support from the UNDP and other development partners, whose results were sent to the government in May of the same year, a National Steering Committee to Reform the Security Sector (CNP-SSR) was put in place under the supervision of the President of Guinea, who is in charge of supervision, the political-strategy policy, and monitoring the reform program.

This technical committee has already begun the reform process. With this in mind, it has carried out the following main activities: i) the demilitarization of the City of Conakry, and the preparation and adoption (in progress) of the laws that will govern the defense and security forces; ii) restructuring of the forces based on needs and defense requirements; iii) implementation of a general training program on “interpersonal skills, social skills and military know-how” (18,190 soldiers are being trained throughout the country); iv) a biometric census of the number of persons in the armed forces; v) the retirement in December 2011 of 3,928 military personnel hired between 1952 and 1972; vi) movement of all crew-served weapon systems to the interior of the country; vii) preparation of sectoral action plans for Security Sector Reform (SSR) and evaluation of their costs; and viii) signature of the special customs status in the last quarter of 2011.

It is important to emphasize that these reforms were implemented with the support of our development partners and with the United Nations System, in particular through the UNDP and French Cooperation. Although these reforms have yet to be completed, they will have a direct

impact on the national economy in that in 2010, military spending was down from 16.8 percent of the national budget in 2010 to 15.4 percent in 2011, and from 4.8 percent of Gross Domestic Product to 4.7 percent in the same period.

With regard to the security of persons and their property, the quartering in barracks of the defense and security forces has reduced robberies and organized crime, because many criminals were using military equipment and uniforms to carry out their misdeeds. Professionally speaking, unskilled members of the defense and security forces will receive vocational training and will be enlisted for implementing the country's economic and social development policies.

1.2. Build capacities to strengthen peace and manage conflicts

The PRSP2 contains provisions for implementing systems to prevent, manage and settle conflicts and peace, as well as an early warning system to identify potential and real sources of conflict, to monitor changes in warning signs, and to make appropriate recommendations for interventions.

The creation of a Provisional National Reconciliation Commission in February, chaired jointly by the First Imam of the Grand Mosque of Conakry and the Archbishop of Conakry, and the adoption of a priority plan to strengthen peace in Guinea, are components of strengthening peace. This plan has three central themes: Security Sector Reform (SSR); national reconciliation; and jobs for youth and women.

However, the peace strengthening process has hit a certain number of snags, including: (i) a lack of a dialogue framework among the political stakeholders; (ii) a lack of consensus for continuing operations to revise the election database; and (iii) the September 27, 2011 demonstration and the arrest of opposition militants.

Thus, the implementation of recommendations that include working sessions with all of the country's regional coordination units in Mamou and then in Labé resulted in the release of all the detainees, a total work stoppage at the CENI (which originally planned to hold the legislative elections on December 29, 2011), and the establishment of an inclusive dialogue facilitation commission. The findings of this dialogue should bring about an end to the political crisis so that legislative elections can be held promptly.

1.3. Improve judicial governance

The goal is to make justice independent, integrated and accessible to all by strengthening its credibility and its authority.

To achieve this goal, the government has made the justice sector its central concern. That is why it held from March 28 to 30, 2010, in Conakry, the Estates-General of Justice, who dealt in particular with the implementation of the law on judges and of the High Council of Judges and the Discipline Council.

The organization of the Estates General along with the institutional justice reforms improved sector performances, even if considerable efforts must still be made to achieve the stated goals.

Also, it should be noted that a November 2011 presidential decree created the Justice Reform Steering Committee.

Through the measures taken to improve judicial governance, a judicial and prison map was prepared, justice procedures were observed, and a certain number of studies were performed on the justice sector.

1.4. Improve political and democratic governance

In the area of political and democratic governance, the government set the following goals: i) hold the legislative, communal and community organizations freely and transparently; and ii) improve the quality of the work of the institutions in charge of leading the democratic process.

The transition to democracy is not complete, and this difficulty is manifested by political and institutional instability characterized by a lack of real political dialogue and consensus. The measures dealt primarily with the following: (i) strengthening the capacities of the CNT members; and (ii) the dialogue the president initiated on December 15, 2011.

It should be stressed that strengthening the capacities of the CNT members contributed to the swift adoption of the new Mining Code and the 2012 Budget Law.

1.5. Fight corruption and impunity

To strengthen and maximize the results of the fight against corruption and impunity, the stated objectives are primarily as follows: (i) strengthen the institutional framework of the National Good Governance and Corruption Control Agency (ANLC); (ii) prepare the draft program law on the National Good Governance and Corruption Control Program; (iii) organize an awareness and citizen mobilization campaign to fight corruption; and (iv) continue the project to improve the procurement framework (CPAR); etc.

On the institutional level, we note the signing of the alliance agreement between the National Corruption Control Agency and the Secretariat in the Office of the President in charge of special services.

The activities carried out to improve the economic and financial environment and to control corruption included processing the documentation of government debtors in the total amount of GNF 1,427.4 billion, processing the file on the dispute between the government of Guinea and Russia, and the quarterly audit of government contracts.

Thus, in 2011 the Ministry of Economic and Financial Oversight carried out several activities as follows: (i) launched a site and a toll-free number (147) to report acts of corruption; and (ii) published ANLC activity reports for 2008, 2009 and 2010 on the website of the Permanent Secretariat for the Poverty Reduction Strategy.

1.6. Improve administrative governance

The improvement in administrative governance begins with the reform of the civil service and implementing the following actions: (i) strengthening transparency in hiring, employment, compensation, motivation and retirement, and the reform of the labor code; (ii) harnessing the numbers through a biometric census of civil servants and contractors; (iii) strengthening the institutional solidarity systems (CNSS, pension, and the SMIG); (iv) building the capacities of the social actors (unions and institutions that settle social conflicts); and (v) putting in place a labor court whose mission is to protect workers' rights and design an institutional framework for the use of Information and Communication Technologies (ICTs).

The creation of the Office of the High Commissioner for Government Reform and the Modernization of the Administration is one way the government manifests its desire to make public services efficient. Thus, through this High Commissariat, a Technical Committee in charge of supporting the biometric census operations was established.

In terms of results, the number of civil servants is being brought under control with the detection of roughly 5,000 fictitious civil servants; this is generating nearly 30 billion Guinean francs in savings in the government budget. Moreover, on November 15, 2011, the pilot biometric census of civil servants was carried out. This pilot project involved the Minister in charge of Audits. Through this census, it has become possible to understand the difficulties that could undermine the successful completion of the operation.

In addition, from June 1 to 2, 2011, the government held a national workshop to validate the strategic framework of the institutional reform and the program to modernize the administration.

1.7. Improve local governance

The main goals are: i) promote participatory local development by encouraging transparency in the management of local affairs; and ii) entrench the democratic process, which formally repositions the respective roles and responsibilities of civil society, community governments and the central government.

Thus, the improvement of local governance sought primarily to strengthen the decentralization process for a real transfer of competencies and resources to the local governments. In this context, with the support of the technical and financial partners and the World Bank in particular, and the EU through VCSP2, the government allocated to each of the country's 304 CRDs an amount that varied between \$50 and \$75,000. These funds will be used to build new classrooms, health centers and rural roads.

Also, in 2011, the decentralization and local development policy letter was adopted; studies on regionalization, financing and decentralization were performed, and the capitation tax was eliminated.

1.8. Improve economic governance

The goals can essentially be summarized as follows: (i) continue the quarterly audit of government contracts worth more than 100 million Guinean francs; (ii) strengthen design, planning and strategic analysis capacities; (iii) strengthen statistical information production capacities in the Ministerial Departments (national level) and at the deconcentrated level by implementing the 2009-2013 Action Plan for the National Statistics Development Strategy; (iv) improve capacities to program, manage and monitor public finances; and (v) continue linking the Guinean Economic Simulation Model (MSEGUI) to the macroeconomic simulator to analyze poverty (PAMS).

To energize the strategy and its preparations, the government has undertaken a major program to design, prepare and monitor development policies.

Thus, after the government's Priority Action Plan and the 2011-2015 five-year plan were prepared, the following activities, identified at startup, were carried out: (i) the pilot general

census of the population and housing; and the signature of the memorandum of understanding to finance the Small-Scale Survey for Poverty Evaluation. Moreover, in public finance management, the execution of appropriations-based spending and regulations for each sector, and the elimination of extrabudgetary operations in revenue and expenses, and compliance with the rule of consolidated cash management improved the government's macroeconomic stabilization policy.

Chapter 2: Accelerate economic growth and create job opportunities for all

The strategy focuses on: (i) improving macroeconomic management; (ii) supporting the growth sectors; and (iii) developing basic infrastructures.

2.1. Macroeconomic management

The government's immediate goal is to restore macroeconomic and budgetary stability by harnessing the budget deficit and the inflation rate.

Fiscal management. The government has set out to implement a certain number of measures as follows: rationalizing foreign missions and health-related evacuations; executing appropriations-based spending and regulations given to each sector; eliminating extrabudgetary operations in revenue and expenditures and observing the principle of consolidated cash management, which extends to all government entities, including the state-owned enterprises, and implementing Law L/2011/002/CNT of March 29, 2011 on the general rules for management by the Public Treasury of funds that belong to public entities other than the State.

Table 1: Change in public finances as a percentage of GDP

HEADINGS	2008	2009	2010	2011
REVENUE AND GRANTS	16.2%	15.8%	15.7%	21.0%
<i>Revenue</i>	<i>15.7%</i>	<i>15.4%</i>	<i>15.3%</i>	<i>17.4%</i>
<i>Grants</i>	<i>0.5%</i>	<i>0.4%</i>	<i>0.4%</i>	<i>1.3%</i>
TOTAL EXPENDITURES (including loans net of advances)	17.4%	23.7%	29.7%	21.3%
<i>Current expenditures</i>	<i>13.4%</i>	<i>16.5%</i>	<i>20.5%</i>	<i>16.3%</i>
<i>Capital expenditures</i>	<i>4.0%</i>	<i>7.2%</i>	<i>9.2%</i>	<i>4.9%</i>
BUDGET BALANCE EXCLUDING GRANTS (as a percentage of GDP)	-1.7%	-8.3%	-14.3%	-3.9%

Source: MP/DNP and MEF/DNB: Framework statistics and the Table of Government Operations (TOFE)

By improving public finances, the budget deficit excluding grants was lowered from 14.3 percent in 2010 to 3.9 percent in 2011. This improvement of public finances was the centerpiece of the government's macroeconomic stabilization policy. Other than executing the budget on a cash basis, strong measures were implemented to regain control over the budget as follows:

- ✓ For revenue, increasing excise taxes on beer and tobacco, strengthening collection for previous years and the financial contribution of autonomous government revenue agencies to the government budget. As a result, the government mobilized nonrecurring nontax revenue amounting to more than one percent of GDP.
- ✓ In controlling spending, another strong measure was taken in early 2011 to freeze government contracts for the 2009-2010 period (amounting to more than 40 percent of GDP) that were signed in violation of the government procurement code and overbilled

after being audited by the experts of the French Accounting Office using World Bank funding.

- ✓ With the goal of strengthening budget control, the government reestablished the competitive selection procedure as the normal procurement method (ministerial order of March 11, 2011), and prohibited the signing of government contracts without setting aside budget appropriations and without the prior signature of the Minister of Finance;

Monetary matters. The goals of the monetary and foreign exchange policy were to absorb the excess liquidity from the 2009-2010 period and to stabilize inflation and the exchange rate.

To contain inflationary tensions and to replenish the foreign exchange reserves, the Central Bank implemented a series of measures as follows:

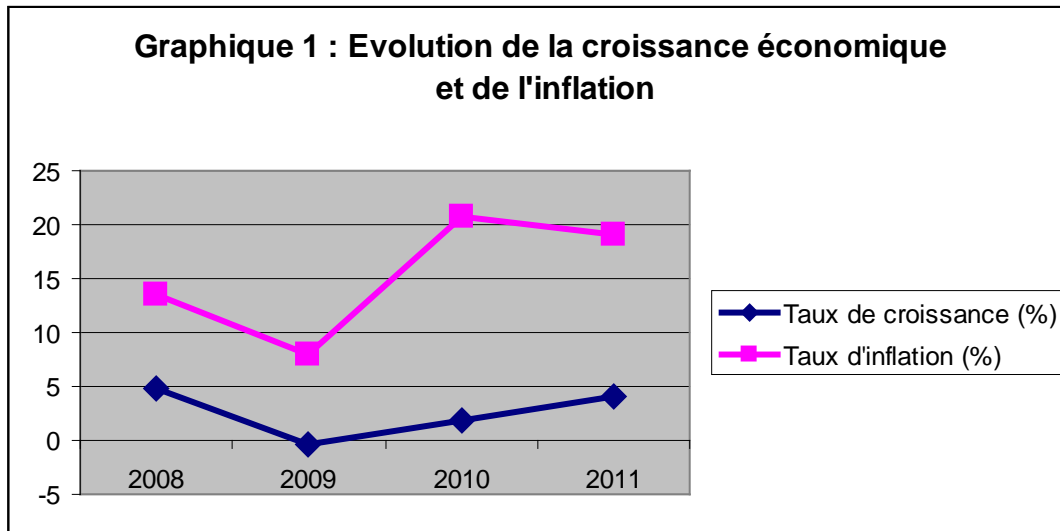
- ✓ Increased the rate of compulsory reserves from 9.5 to 17 percent and then to 22 percent in October 2011;
- ✓ Raised the policy rate from 16.7 to 22 percent in March 2011;
- ✓ Reenergized the Interbank Foreign Exchange Market (IFEM) so that nearly \$170 million could be allocated to the banks to finance imports;
- ✓ Capped the amounts of deposits in passbook accounts to encourage the mobilization of national savings;
- ✓ Established a monetary programming committee whose purpose is to make monetary and foreign exchange policy more transparent and to serve as a basis for discussion with the different IMF/World Bank missions;
- ✓ Regulated the activity of the bureaux de change and money transfer establishments.

Moreover, the Central Bank took steps to strengthen its banking supervision capacities with the assistance of the IMF West Africa Regional Technical Assistance Training (West Africa AFRITAC).

These different measures had the effect of strengthening the foreign exchange reserves, beginning to stabilize the exchange rate, and lowering the Treasury's debt to the banking system to improve bank financing for the economy. The increase in the consumer price index stabilized year-over-year at 19 percent in late December 2011 and the exchange rate depreciated by 18.8 percent versus 25.4 percent in 2010.

Moreover, it is important to highlight that, as a result of nonrecurring mining revenue, the international reserves were replenished to almost five months of imports of goods and services.

Graph 1. Change in economic growth rates and inflation from 2008 to 2011



KEY:

Growth rate

Inflation rate

The macroeconomic performances accelerated the growth rate by 4 percent in 2011 versus 1.9 percent in 2010 in the sectoral plan with good performance, primarily in the agriculture and mining sectors. The result will be a slight improvement in per capita GDP (0.78 percent) in 2011. However, the poverty rate should stabilize at 57.52 percent for the same period.¹

2.2. Support for the growth sectors

The growth sectors are agriculture, livestock, fishing and aquaculture, the environment, mining, telecommunications, tourism and industry.

2.2.1. Agriculture sector

The goals for this sector are: (i) guaranteeing food security; (ii) developing food crops and exports; and (iii) creating jobs and incomes for the people and for rural-dwellers in particular.

The government has placed special emphasis on the development of agriculture to gradually achieve food self-sufficiency. To this end, GNF 205 billion, or \$28.8 million, was invested during the 2011-2012 growing season to purchase and distribute seeds, fertilizer, phytosanitary products, and farm equipment and to revitalize the cotton program.

¹ The simulation showed that with poverty-growth elasticity of -0.12 between 2002 and 2007, poverty could be 57.52 percent versus a target of 57 percent in 2011. It should be noted that the startup of the Small-Scale Survey for Poverty Evaluation should confirm this estimate. Prior to this survey, the data collectors were trained from January 18 to February 8, 2012.

The 2011-2012 growing season was launched to translate government support for farmers into concrete operations. As an operational goal, the government provided support to develop 100,000 ha of land to produce an additional 100,000 net tons of rice to reduce imports of this grain, the current level of which exceeds 300,000 tons.

In accordance with the growing season action plan, the government program provided farmers with 20,000 tons of fertilizer, 1,500 tons of improved rice seed, 235,000 liters of herbicide, 120,000 liters of insecticide, and 150 tractors.

Furthermore, as part of counseling support to be provided to farmers, the government gave 586 motorcycles to the agricultural entities. With these motorcycles, the National Rural Development and Agricultural Counseling Agency was able to equip and deploy 531 specialized agricultural advisers and technicians throughout the country to train, monitor and supervise producers.

In addition, as part of its traditional support, and to minimize losses after harvest, the government provided harvesting and post-harvesting equipment, including twenty (20) combine-harvesters, three hundred (300) motorized mowers, five hundred twenty-five (525) motorized threshers, six hundred (600) hulling machines, thirty (30) paddy grading/cleaning machines and rice seed, six hundred (600) steamers, 5,100,000 sacks of packaging of all categories, 100 tarpaulins and 100 scales.

Box 1. Agriculture project and program portfolio

As part of cooperation with the development partners, the project and program portfolio was as follows:

- With the FAO, signed an agreement to finance farm inputs in emergency situations in the amount of \$500,000, and continued technical and financial support to strengthen the National Agriculture Investment Program;*
- Financial support from the European Union to perform the sectoral approach study for the consistent and efficient implementation of the National Agricultural Investment and Food Security Program (PNIASA);*
- With funding from IFAD and OFID (OPEC Fund for Agricultural Development, the National Program to Support Actors in the Agricultural Industries with two regional units (Guinée Forestière and Moyenne Guinée) was launched in the amount of \$40 million;*
- With AFD support, launched the additional Basse Guinée rice phase project in the amount of 5 million euros;*
- Resumed the PU/APA and PNIR-2 projects funded by the World Bank (funding had been suspended);*
- With a South African mission, extended the Tripartite Guinée-Afrique du Sud-Vietnam Project and extended it to the entire country to upgrade rice and vegetable production at the Tambony truck farm site in Boké Prefecture;*
- Controlled fruit flies (responsible for the drop in fruit production, and mangoes in particular).*

This significant financial effort was supported by building the operational and vocational capacities of the workers in the sector. In the context of plant protection, 52 managers from the National Plant Protection and Stored Commodities Service and 136 crop and inventory advocacy agents were trained to implement phytosanitary projects to control urticant caterpillars and borers of rice stems. In the same context, 150 farm tractors were deployed in the field, the cotton industry was reenergized with GNF 15 billion in financial support from the government, and major construction sites to build basic infrastructure were opened for GNF 30 billion.

Thus, according to the results of the 2011-2012 growing season, rice production, for example, is expected to be 1,664,400 tons of paddy rice, or 1,132,000 net tons of rice after processing.

In addition to these structure construction projects, there are two mechanized maintenance contracts for a total of 30 km in the Guéckédou and Boffa Prefectures and support to the project owner for implementing six contracts (studies, monitoring, control and supervision).

Regarding rural infrastructure, and rural roads in particular, the component for bringing the production areas out of isolation was a concern for the government, which endorsed the signature and approval at the regional level of four contracts to build structures for unions and groups in the prefectures of Boké, Kindia and Guéckédou. They are: i) construction of 54 linear meters of a sanitation and crossing structure (culverts and bridges); ii) mechanized maintenance of two 12-km sections of trail in the Tougnyfily (Boké) CRD and 18 km in Guédembou CRD (Guéckédou).

Along with these efforts, in an attempt to ensure food security for all and to improve the buying power of the people and the poorest people in particular, the government subsidized the imports of food commodities (rice, sugar, oil, etc.), in the amount of GNF 17.8 billion, or \$2.5 million.

Thus, with the government's major efforts, the agriculture sector growth rate was 5 percent² versus an initial target of 4.1 percent in 2011.

2.2.2. Livestock sector

The goals are to significantly increase the herd and national production of meat, milk and eggs, whose potential is important for meeting the people's food requirements.

Animal health has been a concern for the government, so that in an endemic area (Haute Guinée and Guinée Forestière), it carried out a campaign to control contagious bovine pleuropneumonia. To mitigate the epidemiological and sociological impact of contagious pustular stomatitis, programs to control this pathology and Newcastle disease (or poultry disease) immunized 768,611 sheep and goats.

As part of the Regional Small Ruminant Management Project in West Africa, funded by the African Development Bank (AfDB) for \$11 million, supplies and equipment were delivered as follows: (i) accessories for the Boké and Famoïla (Beyla) livestock support centers; (ii) a batch of small equipment to control brush fires for the village committees of the project sites in

² Estimated data from the 2011 macroeconomic framework.

Beyla, Gaoual and Dinguiraye; and (iii) veterinary and tattoo livestock identification equipment.

With a view to establishing a regional livestock market in Gaoual, a study was performed to build civil engineering infrastructures. Other equally important achievements were as follows: (i) put in place 16 hectares of feeding parcels and developed ranges at the sites of Gaoual, Dinguiraye and Beyla for breeder-ranchers; (ii) began the distribution of sires at the sites; (iii) supported the preparation of five project documents to promote the National Rancher Federation of Guinea; (iv) developed livestock markets and slaughtering areas in certain prefectures; (v) began renovation work and work to comply with health standards at the main building of the Coléah slaughterhouse; (vi) obtained \$500,000 in funding from the Islamic Development Bank (ISDB) to prepare a national program to develop animal production industries; and (vii) marketed large quantities of meat at moderate prices during religious and civil holidays.

For marketing infrastructures, a contract to build a modern slaughterhouse and nine units of five communal butcher shops was signed with Société GUI-COPRESS. This contract was submitted to the competent authorities for review as were the other government contracts.

According to the estimated statistics from the macroeconomic framework, the 3.9 percent growth target for the livestock sector in 2011 was met, versus a rate of 3.5 percent in 2010.

2.2.3. Fishing sector

The overall goal in the fishing and aquaculture sector is the sustainable development of fish resources to obtain the best economic and social benefits for current and future generations as follows: (i) increase the sector's contribution to food security; (ii) create added value and increase income associated with the resource; and (iii) expand and diversify job opportunities.

In terms of supplying the people with fish, the activities carried out were as follows: (i) applied the fish unloading requirements to industrial fishing licenses; (ii) bolstered fishing area surveillance to ensure the security of ships and fishing activities; (iii) acquired four (4) refrigerated trucks for a total cost of GNF 1,280,000,000, or about \$180,000, with Guinean government financing to facilitate the distribution of fish; and (iv) established a grant of GNF 2 500,000,000, or more than \$350,000, for importing fish.

With these measures, the level of fish unloaded increased from 50,000 tons in 2010 to 79,029 tons in 2011.

Regarding fish surveillance and protection, the measures were to: (i) bolster the logistics of surveillance by acquiring a coastal surveillance vessel with a long range for a cost of GNF 2,602,400,000 or roughly \$366,000; and (ii) acquire an 85 HP outboard motor for nearly GNF 90,000,000. With these resources, it was possible to inspect 24 ships that had breached the fishing rules; (iii) a vessel that was illegally transshipping 74 tons of fish products intended for export was seized; and (iv) the unloading of 18,735 tons of fish was monitored.

To strengthen and secure revenue, corrective efforts by the government in 2011 mobilized GNF 18,348,087,342 for the Public Treasury as fishing royalties, amounting to 171 licenses issued to

87 industrial fishing ships. In 2010, for roughly the same number of ships, the amount collected was only GNF 6,492,863,774.

Regarding fines, the amount of GNF 370,000,000 (\$52,000) was collected and paid to the Public Treasury in 2011. By contrast, in 2010, there were no inspections.

For small-scale fishing, in 2010, for 1,254 fishing permits issued, GNF 67,722,500 was collected. By contrast, in 2011, with 1,214 permits, GNF 71,807,000 was collected.

To support the fishing industry, the fishing project was implemented in Guinée Forestière (PPGNF), funded jointly by the AfDB and the AFD, and an additional 200 tons of fish were produced.

In terms of protecting and preserving aquatic ecosystems, protected areas were developed in the maritime areas and in the continental area.

Thus, as opposed to the poor performance in 2010 (-3.2 percent), in 2011 the target was reached with a rate of 4.5 percent.

2.2.4. Environmental sector

The goal is to incorporate the principles of sustainable development into the national policies and programs and reverse the current trend of losing environmental resources and the rate of biodiversity loss. The ultimate goal is to foster improved living conditions for the current generations without undermining the sustainability of the production base for the future generations and to protect the environment.

The environmental sector is in the process of implementing a national environmental standards project and acquired a station to receive and process satellite images to monitor environmental parameters.

Moreover, 350,000 forest seedlings were supplied by 32 private and community nurseries, six plans to manage village forests were carried out, plans to improve and manage five community forests provided in the Kindia and Dalaba prefectures were prepared; 200 ha were reforested with farmer participation and 220 ha were reforested during the 2011 season; village brush fire committees were set up; public latrines were built to begin the sanitation program in 49 villages in Labé, 64 villages in Dabola and 10 villages in Siguri; the hydroagricultural development work in the Leyba Plain in Lola began as part of the biodiversity conservation of Monts Nimba, the protected Kakimbo Forest that was reforested as part of the World Environment Day celebration.

According to the estimated statistics in the macroeconomic framework, the “forestry sector” reached the 2.5 percent growth target in 2011 versus 2.3 percent in 2010.

2.2.5. Mines and geology

The overarching objective of the mining policy is to maximize revenue from mining and to ensure that the people benefit more from the spinoff effects from mining through the creation of jobs and income.

2011 was a transition year for the mining sector with the incorporation of the government's vision into the mining development strategy through the new mining code that stresses the following:

- ✓ Good governance,
- ✓ Transparent management of mining rights,
- ✓ Job creation,
- ✓ Community development,
- ✓ Environmental protection,
- ✓ Enhanced government revenue,
- ✓ Guarantees for investments in Guinea.

In this regard, the government signed the following agreements:

- ✓ The Transactional Agreement with Rio Tinto to establish a new timeline for the iron deposit development project in Simandou Sud and the construction of the Transguinean,
- ✓ The Memorandum of Understanding with BAOBAB to design and develop mining infrastructure,
- ✓ The Framework Agreement with the Emirate of Abu Dhabi, United Arab Emirates, for a partnership to develop mines and mining infrastructure,
- ✓ The Agreement with AIOG (African Iron Ore Group) to develop and build the Transguinean railroad.

Moreover, in cooperation with all the actors in the sector, the government began to revise the Petroleum Code and its implementing regulations, created Société Guinéenne du Patrimoine Minier (SOGUIPAMI), finalized the memorandum of understanding with GEOX International on the study of the evaluation of petroleum potential in the Guinean offshore, and began drilling the SABOU well, owned by Hyperdynamics Corporation, a petroleum outfit.

Thus, the sector growth rate target was up from 1.8 percent in 2010 to 4.3 percent in 2011.

In terms of the outlook, programs will be carried out in the regulatory and institutional context and in mining development so that all the actors that work in this sector can dedicate themselves to development.

a) *Regulatory and institutional aspects:*

- ✓ Create a viable business environment for mining companies and projects;
- ✓ Build the institutional and human capacities of the mining agency;
- ✓ etc.

b) Mining development

- ✓ The GAC S.A. alumina refinery in Sangarédi;
- ✓ The GDC iron mine in Forécariah;
- ✓ etc.

2.2.6 Industrial sector

The goals of the sector are to: (i) create an industrial framework that will enhance our natural resources through local processing; (ii) create an agro-food industry that will enhance our farm products; (iii) engage in international and sub-regional trade; and (iv) create an attractive climate for industries that are highly labor-intensive to take advantage of industry relocations.

To this end, the government decided to return to the government portfolio 19 privatized industrial units that had been shut down. In an effort to improve the business climate, the government organized a roundtable on public-private partnerships. As for the other results, 1,495 local developers were identified, 97 of whom received financing; the cornerstone of an oil refinery in Boffa was laid; standards were identified to improve the quality of products from Guinea; there was a quality audit of products at the request of 370 industries and small and medium-sized enterprises (SMEs); and a provisional secretariat was set up to interface between the government and economic operators.

The government is now preparing the policy letter for the promotion of the private sector and is revising the Investment Code to better take advantage of opportunities in the business environment. Along these same lines, a Private Investment Promotion Agency (APIP) was created with a one-shop stop and Business Startup Center.

Moreover, the cornerstone was laid for the new cement plant in the final quarter of 2011 at a construction cost of more than \$25 million. The plant is to be built in less than one year.

The sector target of 4.4 percent was met after slow growth of 1.2 percent in 2010.

2.3. Development of basic infrastructures

2.3.1. Electricity sector

The goals of the sector are as follows: (i) restructure and improve the existing components, including the EDG semi-public monopoly; and (ii) improve Guinea's vast hydropower potential.

Over the last few years, the services EDG provides have deteriorated steadily, both technically speaking (in terms of the quality of service provided and safety) and commercially (in terms of billing and a very low collection rate).

The low usage rate of electricity is explained by the major shortage of investment in all the segments of the sector. The main difficulties are: insufficient generating and HV/MV transmission capacities given the exponentially growing demand (six to eight percent per year); the lack of availability of installed generating capacity due to lack of maintenance and fuel; the high level of losses due to technical and commercial factors in the grid; the small expanse of the distribution grid; and the unsuitable institutional and legal framework.

EDG's technical facilities are in a state of serious disrepair, so that the power plants are often out of order and unreliable.

Due to the capacity shortfall and frequent grid incidents, EDG is constantly shedding power on a rotating basis. The quality of the service is far from satisfactory due to excessive drops in voltage on the grid and frequent operating incidents.

To remedy this difficult situation, the government began a major program to include studies, equipment, rehabilitation and the construction of facilities. The following work has been completed:

- Tombo III generators G31 and G32 were reconditioned, as were G51, G52 and G53 at Tombo V, which had been shut down due to the use of inappropriate oil, causing a

major decline in electricity service to the city of Conakry; this resulted in additional generation of about 40 MW at Tombo in 2011;

- The reconditioning of generator G3 of the hydropower plant at Grande Chutes continued after the generator was damaged during testing;
- The reconditioning of the 110-kV Donkéo-Grandes chutes line after 14 pylons fell due to vandalism;
- Rehabilitation work began for the Conakry grids and the rehabilitation of the power grids in four (4) regional capitals continued;
- Work to open access to the Kaléta hydroelectric dam site on the Konkouré River began;
- The assessment and correction plan for the electricity sector was prepared based on the recommendation of the first donor roundtable on the electricity sector.

Moreover, we note that in December, 25 2-MW generators were imported. (See the section on the people's access to energy services.)

However, the lack of maintenance and losses due to technical factors amounting to more than 43 percent had the consequence of the nearly total lack of electricity in most of the regions of the country. The reform of the sector thus became one of the government's priorities due to its impact on economic growth and the people's living conditions.

As opposed to the other sectors, the electricity sector's performance was poor, with 4.5 percent lower growth versus an initial upward target of 6.2 percent in 2011 according to the estimated macroeconomic framework data.

2.3.2 Transportation and public works sector

The goal is to meet the needs in these lower-cost sectors for the people while providing quality service at an acceptable safety level.

In an effort to ease the problems of moving people and their property, the government has undertaken major programs in the area of transportation infrastructures.

The vehicle fleet for urban and interurban transportation has been improved. Today, there are an estimated 5,398 vehicles, all categories combined, 3,773 of which are for urban transportation and 1,625 are for interurban transportation, for a net increase of 15.8 percent over 2010. In addition to this fleet, 100 other buses will be placed in service soon, and this may improve travel substantially.

Furthermore, it should be mentioned that Société Nationale des Chemins de Fer de Guinée was created and that the Conakry Express train began to operate and carried nearly two (2) million passengers in 2011; the study of the project to build the Conakry-Kankan-Kérouané rail line to connect with the Republic of Mali and Burkina Faso was finalized; the work to expand the container terminal began in partnership with Groupe Bolloré; maritime security is being bolstered; and the headquarters of Société Navale Guinéenne is being built.

In terms of traffic, activity in the autonomous port of Conakry increased substantially. Merchandise traffic in 2011 amounted to 7,171,223 tons versus 6,876,441 tons in 2010, for an increase of 4.29 percent. Container traffic in 2011 stood at 140,052 containers versus 115,567 containers in 2010, or an uptick of 21.20 percent.

In air transportation, the following work was completed: (i) renovated and upgraded the arrival and departure VIP lounges; (ii) purchased airport assistance equipment; (iii) purchased and commissioned a 1250-kVA generator to provide power to the airport; (iv) purchased, installed and commissioned two (2) 25-meter light poles; (v) supplied 1,732 sets of information and weather products to ten scheduled airlines and crew members for special flights that served the Conakry Airport for aeronautical protection; (vi) resumed the project to strengthen civil aviation safety and security; and (vii) replaced landing aid equipment that had been destroyed due to the accident in Conakry of the Boeing aircraft that belonged to Mauritania Airways.

Thus, traffic was as follows in 2011:

Conakry International Airport:

- ✓ Takeoffs and landings: 8,110 versus 5,885 in 2010, up 37 percent
- ✓ Passengers: 291,861 versus 221,347 in 2010, up 31 percent
- ✓ Cargo: 3,733 tons versus 3,429 tons, up 8.56 percent

Domestic network (mining companies and special flights):

- ✓ Takeoffs and landings: 2,090 versus 1,427 in 2010, up 46.46 percent
- ✓ Passengers: 12,527 versus 8,197 in 2010, up 39 percent.

Through these efforts, the sector achieved its target with a 5 percent growth rate in 2011 versus 3.6 percent in 2010.

In public works, the government invested roughly GNF 90.3 billion to pave the Matoto-ENTA and ENTA-DABOMPA sections and to build the 8 Novembre interchange. Cofinanced by the government of Guinea with support from the French Development Agency and the African Development Bank (AfDB), this project, estimated at one hundred forty-seven billion seven hundred forty-seven million Guinean francs (GNF 147,747,000,000), or \$20.8 million, will end in November 2012. We also note the beginning of paving work on the ENTA–Sonfonia section.

Moreover, as part of improving the road network above and beyond road maintenance, other important activities were carried out as follows: (i) upgraded the Labé–Sériba road, 302 km long; (ii) rebuilt the Forécariah Bridge; (iii) finalized the paving of the Farmoriah-Pamelap road; (iv) continued to develop the Boffa-Kolabouyi road; (v) built and rehabilitated the prefectural and community roads and urban roads in Boffa, Boké, Coyah, Forécariah and Kankan; (vi) continued construction work on the 2x2-lane Matoto-Dabompa roads; and (vii) continued work to build the interchange and the 2x3-lane road from Tombo to Moussoudougou.

The “Construction and Public Works” sector grew by 5 percent versus an initial target of 7.3 percent in 2011.

2.3.3 The new information, telecommunications and postal technologies

The main goal is to offer sufficient services of good quality that are financially accessible by creating an appropriate statutory and regulatory framework, strengthening the major companies, continuing to liberalize the universal sector, and covering the entire country.

In this context, through the activities that were carried out, the policy and national strategy paper to develop Information and Communication Technologies (ICTs) was validated; six (6) post offices were rehabilitated and renovated; the Telecommunications Observatory was established; the subscribers of all the carriers were identified; a mobile and fixed station were acquired to control and manage frequencies; Guinée de la Large Bande (GUIAB) was set up; work began on the Underwater Fiber Optic Cable Project (ACE); and a Telecommunications Research and Training Fund Management Committee was set up, along with a Telecommunications Development Fund Management Committee.

Thus, the sector goal of 3.8 percent was achieved, versus a 1.3 percent growth rate in 2010.

2.4. Job promotion

The principal objective is to promote the creation of decent jobs and significant income for all, and for the poor in particular.

Youth employment is a major challenge for the government. In fact, this fringe accounts for over 74 percent of Guinea's population, and 55 percent of them are under 20 years old. However, 15 percent of this fringe is unemployed and they have secondary school education; 42 percent of the fringe reached vocational technical education levels, and nearly 61 percent hold university diplomas. For girls with degrees, 85.7 percent cannot find jobs, versus 61 percent for boys at the same level. Excluding educated youths, 70 percent of people under 25 years old are unemployed or have no occupation, regardless of level of education and place of residence.

To address this challenge, several initiatives were undertaken to facilitate their integration into the working world. Some of these initiatives are: created Youth Assistance, Counseling and Orientation Centers (CECOJE) with support from partners; promoted microenterprises for youths in partnership with several nongovernmental institutions; implemented the "Vivre contre apprentissage" program; held job fairs to assist youths looking for their first job; founded motorcycle taxi companies and built infrastructure to generate earnings from plastic and organic waste in the four communes of Conakry (this project employs 430 youths from the Youth Associations Consortium).

The government held regional job and technical education fairs for 10,000 youths and a National Job and Investors Fair on December 5, 2011, thereby opening the gates to hire 518 youths in public administration and finances. Rio Tinto built a modern training center for \$4 million. Along the same lines, the Ministry of Youth and Youth Employment, through the National Youth Integration Fund (FONIJ), delivered 140 motorcycle taxis and 100 multiservices kiosks to youths in the country's seven administrative regions.

In sum, these actions will continue in the long run through structural reforms and investments in the growth sectors, which are the best sectors for creating jobs and income.

CHAPTER 3: Improve the people's access to basic social services

Through the implementation of the government's priority action plan, tangible results were achieved in the education, health and electricity sectors.

3.1. Health sector

The overall goal is to improve the people's access to health services and in particular to improve maternal health.

3.1.1. Reproductive health and fighting childhood diseases

Regarding the improvement of maternal health, 10,924 women with obstetrical complications received Cesarean sections, thereby contributing to reducing maternal mortality. This treatment was made possible solely by supplying reproductive health products to the health facilities.

The following occurred in this context: (i) 225,000 delivery kits and 11,250 Cesarean kits were purchased and distributed to the hospitals and health centers to make Cesarean sections and deliveries free of charge in the amount of GNF 28.8 billion; (ii) drugs were purchased and distributed for surgical-medical emergencies in the amount of GNF 3.5 billion.

Through these efforts, the antenatal consultation rate rose from 89.77 percent in 2010 to 90.06 percent in 2011, versus a stated goal of 90 percent. The vaccine coverage rate for measles climbed from 83.57 percent in 2010 to 97 percent in 2011, and DTP3 was up from 87 percent in 2010 to 95 percent in 2011.

Regarding the elimination of poliomyelitis, the government made efforts with support from technical and financial partners such as the WHO, UNICEF and ROTARY INTERNATIONAL, to organize six (6) immunization campaigns (EPI). Thus, the six additional immunization campaigns against poliomyelitis, two (2) of which were combined with the administration of Vitamin A and mebendazole, covered five million children under age five.

These efforts continued with routine immunization against the targeted EPI diseases in the health centers, made possible through the provision of cold chain equipment, employee training, supervision of activities, and resource mobilization.

With regard to monitoring pregnant women, the results of the data compilation show that the coverage rate for the first antenatal consultation rose slightly, up from 89 percent in 2010 to 90.06 percent in 2011.

3.1.2. Fighting HIV/AIDS

Treatment for people living with HIV continued, with a total of 17,000 individuals being treated with ARVs. In this context, the government received support from the partners who intervened in this sector, including the Global Fund, GIZ and DWB Belgium of DREEM.

Other activities were: (i) increased the number of mother-to-child transmission prevention sites (MTCTP); (ii) paid suppliers of ARVs, reagents and ani-IO; (iii) prepared MTCTP standards and procedures; (iv) supervised MTCTP activities in the areas of the APNDS and the administrative strengthening of the PCG; (v) made the Donka CTA operational; and (vii) distributed male and female condoms.

The results of the surveillance of HIV seroprevalence among tuberculosis patients carried out during the two surveys by the PNLAT are as follows:

- ✓ The percentage of patients who voluntarily agreed to screening and cooperated in regard to the management of positive results is 59.86 percent;
- ✓ Positive screenings amount to 22.44 percent;
- ✓ In 2011, 4,115 cases of TB were recorded;
- ✓ There are 769 coinfecting patients;
- ✓ The number of patients taking cotrimoxazole is 633;
- ✓ The number of patients taking ARVs is 434;
- ✓ Primary resistance prevalence is 0.5 percent (according to the LNR); and
- ✓ The prevalence of acquired resistance is 46.15 percent (according to the LNR).

3.1.3. Fighting the principal diseases

Regarding malaria control, the efforts were mainly as follows: (i) prepared two-year action plans; (ii) with the BID, prepared a loan agreement document; (iii) purchased 5,468,372 doses of ACT drugs for treatment; (iv) bolstered the grant agreement with the Global Fund; and (v) continued to distribute insecticide-impregnated mosquito nets and to treat diseases at the community level and in the health facilities.

Regarding tuberculosis control, in 2011 the number of cases of tuberculosis, all types combined, was 11,576, 6,912 of which were cases of smear positive pulmonary tuberculosis. There were also 1,442 cases of smear negative pulmonary tuberculosis and 2,272 cases of extrapulmonary tuberculosis. The principal results of rapid tuberculosis tests of contagious cases are as follows: 6,881 cases were sent for treatment; of those, 5,200 were declared cured (76 percent cure rate).

Regarding the fight against river blindness (onchocerciasis) and blindness, the principal activities carried out were as follows: 1) supplied 12 health districts with Mectizan; 2) conducted epidemiological surveillance at six capture points; 3) held the entomological celebration at six capture points out of eight surveillance sites; 4) organized a cataract camp at CADESSO; 5) prepared and finalized a master plan to control tropical diseases; and 6) prepared the trachoma mapping in the health districts of Faranah, Dabola, Dinguiraye, Kissidougou and Kouroussa.

In 2011, for access to infrastructure in particular, we can note the renovation of the prefectural hospital in Beyla by Rio Tinto and the continuation of construction work at the Nongo health complex.

3.2. Education sector

The main goals set for this sector are increasing the education budget, the access ratio for the first year of primary school, the primary school completion rate, girl/boy parity in primary school, the adult literacy rate, and the construction of basic infrastructure.

