



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 29-Nov-2022 | Report No: PIDA32739

**BASIC INFORMATION****A. Basic Project Data**

|  |  |  |   |
|--|--|--|---|
| Country<br>Guinea  | Project ID<br>P177214                                | Project Name<br>Emergency Response and Nafa Program Support Project Additional Financing | Parent Project ID (if any)<br>P168777   |
| Parent Project Name<br>Emergency Response and Nafa Program Support Project | Region<br>WESTERN AND CENTRAL AFRICA                 | Estimated Appraisal Date<br>03-Nov-2022  | Estimated Board Date<br>31-Jan-2023   |
| Practice Area (Lead)<br>Social Protection & Jobs                           | Financing Instrument<br>Investment Project Financing | Borrower(s)<br>Republic of Guinea  | Implementing Agency<br>Agence nationale d'inclusion économique et sociale (ANIES) |

## Proposed Development Objective(s) Parent

The Project Development Objectives are to: develop the building blocks of a national shock-responsive social protection system and increase access to shock-responsive safety nets for poor and vulnerable households.

## Components

Emergency cash transfers  
Support to cash transfers and accompanying measures under the Nafa Program  
Strengthening social protection delivery systems and poverty data  
Project Management, Monitoring and Evaluation  
Contingent Emergency Response Component

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

|                           |       |
|---------------------------|-------|
| <b>Total Project Cost</b> | 80.00 |
| <b>Total Financing</b>    | 80.00 |
| <b>of which IBRD/IDA</b>  | 80.00 |
| <b>Financing Gap</b>      | 0.00  |

**DETAILS**



**World Bank Group Financing**

|   |       |
|---|-------|
| International Development Association (IDA) | 80.00 |
| IDA Credit                                  | 80.00 |

Environmental and Social Risk Classification

Moderate

Other Decision (as needed)

**B. Introduction and Context**

Country Context

- The Republic of Guinea’s development has been affected by years of political and economic instability.** This has been evidenced by the *coup d’état* which took place on September 5, 2021 and which led to a *de facto* government that will pave the way to a civilian transition. The new government has unveiled the transitional charter that outlines the missions and duties of the transitional government, including the drafting of a new constitution and the organization of elections. While the commitment of the transitional government to re-establish democratic rule remains to be demonstrated, an OP7.30 World Bank mission held in December 2021 obtained assurances that prior engagements would be honored and flagship development efforts would continue to receive the full support of the new administration.
- Guinea remains one of the poorest countries in the world.** Gross Domestic Product (GDP) per capita grew substantially between 2015 and 2019, from US\$531 to US\$963. However, growth has not translated into significant progress on poverty reduction. Poverty rates have decreased in the past decade, but in 2018, around 44 percent of the population still lived below the poverty line. Guinea’s Human Capital Index (HCI) of 0.37 is below the Sub-Saharan Africa average of 0.40, hampering much of the next generations’ ability to reach their full capacity and productivity. Low levels of human capital development limit skills attainment, productivity, and earning potential, contributing in turn to the intergenerational transmission of poverty. In rural areas, 93 percent of the poor were primarily engaged in subsistence agriculture in 2018, with few if any opportunities for diversification of economic activities or wage work. Women are disproportionately affected by the lack of economic opportunities, with fewer opportunities than men to participate in wage work or entrepreneurial activities.
- Around 80 percent of Guinea’s poor reside in rural areas, which are also those most vulnerable to climate- and health shocks.** The estimated poverty rate in 2018 in rural areas was 55.4 percent, compared to 22.2 percent in urban areas. The high prevalence of poverty in rural areas is a sign of the population’s difficulty to access economic opportunities and basic services. In addition, the poor, who tend to reside in rural areas and rely on agriculture, tend to be disproportionately affected by climate- and health-related shocks. Floods are a recurring natural disaster in Guinea, and the projected sea level rise is expected to further exacerbate the situation. Flooding also contributes to the transmission of diseases such as cholera, typhoid fever, malaria and



polio. Drought, however, is expected to be the highest climate risk for Guinea, and decreases in rainfall will affect the main economic activity (agriculture) of most Guineans, leading to disruptions of income, agricultural production and food security. In addition, climate shocks lead to food price increases, which also affect the urban poor. As a result, climate and health shocks are expected to further exacerbate overall vulnerability, weakening household incomes and dampening poverty reduction efforts.