In the interest of meeting these goals, the government carried out the following activities:

Pre-university education

- ✓ Rehabilitated and built infrastructure and equipment for it;
- ✓ Continued the training of educators and researchers;

- ✓ Produced and acquired manuals, publications, teaching materials and laboratories;
- ✓ Continued the construction of 1,946 classrooms (1,557 at the primary level and 389 at the secondary level, with 200 rooms for the middle school and 189 for the secondary school), provided teachers with 12,000 sets of elementary education programs and gave the deconcentrated entities 40 new vehicles to strengthen mobility and the inspection of the education system.

At the primary level, the gross access rate rose significantly, from 78.3 percent in 2009/2010 to 83.2 percent in 2010/2011. This increase is much more pronounced among girls: from 75.6 percent to 78 percent for the same period. The gross enrollment ratio increased as well, rising from 78.3 percent in 2009-2010 to 80 percent in 2010-2011. This increase is more prominent among girls: 70.1 percent in 2010-2011 versus 77.7 percent in 2009-2010.

The trend was the same in rural areas. The primary school completion rate improved, from 56.63 percent in 2009-2010 to 58 percent in 2010-2011, for a slight one-point increase. We also note an improvement in the indicator for rural areas; in 2010-2011, 40 percent of the students attended primary school versus 26 percent in 2009-2010. Among girls, the primary school completion rate is 50 percent in 2010-2011 versus 45 percent in 2009-2010, for an increase of five points. This improvement is indeed confirmed by a fall in the failure rate, down from 17.03 percent in 2009-2010 to 11.04 percent in 2010-2011, and girls account for 11.45 percent of that figure. The implementation of the Productive Social Nets Project in the amount of \$25 million will certainly contribute to eradicating this problem.

The number of primary school classrooms rose by 1,036, from 33,755 in 2009-2010 to 34,791 in 2010-2011.

The total number of primary students rose from 1,453,355 to 1,536,722, including 700,787 girls, for an increase of 83,367 students.

Effort is still required to reduce the sociocultural burdens and increase poverty, both of which continue to be factors that limit access and keeping children in school, and girls in particular.

For technical education and vocational training, the most important activity carried out was the implementation of new professional industries at the post-primary and post-middle school levels.

For higher education, emphasis was placed on updating the curriculum in the institutional development plans to revitalize the subsector and improve the quality of the training given to the students. In fact, 157 teachers were hired. The educational system, programs and training methods were updated as part of the Licence Master Doctorate (LMD) system. These efforts to update the curriculum include intense training and retraining activities for the teachers, the modernization of the laboratories and scientific equipment, strengthening library and educational services, and providing institutions with publications and computer hardware. In addition to these activities, it should also be noted that Rio Tinto is building a modern training center in Beyla for \$4 million.

Because of the dearth of human resources in the effective financial management of the education sector, there was a joint review of the Sectoral Education Program from December 5 to 9, 2011, and the government considered implementing reforms to modernize and restructure the Financial Affairs Division (DAF), making education the pilot sector.

A strategy to strengthen the management of human resources in the education sector was implemented. Thus, the government launched operations for the biometric census of the civil servants and permanent government contractors simultaneously in the seven ministerial departments of the Conakry region and in the other seven administrative regions.

Thus, in the context of implementing this strategy to strengthen human resources management in the education sector, an interministerial commission was implemented. Its responsibilities include: i) carrying out measures to supervise personnel; ii) supporting the implementation of an information system to give national and sectoral managers the ability to manage their personnel and their payroll; iii) monitoring the transfer of teachers since there are too many teachers in the urban areas and moving them to the areas where there is a shortage of teachers; and iv) in accordance with the rules of the civil service, ensure that faculty changes and assignments are governed by well-defined rules, procedures and institutional responsibilities.

3.3 Access of urban and suburban dwellers to energy

The government's goal is to provide each of the 304 CRDs with an electricity unit and to upgrade the supply of power in urban areas.

To this end, the government carried out the following activities:

- ✓ Rehabilitated the Tombo generators to improve electricity service in the City of Conakry; this effort contributed roughly 40 MW;
- ✓ Signed a contract with CWE to build the Kaléta Dam in the total amount of \$526 million with a contribution from the government that amounts to 25 percent of the total cost;
- ✓ Issued a tender for public photovoltaic lighting for the prefectures in Guinea in the amount of \$21 million for 7,000 street lamps;
- ✓ Purchased 25 generators, 2 MW each;
- ✓ Finalized sub-regional interconnection studies to include Côte d'Ivoire, Liberia, Sierra Leone and Guinea (CLSG);
- ✓ Continued the implementation of the Decentralized Rural Electrification Project (PERD);
- ✓ Began studies for four mini-hydroelectric power plants in Kogbédou, Zébélla, Touba and Daboya;
- ✓ Electrified nine villages in Boué in Siguiri Prefecture.

3.4. Access to drinking water for the people

The goal is to implement the National Food, Drinking Water and Sanitation Program (PNAEPA) to substantially increase the percentage of people with access to drinking water.

In this area, the government's efforts were as follows: drilled 376 wells in Gaoual, Mamou, Mandiana, NZérékoré, Guéckédou, Kindia, Beyla, Kissidougou, and Macenta with financial support from the International Red Cross, UNICEF, the BADEA and KFW.

3.5. Improving the people's access to decent housing

The main goal is to upgrade the living conditions of people who are living in slums and to substantially increase the percentage of households with access to secure housing occupancy.

To achieve this goal, in 2011 the government carried out the following activities:

In the area of urban development and sanitation: (i) resumed the upgrades to the Centre Directionnel in Koloma; (ii) continued work to develop the KEITAYA site; (iii) completed and officially opened the Moussoudougou wastewater purification plant in the Commune of Matam; (iv) provided sanitation in Moussoudougou with the construction of the 3X2-lane road from Tombo to Moussoudougou;

Capacity building and land protection: (i) provided computer hardware and training at the National Government Property Directorate and Registry and database software to computerize the registry; and (ii) provided security in the Maritime Public Properties;

Real estate development and construction: (i) laid the cornerstone for a cement plant in Conakry; (ii) in Beyla, Rio Tinto renovated several public buildings; (iii) developed a project to build social housing; (iv) negotiated and signed 15 memoranda of understanding and three contracts in real estate development; (v) continued a pilot project for 320 housing units; (vi) finalized the tender documentation for the project to rebuild the Palace of Nations; and (vii) resumed real estate construction at the Kipé site in Conakry.

These accomplishments will be strengthened with the implementation of the “Vision Habitat 2021” national policy, adopted by the government on April 5, 2012.

3.6. Social protection

In cooperation with the World Bank, the government set up a National Social Protection Group consisting of the representatives of about 20 technical departments, civil society and the National Social Security Fund.

Financing in the amount of \$25 million is expected in 2012. With this fund, the “Productive Social Nets” Project will be implemented to create job and training opportunities for the poor through labor-intensive work, transfers of financial resources to the poor and the vulnerable, and the development of a national social protection policy.

Chapter 4: Status of the Triggers

4.1: Status of completion point triggers

The triggers for reaching the completion point apply to the following areas :i) satisfactory implementation of the PRSP; ii) macroeconomic stability; iii) good governance and corruption control; iv) improved access to education; and v) improved access to health.

4.1.1. Implementation and monitoring of the PRSP

Implementation of the PRSP

The government's objective is to prepare a complete PRSP on a participative basis and to implement it properly and satisfactorily for one year.

In terms of strategy documents, Guinea successfully prepared and implemented two documents. The first, prepared in 2002, covered the period from 2002 to 2005. It should be emphasized that all the actors evaluated the quality and relevance of the goals in this document. However, for reasons of overall governance, it was not implemented in a manner consistent with the people's expectations. Thus, in 2007, the government prepared the second PRSP for the period from 2007 to 2010. As in the previous document, the implementation of the PRSP2 suffered from the political instability that caused the suspension and/or closing of several programs and projects considered instruments for implementing the PRSP.

Faced with this situation, and with the benefit of resumed cooperation between Guinea and the principal bi- and multilateral donors, the government and partners decided together to extend the PRSP2.

The PRSP2 (2011-2012) was prepared and implemented through the effective involvement of all the actors. Its presentation to the members of the government and its approval by the Council of Ministers is sufficient illustration of the importance placed on this document. Since then, it has been used as a single framework for all development projects. It is also in harmony with all the planning documents. Moreover, the government prepared a semiannual report on the implementation of the PRSP in June 2011 and an annual report for the year; both were submitted to our technical and financial partners.

- Update of the database on poverty

The goal is to improve the database on poverty and surveillance capacity by preparing a survey to measure the standard of living. It will establish poverty thresholds and indicators for it, as well as a poverty monitoring system that involves the stakeholders.

With the support of the World Bank and the United Nations Development Program (UNDP), the government conducted two national surveys on poverty. The Integrated Baseline Survey to Evaluate Poverty (EIBEP) was conducted in 2002, and the first Small-Scale Survey to Evaluate Poverty (ELEP) was carried out in 2007. The second Small-Scale Survey to Evaluate Poverty is now being conducted; it was financed by the government and its development partners such as the World Bank, the UNDP, the AfDB and the WFP.

Despite the startup difficulties due to the delay in providing funding, a poverty profile will be developed before May 25, 2012. The provisional report will be available by May 30, 2012, and validation is scheduled in the first half of June 2012.

4.1.2. Macroeconomic stability

- Macroeconomic stability

The goal is to continue maintaining macroeconomic stability as shown through the satisfactory implementation of the PRGF program.

The government implemented a battery of measures to ensure the stability of the macroeconomic framework. These measures include: i) establishing the consolidated cash management rule for better management of public funds; ii) regularly publishing the exchange rates of the major currencies against the national currency to reduce the spread between the official exchange rates and the rates in the parallel market; iii) eliminating the withholding and other taxes on wages (RTS) of under one million Guinean francs; iv) making spending commitments on a cash basis; and v) not printing money to finance public expenditures.

In fact, the government's economic policy memorandum shows that budget execution as of end-September 2011 is consistent with the IMF staff monitored program. The budget, approved by the interim legislative body (the National Transition Council) in April 2011, projected a deficit in the basic balance of 2 percent of GDP in 2011 and net banking financing of 3.6 percent of GDP. As of end-September, the basic balance for the first nine months of the year showed a surplus of 0.5 percent of GDP and the government reduced its net debt to the banking system—a major component of the efforts by the authorities to curb inflation—by more than 1 percent of GDP, not including deposits from nonrecurring revenue; these performances exceed by far the goals and program benchmarks as of that date.

According to the government's economic and financial policy statement, the CNT approved a supplementary budget authorizing the use of some of the nonrecurring mining revenue in 2011, primarily for the investment projects in the electricity sector. The purpose was to meet the people's high expectations for an immediate improvement in living conditions given the urgent needs. Nonetheless, provisional data indicate that the government was successful in bringing down the baseline deficit for 2011 to less than 1 (...) [sic] of GDP, below the target of the initial budget, excluding investments financed using nonrecurring revenue, and to 2.6 percent of GDP if these investments are included. These results reflect a budget adjustment for nonrecurring revenue that was greater than provided for in the staff-monitored program. To achieve these goals, the government had taken several measures, including: (i) raising the price of oil products by 27 percent in October, substantially reducing losses of tax revenue due to lost earnings between import costs and prices at the pump; (ii) strengthening its efforts to increase the financial contribution of the autonomous public revenue agencies in the government budget; (iii) lowering budgetary appropriations for current expenditures; and (iv) postponing a few investment projects in 2012-2013. Furthermore, even though the budgetary support from the World Bank scheduled for the second half of the year (equal to nearly 0.8 percent of GDP) was not received, the government was able to reduce its net borrowing from the banking system (excluding deposits of nonrecurring mining revenue), in line with the SMP target.

Following the normalization of Guinea's relations with the development partners, budget financing benefitted from the resumption of external financing. In 2011, after accumulating new arrears in the period from 2009 to 2010, the government began to normalize its financial relations with external creditors despite financing constraints. The arrears to the multilateral

financial institutions were settled in 2011. The arrears owed to the World Bank were settled through World Bank budget support. Some of the arrears with the European Investment Bank were settled through a grant. Moreover, an agreement was made to settle the outstanding balance to reach the HIPC Initiative completion point. Through these actions and the normalization of relations with the partners in general, budget support and projects were resumed.

- Implementation of a regulatory framework for microfinance

The goal is to implement a regulatory framework suitable for the microcredit institutions.

This indicator was achieved. In fact, in 2005, through the Central Bank of the Republic of Guinea, the government prepared and adopted Law L/2005/020/AN on the activity and supervision of microfinance institutions in the Republic of Guinea.

4.1.3. Good governance and fighting corruption

This trigger pertains to auditing all large contracts for amounts over GNF 100 million and the quarterly publication of the audit results.

The quarterly audits of the government contracts have been completed through June 2009. The audits of the contracts from the second half of 2009 and 2010 are nearly complete with support from the World Bank and the French Accounting Office. The work is continuing with the goal of finalizing the remaining audits. The government began auditing the contracts from the first half of 2011.

It is important to note that in August 2011, the Supervision Commission of the quarterly audit published a report on audits of 15 contracts.

The findings regarding the legal, administrative, financial, accounting and technical aspects of contract performance showed that the regulations on taxation for government contracts were not observed. This failure to observe the rules and principles caused a loss of revenue for the Public Treasury in the amount of about GNF 4.7 billion for all 30 contracts that were audited for taxes and fees included.

Thus, the Commission, as part of the August 8, 2011 audit recommendations, proposed unconditionally terminating certain contracts due to their nonperformance in the amount of roughly GNF 417.5 billion. This amount pertains to 11 contracts, most entered into in 2008.

With regard to certain partially executed government contracts that are frozen today, the Commission also recommended terminating them and issuing a new tender for completing these contracts.

In sum, the audit reports for 2008, 2009, and 2010, and the report for the first half of 2011, have been prepared and should be published before May 30, 2012 in the Official Gazette.

– Prepare a progress report on the activities of the National Corruption Control Agency

The goal is to prepare and publish a progress report for one year of the ANBGLC (showing resources and activities)

This HIPC Initiative completion point indicator has been achieved. Since 2008, each year the National Good Governance and Corruption Control Agency has published a report on these activities. The reports for 2008, 2009 and 2010 are available on the SRP Permanent Secretariat website. In addition, the Agency prepared a draft anti-corruption law and the activity report for 2011 is available on the National Statistics Institute website.

4.1.4 Improved access for the people to education

The goals are two quantitative triggers in this sector, namely the gross enrollment ratio and the number of teachers hired per year.

Primary school registration

The goal is to raise the gross enrollment ratio for primary students from 56 percent in 1999 to 62 percent in 2001 and to 71 percent in 2002, and the gross enrollment ratio for girls should rise from 40 percent in 1999 to 51 percent in 2001 and to 61 percent in 2002.

This target was met. In fact, the gross enrollment ratio was already 77 percent in 2004 overall and 70 percent for girls. It was up from 78 percent in 2009-2010 to 80 percent in 2010-2011. This increase is more prominent for girls since it stands at 73 percent in 2010-2011 versus 70.19 percent in 2009-2010.

This result is explained by the increase in the number of classrooms. In fact, the number of primary-level classrooms rose by 1,036, up from 33,755 in 2009-2010 to 34,791 in 2010-2011.

However, efforts must still be made to ease the sociocultural constraints and the increase in poverty, which continue to be factors that limit access to school and keeping children in school, for girls in particular.

– Hiring teachers for primary school

The goal is to increase the number of primary school teachers through new hiring of at least 1,500 teachers per year for each year until the HIPC completion point is achieved based on an estimate of roughly 15,000 teachers.

The total number of primary school teachers rose dramatically due to the strong ongoing hiring process. In fact, since 2001, the government has used support from the development partners to hire and train 1,673 primary school teachers from 2001 to 2007. Moreover, 2,421 teachers were hired versus a target of 1,500 teachers per year.

4.1.5. Improved access to health

In the health sector, the following two triggers were targeted: (i) the antenatal consultation rate and the measles immunization rate. The Ministry of Health and Public Hygiene updated the data on these two triggers through a major data collection operation for 2009, 2010 and 2011, which provided an accurate idea of the trends.

It is important to note that the delay in publishing the health statistics yearbooks is due in part to the financial difficulties the country experienced during the transition period.

-Improve the antenatal consultation rate

The goal is to improve the percentage of pregnant women who have at least one (1) antenatal consultation from 70 percent in 2000 to 80 percent in 2001 and 85 percent in 2002.

The antenatal consultation rates for 2008, 2009, 2010 and 2011 are respectively: 85.69 percent, 87.24 percent, 89.77 percent and 90.06 percent, versus a target of 90 percent in 2011. The 0.06 percent difference is the result of major government efforts.

- Improve vaccine coverage for children under one year old

For this trigger, the goal is to increase the immunization rate for children under one year old (DTP3: diphtheria, tetanus and whooping cough) from 45 percent in 2000 to 50 percent in 2001, and to 55 percent in 2002.

The vaccine coverage rates for measles (DTP3) for 2008, 2009, 2010 and 2011 are: 89.45 percent, 89.60 percent, 89.95 percent and 83.57 percent respectively.

PART THREE: Outlook for 2012

Despite the progress made in 2011, major challenges remain in the coming years. Although inflation stabilized in 2011, it continues to be a subject of concern and is the leading short-term macroeconomic challenge. Moreover, the very high burden of the external public debt and the weak infrastructure, especially in the electricity, water, transportation and telecommunications sectors, are serious impediments to the resumption of growth. The structural reforms should prepare the economy for the massive investments expected in the mining sector over the coming years.

1. Governance and institutional and human capacity building

The measures will aim to:

- ✓ Continue the reform of justice by implementing the recommendations of the Estates General for the sector;
- ✓ Organize the legislative, communal and community elections in a transparent and credible manner;
- ✓ Strengthen the capacities of all the stakeholders involved with the SRP, and the stakeholders from civil society in particular;
- ✓ Continue the reform of the defense and security forces with the support of the partners;
- ✓ Continue the mining reforms, in particular negotiating mining agreements in a spirit of partnership to ensure good governance and to improve the capacity to manage the mining boom;
- ✓ Carry out an in-depth reform of the energy sector to increase the supply of electrical energy while strengthening the technical management of EDG;
- ✓ Conduct sectoral studies to reorganize the government-owned companies, including in the transportation and telecommunications sectors;
- ✓ Implement a medium-term public investment program that is consistent with the PRSP;
- ✓ Continue to improve the business environment by strengthening the judicial system and the legal and institutional framework of the private sector;
- ✓ Continue to implement the government reform and the modernization of the administration program (PREMA) by improving the procedures, increasing computerization, building capacities, and including more women and youths in the civil service;
- ✓ Update the existing sectoral policies;
- ✓ Continue awareness-raising to strengthen peace; and
- ✓ Carry out the reforms necessary to promote the private sector;
- ✓ Implement a continuing education program for judges and court officials and assist in strengthening the capacities of the order of attorneys, notaries, bailiffs and auctioneers for better enforcement of court decisions.

2. Economic growth and the creation of job opportunities

The government plans to adopt and implement an economic and financial program to cover the period from 2012 to 2014 in order to:

- ✓ Strengthen the results achieved in 2011 as part of the staff-monitored program, jump-start growth, and reduce poverty. This program aims to reduce inflation and lay the groundwork for accelerated and diversified growth. It will be consistent with the PRSP (2011–2012) and the 2011–2015 five-year plan;
- ✓ Strengthen macroeconomic stability;
- ✓ Mobilize the country's potential in agriculture, hydroelectricity and mining;

- ✓ Enhance the competitiveness of the economy by upgrading economic infrastructure;
- ✓ Strengthen technical and financial assistance to ease the external debt burden under the HIPC Initiative;
- ✓ Strengthen the coordination of the economic and financial policy;
- ✓ Maintain the viability of the debt, both before and after the completion point;
- ✓ Direct the nonrecurring public resources obtained toward funding economic infrastructure using medium-term planning;
- ✓ Continue the restrictive monetary policy to absorb the liquidity surpluses and lower inflation;
- ✓ Continue an active exchange rate policy to limit erratic fluctuations;
- ✓ Ensure that mining investments do not cause a serious decline in the exchange rate and, indirectly, a decline in the economy's competitiveness;
- ✓ Reorganize the agricultural industries and strengthen agricultural improvements to ensure food and nutrition security;
- ✓ Improve and strengthen water sector management;
- ✓ Continue to redirect public spending in a manner consistent with the National Agriculture Investment Plan (PNIA);
- ✓ Gradually adjust the current system of facilitating access to agriculture inputs to ensure the sector's effective competitiveness and to optimize the use of budget grants.

3. Improved access for the people to quality social services

- ✓ Implement the "Productive Social Nets" Project to provide the people with social protection, and in particular the poorest people;
- ✓ Continue the measures to make Cesarean sections free in the health facilities;
- ✓ Continue the reforms begun in the education sector to improve education; and
- ✓ Continue real estate development and construction.

4. Improving the strategy monitoring system

The goals are to:

- ✓ Improve the database on poverty;
- ✓ Develop administrative statistics and finance the surveys on poverty by implementing the National Statistics Development Strategy (SNDS);
- ✓ Strengthen the capacities of the SP-SRP and the capacities of the Regional Technical Monitoring and Evaluation Units;
- ✓ Revise the regional poverty reduction strategies;
- ✓ Prepare a PRSP3 in a manner consistent with the five-year plan and the forward-looking vision for 2035.

Table 2. Monitoring the Triggers for the HIPC Initiative

Triggers	Achievements	Years			Comments
				Targets	
		2010	2012		
I. PREPARATION, DEVELOPMENT AND SATISFACTORY IMPLEMENTATION OF THE PRSP	The extended PRSP II (2011-2012) has been prepared	Not applicable	Not applicable	Not applicable	The implementation report for the first six months of 2011 has been prepared and submitted, as well as the annual report
	A mid-term report	Not applicable	Not applicable	Not applicable	
	The annual information report has been prepared	Not applicable	Not applicable	Not applicable	
II. UPDATE OF THE DATABASE ON POVERTY	The data on poverty has been updated	Not applicable	Not applicable	Not applicable	The provisional report will be available on May 25, 2012 and the report will be validated in June 2012
III. MACROECONOMIC STABILITY	Budget deficit excluding grants	14.50%	3.90%	5.90%	Guinea has implemented the Staff-Monitored Program and good macroeconomic performances were recorded so that the Medium-Term Arrangement, supported by the ECF, could be accessed
	Inflation	20.8%	19%	17.10%	

IV. GOVERNANCE AND ANTI-CORRUPTION	The ANLC activity reports for 2007-2011 have been published on the SP-SRP and INS websites	Not applicable	Not applicable	Not applicable	Guinea performed the audit of government contracts recorded during the political transition from December 2008 to December 2010; this transition was characterized by considerable economic difficulties. Following this audit, the government decided to temporarily freeze all the contracts made during the period. Moreover, in August 2011, the Supervision Commission of the quarterly audit published a report on the audit of 30 contracts
	Final report on the audits of the large contracts for the period from 2002 to 2004	Not applicable	Not applicable	Not applicable	
	Quarterly final audits for the 2007 contracts	Not applicable	Not applicable	Not applicable	
	The quarterly audit summary report (Q4 for 2008 and Q1 and Q2 for 2009) were submitted to the Bank in August 2011	Not applicable	Not applicable	Not applicable	
	2009 quarterly summary audit report (Q3 and Q4)	Not applicable	Not applicable	Not applicable	
V. HEALTH AND EDUCATION	Antenatal consultations	89.77%	90.06%	90.00%	All of these triggers have been reached
	DTP 3	87.00%	95.00%		
	TBS	78.00%	80.00%	80.00%	
	Girl/boy parity in primary school	82.00%	83.00%	83.00%	
	Number of teachers hired for primary school	1,673	1,673	1,500	On the average, since 2001, 1,673 teachers have been trained and hired

Table 3. Matrix of the results of PRSP implementation

MT results indicators with benchmark data and targets	ST results indicators	2011 Target	2011 Results	Differences
Decrease in the poverty rate from 58% in 2010 to 56% in 2012	Increase the share of the poorest 20% of the people in total consumption from 7.8 in 2007 to 10 in 2012	8.2%	Not available	
Theme I: Improve governance and strengthen institutional and human capacities				
Increase the rate of government contracts that are audited	Percentage of government contracts worth more than GNF 100 million that have been audited and published quarterly	40%	Not available	
Lower the corruption rate	Publication of the annual activity report of the National Corruption Control Agency	Yes	Yes	
	The anti-corruption law has been prepared	Yes	Yes	
Improve political and democratic governance	Legislative, communal and community elections have been organized	Yes	No	
	Defense and security sector reform	Yes	Yes	
Theme II: Accelerate growth and create job opportunities for all				
Increase the GDP per capita growth rate from -1.3 percent in 2010 to 2.2 percent in 2012	Year-over-year inflation rate	17.1%	21.1%	-4%
	Gross external assets in months of imports of goods and services	1.7	5	4.3
	Balance, excluding grants, of the commitment basis as a percentage of GDP	-5.1%		
	Outstanding debt as a percentage of GDP	64.8%	64.1%	- 0.7%
Increase the growth of agriculture by 4.1 in 2011 and 5.7 in 2012	Agriculture sector growth rate	4.1%	5%	+0.9%
Significantly increase the herd and the production of milk and eggs	Livestock sector growth rate	3.9%	3.9%	0%

Increase the supply of animal protein and revenue mobilization	Fishing growth rate	4.5%	4.5%	0%
Increase the mining sector growth rate from 1.1 percent in 2010 to 1.8 percent in 2011 and 4.6 percent in 2012	Mining sector growth rate	1.8%	4.3%	2.5%
Increase the added value of the manufacturing sector from 1.2 percent in 2010 to 4.4 percent in 2011	Number of days to register a company (days)	15	10	5
	Manufacturing sector growth rate	4.4%	4.4%	0%
Increase the energy sector growth rate by 1.2 percent in 2010 to 6.2 percent in 2011 and 7.4 percent in 2012	Energy sector growth rate	6.2%	- 4.5%	- 10.7%
Theme III: Improve access to quality social services				
Increase the primary completion rate from 58 percent in 2009 to 72 percent in 2013, girl/boy parity and the number of primary teachers	Primary gross enrollment ratio	80%	90.06%	10.06%
	Primary girl/boy parity	0.83%	0.84%	0.01%
	Increase the number of primary school teachers	2,388	2,421	33
	Primary completion rate	61.78%	58.09%	- 3.69%
Increase the adult literacy rate from 35.8 percent in 2008 to 44 percent in 2014	Number of adults made literate	7,885		
Lower the mortality rate of children under 1 year old from 98 per 1,000 in 2005 to 50 per 1,000 in 2015	DTP vaccine coverage rate	82%	83.57%	1.57%
Lower maternal mortality from 980 per 100,000 live births to 220 per 100,000 live births from 2003 to 2015	Rate of antenatal consultations	89.77%	90.06%	0.29%
	Percentage of deliveries assisted by skilled personnel	48.2 %		
Maintain HIV/AIDS seroprevalence below 1.5 percent in 2015	Percentage of pregnant women screened for HIV/AIDS	1.3%	Not available	Not available
Lower specific mortality from malaria by 40 percent from 2005 to 2015	Usage rate of insecticide-treated nets	10%	Not available	Not available
Lower specific mortality from tuberculosis by 50 percent from 2003 to 2015	Tuberculosis screening rate	66%	Not available	Not available
Lower the prevalence of growth retardation in children under five from 26	Percentage of children suffering from chronic	37%	Not	Not

percent in 2005 to 13 percent in 2015	malnutrition		available	available
	Percentage of children suffering from severe chronic malnutrition	18%	Not available	Not available
Increase the percentage of people with access to drinking water from 67.1 percent in 2010 to ... in 2015	Drinking water access rate (in urban and rural areas)	46%	Not available	Not available
Increase the percentage of households with access to sanitary wastewater removal from 1.1 percent in 2007 to 10 percent in 2015	Household sanitation rate	3%	Not available	Not available
Increase the social protection coverage rate from 3% in 2010 to 50 percent in 2015	Social protection coverage rate	5%	Not available	Not available

Not applicable = there are no quantitative targets for the indicator

Not available = the value for 2011 is not currently available; in fact, some indicators are supplied by the surveys that are conducted every five years

Table 4. Summary of changes in the rates of the first antenatal consultation and DTP3

Year	Antenatal consultation rate (percent)	DTP3 rate (percent)	Number of districts	Number of reports	Number of reports expected	Number of reports used	Observations
2008	85.69	89.45	38	12	456	448	8 reports are missing
2009	87.34	89.60	38	12	456	456	All the reports have been fully entered
2010	89.77	87	38	12	456	456	All the reports have been fully entered
2011	90.06	95	38	12	456	314	These rates are the estimates as of end-September (at least 28 reports that have not yet been entered). By end-2011, our estimates suggest that the rate of the first antenatal consultation will exceed 92 percent.

*Source: Strategy and Development Office (BSD)
Ministry of Health and Public Hygiene (MSHP)*

REPUBLIC OF GUINEA



Ministry of Economy and Finance

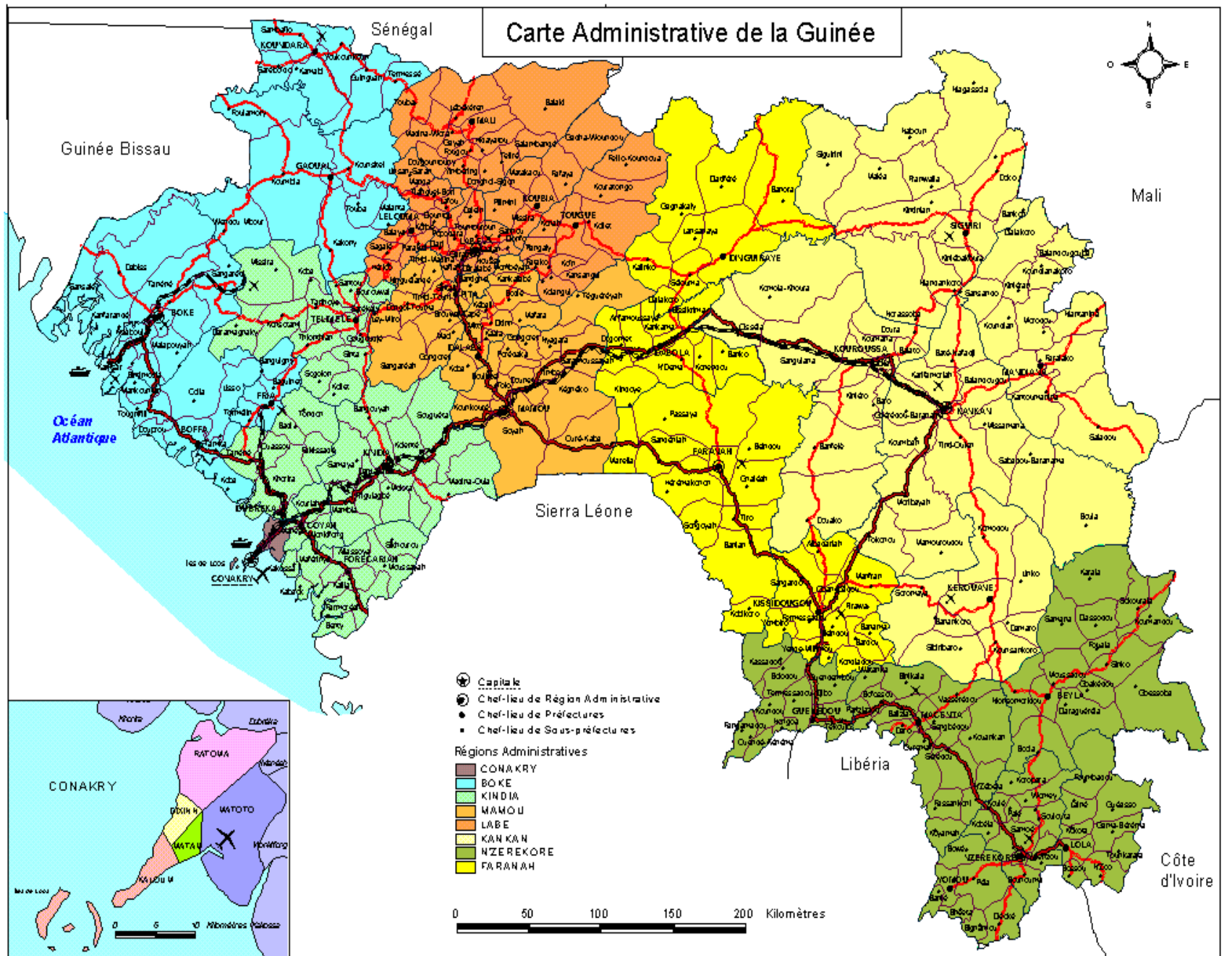


PROGRESS REPORT AND EXTENSION OF THE POVERTY REDUCTION STRATEGY PAPER (2011-2012)



June 2011

Permanent Secretariat for the Poverty Reduction Strategy (SP-SRP)
Website: www.srp-guinee.org.



PREFACE

Today the government has completed the extension of the poverty reduction strategy paper. We may safely say that the progress achieved is well below the expectations legitimately harbored by the people in the early 2000s. The fact that we have witnessed an increase in poverty since 2002 should raise questions in all of our minds. The impact of this blight has increased from 49.2 percent in 2002 to 58 percent in 2010.

It is easy to locate the causes, which to my mind relate primarily to the poor governance that has marked our country's path toward a better future. There was no flaw in the process by which the different poverty reduction strategy papers were prepared. The process was fully participatory, and each Guinean citizen contributed significantly to the search for solutions to our essential concerns.

We all know that these concerns are numerous and concern every aspect of our everyday lives. Indeed, Guineans complain that they lack ready access to education and health services, they cannot properly feed themselves, they lack rural roads and highways to transport their production, they need electricity for lighting, and much more.

What we must realize is that our impoverished condition is not something over which we have no control. Therefore, we must resolutely engage, each to the extent his or her abilities allow, in a hard-fought struggle for development, the successful outcome of which will produce the fruits and wealth we so urgently need. The return to constitutional order begins a new era, an opportunity to be seized. Beginning today, our financial resources and those of our development partners will be used rationally and more transparently to ensure a better future for our children.

This document is the sole framework for all of our partners' interventions. It reflects all of our national priorities. Accordingly, it should have the support of all Guineans – the shopkeeper in Madina, the peasant from Yomou, the rancher in Koubia, the planter in Kindia, and the artisan from Siguiri.

Our people must make the most of these new opportunities that present themselves to Guinea to work hard in order to make our collective dream a reality.

Our conviction today is that we have the capacity to defeat poverty. Let us find the means; they are within our reach, do not let them elude us. This is a wager that I ask all Guineans to win.

/s/
Mohamed Saïd Fofana
Prime Minister
Head of Government

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ABBREVIATIONS

AFD	Agence Française de Développement
AfDB	African Development Bank
ANBGLC	National Governance and Anti-Corruption Agency
BCRG	Central Bank of the Republic of Guinea
BCRG	Central Bank of the Republic of Guinea
BND	National Development Budget
CNT	National Transition Council
CTPSE	Prefectural monitoring and evaluation units
CTRSE	Regional monitoring and evaluation units
CTRSE	Regional monitoring and evaluation units
DNP	National Directorate of Planning
ECOWAS	Economic Community of West African States
EIBC	Comprehensive Consumption Budget Survey
EIBEP	Comprehensive Poverty Evaluation Baseline Survey
ELEP	Limited Poverty Assessment Survey
ENI	National Teacher Training Institutes
ERE-TES	Resource-Utilization Balance and Input-Output Table
GNF	Guinean franc
GTSE	Technical monitoring and evaluation groups
HIPC	Heavily Indebted Poor Countries initiative
IMF	International Monetary Fund
INS	National Statistics Institute
MDG	Millennium Development Goals
MDRI	Multilateral Debt Relief Initiative
MEF	Ministry of Economy and Finance
MSEGUI	Guinean Economy Simulation Model
MSHP	Ministry of Public Health
MTEF	Medium-term expenditure framework
PACV	Village Community Support Program
PAMS	Macroeconomic Simulator for Poverty Analysis
PNAEPA	National Drinking Water and Sanitation Program
PNHG	Guinean National Housing Policy
PNHG	National Housing Policy
PRGM	Poverty Reduction and Growth Facility
PRS	Poverty reduction strategy
PRSP	Poverty reduction strategy paper
SNDS	National Statistics Development Strategy
SP-SRP	Permanent Secretariat for the Poverty Reduction Strategy
TFP	Technical and financial partners
UNDP	United Nations Development Programme
WB	World Bank
WFP	World Food Programme

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Executive Summary

It nearly goes without saying today that our second 2007-2010 Poverty Reduction Strategy Paper (PRSP) was not properly implemented. The principal macroeconomic and social indicators furnish the most eloquent proof of this.

GDP growth over the period stood at 2.1 percent on average compared to a target of 5.3 percent. Average year-on-year inflation was 13.7 percent compared to a target of 3 percent. The budget deficit was 5.7 percent versus a target of 1.5 percent.

The percentage of underweight children under age five increased from 25.8 percent in 2005 to 26.1 percent in 2008, indicating a slight increase in malnutrition. The coverage of vaccination against measles for children under age 1 declined from 85.3 percent in 2007 to 65.4 percent in 2008. The number of health centers nationwide remains unsatisfactory despite a modest increase from 399 in 2007 to 410 in 2009.

The gross national school enrollment ratio declined from 79 percent in 2007-2008 to 77 percent in 2008-2009 compared to an objective of 83 percent. Among girls, the rate declined from 71 percent in 2007-2008 to 70 percent in 2008-2009.

The national rate of access to electricity remains low (18.1 percent) with a large disparity between residential settings: urban (68.9 percent) and rural (2 percent). Access to safe drinking water, while improved, was only 73.8 percent in 2007, or an increase of 11.6 percentage points in five years.

The logical consequence of this state of affairs is a lower standard of living for the people, illustrated by an increased incidence of poverty, from 49.2 percent in 2002 to 58 percent in 2010 according to the most recent estimates. This situation may be explained by both endogenous and exogenous factors.

The domestic factors that bear mention include: political and institutional instability; poor economic governance characterized by unsound practices such as violation of the public procurement code, extracontractual exemptions, the proliferation of special accounts within ministerial departments, and above all the enormous pressure of military spending on the government budget, to the detriment of priority sectors. Military expenditures represented 10.2 percent and 11 percent of GDP in 2010 and 2011, respectively.

Among the exogenous factors we would include the lack of external financial assistance, the international economic crisis and its repercussions for our economy, particularly in regard to revenue transfers and increased petroleum and food prices. Grain and petroleum prices increased 132 percent and 81 percent, respectively, while mining receipts declined at a rate of 3 percent during 2009.

This Poverty Reduction Strategy Paper, the product of a participatory approach involving all stakeholders concerned (ministerial departments, civil society organizations, development partners, nongovernmental organizations, and the civilian government institutions), is intended to reestablish strong, sustainable economic growth in a favorable political and institutional context. This growth is to be sustained by the private sector, which will benefit from a legal and institutional framework strengthened by the national policy now being finalized to promote the private sector.

The task at hand, then, is to remove all constraints to the sound political, economic, and financial management needed to create productive employment, particularly for the young, and generate the

resources to provide the greatest number of Guineans with access to quality social services (education, health, sanitation, decent housing, etc.). The process of reviving economic growth will begin by improving governance and strengthening human and institutional capacities.

In regard to governance and strengthening capacities, the reform of defense and security forces is central to the strategy document. Such reform will reduce military spending, allowing the majority of budget resources to be allocated to financing the priority sectors (education, health, economic infrastructures: roads, electricity, transportation, etc.). It will also allow the defense and security forces to better ensure the integrity of national territory while protecting individuals and their property.

The efforts in regard to capacity building will assist the economic and financial administration in mastering macroeconomic forecasting tools, such as Guinean Economy Simulation Model (MSEGUI); continue strengthening the capacities of civil society and the civilian government institutions (*Institutions Républicaines*), and effectively implement the Strategic Plan for Public Finance Reform, which includes six priority measures:

- ✓ adopt an appropriate legal framework for public finances that incorporates reforms initiated in the subregion,
- ✓ prepare reliable accounting trial balances and make up the delay in regard to budget execution laws,
- ✓ conduct an audit of public contracts,
- ✓ work toward implementation of the single Treasury account,
- ✓ bring the civil service and payroll files up to date, and
- ✓ clear the Treasury liability to the central bank and domestic arrears.

Investments in sectors with growth potential, particularly agriculture, livestock breeding, and fisheries, through the National Agricultural Investment Program and the prospect of higher international prices for mining products warrant a degree of optimism. In addition, there are new opportunities in the mining sector, illustrated by the amendment of the mining code and a resumption of activities under the Extractive Industries Transparency Initiative.

Progress in agriculture, livestock raising, and fishery production will permit the attainment of food security objectives, which remain the peoples' principal priority, as evidenced by the qualitative surveys conducted in 2007 and 2011.

In terms of mobilizing financial resources, the government will take appropriate measures to increase the tax rate, which is expected to represent 17 percent of GDP, and will enforce the principle of centralized cash management. In addition, it will implement the mechanisms needed to access innovative financing made available by the international community. For example, Guinea stands to receive an estimated €70 million in nonreimbursable subsidies to purchase medicines under the 2007-2011 program to control pandemics, which would be financed by a tax on airline tickets the government has yet to institute.

The government will also uphold the central bank charter in order to limit monetary financing and enable the institution to fulfill its role of monetary and financial regulation.

Collectively, the implementation of these actions should expand the government's financial capacities, which could be reinforced by the external financial assistance that has been cruelly absent in recent years. This will support a recovery of economic growth, which could reach 4 percent in 2011 and 5.5 percent in

2012. This should produce a slight improvement in per capita GDP, to 0.7 percent in 2011 and 2.2 percent in 2012. The fruits of this growth will serve to improve the peoples' access to quality social services.

With respect to access to education, improving the girl/boy parity indices and infrastructure will receive particular emphasis. In regard to health, efforts will be focused on combating HIV/AIDS and improving access to primary health care services, particularly for women living in rural areas. The necessary steps will be taken to implement the plan to make cesarean sections available free of charge.

In regard to access to water and electricity, the development policy in this sector is to improve the population's access to services and support economic growth. This will involve, in particular, expanding coverage for electricity and drinking water for the city of Conakry and other large cities by implementing programs and projects such as the National Drinking Water and Sanitation Program, the Integrated Water Resources Management Program, and other similar programs. These actions will be supported by sound, effective management of the sector through the following measures:

- ✓ efforts to control fraud,
- ✓ payment of water and electricity invoices, and
- ✓ reduction of technical losses through rehabilitation of electricity and water distribution networks.

The issue of social protection remains a concern because very few Guineans have social coverage. The rate of social coverage is estimated that less than 3 percent of the population. The mutual health institutions (MURIGA) is an important aspect of social protection and should be strengthened and extended to the entire population, particularly the most vulnerable segments. Because of the seriousness and crosscutting nature of this issue, the government will pursue this effort by developing a national social protection policy. This will involve cooperation between the government, the private sector, and civil society organizations.

In the area of housing, the national policy aims to improve living conditions for 75 percent of households living in slums and substantially increase the proportion of households with security of tenure through the implementation of the Ministry of Housing forward-looking document, "Vision Habitat 2021."

With respect to the environment and sustainable development, the objective is to incorporate the principles of sustainable development in national policies and programs and reverse the current trend of loss of environmental resources and the rate of loss of biodiversity. The goal is to promote improved living conditions for today's generations and protect the environment without mortgaging the productive base for future generations.

The interventions will concern rational, sustainable management focused on natural resources and protection of the environment and soils; control of desertification and bush fires; protected forests and areas; catchment areas, marine ecosystems, coasts, fisheries, and water resources; and consideration of environmental impact studies in implementing infrastructure projects and programs.

Finally, while the development of policies and strategies is important, the implementation, monitoring, and evaluation phases are the most important for attaining objectives. Accordingly, the government, with support from the development partners, has put in place an information system based on monitoring and assessing poverty and developing a matrix for monitoring poverty reduction strategy (PRS) actions.

In the interest of efficient, effective implementation of the strategy, the government, with support from the development partners, will ensure that the development programs and projects under way are properly executed. It will also ensure:

- ✓ better coordination of the mechanisms established,
- ✓ consistency of actions by the units and bodies involved in the process, and
- ✓ judicious use of available tools to facilitate decision-making to the benefit of the most disadvantaged sectors of the population.

Despite this monitoring mechanism, there are risks that may compromise the implementation of the strategy. These include risks related to the international economic and financial climate, the failure of development partners to fulfill commitments; institutional and sub-regional political instability; and the country's heavy dependence on external aid, which includes an appreciable proportion of loans.

Indeed, the failure to fulfill commitments under the program concluded with the Bretton Woods institutions would prevent the country from receiving the benefits of the Heavily Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI). This would compromise the prospects for external financing and, accordingly, poverty reduction.

The government will take all appropriate measures to minimize these risks. These efforts concern the following actions and stakeholders:

- ✓ *central government*: (i) consolidate the democratic process and achievements; (ii) reestablish the macroeconomic framework; (iii) improve governance in the management of public resources; (iv) continue and expand delegated and decentralized management of public resources; and (v) intensify efforts to control HIV/AIDS;
- ✓ *civil society*: the process of intermediation and mobilization of populations will be supported;
- ✓ *the private sector*: partnerships with other stakeholders will be sought in order to determine the most effective incentives and framework for the development of different income- and job-creating activities;
- ✓ *projects and programs*: reforms will continue with a view toward better aligning outcomes with the strategic objectives of the PRS;
- ✓ *beneficiaries*: the process of appropriating the PRS will be intensified so as to effectively involve beneficiaries in its implementation; and
- ✓ *Guinea's partners*: Guinea's technical and financial partners must support the government in achieving the HIPC completion point before end-2011 and ensure better coordination of their interventions.

Introduction

In view of grave institutional and political instability, a weak democracy, and a particularly difficult economic situation resulting in heightened social tensions, the PRSP2 was not properly implemented. However, two status reports were prepared for 2007 and 2008 to report on progress in implementation. Their findings were that no progress had been made in the fight against poverty, as the incidence of poverty was on the order of 58 percent in 2010 compared to 49.2 percent in 2002, the year when the first PRSP was prepared and implemented.

The country is unable to support strong and sustainable growth. The following data on the economy's growth provide a sad illustration of this fact: economic growth, which increased from 1.8 percent in 2007 to 4.9 percent in 2008, fell to -0.3 percent in 2009.

At 20.8 percent, annual inflation is clearly above the target of 3.0 percent for 2010. Moreover, international reserves covered only one month of imports in 2008. This underperformance significantly impacted the achievement of PRSP2 objectives as well as the Millennium Development Goals (MDGs).

At the time of the 2011-2012 PRSP was prepared, only six of the 10 triggers of the HIPC completion point had been achieved. These were the indicators related to improving the poverty database, implementing a regulatory framework for microfinance institutions, publishing the annual report of the National Governance and Anticorruption Agency (ANBGLC), improving the primary school gross enrollment ratio, recruiting 1,500 teachers per year, and expanding DPT3 vaccination coverage as part of the effort to control diseases under the Expanded Vaccination Program (PEV). The four indicators that were not achieved relate to satisfactory implementation of the PRSP, the audit of large public contracts, increasing the rate of prenatal consultations, and the Poverty Reduction and Growth Facility, which could not be finalized because of the December 2008 coup. The effort ahead will involve not only preserving gains in the areas of the six triggers achieved, but above all achieving the four triggers still pending.

The suspension of the Constitution and dissolution of civilian government institutions, chiefly the National Assembly, by the junta that came to power on December 23, 2008, was a blow to democracy in Guinea. One of the consequences was suspension of the program concluded with the IMF.

The return to constitutional order will allow Guinea to regain the trust of its development partners – which, as we know, make their assistance contingent on progress in the areas of democracy, good governance, and respect for human rights. But any resumption must be part of a consistent strategic framework encompassing all the interventions. Hence the government's decision to prepare a new poverty reduction strategy.

This new framework extends the PRSP2 to 2012. It incorporates the main issues addressed in the PRSP2 and places particular emphasis on problems of governance, including the urgency of reforming defense and security forces, consolidating peace, and reforming the legal and judicial system. The macroeconomic objectives are also revised and distributed over the period. Achievement of those objectives is subject to the implementation of new economic and financial policy measures. Following the implementation of this PRS, a more detailed PRSP3 will be prepared at end-2012 covering a period of three years.

This document includes three sections. The first section describes the general context of the 2011-2012 PRSP, the lessons drawn from PRSP II and the assessment of poverty in Guinea.

The second section addresses the strategy and priority actions, namely:

- ✓ improving governance and strengthening institutional and human capacities;
- ✓ accelerating growth and creating job opportunities for all; and
- ✓ improving access to quality social services.

The third section addresses implementation, monitoring, and evaluation of the poverty reduction strategy.

PART I: GENERAL CONTEXT AND POVERTY ASSESSMENT

Chapter 1. General context and lessons drawn from PRSP2

I.1.1. Political context

The presidential election of November 7, 2010 marked the beginning of Guinea's return to constitutional order following a December 23, 2008 coup that brought a military junta to power. The junta had suspended the Constitution and dissolved the National Assembly, plunging the country into a constitutional void that impacted the functioning of government.

This new context raises immense hopes on the part of Guineans and hope that new prospects for the country, which has suffered economic difficulties for many years that have considerably hindered its development.

It is important to remember that the crisis faced by the country is primarily due to mismanagement of public resources; weaknesses in the institutional, legal, and regulatory framework for businesses; and absence of dialogue with political parties, civil society, and the private sector.

Under the new framework, it is now possible to put an end to the unsound practices that have characterized the management of public resources. This opportunity offers the new authorities the chance to work to improve macroeconomic and financial management by establishing and implementing policy measures, particularly in the area of budget and monetary policy. The implementation of these new measures are expected to improve budget execution in accordance with the PRSP priorities.

Also, the reform of defense and security forces now under way should be continued. The objective here is to transform these units into a republican corps committed exclusively to territorial defense and integrity and the protection of persons and property. Likewise, reform of the justice system and the fight against corruption should take on a new dimension, in the interest of establishing an independent, professional legal system able to reassure investors and provide the security for investments that is essential to economic and social development. All judicial and related decisions should be systematically enforced. This new environment will attract foreign private investment, thereby helping to improve the business climate.

I.1.2. Economic context

In 2010, all the macroeconomic indicators point to a difficult situation for the country. The economic growth rate is calculated at 1.9 percent, insufficient to push back the tide of poverty. The inflation rate of 20.8 percent projected for 2010 is high and, from all indications, has seriously eroded citizens' purchasing power. According to the results of the 2007 Limited Poverty Assessment Survey (LEP) the incidence of poverty, which was 49.2 percent in 2002, stood at 53 percent in 2007 and will be 58 percent in 2010.

Foreign reserves have dwindled to the point of covering only two months of imports. Domestic and external arrears have increased sharply, making it difficult to improve the economic framework. All of this is due to mismanagement of public finances, which has failed to reconcile the high pressure of expenditures with particularly weak revenue.

Moreover, debt continues to weigh heavily on meager public resources. At end-2010, Guinea's stock of external debt totaled US\$3 billion with average debt service of approximately US\$175 million. This situation is of great

concern today, because it prevents the financing of the sectors essential to reducing poverty. Debt represents 67 percent of GDP, and the ratio of debt service to tax revenue in 2010 was 31.95 percent. It is very clear, then, that the debt greatly constrains the government's ability to finance its antipoverty interventions from the budget. In a context of declining public investment, the government has no choice but to accumulate arrears in order to maintain certain domestic expenditures. Debt relief will enable the government to focus the budget on innovative anti-poverty programs. From this standpoint, reaching the HIPC completion point is a key objective because it will free resources to finance priority sectors. Aggravating this scenario are the drastic reduction in both bilateral and multilateral public development assistance, and the continually increasing prices of key imports such as food and petroleum products.

In fact, between 2004 and 2007 the prices of Guinea's principal imported products increased on the order of 26 percent overall. This pace accelerated beginning in 2006 and continued through the second half of 2008, when international prices of food products, which represent 32 percent of the country's imports, increased by 89 percent. This was driven by the price of grains (rice and wheat), which increased by an average of 132 percent. During the same period, the price of oil climbed from US\$65 to US\$122 per barrel, or an increase of 86 percent. In July 2008, the price of wheat had increased by 130 percent, the price of rice by 124 percent, and the price of oil by 81 percent compared to the same period the previous year. In the grains market, the increased price in dollars was compounded by the weakening of the dollar vis-à-vis the currencies of the principal rice exporters (Thailand, Vietnam, China).

The impact of the global financial and economic crisis was reflected in fiscal revenue. During the first eight months of 2009, fiscal revenue from the mining sector declined sharply at an average of 3 percent per month compared to an increase of approximately 16 percent per month over the same period of 2008. Mining receipts represented 22 percent of fiscal revenue in 2008 (15 percent for the period January – August 2009). They contributed in equal proportion to the deterioration of the current account balance (commitment basis), which declined from a monthly average of GNF 14 billion between January and August 2008 to -GNF 35 billion during the same period of 2009.

At this rate, it would be extremely difficult for the country to reach the HIPC completion point unless this trend is quickly reversed.

I.1.3. Lessons drawn from implementation of the PRSP2 (2007-2010)

I.1.3.1. Improving governance and strengthening institutional and human capacities

Although the PRSP2 placed considerable emphasis on governance because of its impact on economic growth and poverty reduction, it must be acknowledged that little progress was made in this area. We recall in this regard that political problems resulting from the military coup aggravated institutional instability and the absence of dialogue between the various stakeholders, the most serious consequence of which were the events of September 28, 2009. To resolve these problems, it is a matter of urgency to reform the defense and security forces, strengthen the legal system, deepen the dialogue between different stakeholders, and consolidate the peace.

The lack of institutional stability and macroeconomic mismanagement have produced adverse consequences that continue to produce effects for Guinea's development and the struggle against poverty.

In regard to fighting corruption, results have been limited due to factors including those discussed above. In light of impunity and mismanagement that has characterized the national economy since 2007, the objective of reducing the corruption index from 36 percent in 2003 to 10 percent in 2010 was not achieved. Similarly, little progress was made in advancing the status of women. Of the 114 deputies in the national assembly in 2008, only 22 were women, and only 39 of the 159 members of the National Transition Council, or 24 percent, are women. This is far from the 40 percent objective established in the PRSP2.

Table 1: Trends in principal governance indicators

Indicator	2006 Baseline	2007	2008	2009	2010	2010 Target	Differ- ence
Girl/boy parity	0.81	0.83	0.81		0.92	0.92	0
Percentage of women in National Assembly or CNT	19.3	19.0	19.0		24	40	-16
Corruption index	36	nd	nd	nd	nd	10	nd
Number of private radio stations established	5				42	20	22

Source: PRSP2 implementation reports

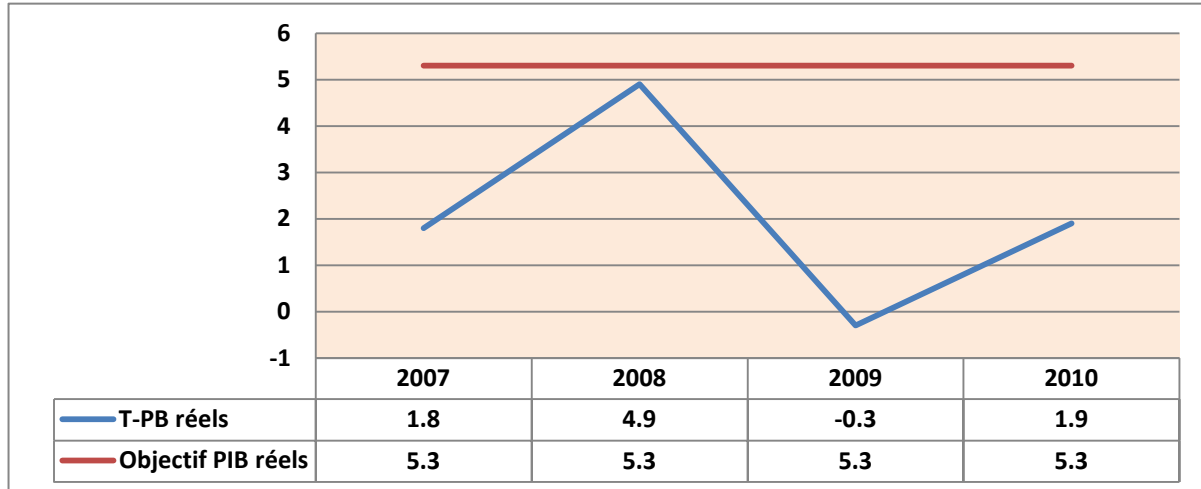
In regard to primary school parity, the girl/boy ratio increased to 0.83 in 2007; the ratio was expected to reach roughly 0.92 in 2010, in line with PRSP2 objectives.

It is important to note the significant progress made in regard to creating private radio stations, which expanded from a total of five in 2006 to 42 in 2010, including 25 commercial and foreign stations. This represents genuine progress in media coverage.

I.1.3.2. Accelerating growth and creating job opportunities for all

The results in terms of economic growth and job creation were quite mixed. Economic growth averaged 2.1 percent between 2007 and 2009, with annual rates of 1.8 percent in 2007, 4.9 percent in 2008, -0.3 percent in 2009, and 1.9 percent in 2010 according to the most recent macroeconomic framing. This indicator is well below the PRSP2 target of 5.3 percent that was to bring the poverty rate to 49.7 percent compared to 53.6 percent in 2005.

Graph 1. Real GDP growth, 2007 - 2010

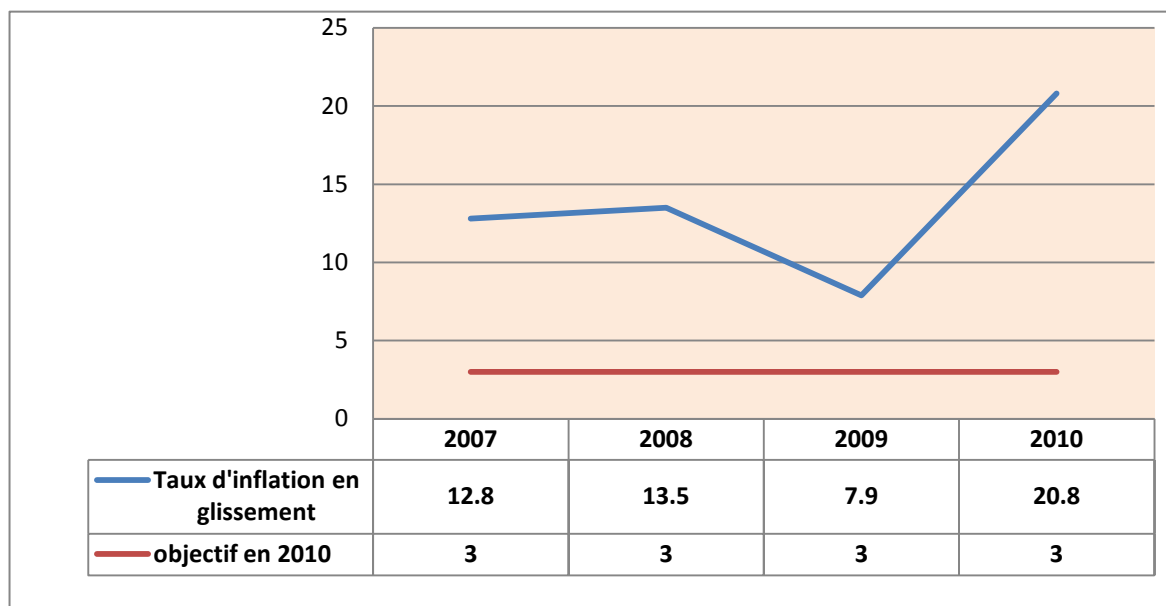


Key: Blue = Real GDP (actual)
Red = Real GDP (target)

Source: macroeconomic framing, National Directorate of Planning (DNP)

Year-on-year inflation stood at 12.8 percent, 13.5 percent, 7.9 percent, and 20.8 percent, respectively, in 2007, 2008, 2009, and 2010 for an annual average of 13.7 percent for the period. This is well above the PRSP2 objective by 3 percent. This result, combined with an average 1.1 percent decline in per capita GDP (compared to a target of +1.9 percent), is a sure indicator of increased poverty.

Graph 2. Year-on-year inflation, 2007 - 2010



Key: Blue = Year-on-year inflation
Red = Target in 2010

Source: macroeconomic framing, DNP

Gains were made with regard to investment. The investment rate averaged 21.3 percent over the period compared to an objective of 17.4 percent. Despite the improvement, however, investments failed to boost growth and substantially reduce poverty. This is essentially because investments were geared toward nonproductive sectors such as security and defense. Moreover, given the suspension of foreign aid, these investments were financed largely from the national development budget. This served to aggravate the budget deficit, which averaged 5.7 percent over the period compared to a target of 1.5 percent.

Debt service expressed as a percentage of exports of goods and services stood at 13.7 percent on average compared to a target of 10 percent, reflecting the continued burden of foreign debt on Guinea's meager public resources.

The following table summarizes the trends in the principal macroeconomic indicators for the period 2007-2010.

Table 2: Principal macroeconomic indicators, 2007 – 2010

Indicator	2006 base-line	2007	2008	2009	2010	Avg 2007 - 2010	2010 Target	Difference
Agriculture share in GDP (%)	13.4	13.6	13.4	13.9	14.2	13.8	13.3	0.5
Real GDP growth	2.5	1.8	4.9	-0.3	1.9	2.1	5.3	-3.2
Per capita GDP growth	-1.1	-1.4	1.7	-3.3	-1.3	-1.1	1.9	-3
Year on year inflation rate	39.1	12.8	13.5	7.9	20.8	13.7	3.0	-10.7
Average annual inflation	34.7	22.9	18.4	4.7	15.5	15.4	4.6	-10.8
Agricultural growth rate	4.4	3.3	3.8	3.2	3.2	3.4	4.8	-1.3
Debt service as % of exports of goods and services	19	16.2	15.9	10.8	11.8	14.0	10.0	-4.0
Budget deficit excl. grants (commitment basis) as % of GDP	-2	-0.9	-1.7	-8.3	-11.7	-5.7	1.5	-4.2
Investment rate	22.4	19.2	21.3	16.4	18	18.7	17.4	0.6

Source: Macroeconomic framing, DNP

I.1.3.3. Improving access to quality social services

The objectives in the PRSP2 were not achieved for a number of reasons, including inadequate financing for the sector and the suspension of certain external financing. In the education sector, for example, human resources management fell short of the objective of rational, optimal use of teaching staff to cover needs. In particular, certain urban centers were overstaffed.

This situation led to setbacks in a number of key indicators for achieving the MDGs. Nationwide, the gross enrollment ratio fell from 79 percent in 2007-2008 to 77 percent in 2008-2009 versus an objective of 83 percent. The rate among girls declined from 71 percent in 2007-2008 to 70 percent in 2008-2009. The gross registration rates, in turn, increased from 60 percent in 2000 (55 percent for girls) to 82 percent in 2007 (78 percent for girls).

In the health sector, the results of PRSP2 implementation were mixed. The measles vaccination coverage rates for children under age 1 declined from 85.3 percent in 2007 to 65.4 percent in 2008. This situation is attributable to a number of factors:

- ✓ inadequate financing for the sector;
- ✓ lack of qualified personnel and poor allocation of personnel, particularly midwives in rural areas;
- ✓ poor allocation of personnel due to the concentration of professionals in urban areas; and
- ✓ limited access to medicine, particularly for persons living in rural areas, due to income constraints and inadequate quality of health care structures.

The proportion of tuberculosis cases detected and treated improved in recent years, increasing from 66.0 percent in 2007 to 71 percent in 2008.

With respect to housing and sanitation, little progress was made in either sector. Not all of the housing and sanitation projects planned were effectively implemented, with the result that housing continues to be inadequate and unhealthy. For example, over 20 percent of households lacked toilets, and roughly 82.6 percent of households dump their waste in the environment. Only 1.1 percent of households have access to a sewer system. However, the formulation of the Guinean national housing policy (PNHG), under the name "Vision Habitat 2021," is a hopeful sign and its implementation is a step toward improving housing and sanitation in Guinea. The PNHG is representative of a forward-looking approach, and reflects the government's intention to address the issue of chaotic housing development and uncontrolled urban growth by relying on a participatory and inclusive approach.

In regard to electric power, electrification continues to be limited. In 2007, the rate of access to electricity was 18.1 percent nationwide, with great disparities between urban areas (68.9 percent) and rural areas (2 percent). The drinking water sector, like other sectors, was impacted by financing problems. The rate of access to clean drinking water, while improved, with only 73.8 percent in 2007, representing an increase of 11.6 percentage points in five years; at that pace, the national rate of access to safe drinking water would be only 81 percent in 2010 compared to an objective of 90 percent.

In conclusion, one could say that the promulgation of the new constitution, the free, transparent election of the President of the Republic, the prospect of future legislative and local elections, also free and transparent, are factors conducive to the installation of good governance in managing public affairs. Provided such efforts are made, Guinea can regain the trust of its development partners and return to the path of strong growth that can significantly reduce poverty.

It is against this fragile sociopolitical backdrop that the 2011-2012 PRSP will be implemented. The challenges to overcome are many, and are political as well as economic. From a political standpoint, our country must build strong, modern institutions in order to consolidate the peace and democracy essential to social and economic progress. From an economic standpoint, efforts should focus on restoring a sound macroeconomic framework through effective mobilization of domestic and external resources and improvement of the quality of public expenditure.

I.1.4. Participatory process

Like its predecessors, the 2011-2012 PRSP reflects the principle of participation and empowerment as recommended in the Policy Letter on Poverty Reduction issued by the government in February 2000. As in previous PRSPs, the involvement of stakeholders in the preparation process is greatly appreciated.

The approach was dictated by number of concerns: (i) to ensure that the strategy was relevant and adapted to the essential concerns of our citizens, especially the poorest; (ii) to improve the quality of decisions and the decision-making process in managing public affairs; and (iii) to ensure greater efficiency in public action and consolidate gains.



The objective was to understand poverty as it is experienced by citizens in their everyday lives, and to debate the roles of different stakeholders in formulating, managing, monitoring, and evaluating development actions.

To this end, the government, through the Permanent Secretariat for the Poverty Reduction Strategy (SP-SRP) and with support from the development partners, organized a series of consultations and workshops on the aspects summarized below:

- Preparation of two PRSP2 (2007-2010) implementation reports for 2007 and 2008. These reports evaluated the results achieved between 2007 and 2008 and proposed specific measures for the 2011-2012 PRSP.
- Preparation and presentation of regional PRSP implementation status reports. These progress reports on implementation of the PRS were all prepared and presented by the Regional Monitoring and Evaluation Units at a workshop in Mamou attended by all the stakeholders involved in the process of implementing regional poverty reduction strategies. The reports served as inputs to preparation of the 2011-2012 PRSP.
- Organization of a workshop to develop the framework for monitoring PRSP results. The workshop was held January 25-27, 2011 at the SP-SRP for members of the technical monitoring and evaluation groups (GTSE) with technical support from the World Bank. The workshop prepared a matrix for monitoring PRSP outcomes.
- Presentation of the PRSP to regional and other beneficiaries. Two



regional workshops were organized outside the capital to present the PRSP and promote appropriation by citizens. The first, held on January 27-28, 2011 in the Kindia administrative region, was attended by about 100 participants from all the prefectures and communes from the natural regions of Lower Guinea and Mid-Guinea. The second workshop was held in Kankan during January 31-February 1, 2011 and was attended by some hundred participants from the natural regions of Upper Guinea and Forested Guinea. Both workshops were also attended by government officials, members of civil society organizations, unions, local elected officials, NGOs, academics, etc.

- Presentation of the PRSP to members of government. In light of the importance the government attaches to the PRSP, a presentation on the PRSP was given to members of the government during a seminar held at Mariador Palace in Conakry on January 27-29, 2011.
- Presentation of the PRSP to key government bodies (National Transition Council (CNT), Economic and Social Council (CES)). The workshop was attended by some 60 members of the CNT and CES to facilitate their appropriation of the document.
- Organization of a national PRSP validation workshop. This workshop, chaired by the Prime Minister, brought together all of the stakeholders involved, including civil society, unions, NGOs, local elected officials, etc. it was also attended by several ministers and representatives of international institutions and a number of ambassadors appointed to Guinea.

Concomitant with the national and regional presentations of the PRSP, a subjective survey of all workshop participants was conducted with technical support from the World Bank to determine their perceptions of poverty.



One of the findings at the conclusion of the study was the idea that poverty is to a large extent understood in terms of personal experience, that is to say, basic unmet needs. We would note above all the lack of access to basic social services and low per capita income. Accordingly, the study found that the persons surveyed perceived their condition of poverty and that of their community in terms of inadequate nutrition, lack of access to safe drinking water, and low income.

I.1.5. The 2011-2012 Poverty Reduction Strategy Paper and Priority Action Plan

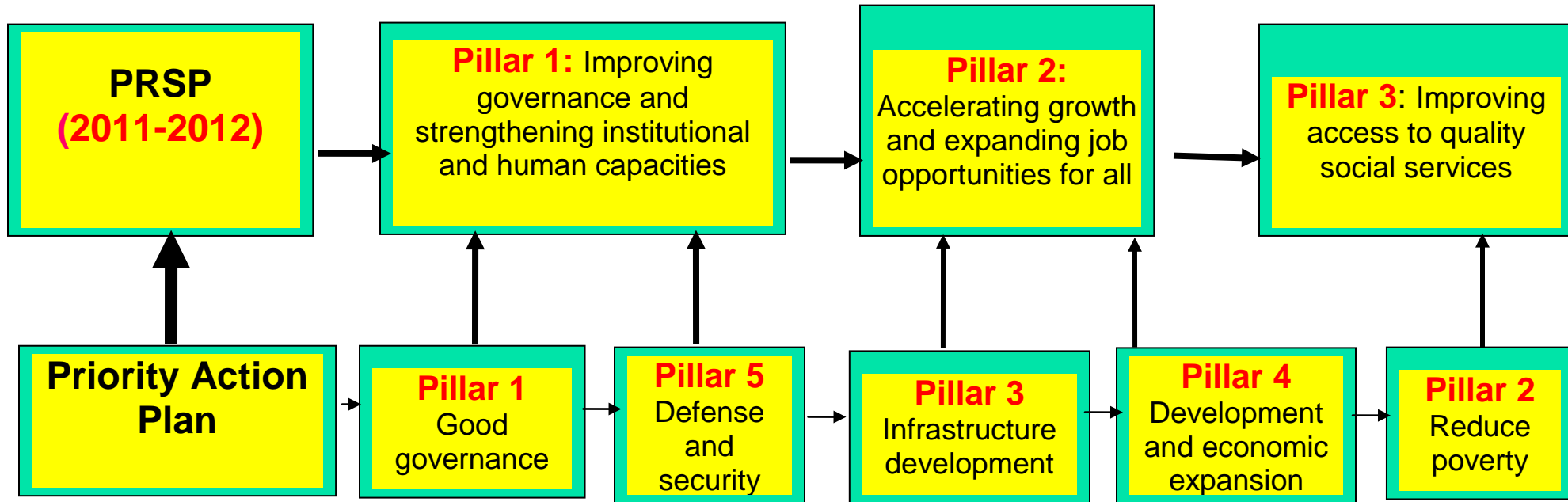
The key strategies in response to Guinea's current political and economic situation are, first, to reform the defense and security forces and preserve and consolidate social peace, and second, to restart the process of economic and social development. From this perspective, according to the program address by the President of the Republic, the government's priority actions focus on the short and medium term.

To restart the development process, the government has established a priority action plan based on five main pillars aligned with the pillars of the 2011-2012 PRSP: (i) improving overall governance; (ii) combating poverty; (iii) developing basic infrastructures; (iv) developing and expanding the economy; and (v) reforming the defense and security forces.

The 2011-2012 PRSP comes within the framework of achieving short-term development objectives, including the MDGs, by 2015. Focused on the period 2011-2012, it aims to build on the achievements of the priority action

plan, particularly in the areas of governance, developing basic infrastructures and social services, re-launching sustainable economic growth, and accelerating the achievement of MDGs in Guinea.

2011-2012 PRSP and Priority Action Plan Linkages



Chapter 2. Poverty assessment

Poverty is perceived as a multidimensional phenomenon that embraces all aspects of people's lives. During the surveys among individual Guineans, 7.2 percent of respondents considered poverty to be defined by a lack of decent housing; 11.2 percent by unemployment; 15 percent by lack of income; and 25 percent by the inability to afford food.

This demonstrates that the poverty analysis should address all areas that influence living conditions: macroeconomic situation, consumption, energy, sanitation, etc.

A number of statistical sources of information are available in connection with monitoring and evaluating implementation of the PRSP-II. However, most of the statistical information utilized comes from the results of various surveys of poverty conducted in Guinea.

All of the analyses of poverty indicators are based on the results of three surveys: the 1994 Comprehensive Consumption Budget Survey (EIBC 1994), the 2002 Comprehensive Poverty Evaluation Baseline Survey (EIBEP 2002), and the 2007 Limited Poverty Assessment Survey (ELEP 2007). However, the comparability of these three series of results is limited by the different methodologies used in the surveys. This is particularly the case for analyses of trends where the magnitude of the differences is attributable to a methodological factor that was not estimated and that could affect the results.

I.2.1. Population characteristics

The population of Guinea is young, relatively uneducated (particularly heads of households), primarily rural, and employed in agriculture or the informal sector. In 2007, the population was estimated at 9.68 million, with 51.9 percent women and 48.1 percent men. Half the population was under age 16, and only 4.5 percent were age 65 or older. The population grows at a high rate of 3.1 percent per year. In light of the mode of social organization, women are not usually heads of households: 85 percent of Guineans live in households headed by a man. Women are heads of households only when widowed, married to a polygamist who is declared the head of another household, or married to an absent husband. These three situations account for nearly all households headed by women.

While significant gains have been made in the last 20 years in terms of education in Guinea, it goes without saying that heads of household, whose average age is close to 52, are mostly from the generation of Guineans who had few opportunities to attend school (according to 2007 survey data, two-thirds of persons age 15-19 attend or have attended school compared to one-fifth of those age 50-54). As a result, over three-fourths of the population live in households headed by an individual who has never attend school, while only 4 percent of the population live in households headed by an individual who has attended university. While this configuration represents the majority of households, there are variations, particularly between Conakry and the regions. In Conakry, one-half of heads of household have had no schooling and 15 percent have attended university.

An analysis dividing households into five socioeconomic groups based on the occupation of the head of household -- i.e., civil servants, private sector employees including agricultural employees, independent agricultural workers, independent non-agricultural workers, and unemployed -- shows the predominance of agriculture in rural areas. Guinea's weakness in regard to schooling leaves little choice or diversity in terms

of economic activities. As a result, over 56 percent of Guineans support themselves through agriculture. Subsistence agriculture is family based, as reflected by the fact that two out of three households include three or more persons employed in agriculture.

In addition, paid jobs are relatively few in Guinea. After subsistence agriculture, the main activities that provide for the population's needs are crafts and unskilled trades. These activities, generally part of the informal sector, support one out of five Guineans. Also, while agriculture is the principal rural occupation, it accounts for only a small proportion of the inhabitants of Conakry (1.4 percent), where crafts and unskilled trades, particularly small-scale retail trade, feed the largest share of the population (42.2 percent). Conakry is also the city where two other significant categories may be found: individuals working as employees (one out of three) and persons living in households where the head of household is unemployed (one out of four individuals). It should be mentioned here that Guinea has fairly high labor force participation rates and low unemployment, but that summary masks other less favorable characteristics. In Conakry, where a genuine labor market exists, the unemployment rate for the population age 15 and older was 10.2 percent in 2002-2003.

However, if we define underemployment (in relation to job duration) as working less than 39 weeks per year, nearly 11.8 percent of the active workforce age 15 and older are underemployed. Also, in 2002-2003, three-fourths of the unemployed were long-term unemployed (over one year).

I.2.2. Poverty profile

On a nationwide basis, poverty declined significantly over the period 1994-2002. While 62.6 percent of the population lived below the poverty line in 1994, the percentage decreased to 49.2 percent in 2002, a reduction of 13.4 percent in absolute terms and nearly 27.2 percent in relative terms. In addition to the incidence of poverty, all other poverty indicators declined significantly as well. In 1994, the poverty gap was 28.5 percent; in other words, the average poor individual would require 28.5 percent of the value of the poverty line to escape poverty. In 2002, the proportion had decreased to 17.2 percent of the poverty line. Similarly, the severity of poverty decreased from nearly 16.1 percent in 1994 to 8.1 percent in 2002, showing that the situation had improved for the poorest segments of the population.

Table 3. Poverty by residential setting (1994 - 2007)

Indicator	1994			2002			2007		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Incidence	17.5	82.1	62.6	23.5	59.9	49.1	30.5	63.0	53.0
Depth	4.2	39.1	28.5	6.0	21.9	17.2	7.7	22.0	17.6
Severity	1.5	22.5	16.1	2.4	10.5	8.1	3.0	10.5	8.2

Source: Authors' calculations based on EIBC, EIBEP and ELEP data.

After 2002-2003, however, the situation deteriorated for reasons including poor governance and gross mismanagement of public assets, leading to the suspension of the Poverty Reduction and Growth Facility (PRGF) program. The trends show an increase of 3.1 percentage points in the incidence of poverty and a smaller percentage increase in the other poverty indicators. The increase was greater in urban than in rural

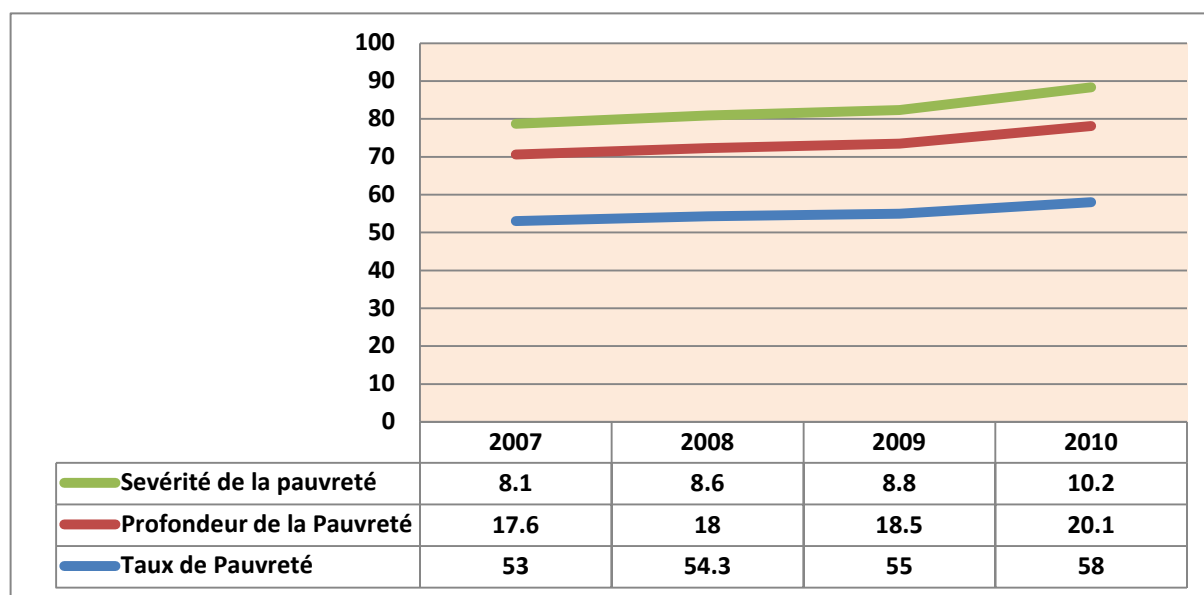
areas. The variations in poverty were larger in the administrative regions.¹ The analysis shows that the increase in poverty reflects a larger share of the population situated further below the poverty line in 2007 than in 2002/03.

However, the economic and social reforms undertaken by the government served to improve a good number of macroeconomic indicators. The rate of inflation, which was 39.2 percent in 2006, was reduced to 12.5 percent in 2007; the growth rate was estimated at over 4 percent in 2008, giving hope to the population, including the poorest, in accordance with the initial Emergency Minimum Program objectives of: (i) reviving hope among populations through concrete responses to their priority expectations; (ii) consolidating the rule of law through strengthened political and social dialogue in regard to holding free, transparent, and credible elections; and (iii) creating the bases to resume the process of economic development.

After 2007, however, poor governance, political and institutional instability on multiple fronts, and the death of the President of the Republic in December 2008 opened the way for the National Council for Democracy and Development (CNDD) to take power. The socioeconomic and political situation sharply deteriorated. The implementation of key projects and programs supporting the PRS, such as the Village Communities Support Program, were slowed and the formal three-year PRGF program was suspended, triggering a deterioration of macroeconomic indicators. In 2009, the real growth rate was estimated at -0.3 percent and per capita growth rate was -1.3 percent, which could lead to increased poverty.

With a view to determining the impact of this economic and political situation on household living conditions, we used the approach based on poverty-growth elasticity over the period 2002-2007, given the fact that the MSEGUI/PAMS tool has not been finalized (cf. Box 2 on MSEGUI-PAMS).

Graph 3. Likely trends in general poverty indicators, 2007 - 2010



¹ Between 2002/03 and 2007, the incidence of poverty increased in the Boké, Conakry, Kindia, Mamou and Nzérékoré regions, and declined in the Faranah, Kankan and Kindia regions.

Key: Green = Severity of poverty
 Red = Depth of poverty
 Blue = Poverty rate

Sources: ELEP 2007 and SP-SRP Technical Unit estimates.

The simulation showed that with poverty-growth elasticity of -0.12 between 2002 and 2007, the poverty rate could reach 58 percent in 2010. This would be far from the objectives established in the PRSP2, which were to reduce poverty to 49.7 percent in 2010. At the same time, the depth and severity of poverty increased to 20.1 percent and 10.2 percent, respectively, in 2010.

It is important to note that the decline of poverty over the period 1994-2002 was primarily the result of economic growth but also of reduced inequality. Per capita income grew an average of 2% per annum over the period, and inequality, measured by the dispersion ratio between the richest (Q5) and poorest (Q1) quintiles, declined over the same period. The ratio was 12 in 2002, meaning that the richest group consumed 12 times as much as the poorest, and declined to 5 in 2007. The Gini coefficient² declined from 0.480 in 1994/95 to 0.415 in 2002/03, followed by 0.326 in 2007. While the indices reflect decreased inequality, they also reflect a reduction in spending by the richest. However, we also note a slight improvement in meeting the needs of the poorest, as indicated above by the dispersion ratio.

Table 4. Satisfaction of households' needs in previous 5 years (2003 – 2007)

	Satisfaction level	Poorest	Q2	Q3	Q4	Richest	Total
Conakry	Improved	12.08	6.63	7.28	12.49	14.57	11.71
	Maintained	12.76	21.38	30.72	40.74	44.46	36.8
	Declined	73.96	71.79	61.41	44.94	39.92	50.4
	Not reported	1.19	0.2	0.59	1.83	1.05	1.09
	Total	100	100	100	100	100	100
Other urban	Improved	8.11	5.85	6.75	9.5	16.81	10.51
	Maintained	17.42	41.08	35.83	39.73	46.47	39.04
	Declined	73.88	51.84	56.78	50.37	36.3	49.87
	Not reported	0.58	1.22	0.65	0.4	0.42	0.59
	Total	100	100	100	100	100	100
Rural	Improved	9.09	11.3	9.32	10.48	14.91	10.65
	Maintained	31.66	36.15	39.15	42.58	40.62	37.3
	Declined	58.69	51.53	51.04	45.81	43.22	51.21
	Not reported	0.56	1.02	0.49	1.13	1.25	0.84
	Total	100	100	100	100	100	100
National	Improved	9.17	10.31	8.7	10.78	15.15	10.82
	Maintained	29.9	35.11	37.45	41.63	43.09	37.43
	Declined	60.34	53.62	53.33	46.42	40.73	50.89
	Not reported	0.59	0.96	0.52	1.17	1.02	0.85
	Total	100	100	100	100	100	100

Source: ELEP 2007

² The Gini coefficient is a measure of inequality of income distribution in a given society. Developed by Italian statistician Corrado Gini, the index ranges from 0 to 1, where 0 indicates perfect equality (everyone earns the same income) and 1 indicates a complete inequality (one individual earns all the income and others earn none, as in the extreme case of master and slave).