**External shocks:**

4. **The prolonged economic impact of the COVID-19 pandemic compounded by the effects of the war in Ukraine, have already shown signs of its devastating effects on poor and vulnerable households and are likely further eroding welfare in Guinea.** A 2020 study found that over a third of respondents reported to have experienced hunger as a result of the pandemic. A World Bank simulation suggests that the tendency toward poverty reduction was reversed, with an estimated four percentage points increase in 2020, resulting in 490,000 additional poor individuals. In addition, disruptions to trade patterns and global supply chains caused by the war in Ukraine have led to global increases in food, fuel, and fertilizer prices and rising inflation across the world. Inflation, which stood at around 12 percent in May 2022 in Guinea This is affecting the purchasing power of Guinean households, and particularly the poor, and is expected to remain above 10 percent well into 2023.<sup>1</sup>

Sectoral and Institutional Context

5. **Social protection systems are nascent in Guinea, but they are being gradually embraced as an important tool for poverty reduction and inclusive growth.** Through the parent project, the implementing agency National Agency for Economic and Social Inclusion or *Agence Nationale d'Inclusion Economique et Sociale* (ANIES) has embarked its flagship Nafa Program, which aims to provide adaptive safety nets and accompanying measures to poor households in all regions of Guinea. ANIES set out in late 2019 to identify the poorest households in nine of the poorest prefectures around the country and in five communes in Conakry, and develop a registry of potential beneficiaries of safety nets programs. Because of this, ANIES was able to quickly identify poor households in Conakry and set out to deliver services, mainly cash transfers, in response to the COVID-19 crisis starting in late 2020 as part of the government's COVID-19 response.

6. **Nevertheless, access to critical social safety net programs remains extremely limited.** Only one percent of Guinean households reported receiving any assistance from the government following the onset of a shock in 2018. Despite increased spending on social safety nets in 2020 (emergency cash transfers and in-kind support), social safety nets spending accounted for 0.5 percent of public spending in 2020, or less than 0.01 percent of GDP. This is low compared to the Sub-Saharan Africa average safety nets expenditure of 1.5 percent of GDP.

7. **Gender inequality is a key challenge in Guinea across multiple dimensions.** Gender gaps in education, for example, are evident from as early as enrolment in primary school and continuing into secondary school. Mean years of schooling among women are only 1.5, compared to 3.9 for Guinean men, and 4.7 for women on average in Sub-Saharan Africa. Although there were advancements in poverty reduction prior to the onset of COVID-19, gender disparities in education in fact widened before the pandemic and are expected to increase further (World Bank, 2021). Lack of economic opportunities also disproportionately affect women, especially in

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<sup>1</sup> African Economic Outlook 2022: Supporting Climate Resilience and a Just Energy Transition in Africa. African Development Bank (May 2022).



rural areas. Income-generating activities in rural areas differ by gender, where men are mostly employed in farm work and women are predominantly engaged in household maintenance (e.g., housework, childcare). Women hence do not have the same decision-making powers as men, which hampers their ability to shape their families', and by extension the country's, socioeconomic development. Finally, financial access indicators are also lower for women overall, and lower still among women living in rural areas. Rural populations show a particularly large gender gap not only in terms of bank account ownership, but also in terms of ownership of other financial services and in terms of the active use of financial services. As such, women also have far less exposure to financial instruments which explains their lack of economic autonomy or control over household resources.

8. **The generation and analysis of reliable poverty data and statistics in Guinea faces several challenges, despite progress made in recent years.** The National Statistical Institute (INS) is the provider of national surveys for the production of official poverty numbers. Although there have been improvements in the availability and quality of statistical information observed over the past six years in Guinea, the overall capacity of the INS remains limited. This is reflected in a low Statistical Capacity Index (SCI) score. Furthermore, there are data limitations for accessing poverty trends over the past decade: due to methodological differences in surveys and poverty measurements, it is not possible to determine how poverty evolved by simply comparing the poverty number from the latest survey in 2018 to that of previous years. This may hamper a clear understanding of lagging regions and, consequently, the design of policies that promote inclusive poverty reduction and shared prosperity.

### **C. Proposed Development Objective(s)**

#### Original PDO

The Project Development Objectives are to: develop the building blocks of a national shock-responsive social protection system and increase access to shock-responsive safety nets for poor and vulnerable households.

#### Current PDO

The Project Development Objectives are to: develop the building blocks of a national shock-responsive social protection system and increase access to shock-responsive safety nets for poor and vulnerable households.