Households' perceptions confirm the extent of poverty. They feel that the situation has not improved in the last five years. As Table 5 demonstrates, 39.4 percent of households report no change in terms of their basic needs being met. Only 10.8 percent of households reported an improvement, while 50.9 percent of households reported a deterioration. These proportions are fairly similar in different areas (Conakry, urban areas, rural areas), but the proportion of households reporting an improvement is higher among the well-off (fifth quintile, 15 percent of respondents who perceive improvement).

Households basically associate poverty with the inability to afford food, lack of income, and lack of jobs. According to data from the 2002/03 EIBEP, 25 percent of all households associate poverty primarily with inadequate resources to buy food, 15 percent with lack of income, 11.6 percent with lack of work, 11.2 percent with the inability to obtain medical care, and 7.2 percent with the inability to obtain decent housing.

In 2007, 53 percent of Guineans, or 5.1 million inhabitants, were poor. The incidence of poverty was 30.5 percent in urban areas and 63 percent in rural areas. Urban areas, which account for 30.7 percent of the population, represent only 17.7 percent of the poor, while rural areas, with 69.3 percent of the total population, account for 82.3 percent of support. While poverty is clearly less prevalent in Conakry, it is high everywhere else, as the poverty rates in other regions range from 50 percent to 64 percent. The regions with the lowest incidence of poverty are Mamou, Boké, and Faranah. Based on this regional profile, three regions (Nzérékoré, Kindia, and Kankan) alone account for nearly 55 percent of the poor. In addition, food consumption (including cash, farm consumption, picking, and barter) represented 69.2 percent of total consumption in 2007, while in 2002 it represented 53 percent of total consumption. Shoes and clothing represented only 4.1 percent in 2007 compared to 9.5 percent of total consumption in 2002. Transport represented 5 percent, and health-related expenditures 3.8 percent.

The level of poverty varies according to characteristics of the head of household. Women generally have less human capital than men and are more often the victims of workplace discrimination. However, according to household surveys, we observe that one-half of persons living in households headed by a man are poor compared to 46 percent of households headed by a woman. In reality, this result may be due to the typology of households headed by women. While half of those households were headed by a widow or divorcee, the other half were headed by married women who were heads of households only because the husband was absent. In the latter case, the husband, who continues to be the rightful head of the family, continues to provide for the household's needs.

I.2.3. Determinants of poverty in Guinea

A linear regression analysis of the determinants of poverty using per capita spending as a percentage of the poverty line as the dependent variable shows that the educational level of the head of household and spouse are significant determinants of poverty, but the effect of head of household educational level on poverty reduction is only substantial for secondary school or higher.

In general, women's skills are not as highly valued in rural as in urban job markets due to the shortage of attractive jobs. Also, the status of head of household employed in private enterprise is associated with a higher standard of living than that of an independent worker.

In regard to access to infrastructures, weak access to infrastructures imposes high transaction costs that also reduce populations' well-being. In rural areas for example, the travel time to the closest health care

center is higher for the poorest households, which means that those households live in localities where this type of service is located at a distance or the means of transportation are nonexistent.

Box 1: Results of survey of subjective poverty³ February 2011

In the context of updating the poverty data, the Guinean government, with support from the World Bank, conducted a survey during the validation workshops for this PRSP. The purpose of the survey was to conduct the most recent participatory assessment of subjective poverty. The survey provided an idea of poverty as it is currently perceived by the participants in the PRSP validation workshops and by certain residents in the cities where the workshops were held (Kindia, Kankan, and Conakry). The method used for the survey was the administration of a brief individual questionnaire to 658 persons, of whom 229 were workshop participants. Based on that sample, the study not only confirmed the increasing trend of all aspects of poverty in Guinea since 2007, but also revealed that the persons surveyed have formed specific conceptions of poverty.

Of the persons surveyed, 44 percent stated that poverty was above all inadequate nutrition. The second element the respondents considered a source of poverty was lack of income (14 percent), followed, respectively, by lack of employment (13 percent), lack of health care (7 percent), lack of support (6 percent), and lack of education (3 percent). It bears mention as well that contrary to what one might expect in a process of constructing democracy, lack of power (0 percent) was not considered a source of poverty by the respondents.

The majority of persons surveyed viewed poverty above all as a handicap in meeting biological needs, in this case, nutritional needs, which means that for those persons, food security should be central to the poverty reduction strategy, followed by increasing household income through access to paying jobs.

In regard to the incidence of poverty, 70 percent of the persons surveyed said their household was poor, only 5 percent considered the household standard of living good, approximately 85 percent of respondents said their households lacked stable income, and 51 percent of them considered the household income low for the past three years. In regard to nutrition, 75 percent of the respondents reported that their households consume fewer than three meals per day, and 52 percent stated that the household lacked sufficient quantities and quality of food. Only 9 percent reported that the household was well fed in terms of quantity and quality. In other words, 91 percent of the respondents' households faced nutritional problems.

In regard to access to basic social services, 24 percent of the persons surveyed stated that at least one member of the household had been excluded from school during the previous 12 months for non-payment of school fees, and 31 out of 100 respondents stated that at least one member of the household had been unable to receive health care in the prior 12 months because they could not afford it.

In regard to the perception of poverty in the geographic area where the respondents live, 46 percent said that the majority of residents of their locality were poor, and 21 percent considered all of the residents poor. According to those results, 67 percent of respondents viewed the inhabitants of their locality as poor. For those persons, poverty is the most widely shared aspect of their immediate environment.

To identify the actions to be undertaken to quickly reduce poverty, the respondents were asked to identify the strategies they would employ to improve their household's standard of living, on the one hand, and the actions they considered priorities to improve their communities' standards of living, on the other. According to their responses, the principal strategies chosen to improve the household standard of living were essentially finding a decent job (19 percent), using credit (18 percent), and taking on additional work (16 percent). Accordingly, the principal strategy the majority of respondents (35 percent) would employ to improve their household's standard of living was to find a decent job.

Finally, with regard to the community priorities in the fight against poverty, the principal priorities cited by the respondents were: the drinking water supply, which headed the list of priorities (21 percent) followed by the fight against food insecurity (19 percent), and in third place the promotion of productive activities (12 percent). Other priorities also cited by the respondents were jobs for youths (10 percent), school construction (7 percent), the construction of health care facilities (6 percent) children's education (6 percent), and road construction (5 percent). For our respondents, then, access to nutrition was a constant concern in regard to the fight against poverty.

Source: Participatory survey, 2011. World Bank

³ See report by A. Kaba (2011), Evaluation of subjective poverty.

Contrary to the descriptive analyses, households headed by women are less well off than those headed by men. All other things being equal, the difference in terms of per capita spending between male- and female-headed households was significant, on the order of 33 percent lower for female-headed households in cities and 11 percent in the country. Households headed by women appear to be more vulnerable, then. Also, households with a large number of persons of each age group had lower per capita consumption and therefore a greater probability of being poor. We note that low per capita consumption takes account of economies of scale within the household.

Finally, geographic location is important, even after taking account of other household characteristics. Regional offerings in terms of job opportunities, infrastructure, climate, etc. influence the standard of living. In general, residing in a region other than the capital is associated with a lower standard of living. However, the gap is less pronounced for two regions, Kankan and Mamou. On the other hand, the Nzérékoré, Kindia, and Labé regions are more disadvantaged. For example, rates of access to electricity are as follows: Nzérékoré 1.5 percent, Kindia 17.2 percent, and Labé 4 percent.

1.2.4. Poverty and food insecurity

Hunger is a symptom, consequences, and expression of poverty. The extremely poor live in a situation of food insecurity and are highly vulnerable. However, the poor are not always vulnerable to food insecurity. Certain populations may have low incomes without facing a situation of food insecurity.



Food security exists when all individuals have the physical and economic access at all times to sufficient healthy and nourishing food to satisfy their energy requirements and food preferences in order to lead a healthy, active life.

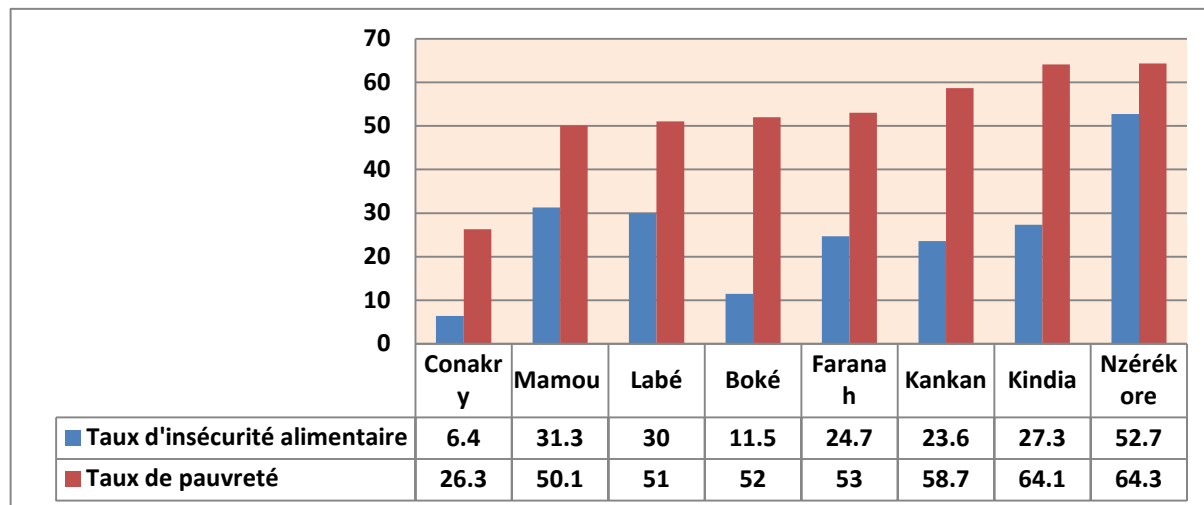
Three conditions must be met to ensure food security: (i) sufficient supply or availability of food; (ii) stability of the supply of accessible, affordable food, without fluctuation or shortages from one season or year to the next; and (iii) the quality of food and individuals' consumption of food.

The first MDG is to reduce by half the proportion of the population suffering from hunger by 2015. According to the results of WFP food security surveys conducted in Guinea in 2009 (National Food Security Survey and Food Security Survey in Conakry), 32 percent of rural Guinean households, representing 2,302,000 individuals, experienced food insecurity, while 8 percent of those households (602,000 individuals) experienced low food security, and only 24 percent of households (1,700,000 individuals) had reached the threshold of food security.

Table 6 shows that the administrative regions in general are characterized by high food insecurity as well as high poverty rates. The food insecurity rate in the administrative region of Nzérékoré is 52.7 percent and the poverty rate approximately 64.3 percent, making it the poorest region and hardest hit by food insecurity.

The regions of Boké and Conakry occupy seventh and eighth place, respectively, for both food security and poverty.

Graph 4. Poverty and food insecurity by administrative region



Key: Blue = Food insecurity rate
Red = Poverty rate

Source: ELEP 2007 and ENSA.

This graph shows a positive correlation between food insecurity and poverty. In other words, increased food insecurity in the region will have a strong impact on poverty.

I.2.5. Poverty and access to education and literacy

An analysis of the data indicates that the net primary school enrollment rate increased from 57 percent in 2002 to 62 percent in 2008 and, notably, from 52 percent to 57 percent for girls. According to the ELEP,⁴ the national rate was 57.1 percent in 2007 compared to 54.1 percent in 2002. Both sources show that perceptible progress was made. However, sector performance indicators show a relative decline since 2005.

The performance observed between 2002 and 2008 is largely due to the increased supply of educational infrastructure, which remains one of the major gains of the Education Sector Adjustment Program, part of the Education for All initiative, and the Education Sector Program now being executed.⁵ However, the increase in the net enrollment rate conceals significant disparities between regions and urban and rural areas. In fact, the ELEP shows a striking imbalance between the net urban enrollment rate (81 percent) and the net rural rate (48.5 percent). The same survey also reveals that 60 percent of boys were or had been enrolled in primary school compared to 54.1 percent of girls (these rates were estimated at 59.4 percent and 48.7 percent, respectively, in the 2002 EIBEP).

⁴ Data from the 2007 ELEP (Republic of Guinea, Ministry of Planning and Private Sector Promotion, National Institute of Statistics).

⁵ Id.

It is important to note that while the quantitative gains in terms of school enrollment are significant, little progress has been made with respect to the quality of education. According to the Educational Planning and Statistics Service, this is due to multiple factors including: (i) the very high student/teacher ratio (particularly in urban areas), resulting in crowded classrooms that undermine the effectiveness of educational administration; (ii) the low textbook/student ratio; (iii) the existence of schools offering incomplete cycles, resulting in dropouts and attrition; (iv) classes without teachers; and (v) high teacher absenteeism in rural areas. In terms of equity, the gap between boys and girls, which was 10.7 percentage points in 2002-2003, declined to six percentage points in 2007.

The proportion of schoolchildren who complete the first cycle of primary school increased from 29 percent in 2002 to 59 percent in 2007 (49 percent for girls) before declining to 50 percent in 2008 (42 percent for girls). The factors identified above, which have a strong impact on school enrollment, also account for the low primary school completion rate. Added to those factors are: (i) inadequate basic and pedagogical training for many teachers (particularly primary school teachers); (ii) inadequate monitoring of and assistance to teachers; and (iii) dropping out, although this occurs infrequently (3.6 percent) in primary school.

With regard to adult literacy, a significant gap was observed between men and women, but overall indicators remained low. In 2003, the national rate was 45.7 percent for men compared to only 14.1 percent for women (or 28.3 percent for men and women combined).⁶ In other words, the literacy rate for men is 3.2 times higher than for women. In 2005, the literacy rate was 16.1 percent for women and 44.1 percent for men. Efforts by the government in 2007 brought the rate to 49.9 percent for men compared to 21.5 percent for women. From 2005 to 2007, women gained roughly 5.4 points compared to 5.8 points for men. Regional adult literacy rates vary considerably, from a low of 6 percent in Kankan to a high of 39.5 percent in Conakry in 2007.



In view of the rate of increase for each of the three indicators during recent years, and considering the persistence of the causes mentioned above, none of the indicators will meet the objectives established for 2015 unless special efforts are made in the sector.

These quantitative results conceal difficulties relating to financing of the education sector. Investment expenditures (National Development Budget) are low.

At no time during the past decade did the share of education in GDP exceed 3 percent. From 2000 to 2010, the share of the national budget allocated to education spending did not exceed 12 percent. From 9.6 percent in 2003, it continued to decline to a low of 5.7 percent in 2006. However, the government has made significant efforts since 2007, which raised the rate to 11.3 percent in 2009.

⁶ Data from the 2002/2003 EIBEP.

I.2.6. Poverty, malnutrition and mortality

The infant-child mortality rate in Guinea declined from 177 per thousand in 1999 to 163 per thousand in 2005, or a reduction of 14 percentage points in six years. If this trend continues, the rate would be roughly 142 per thousand in 2010. In regard to residential setting, the infant-child mortality rate was higher in rural areas in 2005 (204 per thousand) than in urban areas (133 per thousand), and higher for boys (200 per thousand) than for girls (174 per thousand). In addition, children in the poorest households had rates twice as high (217 per thousand) as those from [words omitted] households, for which the rate was still quite high. The mortality rate for children under age 5 declined significantly in Forested Guinea (215 per thousand) and Upper Guinea (199 per thousand) during 1999-2005, while the rates in Lower Guinea and Mid-Guinea increased by 3.4 percent and 0.4 percent, respectively.

The national infant mortality rate showed a marked decline between 1999 and 2005, from 98 per thousand to 91 per thousand, or an average of one death per thousand live births. If this trend continues, infant mortality could decline to about 85 per thousand in 2010.

The results of the Expanded Vaccination Program (PEV) show that vaccination coverage against the major diseases has improved since 2002, with rates above the average. This improvement is due to wider availability of vaccines, the engagement of health care providers, citizens' acceptance of vaccination, the integration of curative and preventive services, strengthened supervision, and the support of the development partners. DPT3 coverage remained consistently above the 80 percent bar despite underperformance observed in recent years, declining from 88 percent in 2006 to 87 percent in 2007 and 84 percent in 2008. The vitamin A supplementation campaign covered 64 percent of the target, with 97.3 percent of children age 6 to 59 months receiving two doses of vitamin A during July and December 2008, and 95.8 percent of children age 12 to 59 months receiving two doses of antiparasitic drugs during the same period. In addition, 50 percent of women received one dose of vitamin A during the postpartum period.

In Guinea, the elevated maternal mortality rate (980 per 100,000 live births) is linked to the small proportion of assisted birth, which increased from 35 percent in 1999 to 38.0 percent in 2005, or an increase of three percentage points over the period. Despite this increase, performance is far from the target of 95 percent by 2010. The marked disparity in favor urban areas (the figure is only slightly more than 20 percent in rural areas) is a contributing factor in the failure to reach the established objectives.

The prenatal consultation rate improved considerably, from 82.1 percent to 88.2 percent over the period 2005-2007. This outcome is the product of outreach campaigns and numerous projects providing technical support to the health sector over the past 10 years. It is important to recall that the government's objective in regard to prenatal consultations was 85 percent in 2002. In the interest of improving access to health care for women, particularly in rural areas, government recently adopted measures to provide assistance at birth, prenatal consultations, and cesarean sections free of charge.

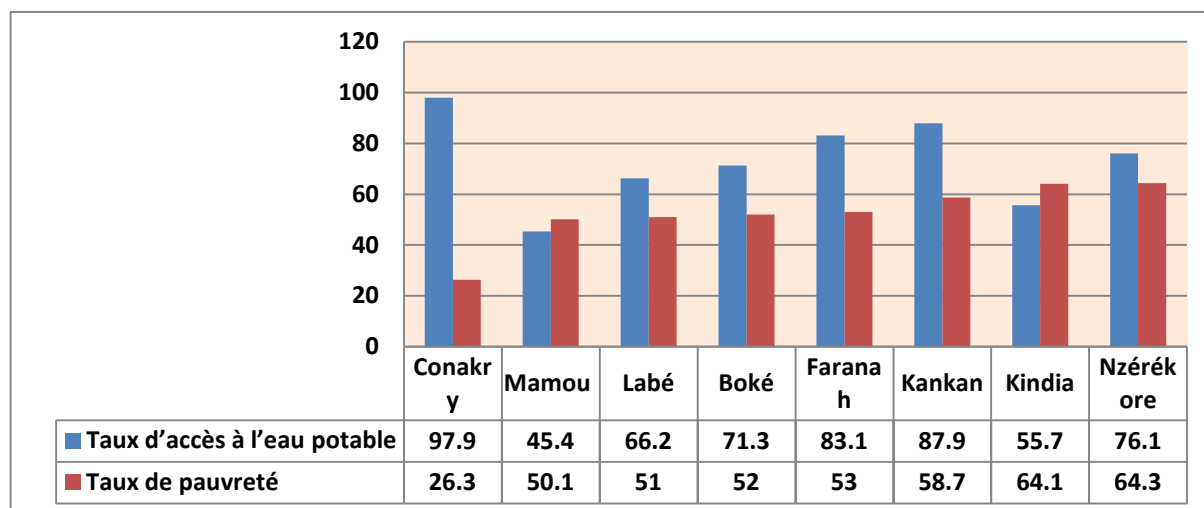
The results of the 2008 National Survey on Nutritional Status and Monitoring of Principal Indicators of Childhood Survival (UNICEF/WFP) indicate that 40 percent of Guinean children under age 5 suffer from chronic malnutrition (WHO standard), and 20.7 percent of them suffer from severe chronic malnutrition. In comparison with the 2005 Demographic and Health Survey (NCHS/CDC/WHO standard), chronic malnutrition has increased by 1.4 percentage points, from 34.8 percent to 36.2 percent. Likewise, severe chronic malnutrition has increased from 15.3 percent to 17.4 percent, or 2.1 percentage points over the

period 2005-2008. This is the result of the deterioration of households' socioeconomic situation and the environment in which they live, in particular the shortage of safe drinking water and worsening conditions in regard to health and hygiene. The situation also reflects the gradual increase in the price of foodstuffs. Moderate emaciation afflicts 8.3 percent of Guinean children under age 5, of whom 2.8 percent suffer severe emaciation (WHO standard). In addition, nearly 21 percent of Guinean children under age 5 are underweight (WHO standards). Among them, 6.7 percent are severely underweight. A comparison with the results of the 2005 Demographic and Health Survey using the NCHS/CDC/WHO reference population reveals that moderate underweight status has remained quite stable over the period 2005-2008, increasing from 25.8 percent in 2005 to 26.1 percent in 2008. Similarly, severe underweight status increased from 7.1 percent in 2005 to 7.3 percent in 2008. Admittedly, most of the indicators appear to be moving in the right direction, and the Ministry of Health and Public Hygiene recently initiated an evaluation of the National Health Development Plan to support reformulation of its policy and preparation of a new plan that would take account of poverty trends.

I.2.7. Poverty and access to safe drinking water

Supplying citizens with safe drinking water was one of the government's priorities for the past five years. In regard to assessing the actions taken in this area, the statistics reveal that 62 percent of Guineans had access⁷ to safe drinking water in 2002, and the rate increased to 73.8 percent nationwide in 2007, or an increase of 11.6 percentage points between 2002 and 2007, or roughly 2.4 percent per year. Local rates ranged from 94.1 percent in Conakry to 85.6 percent in other urban centers and 52.8 in rural areas. At this pace, the rate of access is expected to reach 81.0 percent in 2010, with progress much more pronounced in rural than urban areas.

Graph 5. Poverty and access to safe drinking water by administrative region, 2007



Key: Blue = Access to safe drinking water
Red = Poverty rate

Source: ELEP 2007.

⁷ A household has access to safe drinking water if the time to travel from home to a source of water and back is less than 30 minutes.

According to the ELEP, the rate of access in 2007 was 67.1 percent in rural areas compared to over 91.2 percent in urban areas. The rate for Conakry was about 98 percent, and Kankan and Faranah had the highest rates, averaging 87.9 percent and 83.1 percent, respectively . Apart from Kindia (55.7 percent) and Mamou (45.4 percent), rates in the other regions ranged between 66 and 77 percent.

This progress reflects investments in wells and emergency programs to improve supplies of water to Conakry and cities in other regions of the country. The National Water Point Improvement Service (SNAPE) completed 728 modern water points in 2007 and 679 in 2008, bringing the total number of modern water points close to the target of 15,000 by 2010 established at the start of the project in 1978. At this date, 14,792 water points have been completed, representing an execution rate of 98.6 percent.

Despite this progress, the sector continues to face problems including limited production and water treatment capacity relative to demand, limited geographic coverage of the water distribution network, significant technical losses and commercial fraud, unavailability of installed capacity due to lack of maintenance or fuel, and weaknesses in the legal and institutional framework.

I.2.8. Poverty and HIV/AIDS

The prevalence of HIV in Guinea has reached the generalized phase (1.5 percent). The prevalence of HIV among persons age 15 to 24 is clearly below the national average. Women are twice as vulnerable as men among the population at large as well as the 15-24 age group. Early sexual relations do not appear to be associated with the prevalence of HIV. However, high fertility rates among this age group (154 per thousand) reflect the proportion of unprotected sexual relations and to a certain extent represents a threat. If appropriate policies are implemented, with the Global Fund in particular, the current prevalence could be reduced substantially by end-2015.

Despite remarkable progress, risky behavior such as high-risk unprotected sex or relations with multiple partners remains the principal cause of the spread of HIV in Guinea.



According to the EDS-2005, more than half (53.6 percent) of all sexually active men report having had high-risk sexual relations during the 12 months preceding the survey, a proportion three times higher than for women (15.6 percent). The proportion is 94.8 percent among young men age 15-24 compared to 36.0 percent for young women in the same age group. However, if the trend observed between 2005 and 2007 continued, the objective established for 2015 (90 percent) [...] would already have been achieved in 2008 .

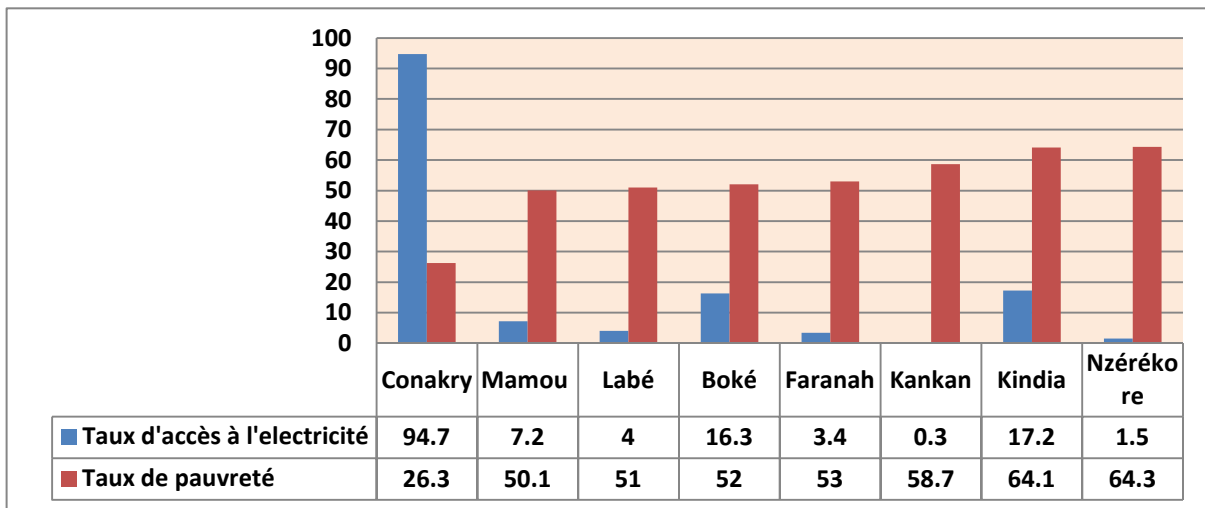
Concerns remain, however, since the fight against HIV/AIDS is too dependent on external resources. The government should devote additional efforts to cover these expenditures during periods when disbursements are suspended. To achieve a reduction in HIV prevalence, the various stakeholders involved must be able to cooperate without interruption.

I.2.9. Poverty and access to energy

Storm lanterns were the main source of light for 47 percent of households in 2007. In rural areas, the proportion of households using this source was 56 percent, and in poor urban areas the proportion was 32 percent. Depending on place of residence, storm lamps are used by over 50 percent of households in all regions except the capital, where the rate is 1.9 percent. This circumstance is the direct consequence of low energy consumption in Guinea and weaknesses in the electricity network.

The 2007 ELEP found that electricity is used by only 18.1 percent of households in Guinea. This glaring weakness is compounded by a clear disparity based on residential setting. While 68.9 percent of urban households have access to electricity,⁸ only 62.4 percent use it. In rural areas, the rate of access is 2 percent compared to 0.9 percent utilization. In poor urban areas, the access rate is 54.3 percent compared to 48.8 percent utilization, while in poor rural areas the rates are 1.5 percent and 0.5 percent, respectively.

Graph 6. Poverty and access to electricity by administrative region, 2007



Key: Blue = Access to electricity
Red = Poverty rate

Source: ELEP 2007

There are also enormous disparities between the different administrative regions: in Boké, the rate of access to electricity is 16.3 percent versus 14.8 percent utilization. The rates are 1.5 percent and 0.1 percent in Nzérékore; 3.4 percent and 2.1 percent in Faranah; 0.3 percent and 0 percent in Kankan; and 17.2 percent and 10.2 percent in Kindia, but 94.7 percent and 89.1 percent in Conakry.

The low utilization of electricity is largely due to the lack of investment in all segments of the sector. The main difficulties include lack of production capacity and insufficient high-voltage/low-voltage transport with respect to strong growth in demand (6 to 8 percent per year); unavailability of installed production capacity due to lack of maintenance and fuel; significant technical and commercial losses over the network; limited coverage of the distribution network, and inadequate legal and institutional framework.

The use of wood and charcoal for cooking is widespread in Guinea: 78 percent of households use wood for cooking. The proportion is 96.2 percent in rural areas and 43 percent among the urban poor. Among rural households, 98.3 percent use both wood and charcoal compared to 96.0 percent in urban areas. The large

⁸

percentage of households using these sources of energy represents a major concern for environmental protection.

1.2.10. Poverty and access to decent housing and sanitation

The housing sector is a crosscutting sector that impacts all other sectors of economic and social life in Guinea. This crosscutting aspect reflects the multiplicity of stakeholders, complexity of problems, and multiple strategies. In this regard, it is important to bear in mind the correlation between housing and poverty, which go hand in hand and the impact of one on the other calls for appropriate measures. Accordingly, the approach going forward is aligned with the country's strategic framework:

- ✓ the MDGs, in particular Goal 7 on achieving a sustainable environment, and Goal 11, to significantly improve living conditions for at least 100 million slum dwellers throughout the world by 2020. In this context, indicator 32 concerns "proportion of households with access to secure housing tenancy";
- ✓ the PRSP, which also incorporates the issue of housing, given the strong correlation between poverty and housing. The problems and issues identified call for alternative, shared solutions based on sustainable development of housing, in line with the government's strategic development options.

The burgeoning population and accelerated urbanization in Guinea create increased needs for basic social facilities and infrastructures. According to the 2007 ELEP, households devote 5.8 percent of spending to housing, water, and energy. Various government initiatives and interventions by numerous other entities have been deployed in an attempt to meet these needs. However, the trends and constraints described below continue to impact the housing and sanitation sector.

The urban landscape is particularly uneven in terms of spatial development and land management. The city of Conakry, in particular, occupies less than 1 percent of the national territory but represents one-fifth of the total population and over 40 percent of administrative and commercial activities. This high concentration of population and socioeconomic activities is likely to cause deterioration of the inhabitants' living conditions and natural ecosystems.

The constraints on land management are insecure land tenure and land conflicts that arise over unauthorized subdivisions being developed in disregard of real estate and property rules established by law.

In regard to the supply of new housing, production is constrained by: (i) lack of appropriate financing mechanisms; (ii) the absence of a bank dedicated to (social) housing and absence of mortgage lines of credit among products offered by the traditional banking and finance segments; (iii) the weak framework promotes self-help construction and impacts the production of rural housing in particular, which concerns over 70 percent of the Guinean population; and (iv) the extent of poverty, which prevents a large proportion of Guineans from accessing housing because of high production costs.

Over 80 percent of existing housing consists of improvised dwellings located in unauthorized developments completely lacking in infrastructure. These areas are also the focal point of micro-businesses believed to help the majority of poor populations. Improving this type of housing should include restructuring, legalization, and re-plotting land.

Accordingly, housing construction materials and the number of persons occupying one room are the principal indicators used to identify slums and overcrowding in urban housing.

In 2007, 67.9 percent of Guinean homes had corrugated sheet metal, tile/slate, or concrete/cement roofs, and 31.9 percent had thatch or straw. In urban areas, nearly all homes (90 percent) had metal roofing, while 42 percent of rural homes were covered with thatch or straw. In regard to flooring, 48.8 percent of homes nationwide and 11.8 percent of urban homes had dirt floors in 2003. In 2005, the rates were 56 percent nationwide and 9.3 percent in urban areas. The 2007 estimates were 53 percent nationwide and 17 percent for urban areas.

In regard to occupancy density (number of persons per room), the figure was 2.7 in Conakry and 2.4 in the other urban centers in 1994. The rate was virtually unchanged in 2007 at 2.64 for Conakry and 2.54 for other urban centers.

In the area of sanitation, access to basic services is a major challenge for urban centers in general and the capital in particular. The analysis focuses essentially on access to improved toilets and the mode of eliminating sewage and household waste.

In 2007, 31.3 percent of households had adequate toilets (flushing, covered latrines, or improved ventilated latrines) compared to 25.4 percent in 2002, or an annual increase of 1.2 percent. Households with flushing toilets were rare (fewer than 3 percent). Barely 1 percent of households had access to a sewage system, and those households were concentrated mostly in Conakry. Even in Conakry, that rate was 2.2 percent in 2007. In all, roughly 21 percent of households lack toilets. With current trends, only 34.9 percent of households will have adequate toilets in 2010. Over 9 out of 10 homes (90.7 percent) dispose of wastewater in the street or the environment. In urban areas, this rate is 76.1 percent.

In regard to household waste, 80 percent of households nationwide and 53.6 percent of urban households dispose of waste in the environment. On the other hand, the proportion of households using private or trash collection services or public refuse containers declined perceptibly, from 12.8 percent in 2002/03 to 9.4 percent in 2007. In regard to trash collection service, 9.8 percent of households use such services or public trash containers. This practice is seen most often in urban centers, particularly Conakry, where over half the households use specialized services to dispose of waste. However, only 6.7 percent of households practice a sanitary mode of waste disposal. The elimination of garbage and pollutants from water remains a crucial health problem in urban areas in addition to the problem of wastewater elimination, repeated flooding of certain neighborhoods can lead to alarming public health situations.

I.2.11. Poverty and Employment

According to the 2007 ELEP, the unemployment rate increased from 10.2 percent to 15 percent in Conakry and declined from 6.7 percent to 3.2 percent in other cities between 2002 and 2007. Of the total workforce, 9.1 percent were underemployed in 2007 compared to 11.8 percent in 2002. Women are 1.4 times more likely to be underemployed than men, with rates of 7.5 percent for men and 10.5 percent for women in 2007.

In comparison with 2002, the rate of underemployment declined significantly for all groups, particularly for women, for whom it declined from 13.3 percent to 10.5 percent. The rate of underemployment increases

with the individuals' age. A larger proportion of the underemployed workforce comes from rural (11.1 percent) than urban areas (5.4 percent). The proportion is slightly higher among the poor.

Among the working population, 67.1 percent were independent workers in 2007 compared to 53.3 percent in 2002. The proportion working in family-based businesses declined from 36.5 percent in 2002 to 23.8 percent in 2007. These results show that among the working population, independent work is gaining on family-based activities, but also on other types of employment including as wage-earners. The draw of working for oneself among the working population is not by chance: formal enterprises are rarely created in Guinea, and the supply of wage-earning positions is quite limited. The result is a multitude of informal activities that barely provide a living.

These outcomes show the difficulties faced by Guinea in providing full employment and enabling citizens to find decent, productive work. This situation is of particular concern for the young, and calls for greater mobilization and initiative on their part to access decent jobs.

I.2.12. Poverty, gender and equity

The promotion of women with a view toward full participation in decision-making processes at all levels is an integral part of the government's development policy and one of its priority areas.

It regard to parity in primary school, gender statistics indicate that the girl/boy ratio, which was 0.72 in 2002, stood at 0.76 and 0.83 in 2005 and 2007, respectively, or an annual increase of 0.01 point. If the increase continues, the ratio should stand at about 0.92 in 2010. In secondary education, the girl/boy ratio was 0.45 in 2005 and 0.55 in 2008. In universities, the girl/boy ratio was 0.18 in 2002, and improved to 0.25 and 0.29 in 2005 and 2007, respectively. Following the same trend, the ratio was expected to be 0.3 in 2008.

The proportion of female employees in non-agricultural sectors increased to 27.1 percent in 2002. In the civil service, out of the total staff of 68,715, only 18,229 were women (26 percent). In the education sector, the proportion of female teachers remains low and relatively stable. Among primary school teachers, the ratio of women to men was 0.35 in 2007; in the same year, the ratio for secondary school was estimated at 0.06. The prevalence of food insecurity is also higher among female-headed households, at 42.4 percent, compared to 30.2 percent among households headed by men.

At end-2006, the number of women holding seats in the National Assembly was 22 out of a total of 114 deputies, or 19.3 percent. The number was reduced to 19 in 2007 (16.7 percent) following the deaths of three of them (cf. Table 1). In the Bureau of the National Assembly, only 12 percent of the positions of responsibility were held by women. In parliamentary administration, that rate was 23 percent. However, there were no female Quaestors or chairpersons on any parliamentary committee or group. On the Supreme Court, three of the 17 judges are women, or a ratio of 21 percent. The Economic and Social Council includes 11 women out of a total of 45 members, or 24 percent. The National Communication Council includes only one woman among its nine members. In total, only 36 of the 208 decision-makers of these key institutions, or 17 percent, are women (see Guinea's 2009 national progress report on the MDGs).

Women's participation in positions of responsibility at the different levels of the administrative hierarchy is identical to the situation described above: of a total of 3,003 positions of responsibility identified within the various central government agencies, only 520 are held by women (17 percent). An analysis of decision-

making positions throughout the government found that women were most frequently appointed Deputy National Director (23 percent), followed by advisor (22 percent); among chief of staff positions, 21 percent are held by women compared to 79 percent by men, and the women serving as secretary-generals of ministries can be counted on the fingers of one hand (4 percent). In diplomatic posts, 15 of the 214 slots are currently held by women, or 23 percent.

These indicators should be viewed in parallel with women's educational attainment, which remains low but is improving. In general, Guinea has made notable progress in reducing disparities between the sexes, particularly in terms of school attendance. Progress in education is particularly marked at the elementary level, where the girl/boy ratio reached 0.83 in 2007. The ratio falls to 0.3, however, for higher education and university. Similarly, while the proportion of women employed in the non-agricultural sector has increased, it is still quite small (27 percent). In Parliament, as in other key government Institutions, progress is insufficient. The proportions are still quite low in the civil service as well. However, with the emphasis now placed on educating girls, the ratio is expected to visibly improve in the future.

I.2.13. Poverty and governance

The proper functioning of the defense and security forces and legal system today will shape the country's future. These institutions are responsible for maintaining a calm, secure environment compatible with investment and development. However, both sectors face problems that impact their effectiveness and practices that tarnish their image, resulting in harsh criticism from public opinion throughout Guinea.

The weaknesses in defense and security forces relate first of all to the recruiting system, which places criteria of ethnicity above strict rules based on the intellectual and physical aptitudes of recruits. The system has excluded numerous potentially qualified youths from the defense and security forces and considerably reduced the national character of those forces.

The difference in treatment between the senior ranks and the rest of the troops has provoked considerable unrest, including mutinies in which soldiers demand the removal of their commanding officers. Lack of discipline has taken hold in the army, police and paramilitary Gendarmerie, undermining their operations and creating a climate of insecurity throughout the country.

Even more serious is the involvement of defense and security forces in drug trafficking. Seizures of contraband are not always reported for purposes of incineration, allowing them to be reintroduced in the drug trafficking circuit.

The fierce criticisms levied against the Guinean legal system also reflect a crisis of confidence between citizens and the institutions that embody the law. According to the 2007 ELEP, the great majority of citizens (roughly 74 percent) do not trust the legal system, which they consider ineffective, biased, and corrupt.

Violations of basic human rights have continued and even worsened in the last three years, as illustrated by the bloody repression of the September 28, 2009 demonstrations and accompanying attacks on human dignity. Corruption has assumed even larger proportions than in the past, notably within the justice, finance, security, and decentralization ministries and the agencies responsible for water and electricity. The 2007 ELEP found that 89 percent of the population considered corruption a significant problem that hinders development and serves to aggravate poverty.

The decentralization process, despite a degree of progress, still suffers from gaps and deficiencies. Transfers of funds from the national budget to local governments have not been fully implemented, particularly since 2007, due to the instability of Guinean institutions. Weaknesses in regard to human resources, particularly on the part of local administrators and elected officials, is a considerable constraint on the development of local and municipal administrations. The administration faces weaknesses in regard to its structures as well as the rules and regulations governing its operations. The recruitment, promotion, and assignment of civil servants is based on inappropriate criteria that provoke feelings of unfairness within the administration. Over 30 percent of the population feel the administration's credibility is undermined by a lack of professionalism, respect for ethics, and sense of civic duty. The administration is also accused of corruption and collusion with business interests, and misappropriation of public assets is widespread; all of these factors serve as obstacles to growth and poverty reduction.

The foregoing demonstrates clearly that strengthening human and institutional capacities is the sine qua non of economic and social progress in Guinea.

Table 5. Trends in principal PRSP2 monitoring and evaluation indicators

Indicators	2006 Baseline	2007	2008	2009	2010	Average 2007 - 2010	2010 Target	Difference
Incidence of income poverty	53.6% (2005)	53%	53%	57%	58%		49.70%	-8.30%
Depth of poverty	19.3% (2005)	17.60%	17.70%	17.90%	18.10%		17.40%	-0.70%
Number of inhabitants per magistrate	36000(2007)	36000	36000	36000	36000	36000.00	28925	-7075
Number of inhabitants per police officer	2450 (2006)	2450	2450	2450	2450	2450.00	778	-1,672
Mobile telephone density	4.5% (2005)	21%	36.70%				25%	
Fixed telephone density	0.3% (2005)	2%	2.30%				15%	
Agriculture share in GDP	12.4% (2006)	13.60%	13.40%	13.90%	14.20%	13.8	13.30%	-0.50%
Real GDP growth	2.5% (2006)	1.80%	4.90%	-0.30%	1.90%	2.1	5.30%	-3.20%
Per capita GDP growth	-1.1% (2006)	-1.40%	1.70%	-3.30%	-1.30%	-1.1	1.90%	-3
Year on year inflation	39.1%(2006)	12.80%	13.50%	7.90%	20.80%	13.7	3.00%	-10.70%
Average annual inflation	34.7%(2006)	22.90%	18.40%	4.70%	15.60%	15.4	4.60%	-10.80%
Agricultural growth rate	4.4%(2006)	3.30%	3.80%	3.40%	3.60%	3.7	4.80%	-1.10%
Debt service as % of exports	18.7%(2006)	17.70%	15.70%	10.80%	11.80%	14.0	10.00%	-4.00%
Budget deficit excl. grants (commitment basis) as % of GDP	1.8%(2006)	0.90%	1.80%	8.30%	11.70%	5.7	1.50%	-3.20%
Investment rate	12.1%(2006)	29.50%	21.30%	16.40%	18.00%	21.3	17.40%	3.90%
Tax burden as % of GDP	14.6% (2006)	13.50%	15.7%	15.4%	16.4%	7.25	17.90%	1.5%
Foreign reserves as months of imports	0.8 (2006)	0.4	1.1	1.4	1.9	1.20	3	-1.8
Unemployment rate, persons age 15 and older	3.2% (2002)	1.60%	nr	nr	nr		1.60%	
Primary school gross enrollment ratio	78% (2006)	79%	79%	78%	nr	nr	100% (2015)	
Primary school girl/boy parity	0.81(2006)	0.83	0.82	0.83	nr	nr	0.92	
Current education spending/total government spending	12.3%(2006)	13.10%	15%				18.90%	
Net primary school enrollment	63%(2006)	64%	62%	63%	nr	nr	90% (2015)	
Rate of access, 1st year of primary school	60%(2006)	77%	76%	82			100% (2015)	
Primary school completion rate	60%(2006)	59%	51%	59%	nr	nr	79%	
Adult literacy rate (age 15 and older)	35% (2006)	34.50%	34.50%				50% (2012)	
Tuberculosis vaccination coverage	71%(2004)	81%	72%		nr	nr	80%(2010)	-8%
DPT3 vaccination coverage	89% (2005)	88%	84%				100% (2010)	-16%
Measles vaccination coverage	71%(2004)	86.00%	87%		nr	nr	80%(2010)	7.00%
Yellow fever vaccination coverage	84% (2005)	85%	84%		nr	nr	100%(2010)	-16%
Tetanus vaccination coverage	75% (2005)	82%	61%				80%(2010)	-19%
Prenatal consultation rate (%)	82.1% (2005)	88.2%(2007)	nr	nr	nr	nr	nr	nr
Proportion of women holding seats in parliament	19% (2006)	19%	19%				44% (2010)	-25%

PART II - STRATEGY AND PRIORITY ACTIONS

Chapter 1. Improving governance and strengthening human and institutional capacities

The 2005 PRSP assessment revealed a serious deficit of governance in all sectors of national activity. It concluded at the time that poor governance was a root cause of increased poverty in Guinea, and had recommended that improving governance be the central pillar of the PRSP2.



The developments observed since the preparation and implementation of the PRSP2 show no improvement in governance. The failure concerns the important sectors described above and in the body of this document.

The failure of governance has created an environment ill adapted to development and the fight against poverty. This poor governance is the cause of the lack of adequate capacities in our country.

The poor quality of governance, particularly in managing public resources, has adversely impacted economic growth. Rather than decreasing, inflation has increased, undermining citizens' purchasing power.

As constitutional order is being reestablished, it is important that the security of property and persons be guaranteed. Moreover, judicial administration, which has sided with the accused, must regain its independence and credibility, because an independent judiciary that upholds the law is a guarantee of development and a secure, viable environment for the investors and the technical and financial partners.

The defense and security forces must also be confined to their original mission of protecting republican values. In that capacity they contribute to promoting the private sector as the engine of development and growth. Accordingly, reform of the defense and security forces and the legal system is a central theme of this document.

The fight against corruption is necessary and essential. To that end, the respect and effective enforcement of our laws will strengthen the fight against this phenomenon, which pervades the political and administrative system to the point of poisoning every aspect of life in our country. According to the 2003 National Survey of Corruption and Governance in Guinea, substantial sums of money that could have financed poverty reduction initiatives went instead to greasing palms.

Modernization of the administration is also an imperative, as is strengthening decentralization. Professionalization of the corrupt and ineffective civil service is essential to good governance, which is a prerequisite to economic performance. Decentralization, understood as a transfer of authority and resources to local governments, should be continued and deepened if we hope to create rapid, sustained growth for the economy, the fruits of which, equitably distributed, will help improve living conditions for citizens.

A national dialogue among all sectors of society, including civil society and the political parties in particular, is the tried and tested guarantee of national unity. Guinea's development is heavily dependent on it. For all of these reasons, this PRSP attaches central importance to the problem of governance.

II.1.1. Reform of defense and security forces

The events that occurred in Guinea since the army's seizure of power on December 23, 2008 illustrate the fragility of the country's sociopolitical and, by consequence, security situation. This led the authorities to include the reform of defense and security forces among their priorities by means of a number of measures to strengthen discipline within those forces and create a climate of peace and security for all.

Currently, military spending represents 10 percent of GDP and roughly 37 percent of the central government budget. The government's principal objective is to gradually and steadily reduce military spending in order to bring it within reasonable proportions. This process may extend beyond the period covered by this document.

To summarize, the objective of the reform of defense and security forces is twofold: to devote the majority of budget resources to financing priority sectors (education, health, roads, agriculture) by reducing military spending, and ensure the integrity of national territory while protecting persons and property.

The following measures are planned to achieve this dual objective:

- ✓ the assumption of a substantial portion of the cost of reform by certain partners;
- ✓ the preparation of a reform plan extending over at least five years;
- ✓ that continued restoration of quarters and construction of infrastructures to enable defense and security forces to live in barracks in accordance with military regulations;
- ✓ logistics support and training of officers, noncommissioned officers, and enlisted men in republican principles of good governance and democracy;
- ✓ clarification of the status of defense and security forces by army corps, professionalization of each specialty corps, and reappraisal of working conditions and compensation;
- ✓ improvement of the recruiting process to promote multiethnic participation and comply with applicable laws and regulations;
- ✓ inclusion of civic education in the training program for new recruits;
- ✓ redeployment of certain members of the defense and security forces in honorary capacities or as appointees (diplomatic missions, international institutions);
- ✓ reintegration of discharged staff and units into civilian society;
- ✓ continuation and intensification of efforts against drug trafficking, proliferation of small arms, and trafficking in children;
- ✓ creation of a social service and mutual support association for each entity (army, police, and Gendarmerie);
- ✓ promoting and increasing participation by defense and security forces in the electoral process, dialogue, reconciliation, and sustainable human development actions;
- ✓ strengthening civilian-military dialogue, including through seminars on civilian-military relations;
- ✓ participation in defense and security missions in connection with UN peacekeeping missions and regional and subregional organizations;
- ✓ strengthening subregional and regional integration of technical assistance and international cooperation in the area of defense and security;
- ✓ professionalization of community and local police forces;
- ✓ strengthening neighborhood security through the recruitment of sufficient numbers of policemen;
- ✓ restructuring and revitalizing fire brigades by increasing personnel and material resources; and

- ✓ preparing, adopting, and disseminating a framework law on the police force.

II.1.2. Strengthening capacities to consolidate peace and manage conflict

Poverty reduction can only be achieved in an environment of peace, stability, and security. The heavy price paid in terms of human lives and material and financial costs during the events of January-February 2007 and December 28, 2009 call out to all Guinea's stakeholders and partners to prevent all conflicts of any kind: these events should never happen again.

To this end, the implementation of mechanisms to prevent, manage, and resolve conflicts and consolidate the peace are essential. Furthermore, these mechanisms should be combined with an early warning system to identify potential and actual sources of conflict, monitor the evolution of warning signs, and formulate appropriate recommendations.

Measures that can contribute to the resolution of conflicts and consolidation of peace are summarized below:

- ✓ strengthening civilian-military dialogue;
- ✓ implementation of a permanent framework for dialogue and reconciliation at the national and local level composed of representatives of all stakeholders (administration, civil society, private sector, media, and defense and security forces);
- ✓ development of a national plan to prevent, manage, and resolve conflicts and consolidate peace;
- ✓ implementation of a national and local early warning and conflict prevention system, supported by the entities on which the communities are founded (groups of elders, religious institutions, media, women, youths, security and defense);
- ✓ continued training of defense and security forces in issues of human rights and humanitarian law;
- ✓ decentralization of the office of Mediator of the Republic to the regional and prefectural level;
- ✓ outreach on texts relating to the role and responsibilities of the mediator; and
- ✓ strengthening capacities of civil society organizations, particularly those active in the area of promoting peace, protecting human rights, and upholding humanitarian law.

II.1.3. Improving judicial governance



One of the major problems of the judicial system is the inadequate number of judges, roughly 250, or a ratio of one judge per 38,000 inhabitants. The accepted standard is one per 10,000 inhabitants; in other words, the target of one judge per 28,000 inhabitants established in the PRSP2 has not been achieved. This situation is the result of the system's ineffectiveness and demonstrates the importance of efforts to improve the sector's performance.

The objective in regard to judicial governance is to strengthen the credibility and authority of the legal system to restore its independence and integrity and make justice accessible to all. The actions planned relate essentially to two areas:

1. implementing the framework law for the judiciary; and
2. ensuring that the judiciary oversight body (Conseil supérieur de la magistrature) and the Disciplinary Board are fully operational.

The following actions could be added to the aforementioned two actions:

- ✓ increasing the budget for the justice sector, which is currently quite low at roughly 1 percent of the national budget;
- ✓ implementing targeted, positive measures to redeploy and motivate judiciary personnel (judges, clerks, and other staff), particularly at the prefectural and regional courts and tribunals;
- ✓ implementing a continuing education program for judges and judiciary personnel;
- ✓ strengthening the capacities of the professional associations of solicitors, notaries, process-servers, and auctioneers to ensure that decisions of the courts and tribunals are properly executed;
- ✓ rebuilding the central courthouse; and
- ✓ organizing judiciary conferences.

II.1.4. Improving political and democratic governance

The weakness of the central government is manifest in its inability to promote development. For more than a decade, the country has faced numerous challenges including a loosening of the rules of the political game, deteriorating relations among communities, deteriorating economic and social infrastructures, and the lack of a forceful, politically legitimate authority.

The objectives in regard to improving political and economic governance are: (i) increasing participation by political actors and civil society in the democratic process through the organization of free and transparent local and community elections; and (ii) improving the work of the institutions responsible for conducting the democratic process.

The strategic actions to achieve these objectives will entail:

- ✓ strengthening the capacities of the National Transition Council or the National Assembly through support for constitutional reforms and accompanying outreach throughout the country;
- ✓ institutional reform and strengthening of the National Independent Election Commission so as to ensure effective participation by political actors in activities to promote democracy;
- ✓ strengthening the capacities of the High Authority on Communication (HAC) through enactment of the new press law in June 2010⁹ to enable it to fulfill its role of regulating media operations;
- ✓ consolidating peace through increased national dialogue, achieved by enhancing the frameworks and forums for civilian-military consultation such as the regional and prefectural coordinating offices and religious institutions;
- ✓ strengthening the capacities of the Constitutional Court and Court of Accounts as independent jurisdictions, in order to enhance the transparency of voting results and public spending; and
- ✓ implementing sanctions to punish offenses committed during the election period.

The objectives in regard to enhancing social cohesion are to build democracy, ensure peace, and strengthen civic and political participation by educating citizens and political activists as to their rights and obligations before, during, and after the transition period.

⁹ It should be noted that the implementing regulations concerning the HAC will not enter into force until all of the key civilian institutions (*Institutions Républicaines*) have been established following the transition process.

II.1.5. Promoting human rights



Human rights are universal and inalienable. Respect and protection of human rights are the basis of social peace and a condition for ensuring the development of society as a whole.

In light of the events that engulfed the country between 2006 and 2010 and to a large extent compromised its development, the promotion and protection of fundamental human rights becomes a central issue for governance, as emphasized in this poverty reduction strategy paper.

The measures taken to promote human rights are as follows:

- ✓ develop a program to strengthen capacities of the legal system through the creation of an office on human rights;
- ✓ implement programs for young men and women to introduce the principles of human rights;
- ✓ introduce courses on the principles of human rights, conflict management, and consolidation of the peace in school curricula;
- ✓ ensure equality of the sexes before the law, particularly as regards property rights and working conditions;
- ✓ improve prison conditions for all detainees, particularly women and minors;
- ✓ enforce the procedures for summons, police custody, and detention; and
- ✓ implement the International Convention on Human Rights.

II.1.6. Fighting corruption and impunity

Corruption and similar practices are obstacles to economic development and poverty reduction. Studies of this phenomenon indicate economic agents pay a total of GNF 500 billion per year in bribes and spend a considerable amount of time understanding the constantly changing tax and customs administration rules.

Audits of public finances have been conducted in the past four years and have resulted in recoveries. In 2007, 13 purchase contracts worth over GNF 100 million were audited and the results were published in 2008.

As part of its efforts to strengthen transparency in the management of public affairs and fight corruption, the government instituted a system of quarterly audits, which is one of the triggers for the HIPC completion point. An interministerial committee was established to recover debts to the government, and succeeded in recovering GNF 138,782,271,394 for the Treasury, taxes, and cooperation account. In addition, training sessions were conducted for government audit personnel.

To improve and maximize results, the government recommends the following pillars of intervention:

- ✓ strengthening the institutional framework of the National Governance and Anti-Corruption Agency (ANBGLC) through the adoption of an anticorruption law transposing the provisions of UN and African Union anti-corruption conventions into national law;
- ✓ preparing the proposed framework law on the national good governance and anticorruption program;
- ✓ conducting a survey to determine the level of corruption in Guinea;
- ✓ improving transparency in the management of natural resources in the context of the Extractive Industries Transparency Initiative, the Kimberly process and the Rio Convention, by strengthening

- the partnership between all stakeholders concerned (administration, private institutions, civil society, rule population, and decentralized administrations);
- ✓ strengthening the capacities of the ANBGLC complaints bureau and implementing decentralized mechanisms to receive public complaints of corruption and similar practices;
 - ✓ continuing the establishment of regional governance and anticorruption offices with a view toward expanding the chain of partnership with civil society in implementing citizen control of local resources and fighting corruption at the local and regional level;
 - ✓ organizing citizen awareness and mobilization campaign against corruption through outreach on anticorruption conventions, laws, and regulations, including the content of the central government budget and the rules and procedures governing the award of public contracts;
 - ✓ continuing with the project to improve the public contracting framework;
 - ✓ continuing the audits of all central and decentralized agencies; and
 - ✓ outreach concerning the African Peer Review Mechanism with a view toward Guinea's accession to this mechanism of good governance in the very near future.

II.1.7. Improving administrative governance

This component seeks to reform the civil service by:

- ✓ increasing transparency in regard to recruiting, employment, compensation, incentives, and retirement. As provided in the labor code reform, controlling staff through biometric identification of civil servants and contractual employees;
- ✓ strengthening the institutional mechanisms of social security (national social security agency, pension fund, minimum starting salary and guaranteed minimum salary);
- ✓ strengthening the capacities of social stakeholders (unions and institutions established to resolve workplace conflicts);
- ✓ establishing a labor tribunal to protect workers' rights; and
- ✓ defining an institutional framework for utilization of information and communication technologies in the public administration to promote good governance.

II.1.8. Improving local governance

Decentralization is, above all, the transfer of authority, responsibility, and resources from the center to the periphery. The decentralization policy instituted by the government is founded on the following fundamental objectives: (i) deepening the democratic process, which formally repositions civil society and the government in their respective roles and responsibilities; (ii) promoting participatory local development and promoting transparency in the management of local affairs. The measures to be implemented to further these objectives are:

- ✓ continued preparation of the National Policy Letter on Decentralization;
- ✓ drafting and promulgation of orders implementing the framework law on local governments (CCL);
- ✓ continued outreach on the CCL to promote appropriation by all local stakeholders and organizations and the populations represented;
- ✓ strengthening of the organizational framework of local governments and renewal of the terms of local authorities (commune, local development community), taking account of their level of education;
- ✓ strengthening local executives' capacities in preparing and executing local budgets, allocating resources, awarding contracts, and verifying services rendered;
- ✓ strengthening local elected officials' capacities in human, material, and financial resources management and security management;

- ✓ promoting participatory development by expanding local development plans and annual investment plans to all local and regional administrations; and
- ✓ improving the management of vital statistics registries.

II.1.9. Promoting gender equality

Equality of the sexes is one of the objectives of the Millennium Declaration. The strategies recommended to this end are:

- ✓ strengthening laws protecting women and vulnerable persons;
- ✓ increasing women's autonomy through improved access to microcredit and domestic and foreign markets through the establishment and implementation of the National Fund to Support Women's Economic Activities;
- ✓ developing microfinance to mobilize savings and development for Financial Services Associations in the prefectures and sub-prefectures;
- ✓ equal access and full participation for women and youths in power structures and decision-making bodies;
- ✓ promoting measures for women and youths to prevent and protect against HIV-AIDS, malaria, and tuberculosis through screening measures and techniques, the provision of antiretroviral drugs, and continuation of the outreach campaign on the distribution and use of insecticide-treated mosquito nets;
- ✓ implementation of the measure to provide cesarean sections free of charge;
- ✓ implementation of microfinance institutions in the prefectures and sub-prefectures to create income-producing activities for women and young girls; and
- ✓ enactment and enforcement of Law L/010/AN 2000 of 10 July promoting on reproductive health and prohibiting female genital mutilation.

II.1.10. Improving economic governance and strengthening management capacities

The actions recommended by the government essentially concern:

- ✓ the quarterly audit of public contracts valued at over GNF 100 million;
- ✓ strengthening capacities for design, planning, and strategic analysis;
- ✓ strengthening capacities to produce statistical information for the nation, the ministerial departments, and decentralized administrations through implementation of the 2009-2013 action plan under the National Statistics Development Strategy;
- ✓ improved capacities for programming, managing, and monitoring public finances; and
- ✓ continued efforts to link the Guinean Economy Simulation Model (MSEGUI) to the Macroeconomic Simulator for Poverty Analysis (PAMS).

The following two boxes discuss the strengthening of our capacities in the areas of macroeconomic analysis and monitoring of the strategy.

Box 2: Integrated MSEGUI/PAMS tool

The current version of the Guinean Economy Simulation Model (MSEGUI) represents an important step in adapting the instruments of macroeconomic analysis. For purposes of simulation, the National Directorate of Planning (DNP) combined the Macroeconomic Simulator for Poverty Analysis (PAMS) with the MSEGUI to take account of the impact of development policy decisions on poverty.

In this context, the source and application of funds table (TRE) was integrated into the model and new modules were created specifically to determine the property profile and income distribution of different socioeconomic groups. It should be noted that a data calibration was performed so as to migrate the data from the MSEGUI to the new version without TRE. However, the model is not yet fully operational.

In the area of improving budget and tax policy, the measures concern: (i) strict adherence to the principle of centralized cash management through the closing of special accounts and transfer of credit balances to the main Treasury account; (ii) cash-based budget execution accompanied by a monthly cash management plan supervised by the Treasury Committee; (iii) strict deference to the ministries' payment authorization authority by increasing their responsibilities in regard to managing the budgets allocated to them; (iv) reinstatement of the Medium Term Expenditure Framework (MTEFs) unit and expansion of such units to all departments; (v) the drafting and execution of employment contracts for senior positions in the revenue-collecting agencies (customs, tax administrations); (vi) control of all imports of merchandise; (vii) elimination of all ad hoc exemptions and intensified control of legally established exemptions; (viii) improved collection of administrative revenue, particularly revenue associated with mobile telephone service; and (ix) compliance with established procedures for the award of public contracts.

Box 3: National Statistics Development Strategy

In 2008, the government adopted the National Statistics Development Strategy (SNDS), which provides for an action plan covering the period 2009-2013. The SNDS is based on four strategic pillars:

- improvement of the institutional and regulatory framework for the national statistics system;
- improved coverage and quality of statistics produced;
- strengthening of the personnel, material, and financial resources of the national statistics system;
- improved dissemination and archiving of data through the use of new information and communication technologies; and
- mobilization of US\$34.3 million from the technical and financial partners for implementation of the SNDS, which will cost a total of US\$44.2 million.

Also, in the context of implementing the Strategic Plan for Public Finance Reform, the government plans a certain number of measures that will improve the public finance system. The six priority measures identified are summarized in the box below.

Box 4: Matrix of government financial management reforms

Urgent Actions

Adopt an appropriate legal framework for government finances that incorporates reforms being enacted in the subregion

Framework law on government finance

Budget nomenclature

General public accounting regulations

Central government chart of accounts

Prepare reliable accounting trial balances and make up for delays in approval of budget

review laws (lois de règlement)

Audit public contracts¹⁰

Work toward implementation of Single Treasury Account

Update payroll and civil service files

Develop a roadmap to supplement the assessment and ensure consistency between the numerous initiatives under way to improve effectiveness when implemented

Clear the Treasury liability vis-à-vis the BCRG and domestic arrears

Source: Excerpt of government financial management reform matrix (cf. annexes)

Table 6: USAID and EU portfolio (US\$ thousands)

Project / program title	Budget		Donor
	2010	2011	USAID
<i>Faisons Ensemble</i> project	4,042	2,500	USAID
Support for transition process (Elections)	2,541	1,077	USAID
Civil Society program	2,056	1,700	USAID
Institutional support for decentralization	2,000	-	EU
Institutional Support for Governance Project (PAIG) (government finance - justice)	-	6,000	EU
Clearing arrears with BEI in connection with HIPC initiative	-	7,200	EU
FED program supporting national payment authority functions / technical cooperation facility	-	6 000	EU
ECHO reserve for humanitarian emergencies	-	4,050	EU
Supplementary Program Supporting Elections (PACE)	4,950	-	EU
Electoral process support program – supplement for legislative / local elections / inst	5 000	-	EU
Support for prsp process, strengthening statistics, general population and housing ce	-	5 000	EU
Support for Security Sector Reform (RSS)	-	4 900	EU
Legal system support program / RSS	-	40 000	EU
Supplemental program to support government financial management reform	-	20 000	EU
Total	11 950	33150	

Source: USAID and European Commission.

1 Euro = US\$1.3834

Chapter 2. Accelerating growth and expanding job and income opportunities for all

Guinea, formerly known as “les Rivières du Sud” and West Africa’s Water Tower, is a country brimming with immense natural resources that provide sufficient growth potential to lifted from poverty.

These abundant and varied resources are a major advantage for diversification of the economy, and range from mining resources (gold, diamonds, bauxite, iron, uranium), forest resources, and fishing resources to hydraulic resources (several rivers, including the Niger and Senegal rivers, have their source in Guinea).

¹⁰ This is a trigger for the HIPC completion point.

The diversity of its agrosystems enables Guinea to grow a wide range of food crops. The climate is tropical and semi-humid or Sudano-Guinean. It has two very distinct seasons: a dry season of 4 to 7 months, and a rainy season of 5 to 8 months depending on the region. The average rainfall is from 1,200 to 4,200 mm per year. Guinea therefore has strong potential for agricultural development, which could be supported both by improving yields, which are still quite low, and by expanding cultivated areas (low-lying river basins, mangroves, irrigation systems).

Guinea's arable land is estimated at 6.2 million hectares, or 25 percent of the national territory. Of those 6.2 million hectares, less than 2,000,000 hectares is actually exploited each year, and the rest lies fallow. Hydro-agricultural potential is estimated at 180,000 hectares, divided into 157,000 hectares of planes and 23,000 hectares of low-lying river basins [data from the Technical Center for Agricultural and Rural Cooperation (CTA)]. The capacities for expansion of cultivated agricultural lands are therefore significant. Agriculture employs over 80 percent of the rural population, and 80 percent of growers cultivate rice. According to the joint CILSS-FAO-GG assessment of the 2010/2011 crop year, gross rice production could reach 1,604,348 tons per rice paddy (an increase of 7 percent relative to 2009) or roughly 1,123,044 tons of brown rice,¹¹ making Guinea one of the principal rice-growing regions of West Africa.

Guinea's exploited fishing potential is estimated between 150,000 and 250,000 tons of fish per year and consists of pelagic, demersal, and cephalopod species and shrimp. The pelagic species have high capture potential, while the state of demersal species ranges from full exploitation to over-exploitation.

Agricultural potential is considered significant in Forested Guinea, especially for aquaculture in rice fields, and in Lower Guinea for the development of shrimp farming along the coast, oyster culture, sea cage aquaculture, and inland aquaculture. In Upper Guinea, ponds and other reservoirs offer excellent conditions for aquaculture. In Mid-Guinea, floodplains and agricultural and hydroelectric dams provide opportunities for aquaculture. Fishing is one of the resources and opportunities available to Guinea for accelerated economic growth and diversification of the economy. Fishery products contribute in the range of 40 percent of animal protein requirements. The annual individual consumption of fish has increased from 13 kg prior to 2003 to the current average of 17 kg in 2010.

In the mining sector, Guinea attracts the largest multinationals in the different mining areas (e.g., Rio Tinto, BHP Billiton, Alcan, Alcoa). Its flows of foreign direct investment (FDI) have increased from US\$30 million in 2002 to US\$111 million in 2007, a 270 percent increase in five years. Other megaprojects planned for the next 10 years (alumina and aluminum refinery projects) are estimated at over US\$24 billion.

As we see, the judicious utilization of Guinea's enormous potentialities should lead to sustained, accelerated growth in the coming years so as to reduce poverty.

However, economic growth does not automatically ensure a reduction in poverty. The link depends essentially on the sector composition of growth. Growth is needed most of all in the branches and sectors that occupy the majority of the poor. However, Guinea's poor population are concentrated in rural areas and earn their living from agriculture, livestock raising, and fishing. It is growth in that sector that is most likely to rapidly reduce poverty in Guinea.

However, a more diversified economy supported by multiple productive sectors is a more reliable guarantee of sustainable, long-term improvement of living conditions for the poor. Diversification of the economy is another essential factor in the link between growth and poverty reduction. In this regard, the mining sector should play a key role by increasing its value added through the processing of raw materials.

¹¹ According to FAO, the figures for brown rice can be inferred by deducting 25 to 30 percent per rice paddy. We used 30 percent, the most pessimistic rate.

The rural sector (agriculture, fishing, livestock) can also contribute added value by establishing competitive processing industries.

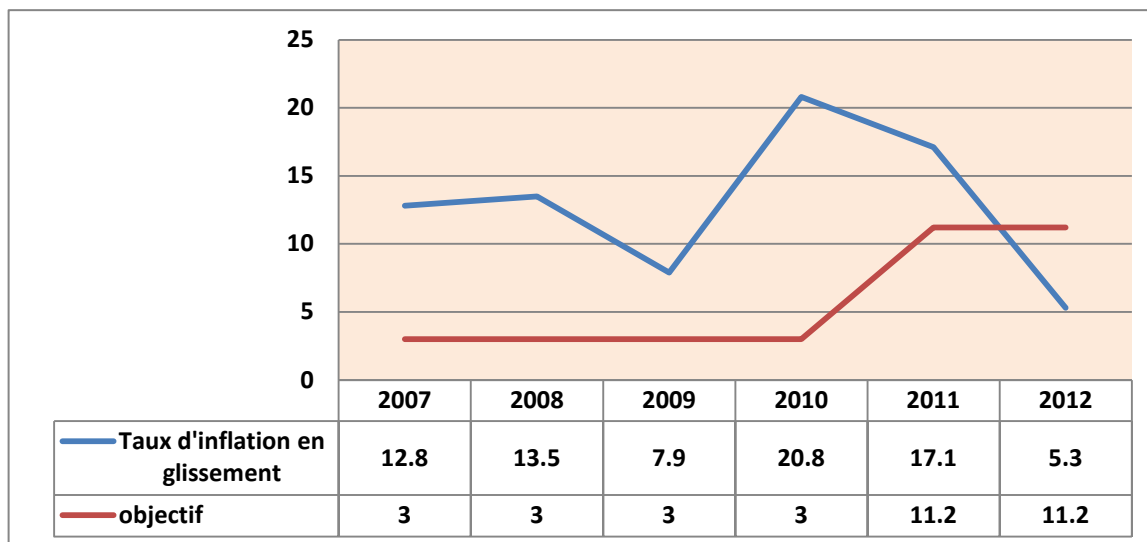
To summarize, growth driven by the rural sector and financed by revenue from the mining sector should serve to reduce poverty. In fact, the establishment of agrifood industries, increased value added in the mining sector, and Guinea's participation in regional and international trade would likely provide citizens with sufficient income to satisfy their needs and provide taxes and duties to the government, enabling it to provide citizens with good quality basic social services.

However, the availability of appropriate, productive, basic economic infrastructures to serve as levers of growth is a sine qua non. The construction of hydroelectric dams to provide water and electricity and the interconnection of the principal cities with production areas are essential to accomplish the development objectives.

II.2.1. Macroeconomic objectives

The macroeconomic objectives are: (i) achieve annual growth in production of 4 percent in 2011 and 5.5 percent in 2012 to increase per capita GDP by 0.7 percent in 2011 and 2.2 percent in 2012; (ii) reduce year-on-year inflation to 17.1 percent in 2011 and 5.3 percent in 2012; (iii) increase gross international reserves to the equivalent of 1.7 months of imports of goods and services for the period 2011-2012 compared to 1.4 months and 1.9 months of imports, respectively, in 2009 and 2010. Total revenue (excluding grants) should increase from 18.0 percent of GDP in 2011 and 19.3 percent of GDP in 2012, and the budget deficit (commitment basis, excluding grants) should be reduced to -5.1 percent of GDP in 2011 and -2.6 percent in 2012. Total expenditures as a proportion of GDP should be 16.8 percent in 2011 and 16.1 percent in 2012. In addition, foreign debt service should be reduced to 57.7 percent of GDP in 2011 and 51.3 percent of GDP in 2012.

Graph 7. Real economic growth, 2007-2012



Key: Blue = Year-on-year inflation
Red = Target

Source. Macroeconomic framing, April 2011, DNP

Five measures are planned to achieve these objectives: (i) consolidation of the macroeconomic framework; (ii) implementation of an effective, prudent monetary policy accompanied by strengthening of the financial

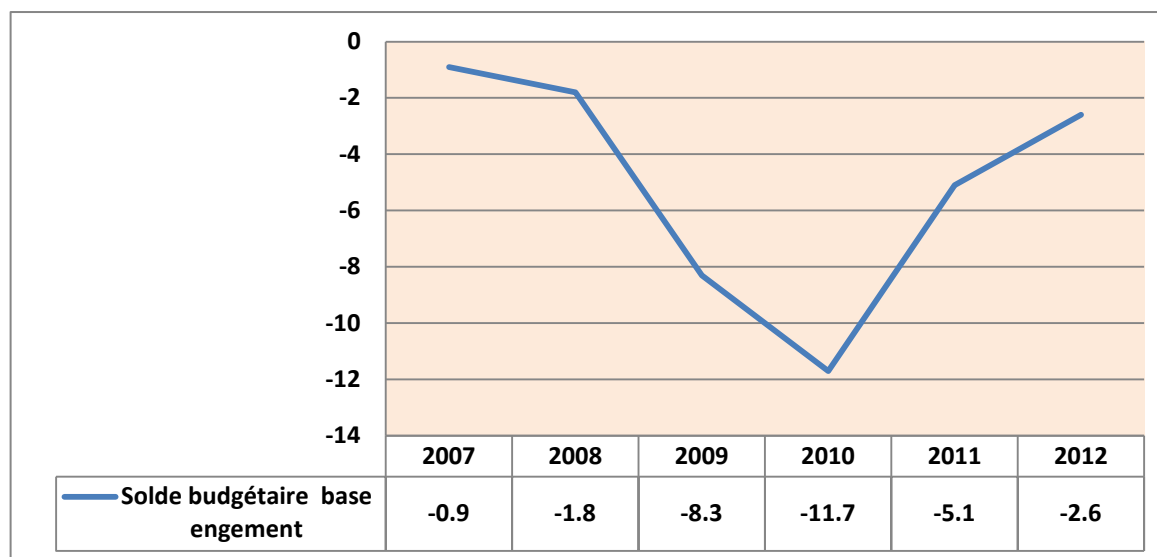
system; (iii) improvement of budget and tax policies; (iv) effective debt management; and (v) incorporation of the regional dimension of economic and financial integration.

a) In regard to improving the macroeconomic framework, the immediate challenge facing the government is to restore macroeconomic and budget stability. The government's first task will be to control the budget deficit and reduce the high rate of inflation that disproportionately affect the most disadvantaged Guineans and threaten social stability. The success of these stabilization policies will enable the government to plan and implement medium-term policies that will reduce poverty and ensure stronger growth and the resumption of the debt relief process under the HIPC.

b) In regard to the budget policy, the 2011 budget is intended to drastically reduce the excessive spending of previous years and, consequently, avoid supplemental bank financing. The initial budget estimates, which already provide for significantly reduced spending compared to the previous year's budget and include the government's emergency action plan to address certain of the citizens' needs, present a financing requirements of close to 13 percent of GDP. This would have led to considerable bank financing and would have further accelerated inflation. To avoid this situation, additional measures representing 4.1 percent of GDP are expected to reduce the budget balance (commitment basis) from about -11.7 percent of GDP in 2010 to -5.1 percent in 2011 and -2.6 percent in 2012. The measures taken to achieve these results include the following:

- ✓ increasing revenue by about GNF 1,000 billion, or 3 percent of GDP;
- ✓ increasing receipts by GNF 50 billion through tax revenue, including collections for prior years;
- ✓ intensified efforts by revenue-collecting authorities;
- ✓ cutting back the excessive public spending of recent years;
- ✓ reducing the rapid growth of the public sector wage bill;
- ✓ meeting the population's most urgent needs;
- ✓ implementing the corrective measures required by means of a supplementary budget law developed in cooperation with the IMF;
- ✓ executing expenditures on a cash basis throughout fiscal year 2011;
- ✓ reforming the civil service;
- ✓ improving the management of finances;
- ✓ re-starting implementation of the expanded public finance reforms based on the 2008 Public Finance Reform Strategy;
- ✓ reducing the excessive pressure of the money supply on the inflation and exchange rates;
- ✓ stepping up surveillance of commercial banks;
- ✓ improving the management of public enterprises; and
- ✓ adopting a new mining code and model mining contract.

Graph 8. Budget balance (commitment basis), 2007 – 2012



Key: Blue = Budget balance (commitment basis)
 Source: Macroeconomic framing, April 2011, DNP

c) **In regard to improving monetary policy**, efforts will focus on reducing the pressure exerted by excessive growth of the money supply from 2009 to 2010 on inflation and the exchange rate. The main cause of this growth was the excessive use of central bank (BCRG) advances to finance the budget. This supplemental financing must be avoided if inflation is to be reduced. The policy will be supported by measures to sterilize excess liquidity in the economy to the extent possible and encourage private savings by providing for positive real interest rates.

The BCRG will take all measures necessary to stabilize the Guinean franc: (i) raising commercial bank reserve requirements from 9.5 percent to 17.5 percent; (ii) placing nonnegotiable Treasury bills with banks recording especially high levels of liquidity, in close cooperation with the Ministry of Economy and Finance; (iii) converting a portion of the existing stock of government advances to Treasury bills; (iv) prohibiting advances to the government; (v) adjusting the BCRG policy rate according to the results of Treasury bill auctions; (vi) refraining from re-injecting the proceeds of sales of farm products into the economy, in order to further absorb liquidity; (vii) monthly publication of a summary bulletin and brief analysis of the monetary outlook in the local press in order to reduce uncertainty in the incipient financial market; and (viii) instituting periodic meetings with the professional bankers association at least once a month to discuss the monetary outlook.

The BCRG plans to reinstate the interbank market for national currency in order to optimize the allocation of liquidity in the banking system. This would enable the BCRG to serve in its role of lender of last resort and significantly reduce pressure on the currency caused by demand from commercial banks. The table below summarizes the principal macroeconomic and poverty indicators for the period 2010-2013.

The assumptions for growth in 2011 are based on the following factors:

- ✓ a return to constitutional order and restoration of the development partners' trust;
- ✓ continued reform of public finances;
- ✓ implementation of the National Agricultural Investment Program;
- ✓ improvement of Guinea's business climate and attractiveness to investors; and
- ✓ a gradual increase in the price of mining products.

In the context of increasing support the banking system to reduce credit-related risks, the BCRG is focusing its efforts on improving the risk unit and implementing a payment risk management unit. It also plans the following new measures: (i) increasing international reserves; (ii) improving the operation of the foreign exchange market; (iii) limiting the use of Treasury bills to finance the budget deficit to a maximum of 5 percent of average tax revenue for the previous three years and to a term of no more than 92 days, as provided by the BCRG charter; (iv) strengthening existing financial intermediation institutions and opening additional branches outside the capital; (v) establishing new financial intermediation institutions to provide increased density and diversification of financial services.

d) In regard to debt management and mobilization of resources, the objective is to sustainably control the external debt burden by reducing the outstanding balance as a percentage of GDP from 66.6 percent in 2009 to 64.8 percent in 2011 and 57.0 percent in 2012. The following measures are planned to this end: (i) the formulation of a debt policy based on at least 35 percent grants; (ii) a conversion of the debt that promotes investment in the priority sectors; (iii) strengthening negotiating capacities, including techniques for redemption and conversion of debt on a case-by-case basis; (iv) creating a flexible, dynamic interministerial structure for consultation, coordination, and development of debt management strategies appropriate for the international environment. In addition, the achievement of the completion point under the HIPC Initiative could serve to reduce Guinea's external debt.

There are also other worthwhile avenues for mobilizing resources. The signature of the 10th European Development Fund will enable Guinea to mobilize substantial financial resources, estimated at €205.8 billion, including €189.6 billion from envelope A for development projects and programs, and €16.2 billion from envelope B for budgetary assistance.

Another source of new financing are the innovative financing mechanisms introduced in international debate at the summit of the March 18-22, 2002 Monterey conference on development financing. A pilot group on solidarity contributions to support development was established for this purpose. Unfortunately, however, there have been delays with respect to its membership and the establishment of mechanisms that could enable it to mobilize additional resources for Guinea's development.

For example, Guinea might receive an estimated €70 million in nonreimbursable subsidies to purchase drugs to control pandemics during the period 2007-2011, through the project financed by funds from the tax on airline tickets the government has yet to institute.

Table 7: Principal macroeconomic and poverty indicators

Area and Indicators	2010	2011	2012	2013
1. Poverty				
Poverty rate	58.0	57.0	56.0	54.0
Depth of poverty	18.2	18	17.9	17.8
Severity of poverty	8.5	8.4	8.3	8.3
2. Growth				
Real GDP growth	1.9	4.0	5.5	5.8
Per capita GDP growth	-1.3	0.7	2.2	2.5
3. Inflation and currency				
Consumer price index (year on year)	20.8	17.1	5.3	4.8
Consumer price index (annual average)	15.5	19	10.8	4.5
Gross foreign assets in months of imports of goods	1.90	2.5	2.9	3.0

and services				
4. Investment				
Total investment rate	18.0	16.9	19.4	19.3
Public investment rate	6.4	4.6	4.3	4.6
Private investment rate	11.6	12.3	15.2	14.7
5. Central government budget				
Current revenue as % of GDP	16.4	18.0	19.3	20.2
Current expenditure as % of GDP	19.3	16.8	16.0	14.9
Capital expenditure as % of GDP	8.7	6.3	5.9	6.3
Budget savings as % of GDP	- 2.9	1.2	3.3	5.3
Primary balance as % of GDP	- 8.6	-1.1	1.0	2.3
Balance excl. grants, commitment basis as % of GDP	- 11.7	- 5.1	- 2.6	- 1.1
6. Debt				
External public debt service (US\$ millions)	174.7	213.4	224.1	235.3
Debt service as % of exports of goods and services	11.8	12.7	11.3	10.4
Outstanding debt (US\$ millions)	3,020.6	2,919.8	2,794.3	2,668.7
Outstanding debt as % of GDP	67.0	64.8	57.0	50.2

Source: Excerpt of macroeconomic framing, December 2010 MSEGUI

e) **In the area of regional integration**, the policies contemplated will entail more rigorous macroeconomic and financial management and improvement of the mechanism for reporting and monitoring the member countries' economic and financial performance. In particular, the government will commit to timely payment of Guinea's contributions to the regional and sub-regional cooperative organizations.

II.2.2. Sector objectives

II. 2.2.1. Development of sectors with strong growth potential

The objectives and measures to be implemented are described for each sector below:

a) **In the agriculture sector**, the principal objectives are to:

- ✓ ensure food security;
- ✓ develop food crops and export crops; and
- ✓ create jobs and income for populations, particularly those living in rural areas.

To accomplish this, the sector must achieve a growth rate of 4.1 percent in 2011 and 5.7 percent in 2012, with a stable GDP contribution of 14.2 percent in 2011 and 2012. The achievement of this growth rate will depend essentially on economic consistency and effectiveness, social equity and sustainability, the decentralization policy, the ECOWAS common agricultural policy, and the African Union's Comprehensive African Agricultural Development Program/New Partnership for Africa's Development.

The specific objectives are to: (i) increase the production and productivity of family-owned operations; (ii) promote agricultural entrepreneurship by stimulating private initiative; (iii) improve access to markets for agricultural products; and (iv) ensure sustainable utilization of natural resources and the environment. The achievement of these objectives calls for:



- ✓ developing rice cultivation in order to meet the population's growing needs;
- ✓ diversifying agriculture through the development of other food crops;
- ✓ adopting an integrated approach to managing natural resources;
- ✓ strengthening institutional capacities and program coordination;
- ✓ strengthening the capacities of agronomy research centers; and
- ✓ strengthening the capacities of chambers of agriculture and commerce.

Accordingly, the agricultural development strategy is primarily based on expanding irrigated areas in order to reduce the high dependence on rain-fed farming, and increasing production through increased use of agricultural inputs in order to significantly increase productivity. Crosscutting support measures to ensure the effectiveness of investment will be based, inter alia, on: (i) improving the legal and regulatory environment; (ii) increasing the productivity of agricultural operations by improving soil fertility; (iii) improving access to the factors and means of production (land, inputs, technologies, training, equipment, and information); and (iv) developing a viable system of financing for producers in the different agricultural segments.

Box 5: Promoting food security

- ✓ Increase the availability and stability of the food supply by increasing crop, animal, and fishery production and their respective added values.
- ✓ Ensure greater economic and physical access to food for households by reducing poverty in Guinea, particularly in the most vulnerable areas.
- ✓ Effectively reduce malnutrition through measures that will improve the nutritional situation of the most vulnerable groups in the short term.
- ✓ Implement appropriate lines of defense to protect populations from natural and other disasters.
- ✓ Stabilize the food supply: (i) leverage the agricultural potential of lands, waters, livestock, and forests; (ii) improve the performance of production systems: access to inputs, distribution of technology packages, etc.; (iii) use appropriate conservation and processing technologies; (iv) facilitate access to credit; and (v) sustainably manage natural resources.
- ✓ Increase access to food: improved integration of livestock grazing and food security programs; (ii) development of income-generating activities.
- ✓ Greater involvement of women in the processes of production and resource management.
- ✓ Implement an institutional framework for food security that actively involves all stakeholders and sectors concerned in analysis and decision making. This should be the cornerstone of Guinea's food security strategy, given the multisector aspect of interventions and actors in the area of food security, which is a departure from the strictly agricultural interpretation of food security currently observed in Guinea.
- ✓ One of the major weaknesses in Guinea is the unavailability of information required to analyze food and nutritional situations in order to guide investments. An information system on the food and nutritional situation of Guinea's populations is essential and is a priority pillar of the strategy.
- ✓ Strengthen the capacities of professionals and professional organizations in the different agricultural, animal, forest, and fishery segments of the rural sector.
- ✓ Improve management of and access to the different resources that support food security: (i) increase the stability of supply of agricultural, animal, and fishery productions to reduce significant post-production losses and facilitate the population's access to food products (post-production technologies, market operations, price liberalization, elimination of unjustified taxes); (ii) strengthen services supporting rural areas (research, outreach, policy, control, etc.) that exhibit weaknesses in terms of human, financial, and material resources to enable them to provide the support necessary to improve production in rural areas; (iii) increase the competitiveness of Guinea's agricultural products in the regional and international market; (iv) develop mechanisms to support activities for women in the area of food security, since women play a key role in the household's food security; (v) develop strategies to reduce malnutrition in order to combat transitory food insecurity so as to provide relief to the most vulnerable groups and those at risk (children under age 5, pregnant and breast-feeding women); (vi) develop consistent food assistance strategies for populations facing emergency situations (refugees, persons displaced by disasters), areas of extreme poverty and or vulnerable groups in Upper and Mid-Guinea (specific funds to support youth and women in developing cash crops, livestock production, and trade and artisanal activities during dry seasons); (vii) develop strategies to improve populations' economic and physical access to food products; and (viii) develop specific strategies for the natural regions that take account of their constraints.

b) In the livestock segment, the objectives are to significantly increase the population and national production of meat, milk, and eggs, which have great potential for meeting the population's food requirements. Through implementation of the pasture policy, the government also intends to increase added value in the sector by close to 3.9 percent in 2011 and 5.6 percent in 2012 compared to 5.5 percent in 2010.

To achieve this rate of growth, the sector will require: (i) increased access to microcredit and inputs; (ii) sedentation of livestock farmers (organization, training, animal health, outreach, planning); (iii) intensified livestock breeding; (iv) breeding of livestock with shorter gestation periods; (v) effective integration of agriculture and livestock breeding; (vi) development of the pasture code; and (vii) close cooperation with neighboring countries in efforts to control epizootic disease.

These actions will be supported by two strategic pillars: (i) the crosscutting strategic pillar, or program approach, that supports traditional livestock breeding systems through actions to be carried out by the government with the participation of livestock breeder groups; and (ii) the vertical strategic pillar, or segment approach, that will support the improve cattle breeding system or semi-intensive periurban system.

c) The fishery and aquaculture sector is one of the principal sources of animal protein for the populations and means of mobilizing revenues. The government's fisheries policy aims to increase the sector contribution to GDP by increasing growth to 4.5 percent in 2011 and 4.8 percent in 2012.

The implementation of the following three strategic pillars, defined in the policy letter on the development of fisheries and aquaculture, is expected to achieve this objective: (i) strengthening of sector institutional and professional capacities; (ii) the sustainable management of fishery resources through improved research and surveillance; (iii) developing/promoting fishery and aquaculture products. Specifically, this will involve implementing the following actions provided in the Ministry of Fisheries and Aquaculture 2008-2011 the emergency program:

- ✓ improving production services through the implementation of a national policy;
- ✓ developing infrastructures for downloading, storing, processing, packaging, and marketing fishery products;
- ✓ managing fishery capacities and reducing illegal, unreported, and unregulated fishing through the implementation of fishery management plans and efforts to combat illegal fishing;
- ✓ improving upstream and post-capture services to increase products' competitiveness by making landing facilities viable, creating commercial fishing enterprises on par with international standards, bringing the means of production up to standards, and establishing sensory analysis and microbiology labs;
- ✓ reinstating the village aquaculture development support program in Forested Guinea, the pond and basin development program in Upper Guinea, and the artisanal fishery program in Maritime Guinea;
- ✓ combating illegal fishing by strengthening the operational capacities of the National Fishery Surveillance Center;
- ✓ improving knowledge of resources by increasing the operational capacities of the Boussoura National Fishery/Halieutic Sciences Center; and
- ✓ restoring and preserving aquatic (maritime and inland) ecosystems.

It should be noted that the National Agricultural Investment and Food Security Program (PNIASA) encompasses the agriculture, livestock, fishery and environment sectors. The following table presents the PNIASA costs and financing plan.

Table 8: Cost of Interventions (USD millions)

Program	2011/13	2014/15	Total	Mobilisé	Recherché
1. Sustainable development of rice cultivation	282	492	774	319	455
1.1 Promoting irrigation and water management	150	250	400	250	150
1.2 Agricultural inputs and equipment	75	125	200	15	185
1.3 Research, technology transfer, and consulting services	5	15	20	2.5	18
1.4 Developing capacities to access agricultural markets	50	100	150	50	100
1.5 Program coordination	1.5	1.5	3	1	2
2. Food security through diversification	156	315	471	15	457
2.1 Cultivation of non-rice crops	126	252	378	8	371
2.2 Animal segments	23	52	75	1	75
2.3 Fishing and aquaculture	2	3	5	2	4
2.4 Promoting the right to food, managing crises, and nutrition	5	8	13	5	8
3. Promoting agricultural exports and agribusiness	72	656	728	262	466
3.1 Improving performance of agroindustry and export segments	13	19	32	3	29
3.2 Developing irrigation, processing, and marketing infrastructure	34	52	86	3	83
3.3 Improving the business climate to promote exports and develop agribusiness	13	19	32	1	31
3.4 Fishing and aquaculture	8	562	570	253	317
3.5 Marketing information system	2	2	4	1	3
3.6 Animal segments	2	2	4	1	3
4. Integrated management of renewable natural resources	52	75	127	11	116
4.1 Support in managing forest and fauna ecosystems, and cross-border ecosystems	7	10	17	3	14
4.2 Fishing and aquaculture, conservation and surveillance of fisheries	38	56	94	3	91
4.3 Managing pasture spaces and agriculture-livestock integration	1	1	2	1	1
4.4 Managing land tenure	1	1	2	1	1
4.5 Improving soil fertility	1	1	2	1	1

4.6 Adapting to climate change	2	3	5	2	3
4.7 Managing animal genetic resources	2	3	5	1	4
5. Institutional strengthening and coordination	63	55	118	8	110
5.1 Improving the quality of public services	50	40	90	3	2
5.2 Strengthening stakeholder capacities	10	10	20	3	2
5.3 Fishing and aquaculture	2	3	5	1	1
5.4 Program coordination	1	2	3	1	0

d) The mining sector: Of all the sectors with growth potential, the mining sector is the most important and provides the largest contribution to exports. Because production declined following the downturn in global demand, the sector's share of GDP decreased to 14.7 percent in 2009 compared to 15.8 percent in 2008. It continued to decline, to 14.5 percent in 2010 and 14.2 percent in 2011, but is expected to recover to 14.5 percent in 2012.

The overall mining policy objective is to maximize mining receipts and increase the benefits of mining operations to citizens through job- and income-creating activities. The rate of growth expected in 2011 is on the order of 1.8 percent and in 2012, 4.6 percent.

The achievement of this objective relies essentially on measures to consolidate the mining rights register and review mining contracts with a view toward potentially renegotiating them and making them more advantageous for the public treasury. The mining sector should also contribute to a large extent to the fight against poverty.

The measures will include: (i) the execution of megaprojects such as GAC, Rio Tinto, BSGR, etc.; (ii) improvement of basic services through the sector's contribution to central government revenue as well as local authorities' budgets and direct actions on the ground; (iii) a contribution toward reducing unemployment, particularly for young graduates; and (iv) strengthening Guinea's liquidity position in foreign currency.

To meet this challenge, the government expects to promote large mining projects in the iron and aluminum segments. To this end, it will facilitate the creation of infrastructures to support these projects (trans-Guinea railroad, deepwater mining port). These megaprojects will help accelerate economic growth, create decent jobs, and generate income.

The mining policy will be implemented through two pillars, intensification of mining activity and better leveraging of mining products.

In this regard, the government is in the process of implementing structural reforms in the sector. The mining code and the system of taxes on bauxite, which date from 1995, are being revised to incorporate changes in the national and international market.

Guinea's accession to the Extractive Industries Transparency Initiative (EITI) in April 2005 marks the government's intention to establish transparency in the management of mining resources. In particular, it will promote rational use of the resources generated by the extractive industries to ensure that they serve as an engine of economic growth. In 2005, the first year, data collection, reconciliation, and audits were completed for six large mining enterprises – ACG, CBG, CBK, SAG, SMD, and SEMAFO – and a report of the findings was published the same year. The report for 2006 has been completed but is not yet published.

In the context of efforts to improve the legal and regulatory framework, the mining and petroleum codes must be amended to address the new realities in those sectors. From that standpoint, [words omitted] which was selected for the review, with financing from the African Development Bank in the amount of €300,000. The review will include the statute itself, the implementing regulations, including a model mining contract, and finalization of the policy letter on the mining sector.

The review is expected to significantly increase the local development tax, which would be raised from 0.4 percent of revenues to 1 percent. This will entail better distribution of receipts from the mining sector between the national budget and local government budgets.

In the context of support for the negotiation of mining and petroleum agreements, capacity building may prove necessary for potential renegotiation of existing and future agreements. In the past, Guinea has signed one-sided contracts granting exorbitant customs and tax advantages to certain companies while eliminating others. The model mining contract is expected to put all companies on an equal footing. The estimated cost is US\$250,000.

The Center for Mining Promotion and Development has a mining rights register that must be maintained. In view of taxes of US\$10/KM², it is an important source of revenue for the central government and local governments. The estimated cost is US\$350,000.

Box 6: Principal private-sector mining projects

- ✓ Global Alumina project with partners BHP-Billiton, Dubal and Mudabala, for production of 10 million tons of bauxite and 4 million tons of alumina at Sangaredi for a cost of US\$4.5 billion;
- ✓ Dian-Dian project with partner Rusal, for production of 13.4 million tons of bauxite and 2.8 million tons of alumina for a cost of US\$4 billion;
- ✓ Alumina plant construction project at Kamsar with partners Alcoa and Rio Tinto/Alcan, for initial production of 1.5 million tons of alumina, with possible expansion to 3 million tons using bauxite

- produced by CBG; for a cost of US\$1 billion;
- ✓ Dabola /Tougué project in partnership with Iran, for production of 10 million tons of bauxite and 1 million tons of bauxite for a cost of US\$4 billion;
- ✓ Boffa alumina plant project with partner BHP-Billiton;
- ✓ Gaoual bauxite project with partner Alliance Mining Corporation;
- ✓ four iron extraction projects being developed at Simandou with Rio-Tinto, at Mont Nimba with BHP-Billiton, at Kalia, Faranah with the Australian company Belle Zone, and at Zogota, Nzérékoré with BSGR.
- ✓ Program consolidating support to the National Confederation of Rural Organizations (PACNOP), €1,600,000;
- ✓ Thematic facility for non-state actors and local authorities, €1,425,000; and
- ✓ European Instrument for Democracy and Human Rights, €100,000.

These mining projects will create varying numbers of direct jobs depending on the nature of the mining project. The following table presents the jobs created in the mining sector.

Table 9: Direct jobs created by mining projects

Project	Construction phase	Operation phase
Kamsar alumina plant project (PUAK)	4,000 – 5,000	1,000 – 1,200
Sangaredi alumina plant project (PUAS)	7,000 – 10,000	1,200 – 1,500
Dian Dian combined project	5,000 – 10,000	2,000 – 3,000
Dabola Tougué bauxite project (SBDT)	1,500	700 – 800
SIMFER Rio-Tinto	10,000 – 15,000	7,500
TransGuinée	25,000	2,000 – 3,000
SIMFER BHP-Billiton	7,000	3,000

Source: National Directorate of Multiyear Programming

e) The industrial development policy will pursue the following objectives:

- ✓ the creation of an industrial fabric that will add value to our natural resources through local processing;
- ✓ the creation of an agrifood industry enabling us to leverage our agripastoral products;
- ✓ integration in international and subregional trade; and
- ✓ the creation of an attractive climate for high-labor-intensive industries in order to take advantage of industrial relocations.

The achievement of these objectives will lead to the creation of sustainable jobs and income for our graduates and rural population groups working in the various agricultural segments. To accomplish this, the sector will require a better organized private sector and framework, a better adapted business climate, and basic infrastructures (roads, water and electricity, transportation, etc.). These in turn will open the possibility of achieving growth in manufacturing sector value added from 1.2 percent in 2010 to 4.4 percent in 2011 and 5.1 percent in 2012.

To achieve this growth rate, the government is committed to consolidating the business climate, increasing support to the private sector, facilitating access to credit, and improving the system of institutional support by finalizing and implementing the Policy Letter on Private-Sector Promotion.

f) The trade development policy, the key objectives of which are identified in the Diagnostic Assessments of Trade Integration, places trade among the priority sectors of the poverty reduction strategy in Guinea.

In 2009, trade increased only slightly, by 0.8 percent, due to the downturn in trade activities in response to a national sociopolitical climate marked by a wait-and-see attitude on the part of economic operators.

In the coming years, the trade sector could increase its rate of growth by 3.8 percent in 2011 and 4.9 percent in 2012 compared to 1.0 percent in 2010 by improving the institutional and regulatory environment, establishing basic infrastructures, and increasing the supply chain capacity for products intended for the domestic and international market.

The expected implementation of the Enhanced Integrated Framework is expected to contribute to this objective by implementing the following components of the trade policy:

- ✓ modernizing and establishing qualifications for the sales profession;
- ✓ strengthening supply chain capacities while diversifying exports, giving priority to processed, high-value-added products;
- ✓ increasing foreign currency revenue resulting from exports and repatriation of products;
- ✓ monitoring foreign trade statistics; and
- ✓ improving Guinea's brand image in the international arena by enhancing commercial diplomacy.

These actions will enable the trade sector to fulfill its role as a factor of growth and engine of economic development for Guinea, with a GDP share ranging from 17 percent to 20-25 percent in the next three years.

In this regard, the trade sector will benefit from attention from the development partner authorities, particularly in terms of allocating the financial resources needed to achieve the above objectives.

g) The tourism and artisanal development policy is expected to contribute to Guinea's economic and social dynamic. The overall objective of the sector policy is to strengthen and accelerate economic development to produce a positive impact on living conditions for citizens, particularly those living in poverty.

Specifically, the objectives are to: (i) help speed the pace of economic growth; (ii) promote jobs and wide distribution of income; and (iii) contribute to the mobilization of foreign currency.

The interventions contemplated to achieve these objectives include: (i) increasing the sector's productivity and competitiveness; (ii) creating productive, stable jobs; (iii) enhancing technical skills and management while contributing to the development of the industrial base; (iv) implementing the Policy Letter on Artisanal Sector Development; and (v) implementing projects to support the artisanal sector, such as those included in the Framework Program to Support Private Sector Development.

h) Promoting the private sector and employment: the objective is to promote the creation of decent jobs and significant income for all, particularly for the poor. This will require attracting private local investment and foreign direct investment in the mining sector as well as other high-value-added sectors; supporting local entrepreneurship; giving particular attention to microenterprises and small and medium-size businesses; and decentralizing the key agencies supporting enterprises and employment for the young.



The measures planned to support private sector development will seek to:

- ✓ finalize and implement the Policy Letter on Private-Sector Promotion;
- ✓ improve the investment climate;
- ✓ increase financial and nonfinancial support to the private sector;
- ✓ consolidate viable industrial zones and create industrial free zones;
- ✓ strengthen the managerial capacities of Guinean sponsors; and
- ✓ facilitate access to markets through regional integration.

The measures will entail a review of the investment code, which dates from 1995 and needs to be updated to make investment more attractive.

These various actions will result in implementation of an institutional framework that includes ministries in charge of private-sector promotion, private-sector promotion and support offices, professional organizations, consular chambers, banking system, and all other support mechanisms (research and assistance funds, guarantee funds, investment funds) initiated by the government and the development partners.

In regard to the institutional framework, the government plans to implement a Private Investment Promotion Agency, replacing the Office of Private Investment Promotion, whose mission will be expanded to include: (i) the creation of a one-stop window to facilitate and improve monitoring of the formalities of creating, amending, and dissolving companies and enterprises; (ii) consistency between the SME/SMI investment code and sector codes; and (iii) harmonization with other ECOWAS agencies.

Table 10: Cost of SME, trade, and artisanal sector projects, 2010-2012
(GNF millions)

Project Name	Years			Total	Donors
	2010	2011	2012		
Industry, SME, Trade and Artisanal production				-	
Conakry/Interior industrial zones	5,900	3,400	-	10,300	BND
Metrology lab equipment	-	-	-	1,000	BND
National multifunctional platform development project	1,248	-	-	2,383	UNDP
Matoto Laboratory	121	-	-	621	BND
Studies and Construction of Artisanal Villages	-	-	-	500	BND
Fishing products diversification & marketing	750	145,657	253,361	401,053	
Potato segment development in A.O	1,426	1,290	1,015	5,096	CFC
Pilot center	-	-	-	1,000	BND
TOTAL	9,445	150,347	254,376	421,953	

Source: National Directorate of Multiyear Programming

The above table presents a breakdown of the GNF 421,953 for interventions to promote the private sector, notably industry, SMEs, trade, and the artisanal sector, for the period 2010-2012. The majority of financing is provided by the national development budget.

i) Promoting sustainable development: The objective is to integrate the principles of sustainable development in international policies and programs, reversing the current trend of depletion of environmental resources and loss of biodiversity. The ultimate goal is to improve living conditions for current generations and protect the environment without mortgaging the productive base for future generations.

The strategy for managing water resources and protecting species is essentially based on: (i) expanding the proportion of protected areas; (ii) involving population groups in the conservation of ecosystems and resources; (iii) increasing protections to prevent water sources and riverbeds from drying out; and (iv) strengthening protections for endangered species.

The interventions will involve rational, sustainable management focused on natural resources and protection of the environment and soils; control of desertification and brush fires; protected forests and areas; catchment areas, marine ecosystems, coasts, fisheries, and water resources; and consideration of environmental impact studies in implementing infrastructure projects and programs.

Table 11: USAID and EU portfolio
(US\$ thousands)

Project / Program Name	Budget		Donors
	2010	2011	
Local agricultural TA program	2,970	2,700	USAID
Microenterprise programs	1,853	1,100	USAID
Biodiversity program	1,056	1,200	USAID
Forest region rehabilitation and development program	2,691	-	EU
Food security facility	7,130	-	EU
Total	15	5,000	

II. 2. 2.2. Development of basic infrastructure

(a) The energy and water sector development policy is aimed at improving the living conditions of the people and sustaining economic growth. The objective is significantly to improve the people's access to energy services. To do so, the sector should achieve a growth rate of 6.2 percent in 2011 and 7.4 percent in 2012, as compared to 1.7 percent in 2010.

Specifically, this entails: (i) improving electricity supply in the city of Conakry; (ii) improving electricity supply in the outlying cities; and (iii) improving the efficiency of the electricity sector.

At the national level, the interventions planned for the electricity subsector involve:

- ✓ Revision of the petroleum code and its implementing provisions;

- ✓ Rehabilitation and extension of the MT/LT distribution grid to Conakry, Nzérékoré, Kankan, Faranah, and Labé;
- ✓ Improvement to the efficiency of the electricity sector in Conakry, with efforts to combat fraud;
- ✓ Implementation of a micro-power plant program.

For urban water supply, the aim is to: (i) rehabilitate and expand capacities for the production, transport, and distribution of drinking water; and (ii) improve the productivity of the subsector and carry out institutional reforms of the subsector to improve its management.

Accordingly, the government intends to create a viable institutional and legal framework for the subsector. In addition, other technical interventions will be focused on tapping the value of the hydroelectric potential, promoting energy savings, rural electrification, and alternate energy sources.

At the subregional level, ECOWAS participation should make it possible to move forward with integrating the markets for electric interconnections and developing small-scale hydropower.

Table 12: Costs of energy and water supply projects (in millions of Guinea francs)

Project title	Year			Total	Donors/Lenders
	2010	2011	2012		
Energy					
OMVG Kaléta/Sambagalou Energy Program	13,135	20,281		33,416	OMVG
Multipurpose Fomi Dam Improvement Project (Updating of Study)	15,550	16,350	228	32,128	NBA,WB/CCE
Decentralized Rural Electrification	165	-	-	165	IDA/GEF
Electrification of Conakry's Peripheral Areas	326	-	-	326	BND
Groups for Strategic Locations (Palais + Case belle-Vue)	434	-	-	434	BND
Rehabilitation and Expansion of Conakry Electrical Grid	37,660	54,134	-	91,794	ISDB/AfDB
Electricity Sector Efficiency Improvement Project	36,505	-	-	36,505	IDA
OMVG Energy Development Project	72,000	43,500	-	115,500	AfDB/IDA
Public Lighting Program	-	16,598	4,409	21,007	BND
Rehabilitation of Regional Grids (Faranah, Kankan, and N'Nzérékoré)	35,348	6,691	-	42,039	BIDC
Manéah Power Plant	4,000	-	-	4,000	China
Capacity Building for National Hydrocarbons Directorate	365	-	-	365	BND
Subtotal	215,488	157,554	4,637	377,679	
Water Supply				-	
OMVG Optimization and Natural Resource Management, Gambia River	6,057	8,983	-	15,040	ISDB/ADF
Ongoing Investment. Land Deterioration and Niger Watershed Water	1,587	681	-	2,268	IDA/UNDP
Niger HYCOS	500	-	-	500	AFD/AfDB
Integrated Management Program, Water Resources and Multiple Use, Senegal River	6,000	2,247	6,241	14,488	IDA
DREGDE Project of the Niger Basin Authority (NBA)	5,800	10,810	-	16,610	IDA
Subtotal	19,944	22,721	6,241	48,906	
GRAND TOTAL	235,432	180,275	10,878	426,585	

The government further intends to strengthen its participation in the subregional river organizations through integrating projects, in particular with regard to the plan to interconnect electricity grids and production. By way of illustration, mention may be made of the energy project of the Gambia River Development Authority (OMVG), the Fomi dam project headed up by the Niger Basin Authority (NBA), and the Koukoutamba, Boureya, and Balassa projects of the Senegal River Development Authority (OMVS).

With regard to meeting energy requirements using biomass and renewable energy sources, interventions will focus primarily on: (i) the rational use of forest resources with the increased accountability of subnational governments; and (ii) continuing the program on improved stoves and the promotion of substitute renewable energy sources (butane), biogas, and solar power.

Furthermore, other ways of covering energy needs merit exploration, such as hydrocarbons for household use in order to reduce the pressure on biomass. In cooperation with its Technical and Financial Partners (TFPs), the government has already identified relevant projects in this area.

(b) The transport sector development policy is aimed at meeting transport requirements at the lowest possible cost for the people while ensuring acceptable quality of service and safety. To achieve this objective, the sector should grow by 3.6 percent in 2011 and 4.3 percent in 2012, as compared to 1.4 percent in 2010.



In addition to the efforts recently made by the government by establishing a fledgling road transport network in the city of Conakry and rehabilitating the suburban train by introducing Conakry-Express, there are plans to rehabilitate the heavy duty rail line between Conakry and Kankan (662 kilometers in length) and then Kankan-Kérouané (under the agreement recently signed with the BSGR firm).

Table 13: Costs of transport sector and public works contracts (in millions of Guinea francs)

Project title	Year			Total	Donors/Lenders
	2010	2011	2012		
Labé – Tougué – Dinguiraye - Siguiri Road	2,100	1,360	2,780	6,240	ISDB / BADEA
Kankan Primary Roads, 20 km	14,555	75,000		89,555	BND
Rehabilitation of the Kissidougou – Gueckédou – PK15 - Sérédou Road	-	-	160,000	160,000	EU
Study on ferry replacement by bridges	2,114	2,140	-	4,254	BADEA
Improvement of 4-lane Tombo-Gbessia Road, Lot 1	65,660	-	-	65,660	AFD / AfDB
Labé – Seriba – Madina – Gounass Road	85,000	-	-	85,000	BDEA/ISDB/ AfDB/KFAED
Boké-Quebo Road Works	-	31,500	160,500	192,000	AfDB
Improvement of Sonfonia – Kagbélen Express Lanes	-	5,500	5,500	11,000	BND
Matoto - Enta – Dabompa T5 South Road	37,000	4,003	7,560	48,563	KFAED
Study and Construction of Kankan - N'zérékoré – Yomou – Liberia Border Road	1,800	61,950	214,634	278,384	BADEA pr, APD DAO
Construction of Kaka, Soumba, Fanyé, and Dandaya bridges	10,535	9,500	-	20,035	JICA
Road Network Rehabilitation in Administrative Capitals and cities in the interior	15,714	-	-	15,714	BND
Rehabilitation of the Mamou – Dabola – Kouroussa Road	-	83,900	20,900	104,800	EU
Official buildings rehabilitation project (PREBO)	-	30.000,000	-	30.000,000	EU
Study of interchanges on the Le Prince Road	-	3,500	3,500	7,000	BND
Petit Bateau Road	50,000	3,500	-	53,500	BND
Construction of Conakry Bus Terminal	8,500	11,300	-	19,800	AfDB
Labé – Mali – Kédougou Road (6 lots)	-	450,000	810,000	1,260,000	ISDB, FSD, GG, and others
Program of highly labor intensive road improvement projects in Conakry and secondary cities		48,000,000		48,000,000	EU
Total	292,978	78,743,153	1,385,374	80,371,505	

Source: National Multiyear Planning Directorate.

(c) Development of the post and telecommunications sector

Telecommunications and Information and Communication Technology (ICT)

The telecommunications sector has made considerable progress in recent years. Indeed, the level of mobile telephony access rose from 2 percent in 2005 to over 40 percent in 2010, a 38 percentage point increase in five (5) years, well in excess of the objective of 25 percent in 2010.

In this sector, the major problem is still the poor quality of interconnections among the various operators. Efforts to improve interconnections will be made in order to facilitate communications among users. Accordingly, during 2010 the Ministry of Posts, Telecommunications, and New Information Technologies (MPTNTI) finalized and validated its **National Policy and Strategy Paper on the Development of Information and Communication Technologies**. This paper was adopted by the government on December 22, 2010 and takes its concerns with regard to telecommunications into account.

The general objective of this paper is the contribution that the information and communication technologies (ICT) sector can make to achieving the PRSP objectives and the MDGs, to building an inclusive information society, and to introducing Guinea into the knowledge economy.

In accordance with its action plan, the total cost of implementing the National ICT Strategy is estimated at US\$445 million. This plan will be readjusted every three (3) years in order to take account of the real capacities for resource mobilization and changes in the country's needs and capacities for opening new areas of work. The strategy is intended to contribute to: (i) improving governance and building institutional and human capacities; (ii) achieving strong and sustainable economic growth; (iii) facilitating equitable access to basic social needs; and (iv) developing the private sector and creating jobs for young people.

Overall, the strategy for the telecommunications sector may be summarized under seven (7) focal points, namely: (i) the introduction of cyber legislation and an appropriate institutional framework; (ii) the development of human resource skills in the ICT area; (iii) establishing a shared backbone for transmitting data, voice, and video; (iv) ensuring a supply of quality communications services at the national level; (v) reforming and developing the postal sector; (vi) the promotion of ICTs for development; and (vii) dynamic cooperation.

To make this vision a reality, the government intends to work with all public and private operators and with civil society, as well as with the development partners.

With regard to postal services, the government is continuing the reform of the postal sector in line with the decentralization policy and while taking account of the new requirements associated with development of the information society. Moreover, the operational capacities of the Guinean Post Office (OPG) will be strengthened so as to make it possible to deal with technological changes, improve competitiveness, and diversify its product range in order better to address the expectations of its customers and meet the demands of sustainable development, so as to: (i) continue the reform of the postal sector; (ii) adopt the ICTs; (iii) expand the postal transport fleet in order to maintain and consolidate the quality of routing to the interior of the country; and (iv) build human resource capacities.

To implement this strategy, a plan has been drawn up for making it operational. This plan identifies estimated requirements and will be readjusted every three (3) years in order to take account of actual capacities for mobilizing such resources.

Table 14: Costs of telecommunications projects (in millions of Guinea francs)

Project title	Year		Total	Donors/Lenders
	2010	2011		
Protection of Nzérékoré/Sonfonia Forwarding Centers	628	-	628	BND
Government Network and Electronic Administration	1,570	-	1,570	China
Restoration of Postal/Telecom Buildings	650	-	650	BND
Total	2,848		2,848	

Source: National Multiyear Programming Directorate.

Thereafter, tapping this growth potential will make it possible to generate resources for offering quality basic social services.

Chapter 3. Improving the people's access to quality social services

The population of Guinea continues to be characterized by its youth and rapid growth (3.1 percent a year). Improving its access to basic social services calls for extraordinary efforts. For this reason, in 1991 the government adopted a Population Policy Declaration which was revised in 2002. The basic aim of this policy is to make the most of human resources through actions aimed at striking a balance between population size and the resources available. It is a clear reflection of the government's desire to address thorny population issues, in particular through solving the problems associated with education, healthcare access, decent housing, and questions relating to gender, social protection, combating HIV/AIDS, etc. In short, the aim of the declaration is to bring about a matching of economic growth with population growth. It is predicated on recognition of the rights of individuals, couples, and social groups. While an institutional framework is in place, the impact of implementing programs relating to lowering the fertility rate leaves something to be desired. Indeed, there was a stagnation of the fertility rate over the 1992-2005 period (at about 5.6 children per woman).

Human capacity building constitutes one response to these concerns, and is a necessary condition for improving individual incomes and economic growth.

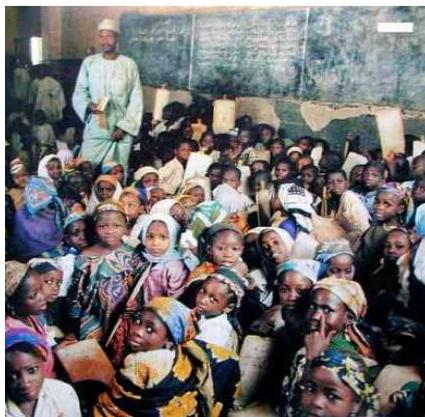
Under the PRSP, human capacity building through improved access to quality education, improved access to healthcare services, social promotion, and culture on the part of people, as well as responding to HIV/AIDS, are critical components in poverty reduction.

For this to occur, the government must mobilize the resources necessary for meeting the ever mounting social needs (education, healthcare) of the people. Accordingly, we will achieve the MDGs by satisfactorily pursuing the strategy in place.

II.3.1. Improving access to quality education for all

II.3.1.1. Short- and medium-term objectives

The objectives for developing the education system included among the Millennium Development Goals (MDGs) are fully consistent with those of the Poverty Reduction Strategy (PRS). Hence, *by the 2015 deadline, universal school enrollment* will have been achieved, with a **100 percent completion rate for primary school**.



These objectives are aimed at: (i) supporting the education system in order to promote economic growth, regarded as the primary driving force for ultimately reducing poverty; (ii) targeting actions making it possible gradually to correct disparities associated with gender, geographical areas, incomes, and preventing exclusion; (iii) developing a strategy that can produce human capital that meets the requirements of the informal and modern sectors of the economy; (iv) enhancing training through an improved mechanism for managing the education system; and (v) improving access to all levels and enhancing the monitoring of instruction and apprenticeships.

The education sector has set the objective of further improving the available supply of education by improving all of its services, but also by improving the understanding of citizens' rights and duties through the active adoption of a culture of peace.

The specific objectives are as follows:

- ✓ Increase the education budget in the BND from 11.3 percent in 2009 to 25 percent in 2012;¹²
- ✓ Increase the primary school share in total education expenditure from 37 percent in 2010 to 44 percent in 2011, to reach 50 percent by 2015;
- ✓ Improve capacities for transferring resources and responsibilities from the central level to subnational governments in order to ensure improved school management by grassroots communities;
- ✓ Increase the rate of access to the first year of primary school from 76.05 percent in 2010 to 80 percent in 2011, to reach 100 percent by 2015;
- ✓ Increase the primary cycle completion rate from 56.53 percent in 2010 to 60 percent in 2011, to reach 100 percent by 2015;
- ✓ Increase the girl/boy parity index in primary school from 0.81 in 2010 to 0.85 in 2011, to reach 1 by 2015;
- ✓ Increase the adult literacy rate from 35 percent in 2010 to 50 percent (including 40 percent for women) by 2012;
- ✓ Improve management capacities to cover at least 55 percent of school administrators at the central and deconcentrated levels by 2012;
- ✓ Build housing for instructional personnel in at least 30 percent of the schools in extremely poor areas; and
- ✓ Provide all primary schools in areas of food insecurity with school canteens with a view to increasing attendance rates.

II.3.1.2. Strategies for improving access to quality education for all

There are three key components to the education policy: increased access, quality improvement, and strengthened management.

With regard to increasing access to education, the aim will be to achieve a first year access rate of 100



percent by 2015 in order to achieve a primary school completion rate of 60 percent by 2011, this through the development of the school coverage map, enhanced community awareness, incentives to increase educational demand, improving the retention rate and publicizing positive experiences for keeping children in school, and girls in particular, increasing the capacity to accept students through an infrastructure construction and rehabilitation program and school equipment program, bringing schools with incomplete cycles up to standard, increasing the use of multigrade classes, and gradually reducing recourse to doubling up classes in areas of high population concentration.

Extending the school canteen program to schools in areas with low gross enrollment ratios and food insecurity will contribute to boosting enrollment ratios and attendance rates and reducing the inequalities between boys and girls in the schools.

¹² As compared to a subregional average ranging between 25 percent and 30 percent, so as to achieve 40 percent by 2015 (standard set for UNESCO member countries).

In the quality improvement area, the actions to be taken should be better targeted and oriented toward improving the quality of programs aimed at training pupils and students for participation in active employment. The relevant approaches in educational projects (initial and continuing training of instructional staff, apprenticeship and the monitoring and evaluation thereof, associated reforms, and the production/ purchase of instructional manuals and materials) will be used to maximum advantage in a cohesive and sustainable system that has a genuine impact in the classroom.

In the area of strengthening management, the strategy is aimed at increasing the public financing of the sector from 2 percent of GDP in 2009 to at least 4 percent of GDP in 2012. To achieve the objective of universal quality primary education, the share of the government budget devoted to elementary education will be increased to 50 percent of current education expenditure by 2015.

The strategic options adopted to achieve the objectives defined above are as follows:

- ✓ Consolidation of the progress in basic education by improving coverage and retention ratios, boosting the quality of apprenticeships, and correcting disparities at all levels;
- ✓ Development of mechanisms for regulating flows between the different levels of the educational system by: (i) making consistent tradeoffs between quantity and quality; and (ii) introducing short-term vocational training at the end of primary school and the first cycle of secondary school;
- ✓ Improvement in the quality of future primary school instructors through the rigorous application of recruitment and certification standards in the national teachers colleges (ENIs) and the introduction of updated training modules;
- ✓ Intensification of the training of multifunction secondary school instructors, taking advantage of successful experiments with the initial training of primary school instructors and quality specialists in sufficient number to meet the needs of technical vocational training and higher education;
- ✓ Capitalizing on and replicating the successful experiments with community participation in school management and educational development planning at the deconcentrated levels;
- ✓ Preparation and implementation of a sectoral plan for institutional capacity building in order to enhance the efficiency of transforming inputs into results;
- ✓ Stepped-up efforts to combat illiteracy through literacy programs and nonformal education;
- ✓ Effective enforcement of the special legislation on education; and
- ✓ Introduction of HIV/AIDS instruction into national education curricula (primary, secondary, technical, and university levels).

Moreover, with a view to bringing about qualitative changes in the education system, the government undertakes to improve the functioning of that system so as to achieve the objectives of quality education at all levels. To this end, the goals to be pursued are: (i) strengthening the practical steps for ensuring adequate administrative and instructional service so as to improve the quality of instruction and apprenticeships; (ii) continuing to strengthen the ethical aspects and credibility of national examinations with a view to establishing a culture of personal effort among students and instructional staff; and (iii) promoting and strengthening civic education in the school and informal educational environments, and in communities as well, so as to firm up the base of a culture of good citizenship.

As regards strengthening the practical mechanisms for ensuring adequate administrative and instructional services so as to improve the quality of instruction and apprenticeships, it will be necessary to:

- ✓ Provide the central and deconcentrated agencies with adequate material and financial resources that enable them to perform their respective missions, namely the oversight, monitoring, and supervision of instructional staff and school administrations;

- ✓ Provide school facilities with essential inputs (furniture for shared usage, instructional manuals and guides, program brochures, and codes of conduct);
- ✓ Ensuring the functionality of damaged or seriously deteriorated school infrastructures with a view to increasing enrollment capacities;
- ✓ Outfitting completed and available premises to ensure that they become functional;
- ✓ Providing educational facilities with additional furniture in order to accommodate new students and replace defective furniture; and
- ✓ Ensuring coverage of the wages of the new instructional staff assigned, continuing the process of cleaning up the roster of educational staff, and immediately redeploying personnel in order to cover needs throughout the national territory and address the requirement for “one teacher per primary school class and 18 hours weekly for secondary level teachers.”

In the area of pursuing and strengthening the ethical standard and credibility of national examinations with a view to establishing a culture of personal effort among students and instructional staff, it will be necessary to:

- ✓ Achieve the optimal and essential conditions from the material, logistical, and financial standpoints to ensure the proper conduct of national evaluations;
- ✓ Continue instructor training on the evaluation of apprenticeships;
- ✓ Carry out awareness campaigns for the various stakeholders in order to establish a sound basis for the intrinsic values of probity, merit, and equity in the evaluation area.

As regards promoting and strengthening civic education in the school and informal education environments, as well as in communities, in order to instill a good citizenship culture, the specific steps will be to:

- ✓ Carry out citizen awareness campaigns on the culture of peace before, during, and following elections; and
- ✓ Continue to disseminate the Code of Conduct for the school environment in order to eradicate violence and any other form of criminality.

In that it will be necessary synergistically to pursue a number of operational strategies in order to achieve the afore-mentioned objectives, three strategic focuses are unavoidable, namely: (i) relaunch of the Sectoral Education Program (PSE) as soon as possible; (ii) the allocation of sufficient resources to address the priorities identified; and (iii) the mobilization of the social partners in the area of education.

All the stakeholders and partners in the educational system must be closely involved and be accountable in the implementation of these strategies.

With regard to improving human resources in the education sector, there are 62 actions to be carried out in the short and medium terms, each with their own deadlines and responsibilities. These have been grouped under five component areas:

Component 1: Strengthen the normative framework and the effectiveness of rules and responsibilities in terms of managing human resources in education.

The actions proposed are aimed at:

- ✓ Strengthening the cohesiveness of the management framework, clarifying roles and responsibilities; and

- ✓ Ensuring the effectiveness of rules by strengthening oversight mechanisms, introducing accountability mechanisms, and involving the social partners.

Component 2: Ensure the return of instructional staff to classes and strengthen the objectivity and rationality of assignment criteria.

The programmed actions are aimed at:

- ✓ Redeploying unassigned instructional personnel to classes, with priority to areas with shortages, on the basis of objective and equitable rules;
- ✓ Defining and enforcing the rules, procedures, and criteria for streamlining the assignment and transfer process, in the context of regulated and periodical personnel movements; and
- ✓ Continuing the restructuring already begun at the level of the IREs, DPEs, and DCEs at the central and school levels to make possible the reassignment of all surplus instructional personnel into these structures in light of the new job position architecture.

Component 3: Improve the recruitment and assignment modalities for new instructional staff.

The programmed actions are aimed at:

- ✓ Raising the quality level of future instructional staff through greater selectivity at the ENIs;
- ✓ Planning the annual recruitment at the ENIs and the ISSEG in light of the estimate of real need, which estimate must be made after the various possible redeployments have been made;
- ✓ Gradually incorporating the new recruits in response to real needs and only in the context of job slots opened under the budget; and
- ✓ Making teaching more attractive as a profession.

Component 4: Introduce a streamlined, cohesive, and high performance information system.

The programmed actions are aimed at:

- ✓ Providing access to a comprehensive and regularly updated personnel database that includes all education levels and is harmonized with all of the ministry's other data sources; and
- ✓ Harmonizing the data from Payroll, the general administration file (FGA), and the Human Resources Directorate of the MEPU-EC.

Component 5: Take merit and performance into account.

The actions planned are aimed at:

- ✓ Making optimal use of teaching staff completing their service in difficult areas;
- ✓ Recognizing and valuing the performance of high merit teaching staff and administrators; and
- ✓ Ensuring that teaching staff earn a decent living wage.

In addition, in higher education there is a sizable imbalance between the high number of graduates and the existing possibilities for jobs on the market. For this reason, the Higher Education Institutions (IESs) are devoting considerable importance to curriculum renewal in their institutional development plans.

Accordingly, in the context of the Education For All (EFA) program, major steps have been initiated to increase the quality of the training provided to students and to improve the set of studies, programs, and training methods applied in connection with the master's or doctoral degree (LMD) system.

The curriculum renewal efforts have been supported by intense training and retraining activities for instructional personnel, the modernization of science laboratories and equipment, the strengthening of library and educational support activities, the provision of texts and computer hardware to institutions. A number of IESs also have Internet access. A Research and Innovation Fund (FRI) has been introduced to assist the research-oriented instructional staff of the various institutions.

In the effort to identify solutions for enhancing internal and external efficiency, and the quality and relevance of training programs, the department responsible for higher education has set the following objectives for the 2011-2015 period:

- ✓ Improve university infrastructures;
- ✓ Build the technical and pedagogical capacities of the IESs;
- ✓ Introduce a quality and standards control mechanism among the IESs;
- ✓ Promote scientific research;
- ✓ Improve the content of programs to make our graduates more competitive;
- ✓ Bolster and diversify cooperation;
- ✓ Strengthen the way in which gender and equity are taken into account in the management of IESs and research centers;
- ✓ Initiate the reform of higher education financing.

II.3.2. Improving the people's access to health and nutritional services, in particular on the part of the poor

II.3.2.1 Objectives for 2015

Guinea has joined the global "Health for All" strategy. For this reason, the national health policy is predicated to a large extent on the primary health care strategy adopted by the WHO in 1978. It is based on the harmonious integration of curative, preventive, and promotional care, the promotion of individual, family, and community health, and community participation in the design, implementation, and evaluation of health-related actions.



The general objective is to ensure that all men and women living in national territory, without regard to geographic, economic, and sociocultural barriers, have access to quality healthcare. This means the establishment, by 2015, of an accessible healthcare system capable of addressing the health needs of the population.

The specific objectives have a target deadline of 2015.

In keeping with the government's desire to achieve the MDGs, this will entail:

- ✓ Reducing the mortality of children under 5 years of age from 177 per 1,000 to 90 per 1,000 from 2005 to 2015 ;
- ✓ Reducing the mortality of infants under age 1 from 98 per 1,000 to 50 per 1,000 from 2005 to 2015; and;
- ✓ Reducing maternal mortality from 980 per 100.000 live births to 220 per 100.000 live births from 2003 to 2015;
- ✓ Holding HIV/AIDS seroprevalence below 1.5 percent by 2015;
- ✓ Reducing mortality from malaria by 40 percent from 2005 to 2015;
- ✓ Reducing mortality from tuberculosis by 50 percent from 2003 to 2015; and

- ✓ Reducing the incidence of failure to thrive among children under age 5 from 26 percent to 13 percent from 2005 to 2015.

II.3.2.2. Objectives for 2011

For 2011, the government proposes improving a number of indicators with a view to making healthcare accessible to the greatest possible number of people. This entails:

- ✓ Increasing the pentavalent vaccination coverage of children to 90 percent as against 85 percent in 2009;
- ✓ Increasing the prenatal care (PNC) rate to 90 percent as against 88.2 percent in 2007;
- ✓ Raising the tuberculosis screening rate to 64 percent and the success rate to 80 percent;
- ✓ Improving the availability of STI (sexually transmitted infections) prevention services;
- ✓ Increasing the proportion of properly staffed health facilities to 60 percent; and
- ✓ Increasing the rate of availability of tracer medications in basic health facilities to 80 percent in 2011.

II.3.2.3. Constraints

For improving the geographic coverage and quality of healthcare, actions will largely be focused on the infrastructures for basic healthcare facilities, stations, and health centers. Strengthening this policy involves extension of the minimum activities package (MAP), incorporating the adequate and regular provision of consumables, generic essential drugs (GEDs) and vaccines.

Within this component, the number of basic infrastructures has changed little over the period; the number of health centers increased from 399 in 2007 to 410 in 2009.

As regards the availability of medicines: during the 2002-2004 period, there was some improvement in accessibility as regards to country coverage by private pharmacies. This improvement entailed an increase of 274 such facilities, of which 61 in the interior of the country, as against 256 existing pharmacies with only 59 in the interior.



Despite the improvements made, there is a clear insufficiency as regards the geographic coverage of the populations in the poorest areas: 13 prefectures out of 33 have no private pharmacy coverage. It bears noting that the country's interior accounts for only 22.3 percent of private pharmacies serving almost 82 percent of the national population.

For financing the health system, there are four principal sources: the state, subnational governments, the people themselves, and the TFPs.

Financing from the people concerns: (i) community participation in the establishment of health infrastructures; (ii) the cost recovery system, proceeds from which are used for the operations of healthcare facilities; (iii) the purchase of pharmaceutical products; (iv) measures to motivate staff; and (v) upkeep and maintenance expenditure as well as the purchase of management tools.

The rates applied in healthcare facilities are aimed at promoting financial accessibility to quality care, this to achieve the objective of "Health for All."

The purchase of essential medications using the own revenues of healthcare structures has proven to be inefficient, creating qualitative and quantitative shortages of some medicines, for lengthy periods, in health centers and hospitals.

The state's subsidies are irregular, inadequate, and difficult to disburse. Therefore, to rectify this de facto situation, the structures have unilaterally set ceilings of GF 8,000 in Health Centers and GF 90,000 in prefecture hospitals since September 2005.

While this approach does improve the revenues of healthcare structures and their supplies of essential drugs, it has the drawback of making such services less accessible to the poor. The deterioration in household buying power and cutoffs of medications in health facilities have impaired the performance of this approach in financing healthcare.

In the area of human resource availability, there is currently a shortfall in a number of socioprofessional categories, including midwives, laboratory technicians, healthcare aides, specialized nurses, and specialized physicians.

In particular, there is a disparity in staff distribution, with excesses in urban areas.

II.3.2.4. Measures planned

To achieve these objectives, the following measures are planned:

Vaccination: (i) inclusion of antimalaria and anti-hepatitis B vaccines in the routine Expanded Program on Immunization (EPI) and introduction of specific measures for covering poor and isolated areas using door-to-door vaccination; (ii) implementation of the "Reach Every District" (ACD) strategy; and (iii) introduction of the AH1N1 flu vaccine in the routine EPI.

Combating tuberculosis: (i) continued improvement of high-quality DOTS (Directly Observed Therapy Short course) throughout the country; (ii) HIV testing among those ill with tuberculosis; (iii) introduction of the practical respiratory health approach; and (iv) strengthening of community participation.

Combating HIV/AIDS: (i) capacity building in healthcare structures; (ii) establishment of service provision contracts between the National Program with NGOs and the community associations for communication activities promoting behavior changes; (iii) establishment of contracts with the technical and financial partners; and (iv) introduction of a plan for the management of stocks and the provision of medications and reagents.

Reproductive health: (i) expanding emergency obstetric and neonatal care in basic healthcare units and complete obstetric and neonatal care in the reference hospitals; (ii) facilitating the referral of expectant mothers to hospitals in order to ensure adequate follow-up for the complications associated with pregnancy and childbirth; (iii) raising technical competence levels in reference institutions; (iv) introducing supporting mechanisms through subsidies for cost-free childbirths and Caesarian sections.

Also noteworthy are other measures such as:

- ✓ The establishment of units for treating diseases specific to each region or prefecture;
- ✓ Organizing and taking account of traditional medicine;
- ✓ Establishing pharmaceutical depots in the regions to facilitate the supply process;
- ✓ Human resource capacity building;
- ✓ Adoption and application of the individual health statute; and
- ✓ Decentralization of human resource management in the health field.

Regarding financial accessibility

(1) With respect to state financing

- ✓ Continue to introduce indigents' funds, a form of support extended by the state to the poorest groups, commonly referred to as indigents, so as to promote their access to quality healthcare services. This form of assistance is based on subsidies intended to support healthcare structures directly in order effectively to cover the costs of caring for indigents; and
- ✓ Increase the level of state financing of healthcare and strengthen the mechanisms for managing the subsidy so as to improve transparency and thereby ensure that the resources effectively reach intended recipients.

In 2006, with UNDP support, a study was conducted on the basis of simulation models developed by the Millennium Project to estimate the costs of each intervention required for achieving the MDG targets by 2015.

Table 15: Overview of intervention costs, 2005 to 2015

Component	Total cost in millions of US\$	Annual per capita cost
Health system	333.9	2.54
Infant/child health	258.2	1.98
Maternal health	179.9	1.22
Malaria prevention	32.3	0.26
Malaria treatment	178.7	1.46
Tuberculosis	25.3	0.21
HIV/AIDS	40.3	0.31
Total	1,048.5	7.99

Source: MDG Report 2006.

Achieving the MDG targets by 2015 requires US\$1,048.5 million for the implementation of health interventions. This amount corresponds to roughly US\$8 per inhabitant per year.

The financing of the health sector poses enormous difficulties. Grants from the international community fall short of the budget items recorded. While tax receipts are up, nontax receipts are dropping from one day to the next. This means that the state has problems mobilizing funds for achieving the Millennium Development Goals (MDGs). Despite this situation, current contributions are of the following order:

- ✓ US\$60 million from the Global Fund over 5 years for combating malaria, tuberculosis, and HIV/AIDS;
- ✓ US\$13 million from the UNFPA over 5 years for maternal health;
- ✓ US\$17 million from UNICEF over 5 years for infant/child health;
- ✓ US\$25 million from the World Bank over 5 years for maternal mortality and infant/child mortality; and
- ✓ US\$10 million a year from budgetary resources.

Table 16: USAID and EU portfolio (in thousands of US\$)

Project and Program Titles	BUDGET		Donors/ Lenders
	2010	2011	
HIV/AIDS Program	2,000	2,000	USAID
Maternal and Infant/Child Health Program	2,500	2,500	USAID
Reproductive Health and Family Planning Program	3,000	3,000	USAID
Improvement of Urban Nutritional Security (ASANU)	3,735	2,912	EU
Total	11,235	10,412	

Source: USAID and EU.

(2) With respect to HIPC funds

- ✓ HIPC funds will be used to supplement the financing available for carrying out the measures contemplated.

(3) With respect to the mutual health associations

- ✓ The health insurance system (SAM) is based on a mechanism aimed at enabling the people to benefit from various forms of care, including through the National Social Security Fund, health insurance services offered by insurance companies, and the mutual health associations;
- ✓ Introduction of mandatory health insurance for public sector workers; and
- ✓ The development of mutual health associations at the community level and the level of the major corporations.

II. 3.3 Improving access to energy services on the part of people in rural and periurban areas

The rural areas of Guinea, where over 60 percent of the poorest live, are characterized by a particularly low rate of electrification, which scarcely exceeds 2 percent.

At this writing, in the country as a whole, 16 rural localities have power generation facilities, which open opportunities for the development of numerous economic and social activities (woodcraft, video clubs, telecom centers, etc.). These economic effects go hand in hand with environmental protection effects in terms of the use of fuelwood, although it is difficult to determine their magnitude.

The objective pursued by the government is to provide each of the 304 CRDs with a power production unit. To do so, the following measures are needed:

- ✓ Supporting the Rural Electrification Office (BERD);
- ✓ Promoting private initiative in the sector; and
- ✓ Exploring other energy sources, in particular clean or nonpolluting energy sources.

II.3.4. Improving access to safe drinking water



The objective set for 2010 was to increase potable water access to 90 percent at the national level, to 92.8 percent in urban areas, and to 77.9 percent in rural areas. However, owing to financing problems for the sector, the outcomes sought were not achieved.

On the basis of the conclusions of the study used to draw up the National Program for the Provision of Drinking Water and Sanitation (PNAEPA), it has been determined that the objective of providing access to safe drinking water for 77.9 percent of rural residents will be difficult to achieve. According to ELEP data, this ratio currently stands at 67.1 percent.

This said, there has been considerable improvement since the latest survey (CWIQ 2002), which determined that the drinking water access rate was 52.8 percent in rural areas and 62.3 percent nationally.

The government's efforts during the 2010-2011 period should be focused on implementing the National Drinking Water Supply and Sanitation Program (PNAEPA), the aim of which is to reduce by half, by 2015, the proportion of persons lacking access to safe drinking water and increase the service availability rate from 42.25 percent to 71.12 percent.

II.3.5. Improving housing and sanitation services

The strategic vision of the national housing policy is the creation of a healthy and secure living environment by promoting housing that meets the needs of the people in a perspective of effective, ecologically sustainable, and socially equitable economic development.

This vision is based on an in-depth assessment of the housing problems in Guinea, and is part and parcel of the international and national strategic frameworks.

These are the MDGs formulated in 2000, especially Goal 7 on ensuring environmental sustainability and Target 11, to have achieved, by 2020, a significant improvement in the lives of at least 100 million slum dwellers. In this context, Indicator 32 refers to the "proportion of households with access to secure tenure."

At the national level, the objective defined by the National Housing Policy (PNGHG) is to improve the living conditions of 75 percent of Guinean slum dwellers and substantially to increase the proportion of households with access to secure tenure.

The Government of the Republic of Guinea, under the auspices of the Ministry of Urban Planning and Construction, has produced a paper on the prospective outlook for housing (PNHG) covering the 2010-2021 period. The PNHG uses the dynamic of a prospective vision and is based on four major focal areas, namely:

a) Spatial and property development

The strategic focus in the area of spatial and property development involves achieving a balance between urban and rural centers and strengthening the regulatory powers of the property system in order better to guide the spatial development of land areas.

Implementation of this strategic orientation is supported by the following policies:

- ✓ Controlling the planning and development of the national space;
- ✓ Controlling the planning and development of the urban space.

b) New housing and its financing

With regard to new housing, the major focus is on the introduction of synergistic mechanisms conducive to efforts to ensure the large-scale production of decent housing at affordable costs, and thereby facilitate access on the part of the greatest possible number of Guineans.

In this area, the government's policies will be focused on:



- ✓ Introduction of a regulatory mechanism, and the adoption and enforcement of the provisions of the Construction and Housing Code;
- ✓ Creation of a bank specializing in housing finance; adoption of the charter of the National Housing Fund; strengthening the microlending networks benefiting the people; promoting the extension of banking services for household incomes;
- ✓ Introduction of mechanisms for controlling production and financing costs for improvements made possible by the National Housing Fund;
- ✓ Introduction of incentive measures for the production of improved lots and housing by the private sector, NGOs, and local communities;
- ✓ Providing standardized plans for low- and middle-income households.

c) Squatter communities and financing their elimination

The strategy consists in eradicating slums and other squatter communities in urban centers through urban restructuring and land tenure regularization, as well as by providing urban public facilities. This focal area also includes poverty reduction by improving the quality of the urban environment as a whole and bettering the living conditions of the people located at the sites concerned. Taken together, the operations initiated in this regard should make it possible fully to eliminate irregular housing in Conakry by 2021 and to reduce irregular housing areas in the other cities by 50 percent.

The intervention axes for this focal area will relate to:

- ✓ The renovation and rehabilitation of housing areas in older neighborhoods;
- ✓ The improvement of rehousing sites;
- ✓ The improvement of secure tenure for housing occupied by poor families in irregular neighborhoods;
- ✓ Computerization of the land registry, establishment of property plans, and collective registration of the sites concerned;
- ✓ Training the residents of irregular urban housing zones in trades;
- ✓ Developing microcredit targeted at the poorest population groups;
- ✓ Access to subsidized financing by poor families; and
- ✓ Inclusion of the poor populations living in irregular housing in the process of reaching decisions on city development.

d) Governance of the housing sector

The major focus of this topic is centered on the construction of an institutional architecture whereby all entities will be strengthened and properly equipped. This approach involves promoting democracy, the rule of law, transparency in planning, and property and space management. This in turn calls for strengthening the quality of public services, judicial governance, decentralization, and social dialogue.

Accordingly, this focal area entails a range of interventions for which the main policies are:

- ✓ Improving the institutional framework for sector management;
- ✓ Updating the legislative and regulatory framework;
- ✓ Introducing a training plan for institutional stakeholders;
- ✓ Introducing an Oversight and Inspection System, audits, and sanctions in the relevant agencies; and
- ✓ Effectively deconcentrating the procedures for access to property and construction permits.

To this end, the interventions proposed for 2011 are the continued implementation of the Third Urban Development Project (PDU3) and the strategic focuses of the national housing policy.

As regards housing: (i) the organization of States-General on land-related issues in Guinea; (ii) the identification and registration of land reserves in Conakry, Kindia, Labé, Kankan, and Nzérékoré; (iii) the introduction of a land and property registry information system with a view to improving the mobilization of local resources and securing access to property; (iv) establishing land plans aimed at securing poor land-owning households for two communes in Conakry; (v) restructuring three poor neighborhoods in Conakry and regularizing ownership and occupancy statuses, in particular for the poorest; (vi) improving slums in densely populated cities; (vii) building a test public housing unit in Conakry (studies); and (viii) the conduct of concerted improvement operations in two peripheral housing subdivisions in Guinea.

As regards sanitation, the measures will involve: (i) rainwater drainage in the city of Conakry in order to protect people and their property, in particular in underequipped housing areas; (ii) sanitation in poor neighborhoods in Conakry and in secondary cities, with intensive involvement of the people and the private sector; and (iii) the management of wastewater and household refuse.

On the institutional level, efforts will focus on (i) establishment of the Housing Bank and launching of the National Housing Fund; and (ii) capacity building in the urban planning and housing sector.

Table 17: Costs of projects in the urban planning and housing sector from 2010 to 2012
(in millions of Guinea francs)

Project Title	Year			Total	Donors/ Lenders
	2010	2011	2012		
Urban Planning and Housing					
Application of City Master Plans	1,400	2,434	1,291	5,125	BND
Third Water and Sanitation Project	15,150	8,500	-	23,650	IDA
Third Urban Development Project (Phase 2)	29,400	34,000	-	63,400	IDA
Reconstruction of Disaster Areas	14,614	3,000	3,000	20,614	ISDB
Inventory, Protect/Registr. Land Reserve Areas	49	809	539	1,397	BND
Renovation, Construction, and Outfitting of Buildings	-	5,000	-	5,000	BND
Rehabilitation and Paving of Conakry Road Segments	150	2,000	-	2,150	BND
Reconstruction Social Infrastructures in Southern Border Areas	13,500	-	-	13,500	ISDB
Rehabilitation of Public Buildings destroyed during strikes	-	10,000	25,000	35,600	EU
Improved Access to Conakry Neighborhoods	126	11,939	-	12,065	BND
Opening of Crossways for T5 north- T14 (Boundary Marking)	9,121	8,000	-	17,121	BND
Infrastructure/Equipment Ministry of National Defense	186,530	-	-	186,530	BND
Moussoudougou Sanitation	25,000	-	-	25,000	BADEA
Road network rehabilitation in districts of Hamdallaye, Dar Salam, and Cité de l'Air	25,000	2,150	15,000	42,150	BND
Improvement of Border Enclaves (Boké, Koundara, Siguiiri, Kankan, Lola, Gueke, Faran, Foreca)	3,500	4,450	-	7,950	ECOWAS/ AfDB/AfD
Total	334,140	109,893	23,717	467,750	

Source: National Multiyear Investment Directorate.

II.3.6. Social protection

Given the inevitable risks and vulnerabilities of human existence, social protection measures are an essential aspect of life. Social protection is defined as the (formal and informal) private and public initiatives that interconnect men and women with job markets, reduce the risk exposure of persons, and improve their capacity to protect themselves against risks and income losses that jeopardize their current and future well-being. Social protection measures generally include labor market policies and programs, social insurance (pensions, unemployment, health insurance, etc.), social assistance and safety nets, as well as targeted interventions aimed at promoting access to services on the part of poor communities and households. Family networks, community and religious groups, private insurance companies, and the public sector through social protection policies and programs, play a crucial role in risk management and provide responses to the inevitable and often random shocks of life.

The African Union issued the Livingstone "Call for Action" in 2006, calling upon all African countries to introduce sustainable basic packages of social protection programs.

With regard to the promotion of women, this will include taking, in the short and medium terms, priority actions for the 2011-2012 period. Among others, these include:

- ✓ Harmonization of the National Gender Policy with that of the African Union, and its finalization;
- ✓ Conduct of a diagnostic study on the financing of gender-related activities;

- ✓ Capacity creation and building for gender divisions at all ministerial departments;
- ✓ Capacity building for statistical and planning units in the gender area;
- ✓ Enhanced coordination capacity of the Ministry of National Solidarity and the Promotion of Women and Children;
- ✓ Capacity building of the Topic-based Group on Gender;
- ✓ Development of a multisectoral action plan for implementation of the National Strategy for Combating Gender-Based Violence;
- ✓ Publicizing and disseminating the implementing provisions of Law/L010/AN of July 10, 2000 on Reproductive Health;
- ✓ Signature of the draft Declaration banning the practice of genital mutilation;
- ✓ Adoption, promulgation, and publicizing of the draft revised Civil Code;
- ✓ Promulgation of the draft Law on Parity between Men and Women;
- ✓ Implementation of the Integrated National Program on the Literacy of Women;
- ✓ Capacity building for women on the management of microcredit;
- ✓ Increasing the National Support Fund for the Economic Activities of Women;
- ✓ Continued work to build and outfit centers for supporting self-help for women;
- ✓ Creation of a National Solidarity Fund;
- ✓ Development of a strategy for expediting the implementation of Resolutions 1325, 1820, 1888, and 1889; and
- ✓ Creation of a fund for the implementation of the 2009-2013 Strategic Planning for implementation of the afore-mentioned resolutions.

II.3.7. Promotion of culture

The government regards access to culture by the people as a requirement for the implementation of its development policy. In this regard, making the most of the national cultural heritage is an imperative, the achievement of which requires, on a priority basis, the conduct of a national inventory of the cultural heritage and the construction of cultural infrastructures and equipment.

PART III – IMPLEMENTATION, MONITORING, AND EVALUATION

Chapter 1. PRS Implementation

Implementation, monitoring, and evaluation are the most important stages in achieving the objectives of the Poverty Reduction Strategy (PRS). For this reason the government has, with support from its development partners, introduced an information system based on the monitoring and evaluation of poverty and the development of a matrix for monitoring actions under the PRS.

III.1.1. Guiding principles and stakeholder roles

Because the PRSP is the underpinning for negotiations between the government and development partners, it is governed by the same guiding principles as the PRSP-2, namely: participation, proximity, results, transparency, relevance, rapidity, subsidiarity, complementarity, synergy, job creation in particular for the poor and youth, sustainable development, and social justice.

The state, the development partners, and the other stakeholders will acquit their respective responsibilities by:



(i) Applying simplified disbursement procedures at the project and program level with a view to improving the resource absorption rate; (ii) harmonizing the interventions of development partners; (iii) interconnecting the state budget and the priorities under the PRSP; (iv) timely payment of debt service and counterpart funds; (v) strengthening dialogue between stakeholders; (vi) reforming the defense and security forces; (vii) eliminating extrabudgetary expenditure; (viii) mobilizing the people so they take ownership of the PRSP; (ix) taking actions in respect of facilitation, information, education, literacy, public awareness, and the dissemination of legal and regulatory

provisions; (x) support in mobilizing financial resources; (xi) the development of economic activities; (xii) contributing to wealth and job creation benefiting the poorest; (xiii) participation in PRS monitoring and evaluation; and (xiv) monitoring the execution of expenditure in favor of the priority sectors.

III.1.2. PRS implementation instruments and mechanisms

The instruments for implementing the PRS (2011-2012) will be the projects and programs being carried out. These include the Support Program for Village-Level Communities (PACV2), the Project for the Sustainable Socioeconomic Development of Upper and Middle Guinea (PDS – HMG) which in 2010 was upgraded to an economic and social development fund, the Poverty Reduction Strategy Support Project (ASRP) financed by the **GIZ**, the *Faisons-Ensemble* Project and the ALP-GDO Project, and other sectoral programs and projects.

The monitoring and evaluation process for this PRSP will be iterative and evolutionary. The monitoring and evaluation mechanism and institutional arrangement defined for implementation of PRSP-2 could be improved and adapted as needs are identified, this while taking account of the capacity building of the various stakeholders enabling them to make effective contributions to the process through improved tools.

This means that these monitoring and evaluation mechanisms are based on what is now in place, thus requiring proper coordination, good matches between the various structures involved, better functioning, and proper refinement of the tools available for facilitating simulation of the impact of economic policies on poverty: MSEGUI, the ERETES module of MSEGUI-PAMS, etc.

In addition and as needed, numerous tools and/or mechanisms will be developed with a view to introducing a global monitoring and evaluation system as espoused by the National Statistical Development Strategy (SNDS).

III. 1.3 PRS financing and associated risks

III. 1.3.1. PRS financing

The core principle of PRS financing is that the state has to play a preponderant role in steering and driving the state and non-state stakeholders. To this end, efforts will be focused primarily on the mobilization of domestic and external resources. Thus, all possibilities will be explored for domestic financing: national private sector, grassroots communities, contributions from Guinean nationals, etc., so as considerably to reduce the country's high degree of dependence on external assistance.

However, external assistance will still be preponderant in the financing of our projects and programs aimed at reducing poverty. In this regard, special preference will be accorded to concessional loans and perhaps to foreign direct investment. Moreover, the funds obtained after reaching the HIPC completion point will constitute important resources for financing the strategy.

In addition, as the strategy is to put the MDGs into practice, the costs of implementing the strategy represent a portion of the resource requirements for achieving the MDGs in the period covered.

III.1.3.2. PRS financing risks

The economy of Guinea remains quite vulnerable owing to its strong dependence on external assistance, a sizable proportion of which is in loan form. It is therefore important to stress debt sustainability, the optimal utilization of development assistance resources, and institutional capacity building aimed at improved aid absorption.

At the same time, budgetary resources are excessively dependent on mining proceeds. Unanticipated disruptions in the prices of these products could jeopardize the country's capacity to cover the requirements of the PRS. In addition, although more precise costs of the PRS have yet to be determined, it is quite likely that the financing gap will be very large and impossible to cover from projected resources owing to: (i) the unpredictable nature and constraints of aid; and (ii) the narrowness of the national economic base owing to the weakness in nonmining resources and the preponderance of subsistence and informal activities.

Failure to observe the program commitments entered into with the Bretton Woods institutions would keep the country from benefiting from the HIPC Initiative and the MDRI, lowering the prospects for external financing and hence poverty reduction.

In addition, macroeconomic stability and the financing of PRS implementation could be negatively affected by the government's strategic expenditure requirements induced by the legislative and community elections of 2011. This situation could, however, be remedied by means of strengthened fiscal discipline and the resolve

to meet the targets of monetary policy on the one hand, and also by the sound management of the resources provided by the partners in connection with the organization of these elections.

III.1.4. Institutional framework for implementation

Coordination of the implementation, monitoring, and evaluation of the PRSP will be provided by the institutional mechanisms used under PRSP-2.

At the national level, the topic-based group (*groupe thématique*) on monitoring and evaluation, which has 25 members, will be expanded in order to take the concerns of the other sectors into account. It will continue to meet periodically to take stock of progress made with strategy implementation. The other topic-based groups will be made more dynamic.

In the sectoral departments, sectoral PRS monitoring and evaluation units will be introduced; at the regional level, technical and financial capacity building will be carried out in the existing CTRSEs and the new CTPSEs will be established.

Chapter 2. Monitoring and evaluation

The monitoring and evaluation system put in place during PRSP-2 implementation, which was based on the principles and practice of the participatory approach, will be maintained and strengthened. The monitoring and evaluation depended largely on the activities of the "Monitoring and Evaluation" topic-based group, with support from the Technical Unit of the PRS Permanent Secretariat. This arrangement is supplemented by regional and prefectural units made up of all the stakeholders involved in PRS implementation.

III.2.1 Monitoring execution

Execution monitoring pertains to the physical and financial conduct of all actions and investment programs and projects identified and included in the poverty reduction strategy. The execution monitoring arrangement will be strengthened as follows:

- ✓ **The National Budget Directorate (DNB)** will be responsible for monitoring the execution of the Medium-Term Expenditure Framework (MTEF) and the program budget. It will ensure that this process is extended to all sectors and that the PRSP objectives are reflected in the national budget.
- ✓ **The National Directorates of Planning and the Economy** will be responsible for monitoring the execution of priority action plans through the execution of the projects and programs selected. To this end, they must: (i) ensure consistency among the strategies and interventions of donors and lenders and those of the PRSP; (ii) produce and publish a half-yearly monitoring report with the outcomes and recommendations for changes in the PRSP should this prove necessary; (iii) contribute to the development of an evaluation capacity as a tool to aid decision-making and instrument for improving the efficiency of the public sector. The National Directorate of Planning, in partnership with the PRS Permanent Secretariat, will improve the MSEGUI tool to finalize its linkage with the macroeconomic simulator for poverty analysis (PAMS) so that the macroeconomic frameworks developed can provide reliable estimates of the poverty rate.
- ✓ **The National Directorates of Multiyear Programming and Public Investment** will be at the heart of the entire system for programming and monitoring public investments implemented under the

PRSP. They will ensure that PRSP objectives are taken into account at budget programming conferences. Their experiences and tools for programming and monitoring the execution of all development projects throughout national territory position them particularly well to serve as the focal point in monitoring and evaluating PRS implementation. They will convey their annual monitoring reports to the PRS Permanent Secretariat with the outcomes and recommendations for changes in the PRSP should this prove necessary.

- ✓ **The National Directorate of the Public Debt and Official Development Assistance** will be responsible for monitoring ODA and HIPC resources and will ensure control of the domestic and external debt. It will submit a half-yearly report on the management of ODA and HIPC resources.
- ✓ **The National Directorate of International Cooperation** will be responsible for supporting the various structures in identifying and mobilizing financing from the development partners. It will submit a half-yearly report on the mobilization of external resources.
- ✓ **The Executive Secretariat of the National Anti-AIDS Committee (CNLS)** will be responsible for monitoring the execution of the National Strategic Plan for Combating HIV/AIDS; it will ensure that this pandemic is taken into account in the instruments for macroeconomic and sectoral planning.

III. 2.2. Monitoring impact

Steered by the National Statistical Institute (INS), impact monitoring will focus on analyzing the evolution of poverty and the living conditions of the people, doing so by: (i) implementing the Action Plan of the National Statistical Development Strategy, which will include all the surveys essential for monitoring household living conditions and poverty; (ii) gathering information on monitoring indicators for socioeconomic data; and (iii) developing a communication strategy.

Thus the INS, in addition to organizing a General Population and Housing Census (RGPH), will organize the population and health survey (EDS4), a quick survey for purposes of poverty evaluation with a view to updating the data on poverty.

In addition, the INS will introduce a database on the PRS monitoring indicators in collaboration with all the sectoral departments that produce statistical information. It will assume the mission of gathering, processing, analyzing, and disseminating monitoring indicators (see the annexed table) and surveys defined in the context of the poverty monitoring system.

To this end, an SNDS implementation report is produced half-yearly. The INS has already produced two progress reports, the first for 2009 and the second for 2009.

In addition, to ensure the participation of beneficiaries in the process and identify the impact of poverty reduction policies and programs, the Communications Unit of the PRS Permanent Secretariat will continue to publish the PRS journal and update its website with support from the development partners.

III.2.3. PRS evaluation

The evaluation will concern the PRSP (2011-2012), the extension of PRSP-2. The approach will include both a qualitative and a quantitative appraisal. A Steering Committee made up of all stakeholders in implementation will be put in place. In addition, the approach will be consolidated by capacity building in the

area of internal evaluation, and a monitoring and evaluation strategy will be developed in order to enhance the efficiency of interventions by monitoring and evaluation units throughout the country.

III. 2.4. Monitoring indicators for the PRSP (2011-2012)

III. 2.4.1. Evaluation of triggers for the HIPC Initiative completion point

In the context of monitoring the program under the Poverty Reduction and Growth Facility (PRGF) concluded between the government and the Bretton Woods partners with a view to evaluating the performance recorded in implementing the Poverty Reduction Strategy Paper (PRSP) and reaching the completion point of the HIPC Initiative, ten key indicators have been identified. These ten indicators constitute triggers for the completion point, on which the PRSP places particular emphasis. They are:

In the health area:

- ✓ Increase in the vaccination rate of children at least 1 year of age (DTC3: diphtheria, tetanus, whooping cough) from 45 percent in 2000 to 50 percent in 2001, and 55 percent in 2002;
- ✓ Improvement in the percentage of pregnant females receiving at least one (1) prenatal consultation from 70 percent in 2000 to 80 percent in 2001 and 85 percent in 2002.

In the education area:

- ✓ Increase in the gross enrollment rate for primary school pupils from 56 percent in 1999 to 62 percent in 2001 and 71 percent in 2002, in which respect the gross enrollment rate of girls should be 40 percent in 1999, 51 percent in 2001, and 61 percent in 2002;
- ✓ Increase in the number of primary school teachers through new hiring of at least 1,500 a year for each year until reaching the HIPC completion point, this from an estimated base of about 15,000 primary school teachers in 2000.

In the area of governance and combating corruption:

- ✓ Introduction of a suitable regulatory framework for microcredit institutions;
- ✓ Availability to the public of a one-year progress report (showing resources and activities) for the ANBGLC;
- ✓ Auditing of all large contracts for amounts exceeding GF 100 million and publication of the audit findings on a quarterly basis.

In the PRSP area:

- ✓ Complete preparation of a PRSP on a participatory basis, and its satisfactory Implementation for one year as borne out by the joint evaluation of the country's annual activity report;
- ✓ Improvement in baseline poverty and in surveillance capacity by conducting a survey to measure living conditions, which includes the establishment of poverty survey and poverty indicators, and a poverty monitoring system that involves the key stakeholders;

- ✓ Continued maintenance of macroeconomic stability, as evidenced by the satisfactory implementation of the PRGF program.

Six of these ten indicators have been achieved and efforts will need to be made to maintain them. The other four indicators will be subject to ongoing monitoring during PRS execution with a view to their achievement. To this end, records have already been submitted and others will be during the period.

(1) **Satisfactory PRSP implementation:** Lessons have been drawn from implementing PRSP 1 and PRSP 2 and incorporated in the course of preparing this PRSP. Consequently, it should, following its validation, benefit from a better sociopolitical climate than its two predecessors. Indeed, increased awareness of the harmful effects of poor governance and political instability, as well as the return to constitutional order and the interest shown by the technical and financial partners, bode well for successful implementation. This situation could, as planned, open possibilities for a credit arrangement with the IMF and ultimately a formal program with the IMF.

(2) **Macroeconomic framework:** The macroeconomic framework has suffered from the political instability prevailing in the country in recent years. Indeed, the PRGF program approved in 2000 was suspended in 2002. After the installation of the consensus government in 2007, a new PRGF-supported program was approved on December 21, 2007. However, despite the completion of a first program review in July 2008 and the launching of discussions on the second review in September 2008, work was interrupted after the military junta came to power on December 23, 2008.

However, the restoration of constitutional order, which will permit a return of the technical and financial partners, will constitute a considerable contribution to stability of the macroeconomic framework. Indeed, this new situation should enable the country to conclude a program and benefit from external assistance for financing fiscal deficits, with increased aid as well as community-level development projects. This could have the effect of eliminating or at least reducing monetary financing by the BCRG, ensuring stability of prices and the exchange rate of the Guinea franc in terms of the major currencies quoted in the Conakry market (the euro and the U.S. dollar), and make it possible to lay the groundwork for solid pro-poor growth. This trigger could be reached as a result of PRS implementation.

(3) **Governance:** This trigger basically pertains to the quarterly publication of the audits of the procurement contracts signed by the Government. In 2008, with support from the World Bank and IMF staff, a system of quarterly audits based on a sample of large procurement contracts was introduced. The first audit report (covering 13 contracts and 20 percent of the procurement contracts for over GF 100 million signed in the first quarter of 2007) was published in October 2008. A project has been drafted with a view to initiating the second quarterly audit for major contracts. Implementation of this project is still suffering from the financial problems still facing the country.

(4) **Prenatal consultations:** The end-2008 evaluation of the HIPC Initiative concluded that the trigger intended to increase the number of prenatal consultations for expectant mothers had not been satisfied. It is important to stress that this assessment is attributable to a problem with the reliability of the administrative statistical data in the health sector rather than a problem associated with achieving results. With respect to this issue, the statistics from pinpoint surveys have proven that the prenatal consultation rate has improved significantly since 2000 and stands at 88.2 percent in 2008. This improvement may be attributed primarily to the availability of infrastructure and equipment, human resources, management tools, and vaccines made available by the government with the support of its partners.

Indeed, between 2005 and 2007, seven (7) public health centers, two (2) maternity facilities, and ten (10) health posts were built. In the area of materials and equipment, twenty-five (25) health centers were provided with basic obstetrical, sterilization, and recovery kits. In addition, 86 percent of the health centers have been provided with motorbikes and/or bicycles for advanced strategies and thirty-two (32) districts have received new vehicles for supervision purposes.

As regards human resources, 329 health personnel have been recruited for the 18 poorest prefectures. The personnel providing prenatal consultations have been evenly distributed and numerous supervisory staff have received training. In addition, bonuses have been institutionalized for personnel providing vaccinations, public criers, and ambulance drivers for transporting patients with obstetrical problems in the poorest prefectures, which have also received equipment in the form of motorbikes.

In terms of vaccine availability, there has been no interruption in stocks since 2006. To solidify these gains in the poorest prefectures, the government has undertaken to continue its efforts through effective actions in the area of reproductive health.

III. 2.4.2. Outlook for reaching the HIPC Initiative completion point in 2011

Reaching the completion point in 2011 requires measures by the government to consolidate the gains made in terms of the triggers already deemed satisfactory, but especially the implementation of relevant measures aimed at improving outturns in respect of the triggers not yet reached. To do this, all stakeholders remain mobilized for the restoration of constitutional order, reform of the defense and security forces, and the consolidation of peace so as to permit satisfactory PRSP implementation and reaching the completion point.

(a) Improvement of results

The establishment of strong and transparent institutions after the presidential elections could make it possible to open discussions with the partners, in particular with the Bretton Woods institutions, with a view to rapidly drawing up a program supported by the PRGF. The proper and successful implementation of such a program for a year would go a long way toward achieving the HIPC Initiative completion point in 2011.

Accordingly, alongside adequate PRSP implementation, the government will have to do everything it must to continue the quarterly audits by proceeding with the selection of large contracts. It should also continue the audits interrupted in late 2008.

Improving the rate of prenatal consultations depends upon the involvement all stakeholders (the government, health experts, multilateral and bilateral organizations, local communities, etc.). This coming together of synergies to find adequate solutions for improving the health conditions of expectant mothers and improving the system for collecting health information is an absolute necessity. Therefore, in view of the small amount of resources allocated to health sector (about 2 percent of the national budget), the government will be obliged to provide it with more resources.

Similarly, the strategic intervention for reducing maternal mortality needs to be publicized and complications properly addressed, especially those relating to pregnancies, and need to be strengthened through the creation of health mutual associations, the development of solidarity, and the sharing of risks at the community level.

In respect of the macroeconomic framework, the government should continue perfecting the various forecasting and analysis tools.

(b) Consolidation of gains

To maintain the results obtained in the education sector, emphasis will be placed on broadening access to basic education in conformity with the HIPC Initiative.

In the public health area, improving vaccination coverage against tuberculosis and tetanus entails intensification of the public awareness campaign and the mobilization of human and financial resources. To this end, the assistance of financial partners involved in combating the priority diseases need to be strengthened.

In view of the political and economic situation of the country over the past five years, the government has revised the trigger targets as follows:

In the health area:

- ✓ Increase the rate of prenatal consultations from 88.2 percent in 2007 to 90 percent in 2011 and 92 percent in 2012;
- ✓ Increase the rate of measles vaccine coverage from 65.4 percent in 2008 to 80 percent in 2011 and 82 percent in 2012.

In the education area:

- ✓ Increase the national gross enrollment ratio from 77 percent in 2009 to 90 percent in 2011 and 92 percent in 2012;
- ✓ Increase the girl/boy parity from 0.81 in 2008 to 0.83 in 2011 and 0.85 in 2012.

In the area of governance and combating corruption:

- ✓ Conduct and publish quarterly audits on public procurement contracts awarded in amounts exceeding GF 100 million and on public funds management;
- ✓ Prepare a progress report on the activities of the National Anti-Corruption Agency;
- ✓ Organize legislative and community elections in a transparent and credible manner.

In the PRSP area:

- ✓ Prepare a PRSP and implement it in a participatory and satisfactory manner;
- ✓ Produce half-yearly monitoring and evaluation reports on the PRSP;
- ✓ Conduct a survey aimed at improving the poverty database and the capacity to monitor socioeconomic indicators; and
- ✓ Pursue macroeconomic stability by the satisfactory implementation of a program supported by the Poverty Reduction and Growth Facility.

III.2.4.3. Other PRSP monitoring indicators

For purposes of ensuring the monitoring of the Poverty Reduction Strategy, an outcomes matrix has been developed which takes account of the chain of results for achieving the HIPC Initiative triggers and other

sectoral objectives (see annexes). This matrix will include the PRS monitoring and evaluation indicators. Thereafter, these indicators will be exhaustively analyzed by developing metadata and an indicator monitoring report.

III.2.5. Implementation assumptions and risks

PRS implementation depends on endogenous and exogenous factors, among which are: (i) political instability at the national and subregional levels; (ii) poor governance in the management of public affairs, thereby prolonging the interruption in cooperation with our principal bilateral and multilateral partners; (iii) poor resource mobilization and failure to continue the process of deconcentrating and decentralizing public management, thereby depriving the deconcentrated and decentralized administrations of the resources necessary for financing their sectoral action plans and strategies; and (iv) instability of the macroeconomic framework, possibly generating social crises such as those experienced early this year.

Other no less important risks are associated with the failure to achieve ownership of the strategy and, as a result, the noninvolvement of the various stakeholders in its implementation. The ways and means whereby these risks can be minimized call upon all stakeholders in the various areas are identified below:

- ✓ **State:** (i) Consolidate democratic processes and gains; (ii) restore the macroeconomic framework; (iii) improve governance in the management of public resources; (iv) continue and strengthen the deconcentration and decentralization of public resource management; and (v) strengthen the efforts to combat HIV/AIDS.
- ✓ **Civil society:** The dynamic of intermediation and mobilization of the people will be continued to achieve its sense of ownership and the effective participation of the people in implementation.
- ✓ **Private sector:** The partnership with other stakeholders will be strengthened in order to determine the most stimulating framework for carrying out income-generating and job-creating activities.
- ✓ **Projects and programs:** Further thinking will be devoted to making project and program outcomes more in keeping with the strategic objectives of the PRS.
- ✓ **Beneficiaries:** The process of promoting PRS ownership to ensure the effective involvement of beneficiaries in PRS implementation will be strengthened.
- ✓ **Partners:** The development partners must support the government in rapidly reaching the HIPC Initiative completion point and in ensuring better coordination of their interventions.

ANNEXES

- I. THE GOVERNMENT'S PRIORITY ACTION PLAN
- II. MONITORING MATRIX FOR PRSP RESULTS
- III. MATRIX OF PRIORITY ACTIONS FOR PUBLIC FINANCE MANAGEMENT, FEBRUARY 17, 2011

I. GOVERNMENT'S PRIORITY ACTION PLAN

No.	Policies/Objectives/Results/Activities	Structures responsible	Objectively verifiable indicators	Costs (GF millions)	Financing sources (GF millions)		Financing requirement
					BND	External	
POLICY I: GOOD GOVERNANCE				168,932.9	2,981.0	124,627.5	41,324.4
Objective 1: Improve good governance				141,989.0	2,981.0	124,239.0	14,769.0
<i>Result 1: State authority is restored and the local development process relaunched</i>				<i>128,174.0</i>	<i>2,981.0</i>	<i>124,239.0</i>	<i>954.0</i>
1	Organization of a national forum on the state of decentralization	MATD	LPNDDL validated	1,193.0	0.0	239.0	954.0
2	Allocation of operating appropriations to local administrations	MATD	LFI 2011, Appropriations effective	1,981.0	1,981.0		0.0
3	Resumption of suspended project activities (PACV, PDU3)	MATD	Initiation of projects	125,000.0	1,000.0	124,000.0	0.0

Result 2: Sociopolitical dialogue strengthened with a view to pursuing electoral process				15.0	0.0	0.0	15.0
4	Preparation of national reconciliation process	Office of Prime Minister	TORs available, legal provisions introduced				0.0
5	Recomposition of the CENI	MATD	Decree issued	15.0			15.0
Result 3: Process to revamp public administration launched				6,000.0	0.0	0.0	6,000.0
6	Launch of biometric census of civilian and military personnel	MTFP	Biometric file	6,000.0			6,000.0
7	Preparation of a national forum on the state of Civil Service on the topic of "Civil Service and Reform of the State"	MTFP	Stock-taking complete Reform program available				0.0
Result 4: Guinean diplomacy relaunched with development focus				7,800.0	0.0	0.0	7,800.0
8	Introduction of a dialogue and negotiation framework for partners and the government	MCI/M Planning MEF	Framework in place Many meetings held	800.0			800.0
9	International donors conference on Guinea: change in Guinean diplomacy with special emphasis on emerging countries, with a view to increased mobilization of financial resources for development	MCI/M Planning MEF/MAE	Conference held Volume of commitments made				0.0
10	Opening of embassies in emerging countries	PRG/MAE	Number of embassies opened				0.0
11	Preparation of forum for Guineans abroad	MDGE	HCGE constituted	7,000.0			7,000.0
12	Census of Guineans abroad	MDGE/MAE/MP	File exists				0.0
Objective 1.2: Improve economic governance				26,863.9	0.0	388.5	26,475.4

Result 1: Planning process relaunched and visibility of government action improved				24,505.8	0.0	388.5	24,117.3
13	Finalization of PRS 2011-2012	M. Planning	Document adopted	688.5		388.5	300.0
14	Introduction of monitoring and evaluation mechanism for the government's priority action plan	M. Planning	frequency of meetings	700.0			700.0
15	Preparation of Five-Year Plan 2011-2015	M. Planning	Plan available	3,000.0			3,000.0
16	Launching preparation of "Guinea, Vision 2035"	M. Planning	Vision drawn up	288.3			288.3
17	Completion of preparatory phase of the General Population and Housing Census	M. Planning	Documents finalized Financing mobilized	5,379.0			5,379.0
18	Strengthening of public media	M. Information	Reports	14,450.0			14,450.0
Result 2: Strengthened public finance management				1,302.0	0.0	0.0	1,302.0
19	Preparation and adoption of a budget for 2011	MEF/MDB	Formal budget available				0.0
20	Cash-based budget execution with rigorous compliance with cash flow plan	MEF/MDB	Frequency of compliance with cash flow plan				0.0
21	Streamlining of missions abroad, costs and lodging covered, as well as medical evacuations	MEF/MDB	Number of missions planned and carried out				0.0
22	Elimination of extrabudgetary revenue and expenditure operations and observance of cash unity principle	MEF/MDB	Revenue volume Number of accounts outside Treasury control				0.0

23	Rehabilitation of financial relations between the state and public enterprises (water, electricity, telephony, ARPT SOGEAC, Autonomous Port)	MEF, MDB, MACEF	Payments made				0.0
24	Effective application of government procurement code	MEF, MDB, MACEF	Share of contracts entered into in compliance with code				0.0
25	Elimination of ad hoc exemptions	MEF, MDB, MACEF	Volume of ad hoc exemptions				0.0
26	Redefinition of state's role in pilgrimages	MEF Islamic League					0.0
27	Evaluation of performance contracts of financial administrations	MEF, MDB, MACEF	No. of contracts evaluated				0.0
28	Securing of fisheries receipts (fishing royalties)	M Fisheries	Volume of fisheries receipts	1,302.0			1,302.0
Result 3: Exchange rate stabilized				0.0	0.0	0.0	0.0
29	BCRG intervention on exchange market	BCRG	Exchange rate				0.0
30	Review of foreign exchange regulations and, where appropriate, updating of legal and regulatory provisions with units concerned (BCRG, banks, MEF, Security)	BCRG	Effective application of exchange arrangement				0.0
Result 4: Strengthened control of public management and notable reduction in corruption				1,056.1	0.0	0.0	1,056.1
31	Evaluation of taxation position of the oil sector	MEF, MDB, MACEF	Report				0.0

32	Audit of strategic sectors (mines, telecoms, fisheries, Autonomous Port, energy and water, etc.)	MEF, MDB, MACEF	Report No. of inspections	548,1			548.1
33	Audit of government procurement contracts	MEF, MDB, MACEF	Percentage of contracts audited	508			508.0
Objective 1.3: Improve judicial governance				80.0	0.0	0.0	80.0
<i>Result 1: Sector reform initiated</i>				<i>80.0</i>	<i>0.0</i>	<i>0.0</i>	<i>80.0</i>
34	Organization of a national forum on the state of justice	M Justice	Paper on justice reform available	80.0			80.0
POLICY 2: COMBATING POVERTY				307,855.2	13,681.7	283.7	293,889.8
Objective 2.1: Strengthen food security				187,813.5	0.0	0.0	187,813.5
<i>Result 1: Essential commodities and products made accessible to the people</i>				<i>187,813.5</i>	<i>0.0</i>	<i>0.0</i>	<i>187,813.5</i>
35	Improve the supply of essential products (rice, vegetable oils, and others) to the people	MC/MEF/Office of Prime Minister	Stocks of commodities available Prices thereof	185,010.0			185,010.0
36	Introduction of a food security stock mechanism	MC/MEF/MDB/M. Agri					0.0
37	Rehabilitation of Conakry slaughterhouse	M Livestock		2,803.5			2,803.5
<i>Result 2: Strengthened support for the activities of women</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>

38	Launching the rehabilitation of markets in Conakry and regional capitals	MEE, MUHC, METPT	No. of markets rehabilitated				0.0
Objective 2.2: Improve the poor's access to basic social services				72,711.7	101.7	283.7	72,326.3
<i>Result 1: Improved reproductive health and access to care</i>				<i>60,028.0</i>	<i>0.0</i>	<i>0.0</i>	<i>60,028.0</i>
39	Entry into service of Kipé Specialized Hospital	M. Health	No. of patients received	4,700.0			4,700.0
40	Purchase and distribution of medicines for providing care in medical/surgical emergencies	M. Health	Stocks of medicines purchased and distributed	3,500.0			3,500.0
41	Purchase and distribution of 225,000 childbearing kits and 11,250 Caesarian kits to hospitals and health centers to make free provision of childbirth and Caesarian section care effective	MSHP	225,000 childbirth kits and 11,250 Caesarian kits purchased	28,828.0			28,828.0
42	Free access to prenatal care consultations	M. Health	Effectively free No. of patients consulted at no charge	23,000.0			23,000.0
<i>Result 2: Instructional quality improved</i>				<i>12,683.7</i>	<i>101.7</i>	<i>283.7</i>	<i>12,298.3</i>
43	Strengthened structures for training trainers	MESRS	No. of structures affected	10,000.0			10,000.0
44	Launch of study on the financing of higher education in Guinea	MESRS	Level of progress made with study	283.7		283.7	0.0

45	Launch organization of regional jobs and technical training fairs for 10,000 young people	MEFP	No. of fairs held No. of persons reached	1,000.0			1,000.0
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	Dialogue (fair) on implementation of a national forum on the state of education	MEPU	Discussion document	300.0	101.7		198.3
47	Validation of strategic plan for reducing illiteracy by 2020	M. Literacy	Paper	1,100.0			1,100.0
Objective 2.3: Improve living conditions of the people				22,450.0	12,450.0	0.0	10,000.0
<i>Result 1: Household environment rehabilitated and secure</i>				<i>22,450.0</i>	<i>12,450.0</i>	<i>0.0</i>	<i>10,000.0</i>
48	Census, registration, and securitization of state lands and land reserves	M Urban Planning	File	5,000.0	5,000.0		0.0
49	Clean-up campaign in Conakry and cities in interior	MEE, MUCH, METPT	No. of campaigns conducted	10,000.0			10,000.0
50	Completed construction of waste water purification station in Conakry (3 rd PEA)	M. Urban Planning	Degree of completion of station	3,850.0	3,850.0		0.0
51	Completion of construction at sanitation works for the site of the Moussoudougou interchange	M. Urban Planning	Surface area cleaned	3,600.0	3,600.0		0.0
52	Organization of dialogue among all stakeholders in the solid waste collection area	MEEE, MUCH, METPT, MATD	Dialogue held Paper				0.0
Objective 2.4: Promote youth employment				24,880.0	1,130.0	0.0	23,750.0
<i>Result 1: A framework for youth employment promotion is created</i>				<i>11,800.0</i>	<i>200.0</i>	<i>0.0</i>	<i>11,600.0</i>

53	Organization of training seminars for 200 youths on job-seeking techniques	MJEJ	No. of youths trained and employed	200.0	200.0		0.0
54	Sessions for dialogue on youth employment	MJEJ	Reports	600.0			600.0
55	Support for the creation and financing of microprojects for youths	MJEJ	Reports	11,000.0			11,000.0
Result 2: Supervisory capacities for youth sports are strengthened				13,080.0	930.0	0.0	12,150.0
56	Surfacing athletic track at the 28 September Stadium	MS	Area surfaced	900.0	900.0		0.0
57	Improvement of a multidisciplinary field in the Bambéto-Cosa axis	MS	Field improved	150.0	0.0		150.0
58	Improvement of multisport areas	MS	Areas improved	12,000.0			12,000.0
59	Preparation of legal texts creating the Sports Arbitration Tribunal	MS	Text adopted	30.0	30.0		0.0
POLICY 3: DEVELOPMENT OF INFRASTRUCTURE				498,676.1	134,003.1	0.0	364,673.0
Objective 3.1: Improve access to water and electricity				188,635.1	8,803.1	0.0	179,832.0
Result 1: Institutional reforms in the sector have begun and fraud considerably reduced				0.0	0.0	0.0	0.0

60	Creation of antifraud brigades and securing of electrical facilities	MEE	Effectiveness of brigade No. of officers mobilized				0.0
61	Establishment of a management committee and interministerial monitoring committee for the EDG and SEG	MEE	Committee reports				0.0
Result 2: Electricity production capacities strengthened and the transport and distribution grid improved				170,136.0	0.0	0.0	170,136.0
62	Reconditioning of the 110kV Donkéah - Grandes Chutes line	MEE	No of pylons installed	3,968.0			3,968.0
63	Strengthening of source posts (Tombo, Matotom and Sonfonia)	MEE	No. of posts strengthened	6,167.0			6,167.0
64	Provision and installation of 3,500,000 low consumption lamps	MEE	No. of lamps installed	52,776.0			52,776.0
65	Addition of leased thermal capacity	MEE	Service level	22,462.0			22,462.0
66	Purchase of petroleum products for groups	MEE-EDG	Service level	84,763.0	0.0		84,763.0
Result 3: Drinking water production and distribution capacities strengthened				18,499.1	8,803.1	0.0	9,696.0
67	Purchase of 16 200- 400 KVA power generators for use in supplying water to cities in interior	MEE	No. of generators purchased and functional in these cities	8,803.1	8,803.1		0.0
68	Connection of Lake Sonfonia water treatment station to the priority electrical grid of Sonfonia University	MHE	Station connected	9,696.0			9,696.0

Objective 3.2: Improve transport and telecommunications infrastructures				310,041.0	125,200.0	0.0	184,841.0
<i>Result 1: Transport infrastructures improved</i>				<i>301,041.0</i>	<i>125,200.0</i>	<i>0.0</i>	<i>175,841.0</i>
69	Campaign to eliminate critical points on national highways	MTPT	Km of highways affected	24,000.0			24,000.0
70	Manual sectioning of 2,300 km of the surfaced network	MTPT	Km sectioned	6,000.0			6,000.0
71	Restarting paving work on the Matoto-Enta-Dapompa segment	MTPT	Km of roads affected	150,000.0	125,200.0		24,800.0
72	Rehabilitation and paving of road segments to Conakry and in cities of the interior	MTPT	Km of roads rehabilitated	75,000.0			75,000.0
73	Resumption of work on T 5 South crossings and Enta Sonfonia crossover	MTPT	Km covered	45,875.0			45,875.0
74	Rehabilitation of Bantala Ferry in Gaoual	MTPT	Ferry rehabilitated	166.0			166.0
<i>Result 2: Public transport supply improved</i>				<i>9,000.0</i>	<i>0.0</i>	<i>0.0</i>	<i>9,000.0</i>
75	Increase in number of buses available on the SOGUITRANS network	M. Transport	No. of buses put back on network	3,000.0			3,000.0
76	Resumption of Conakry highway signaling work	M. Transport	No. of signals installed	6,000.0			6,000.0
POLICY 4. ECONOMIC DEVELOPMENT AND EXPANSION				207,209.7	550.0	24,000.0	182,659.7
Objective 4.1: Promote development of the mining sector				206,709.7	550.0	24,000.0	182,159.7

Result 1: Agricultural production improved				205,377.0	500.0	24,000.0	180,877.0
77	Support for 2011/2012 crop year	M. Agri	Fertilizer quantity provided Quantity of seed distributed Production volume	205,377.0	500.0	24,000.0	180,877.0
Result 2: Legal and institutional framework of mining sector improved				1,332.7	50.0	0.0	1,282.7
78	Definition of a new mining policy (Policy Declaration)	M. Mining	Document	50.0	50.0		0.0
79	Revision of mining code	M. Mining	Document	1,282.7			1,282.7
Objective 4.2: Promote the development of trade				500.0	0.0	0.0	500.0
Result 1: Reform of private sector initiated				500.0	0.0	0.0	500.0
80	Organization of a national forum on the state of the private sector	MIPME M.Commerce MEF	The national forum held No. of participants	500.0			500.0

81	Inventory of and status report on idled factories	MIPME M.Commerce MEF	File Individual files				0.0
82	Renovation of consular chambers	MIPME M.Commerce MEF	No. of chambers renovated	320.7			320.7
83	Establishment of a plan for the reliable delivery of petroleum products in light of storage capacity and stock turnover velocity	M. Commerce	Delivery frequency				0.0
POLICY 5: DEFENSE AND SECURITY				25,030.0	0.0	0.0	25,030.0
Objective 5.1: Implement the reform of the defense and security forces				0.0	0.0	0.0	0.0
<i>Result 1: The legal and institutional framework for the reform is in place</i>				<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
84	Review of the recommendations of the security sector evaluation report	M. Defense M Security	Document, Letter				0.0
85	Creation of the National Steering Committee for Security Sector Reform (Army-Police-Justice)	PRG/PM	Decree issued				0.0
86	Updating of the National Defense Policy	M. Defense M Security	Document				0.0

87	Creation of National Defense Council	PRG/PM	Decree issued				0.0
88	Reorganization of Police and Civil Protection services	M Security	Document adopted				0.0
Result 2: Improvement in civilian-military relations							
89	Removal of military and mixed roadblocks	M Security M Defense/Others	No. of roadblocks eliminated				0.0
90	Prohibition on use of the defense and security forces by private entities and individuals	M Security M Defense/Others	No. of officers demobilized by private economic operators				0.0
Objective 5.2: Guarantee the security of persons and property				25,030.0	0.0	0.0	25,030.0
Result 1: Living and working conditions of security forces improved				25,030.0	0.0	0.0	25,030.0
91	Completion of two (2) buildings (R+3) on behalf of the Directorate General of National Police	M. Security M. Urban Planning	No. of buildings completed	2,000.0			2,000.0
92	Completion of construction of barracks for the Mobile Intervention and Security Companies (CMISs) of ENTA (Conakry), Kankan, Kindia, Nzérékoré, Labé, and Kagbélén	M. Security M. Urban Planning	No of barracks completed	21,280.0			21,280.0
93	Completion of construction for the Fire and Emergency Services of Kindia and Labé	M. Security M. Urban Planning	No. of fire stations constructed	1,750.0			1,750.0
GRAND TOTAL FOR 100 DAY ACTION PLAN BUDGET				1,207,704.0	151,215.8	148,911.2	907,576.9

Core actions

 Actions with no budgetary impact

II. MONITORING MATRIX FOR PRSP RESULTS

General Objective: Reduction in poverty rate from 58 percent in 2010 to 56 percent in 2012

Strategic objectives	Indicators of medium-term results (with reference data and targets)	Short-term results indicators	Reference 2010	Target 2011	Target 2012	Priority actions
Overall objective of the strategy						
Significantly reduce the poverty rate	Reduction in poverty rate from 58% in 2010 to 56% in 2012	Increase the share of the poorest quintile in total consumption from 7.8% in 2007 to 10% in 2012	7.8%	8.2	10	Increase workers' incomes Lower foodstuff prices
Strategic Policy I. Improved governance and institutional and human capacity building						
Improved transparency in the management of public affairs and combating corruption	Increase in proportion of public procurement contracts audited	% of procurement contracts for over GF 100 million audited and published quarterly	20	40	50	. Conduct and publish quarterly audits on procurement contracts awarded in the amount of over GF 100 million and on the management of public funds . Draw up the public procurement award framework (CPAR)
	Reduce the incidence of corruption	Annual report on the activities of the National Anti-Corruption Agency published	Yes	Yes	Yes	Prepare a progress report on the activities of the National Anti-Corruption Agency . Conduct a study to establish the level of corruption in the country
		. Anti-corruption law drafted and approved			Yes	Prepare a draft program law on good governance and combating corruption

Improved political and democratic governance		Legislative and community-level elections organized	Presi- dentials	Legis- lative	Communal and community- level	<ul style="list-style-type: none"> . Organize legislative and community-level elections in a transparent and credible manner . Build the capacities of the Constitutional Court and Audit Office as independent jurisdictions
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Strategic Policy II. Accelerating growth and creating job opportunities for all						
Maintain macroeconomic stability	Increase the rate of growth of per capita GDP from -1.3% in 2010 to 2.2% in 2012	Annual average inflation rate	20.8	17.1	5.3	Improve the functioning of the exchange market .Limit budget deficit financing using Treasury bills . Satisfactory implementation of a program supported by the Poverty Reduction and Growth Facility
		Gross foreign assets in months of goods and services imports	0.5	1.5	2.9	. Improve the functioning of the exchange market . Limit budget deficit financing using Treasury bills in accordance with BCRG Charter
		Balance (excl. grants) on commitments basis, in % of GDP	-11.7	-5.1	-2,6	. Relaunch MTEF Units and broaden their coverage to all Departments . Prohibit all ad hoc exemptions and strengthen oversight of conventional exemptions
		Outstanding debt as % of GDP	67.0	64.8	57.5	. Restructure debt that favors investment in priority sectors
Improve growth of the agricultural sector	Increase agricultural growth from 4.1% in 2011 to 5.7% in 2012	Production of local paddy rice and other food products (metric tons)	1,466	1,806	2,000	Improve production factors and means of production (land, inputs, seeds, technologies, training, working methods, information)
	Significant increase in herd size, milk and egg production	Quantity of meat produced (cattle, sheep, goats, pork, poultry (in metric tons)	65,016	70,000	75,000	Improve livestock input factors Enforcement of effort to combat rustling Enforcement of effort to combat foot and mouth and epidemiologic diseases Stabilize short-cycle producers

	Increase in supply of animal protein and revenue mobilization	Increase in nonindustrial fish catch and industrial fish catch (in metric tons)	99,200	99,308	99,420	Improve trade, jobs created, and food availability Organize fisheries research Strengthen efforts to combat illegal fishing
Maximize mining revenues	Increase the growth rate of the mining sector from 1.1% in 2010 to 1.8% in 2011, and 4.6% in 2012	Investment volume of mining projects				. Clean up the mining cadastre . Revise the mining code and standard mining convention . Examine conventions with a view to the possibility of renegotiating them, in the interest of the public treasury
Promote the private sector and employment	Increase the value added of the manufacturing sector from 1.2% in 2010 to 4.4% in 2011	. No. of days required to register an enterprise	20	15	10	. Improve business climate . Creation of a one-stop shop for creating businesses and corporations . Develop a strategy for promoting the private sector . Revision of the investment code
Development of basic economic infrastructures	Increase rate of growth of the energy sector from 1.2% in 2010 to 6.2% in 2011 and 7.4% in 2012	. Electricity generation in MW	660	700	750	. Installation and rehabilitation of new thermal power plants . Revise the petroleum code and its implementing provisions
	Increase in % of population with access to electricity from 18.1% in 2007 to 20% in 2012	. Km of electricity grid rehabilitated and developed				. Rehabilitate and extend the MT/LT distribution grid to Conakry, Nzérékoré, Kankan, Faranah, and Labé
Strategic Policy III. Improved access to quality social services						
Improved access to	Increase primary school	Gross enrollment ratio	76%	80%	85%	. Provide schools with essential inputs (furniture,

quality education for all	completion rate from 58% in 2009 to 72% in 2013	in primary school				textbooks, guides, etc.) . Restore functionality of damaged or seriously deteriorated school infrastructures
		Girl/boy parity in primary school	0.82	0.83	0.85	. Ensure that teachers receive initial and continuing training . Strengthen the institutional capacity of the gender and equity committees in the education area
	Increase adult literacy rate from 35.8% in 2008 to 44% in 2014	No. of adults taking literacy and nonformal education classes	35,000	40,000	50,000	. Develop literacy and nonformal education centers
Improved access to health and nutrition services on the part of the people	Reduction in mortality of children under 1 year of age from 98 per 1,000 in 2005 to 50 per 1,000 in 2015	Rate of DTC3 vaccination coverage	80%	82%	85%	. Ensure vaccine availability and storage capacity (cold chains) . Improve health staffing and personnel logistics in rural areas . Cover poor and isolated areas using door-to-door vaccination
		Rate of measles vaccine coverage	80%	81%	82%	
	Reduction in maternal mortality from 980 per 100,000 live births to 220 per 100,000 live births from 2003 to 2015	Rate of prenatal consultations	88%	90%	92%	. Extend emergency obstetrical and neonatal (SSONU) services to basic health facilities . Facilitate referrals of expectant mothers . Improve technical baselines in referral services

		Percentage of childbirths assisted by qualified personnel	46.1%	48.2 %	50%	
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	Hold HIV/AIDS seroprevalence below 1.5% by 2015	% of expectant mothers screened for HIV/AIDS	1.4%	1.3%	1.2%	. Extension of voluntary HIV/AIDS screening and counseling sites . Implementation of the strategy for combating the feminization of HIV/AIDS
	Reduce malaria-specific mortality by 40% from 2005 to 2015	Rate of use of treated mosquito netting	8.3 %	10%	13%	. Ensure the availability and community-level distribution of mosquito netting . Ensure coverage of uncomplicated malaria cases at the community level
	Reduce tuberculosis-specific mortality by 50% from 2003 to 2015	Tuberculosis screening rate	63%	66%	70%	. Ensure extension of the directly observed therapy (DOT) program to the community level
	Reduce the prevalence of failure to thrive among children under age 5 from 26% in 2005 to 13% in 2015	Percentage of children suffering from chronic malnutrition	40 %	37%	30%	. Introduction of the health and nutrition program in poor areas
		Percentage of children suffering from severe chronic malnutrition	20.7%	18%	15%	Introduction of the health and nutrition program in poor areas
Improved access to safe drinking water	Increase the proportion of persons with access to safe drinking water from 67.1% in 2010 to ... % in 2015	Rate of water service (in urban and rural areas)	42%	46%	50 %	. Implementation of the National Water Supply and Sanitation Program (PNAEPA)
Improved housing and	Increase in proportion of	Proportion of households	1.1%	3%	5%	. Continue implementation of the Third Urban

sanitation services	households with healthy waste water evacuation from 1.1% in 2007 to 10% in 2015	with access to healthy waste water evacuation				Development Project (PDU3) and the strategic focuses of the national housing policy
Extension of social coverage	Increase in coverage rate of social protection from 3% in 2010 to 50% in 2015	Number of persons with CNSS social insurance	3%	5%	7.5%	Develop the national social protection policy Build capacities at the CNSS Introduce mutual assistance and supervision structures for vulnerable groups

Sources: Macroeconomic framework of March 26, 2011 and topic-based groups on PRS monitoring and evaluation.

III. MATRIX OF PRIORITY ACTIONS FOR PUBLIC FINANCE MANAGEMENT, February 17, 2011

	Measure	Progress to date / <i>Actions to be implemented</i>	Ministry / Directorate	Instrument	Estimated cost in US\$	Financing source ¹³	Priority / deadline
Policy 1 – Strengthened coordination and monitoring of economic and financial reforms							
1	Launching of the mechanism for steering, monitoring, and executing the economic and financial reforms	Introduction in the Office of the Minister of the MEF of a permanent secretariat responsible for steering and monitoring economic and financial reform projects and programs. It will supervise Project Coordination and Execution Unit, supported by institutional support programs under way (PADIPOC/ PARCGEF), which will be made available to all TFPs.	MEF / Office of the Minister	Technical assistance (TA) Logistical support	To be indicated	AfDB / WB / EU / UNDP / AFD	March 15, 2011
1 bis	Introduction of a technical assistance coordination mechanism	Establishment of TA to coordinate donor/lender efforts in the public finance area and to ensure a linkage with real needs in the ministries/departments concerned. The TA will work as part of the government's steering mechanism and in close cooperation with the TA planned under the PARCGEF.	MEF / Office of the Minister	TA	To be indicated	EU	May 1, 2011
Policy 2 – Improvement in budget process							
2	Revise the organic law on budget laws (LORLF) to ensure gradual convergence with international standards	Text prepared but not finalized / <i>Revise the LORLF to ensure gradual convergence with international standards. Adapt training manuals and application guides relating to the basic texts on public finances.</i> Plan to include revenue from oil and mining activities (especially direct and indirect taxation) in	MEF / DNB	TA /study	100,000	WB /IMF	September 1, 2011

¹³ Indicative.

	Measure	Progress to date / Actions to be implemented	Ministry / Directorate	Instrument	Estimated cost in US\$	Financing source ¹³	Priority / deadline
		the budget law					
3	Revise the Budget Nomenclature: Economic and functional classification	Almost finalized with AFRITAC assistance; necessary in order to facilitate development of the project to design the PICOT accounting application / <i>Conduct a comparative study of the not yet finalized Nomenclature in light of international public finance standards and identify deviations. Revise the Budget Nomenclature to ensure gradual convergence with international standards. Adapt the training manuals and application guides relating to the basic texts on public finance.</i>	MEF / DNB	TA /study	50,000	WB / IMF	September 2, 2011

4	Design of a budget preparation model	Current tool developed in an Excel spreadsheet does not take revenue forecasts into account / <i>Development of a model that incorporates data from macroeconomic and PRSP frameworks and which allows for automated budget preparation. Development of guides and manuals for the use of this tool. Devise a system for preparing a monthly cash flow plan and thereby facilitate the commitments planning process.</i>	MEF / DNB	TA /study / equipment	375,000	AfDB /IMF	December 1, 2011
5	Enhance the transparency and comprehensiveness of budget management	No midterm review of the budget has been conducted. 112 contracts signed in 2010, almost all without competitive tender, account for GF 4,000 billion, or 81% of the 2010 budget. A limited review was carried out. A schematic report was drawn up to report on budget execution / <i>Improve the framework of the midterm review of budget execution; make it a permanent feature for forthcoming fiscal years.</i>	MEF / DNB	TA	To be indicated	AfDB	September 2, 2011
6	Prepare Budget Execution Laws (<i>Lois de Règlement</i>)	The last budget execution law is for 2004. Expenditure without prior payment authorization in 2005 and 2006 causes problems with clearing the provisional charging accounts. Corrective measures taken in 2010 / <i>Introduce a methodology for settling accounts so as to catch up on time lags and permit preparation of budget execution laws / Observe normal expenditure execution procedures.</i>	MEF / DNB	TA	To be indicated	IMF	September 2, 2011
7	Improve the preparation of macroeconomic forecasts	The current MSEGUI system does not integrate all components required for proper macroeconomic forecasting / <i>Update economic simulation model to allow in particular for highlighting poverty indicators.</i>	MPC / DNP	TA / Equipment	300,000	AfDB	June 1, 2011
8	Revise the General	Text prepared but not finalized / <i>Conduct a comparative study</i>	MEF /	TA / Study	50,000	WB / IMF	September

	Regulation on Government Accounting to ensure gradual convergence with international standards	<i>of the unfinalized RGCP in light of international public finance standards and identify all gaps. Revise and adapt the RGCP to ensure migration toward international standards. Adapt training manuals and application guides on the basic public finance texts</i>	DNTCP				1, 2011
9	Revise Government Chart of Accounts (PCE) to ensure gradual convergence with international standards	<i>Internal validation completed / Conduct a comparative study of the unfinalized PCE in light of international standards and identify all gaps. Revise and adapt the PCE to ensure gradual convergence with international standards. Harmonize the budget and accounting nomenclature. Finalize the conversion table for the TOFE and the Treasury's management indicators</i>	MEF / DNTCP	TA / Study	50,000	WB / IMF	September 1, 2011
Policy 3 – Improve government revenue							
10	Converge toward introduction of a Treasury Single Account	<i>Numerous initiatives with mixed results as regards closing so-called "satellite" accounts. New accounts opened in 2009. Conduct quarterly inventory of accounts in a framework of dialogue (commercial banks, Treasury, and central bank). Continue the introduction of performance contracts with the ministries collecting government revenue. Analyze the option of introducing annexed budgets and/or special earmarked Treasury accounts for the management of special situations in accordance with the Budget Law. Set a deadline for closing accounts and impose penalties in the event of violations.</i>	MEF / DNTCP	TA	To be indicated	WB / EU / IMF	March 1, 2011 In progress An account inventory has been carried out as shown by the draft version of the inventory report dated February 18, 2011. This identified

							1,823 accounts. The report specifies the actions needed for convergence with the CUT
11	Evaluation of tax system	The tax system has a number of constraints with regard to local taxation, the exemptions granted to particular sectors, and the preponderance of the informal sector. <i>Conduct a diagnostic study of the existing system to identify alternative actions which might improve the efficiency and equity of the system / Relaunch the tax appeals commission created by decree in 1998 / Plan and conduct tax audits.</i>	MEF / DNI	TA / Study	250,000	AfDB / France	June 1, 2011
12	Sign and carry out performance contracts	The performance contracts should be more detailed. In this regard, best practices in other countries may provide a source of inspiration. <i>Prepare a performance contract with the DNI for 2011.</i>	MEF / DNI	TA / Equipment		AfDB	June 1, 2011
13	Revision of General Tax Code	The latest version of the General Tax Code dates from 2005 and does not include the measures espoused in successive Budget laws / Revision and updating of the General Tax Code	MEF / DNI	TA		AfDB	June 1, 2011
14	Mining sector's contribution to government revenue	Conduct an institutional audit of the MMG Support for the conduct of a study on the mining sector's contribution to the national economy	MMG/ MEF	TA	300,000	AfDB	December 2, 2011

		Study on harmonization of the community development approach Support for the preparation of a mining policy					
15	Revision of Mining Code	New mining code being prepared. <i>Finalize the new Mining Code and prepare implementing provisions</i>	MMG	TA	150,000	AfDB	December 2, 2011
16	Reform petroleum legislation	<i>Support for drafting a petroleum code and its implementing provisions.</i>	MMG	TA	150,000	AfDB	December 2, 2011
17	Support for transparency and improvement of business climate in the mining sector	Support for implementation of Guinea's EITI action plan	MMG	TA	641,000	AfDB	December 2, 2011
18	Support for modernization of mining sector management	Update mining cadastre <i>Provide the MMG with material resources and training in skills for mining sector management</i>	MMG	TA / Training	456,000	AfDB	December 2, 2011
19	Contribution of forestry and wildlife sector to government revenue	Support for conduct of a study on the contribution of the forestry and wildlife sector to the national economy Support for developing a forestry and wildlife policy Support for revision of the forestry and wildlife code	MEEFDD	TA / Training	600,000	AfDB	December 2, 2011
20	Reform of customs legislation	Provide assistance for the adaptation of customs legislation to give consideration to the transaction value of merchandise in accordance with GATT VII – WTO	MEF / DGD	TA	To be indicated	AfDB /EU	June 1, 2011
21	Update customs	Provide assistance for migration from the 2002 version to the	MEF / DGD	TA	To be	AfDB /EU	June 1, 2011

	nomenclature	2007 version of the Tariff			indicated		
22	Modernization of the customs information system	Migrate from ASYCUDA++ system to ASYCUDA World	MEF / DGD	TA / Equipment	To be indicated	AfDB / EU	June 1, 2011

Policy 4 – Streamlining expenditure							
23	Expenditure chain	Expenditure chain not deconcentrated. At present, the DAFs and CFs of the ministries need to go to the MEF to initiate commitments and give approvals / <i>Deploy the Expenditure Chain application in the pilot ministries (provisional cost of US\$30,000 per ministry plus one satellite office).</i>	MEF / DNB	TA	500,000	IMF	January 3, 2012
24	Improve CF deconcentration	Deconcentration in progress. Financial Controllers (CFs) in place in all ministries at central level, but extra efforts needed in some spending ministries to achieve greater efficiency. No CFs at the prefectural level, and roles is performed by the DPEF in 16 of 13 prefectural directorates / <i>Increase the number of Financial Controllers in largest spending ministries (Education, Health, Infrastructure). Appoint Financial Controllers in prefectural directorates and provide them with resources for performing their duties).</i>	MEF / DNCF	TA		WB	January 3, 2012
25	Have CF carry out prior oversight of expenditures and regulatory actions	The abuse of expenditures without prior payment authorization (DSOPs) contributed to disregarding Financial Controllers as regards a priori control of expenditures and services rendered. Absence of market price listings for performing effective ex ante controls. Commission in place at the National Procurement Directorate for initiating the procedure for updating the listings / <i>Reduce exceptional procedures by restoring the normal procedure for expenditure execution and revise the order permitting simplified procedures. Reassess the advisability of maintaining the mechanism for updating price listings at the</i>	MEF / DNCF	TA	100,000	WB	March 1, 2011 Two draft orders (restoring the normal budget execution procedure,

		<i>level of the National Procurement Directorate instead of the National Financial Control Directorate</i>					including the central role of the CF and strictly limiting use of the exceptional procedure have been drawn up
26	Update the CF manual of procedures, including background documentation nomenclature, to ensure gradual convergence with international standards	Manual of procedures, and Background Documentation Nomenclature developed, but in early form / <i>Update and adopt manual of procedures, control guide and nomenclature of background documentation to ensure gradual convergence with international standards.</i>	MEF / DNCF	TA	50,000	WB / IMF	June 1, 2011
27	Strengthen oversight of services provided	Oversight of services not operative owing to lack of logistical resources / <i>Provide the unit responsible for oversight of services provided within the DNCF with the resources necessary for performing its assigned tasks. Draw up a half-yearly report on oversight of services provided. First report should cover the first half of 2011 and be submitted by end-August 2011.</i>	MEF / DNCF	TA	300,000	WB	January 3, 2012

28	Prepare General Balance Sheets of the Treasury and Budget Execution Laws	General Balance Sheets drawn up with sizable balances in provisional charging account. No Budget Execution Law has been prepared since 2004. Unit established in Treasury for regularization of suspense accounts / <i>Introduce a methodology for regularizing accounts to make it possible to overcome the lag (e.g.: obtain agreements and maturity notices for payment of the external debt –Title 1) and the preparation of reliable Balance Sheets and Budget Execution Laws. Observe normal procedures for expenditure execution.</i>	MEF / DNTCP	TA / Study		IMF	September 1, 2011
29	Clear domestic debt arrears and the debit balance of the Treasury with the BCRG	Increase in the stock of domestic debt arrears during exception period. Existence of a sizable Treasury debit balance with the BCRG, for about AGF 5 billion, for which a clearance protocol has been signed / <i>Conduct a domestic debt audit and gradually clear this debt. Implement the protocol with the BCRG and conduct an audit to attest to the accuracy and correct calculation of the debit balance.</i>	MEF / DNTCP	TA	100,000	AFD /IMF	June 1, 2011
30	Conduct quarterly audits of government procurement contracts	Audits for first 2 quarters of 2007 completed in collaboration with IGF. Contract audit should be launched after mid-July unfreezing by PADIPOC (AfDB project) of GF 508 million. Multidisciplinary teams established and terms of reference already established . Scope of audit extended to include contracts for 2008 and 2009 (392 contracts for roughly GF 3,600 billion, almost all without competitive bids) and 2010 (first two months 112 contracts begun for GF 4,000 billion). / <i>Validate sample to be audited with donors/lenders. Launch procurement contract audits taking account of</i>	MEF / IGF	TA	100.000	AfDB	March 1, 2011 Audit of 2009 and 2010 contracts nearing being finalized

		<i>WB/AfDB comments on initial reports.</i>					
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31	Introduce the risk auditing approach and ensure that examiners receive training	Approach not based on risks. <i>Include Guinea in the Africa regional program for risk-based auditing</i>	MEF / IGF	TA	100,000	WB / France	September 2, 2011
32	Introduce a framework for dialogue among the state's supervisory bodies	Article 6 of Decree D/2010/128 setting forth the powers and organization of the MCEA calls for centralization at the CMEA of the activity and audit reports of the public administrations and parapublic sector. Mechanism limited by the lack of a framework for dialogue. Creation of four MCEA directorates (including the IGE and Audit Directorate for which risks of duplicated efforts could occur during implementation) / <i>Introduce a framework for dialogue between supervisory entities to avoid duplications and improve work synergy.</i>	MCEA	TA	100,000	AfDB / France	December 2, 2011
33	Adopt the new Government Procurement Code	New text of government procurement code finalized in February 2009 but not yet validated. Validation workshop planned for end-October 2010. Request for administrative structure being finalized. Submission to legislature by end-December 2010. <i>Finalize and adopt new government procurement code. Finance phases 2 and 3 of instituting public procurement reform, as regards dissemination.</i>	MEF / DNMP	TA	400,000	AfDB / EU (phase 3)	September 1, 2011
Policy 5 – Improve financial governance							
34	Launch all modules of PICOT (Treasury's accounting software)	PICOT project working in some modules; the objective is to establish consolidated balance sheet and table of operating indicators of the Treasury / <i>Finalize PICOT to bring all modules into operation.</i>	MEF / DNTCP	TA / Equipment	100,000	IMF	December 3, 2011

35	Introduce materials accounting	No application for materials accounting / <i>Develop an application for managing materials accounting</i>	MEF / DNTCP	TA	200,000	IMF	December 3, 2012
36	Implement the IT master plan	A number of studies completed or under way to modernize and deploy the IT tool and the basis of the IT master plan / <i>Mae high-level technical assistance available to draw up an action plan based on analysis of the current situation and propose technical solutions for implementing an information system encompassing all public finance management activities.</i>	MEF / DNSI	TA	200,000	AfDB	June 2, 2011

37	Adopt the anti-corruption law	Prepared but not yet reviewed by the Council of Ministers for adoption and forwarding to the National Transition Council for legislative approval. The 8 regional offices of the Anti-Corruption Agency have been set up: four are operational and the other four will be within a few weeks / <i>Train stakeholders that will lead up the regional focal points (OSC, grassroots authorities, judges, commissioners, etc.) and provide public awareness activities in support.</i>	MCEA	TA	100,000	France /IMF	June 2, 2011
38	Adopt the National Good Governance Program	The order establishing the National Good Governance Campaign should be adopted shortly. Coordination office in place. First meeting held early August 2010. <i>Adopt the National Good Governance Campaign.</i>	MCEA	TA		UNDP / France	March 2, 2011
39	Establish a documentation center	Lack of a documentation and records center / <i>Establish a documentation center at the ministry and a system for archiving all audits.</i>	MCEA	TA / Equipment	50,000	IMF	December 3, 2011
40	Adopt the regulatory provisions attesting to creation of the Audit Office and make it operational	Draft Organic Law Establishing the Audit Office not yet adopted. Audit Office poorly staffed given its future responsibilities / <i>Conduct a comparative study of the draft organic law establishing the Audit Office in light of international public finance standards and identify all gaps. Revise and adopt the Organic Law Establishing the Audit Office. Draw up a strategic plan for making the future Audit Office operational.</i>	Audit Office	TA/ Study	300,000	AfDB / EU	December 2, 2011
41	Finalize/update the	A DEMPA was initiated in 2008 but was not finalized /	MEF	TA			December 3,

	DEMPA	Finalize the DEMPA initiated, and update the debt management data					2011
Policy 6 – Civil service reform / Wage bill control							
42	Clean up the payroll and Civil Service files	Numerous poorly coordinate efforts under way (extension of banking services e-billing, census, organic framework, review of information system, commitment statements, Single State Administrative and Contract Management, etc.). Assignment of staff lacking requisite skills in some units / <i>Establish a clear roadmap for completing the diagnostic assessment and ensure overall consistency with initiatives to achieve greater efficiency in their implementation. Review skills profiles of new hires and assess opportunities for reassignment to appropriate units.</i>	MEF / MFP	TA / Equipment	300, 000	EU / UNDP	June 2, 2011