#### Key Results

##### **Develop the building blocks of a national shock-responsive social protection system**

- Design, development and utilization of a Management Information System (MIS) linked to a social registry (Text)

##### **Increase access to shock-responsive safety nets for poor and vulnerable households**

- Beneficiaries of emergency cash transfers for COVID-19 and other shock response (Number)
  - Beneficiaries of emergency cash transfers for COVID-19 and other shock response - female (Percentage)
- Beneficiaries of regular cash transfers under the Nafa Program (Number)
  - Beneficiaries of regular cash transfers under the Nafa Program- Female (Percentage)
- Beneficiaries of social safety net programs (CRI, Number)

### **D. Project Description**

9. **Component 1: Emergency cash transfers ECT – original allocation US\$25.1 million equivalent; revised amount US\$33.5 million equivalent**



- (a) **Sub-component 1.1: Emergency cash transfers (ECT):** In addition to the COVID-19 related ECTs envisaged under the parent project, which are under implementation, this sub-component will expand coverage of emergency cash transfers in response to other shocks to 15,000 additional households during the lifetime of the project, bringing the new total of beneficiaries to 165,000; and
  - (b) **Sub-component 1.2: Communications, sensitization, and accompanying measures:** This sub-component's additional activity includes the purchase of mobile phones and SIM cards for most or all beneficiaries in the nine targeted prefectures in the interior of the country, and the associated costs of distribution and registration.
  
- 10. **Component 2: Support to cash transfers and accompanying measures under the Nafa Program— original allocation US\$31.4 million equivalent; revised amount US\$90 million equivalent.**
  - (a) **Sub-component 2.1 (restructured): Cash transfers and accompanying measures:** This sub-component will finance unconditional cash transfers targeted to poor households and accompanying measures to promote foundational behavior change and investments at the household level, especially for women and children, as well as light touch productive and financial inclusion activities. The proposed AF will scale up the activities of the parent project to an additional 88,000 households, or around 528,000 individuals, for a total of 136,000 households, or around 816,000 individuals. This includes 130,000 households in the interior of the country, and 6,000 households in Conakry; and
  - (b) **Sub-component 2.2 (new): Productive inclusion program:** This sub-component will finance the design and delivery of a new productive inclusion program to around 15,000 households. The proposed AF will finance: (i) studies to identify key constraints to productivity and market assessments; (ii) a more robust package of productive inclusion measures to improve productivity and/or livelihoods diversification; (iii) training and mentorship and group savings promotion to help them diversify their livelihoods; and (iv) income generating capacity to non-farm activities that are more resilient to climate shocks.
  
- 11. **Component 3: Strengthening social protection delivery systems and poverty data— original allocation US\$5.5 million equivalent; revised amount US\$12 million equivalent.**
  - (a) **Sub-component 3.1 (Restructured): Strengthening social protection institutions and shock-responsive delivery systems:** The AF would increase the financing envelope for social protection delivery systems-related activities that were already included in the parent project in consideration of its newly enlarged scope; and
  - (b) **Sub-component 3.2 (NEW): Strengthening poverty data:** This sub-component will finance the implementation of a new round of the harmonized Living Conditions Household Survey or *Enquête harmonisée sur les Conditions de Vie des Ménages* (EHCVM).
  
- 12. **Component 4: Project Management, Monitoring and Evaluation; original allocation US\$8 million equivalent; revised amount US\$14.5 million equivalent.** The proposed AF will finance additional operating costs to account for the significant scale up of activities under components 2 and 3, additional staff to support the new activities of the project, including the EHCVM, and the extended duration of the project.



Legal Operational Policies

|   | Triggered? |
|---|------------|
| Projects on International Waterways OP 7.50 | No         |
| Projects in Disputed Areas OP 7.60          | No         |

Summary of Assessment of Environmental and Social Risks and Impacts

The proposed AF aims to increase access to social protection programs for poor and vulnerable households in targeted areas, thereby contributing to a more resilient and inclusive recovery process in Guinea. The AF would substantially increase the coverage of social safety nets in the medium term for poor Guinean households. It is estimated that the proposed AF would provide support to an additional 618,000 individuals through cash transfers and accompanying measures, with additional support to activities under components 1 (Emergency cash transfers), 2 (Support to cash transfers and accompanying measures under the Nafa Program), 3 (Strengthening poverty data and social protection delivery systems ) and 4 (Project Management, Monitoring and Evaluation), and new activities under components 2 and 3, with the majority of funds supporting expanded coverage under component 2.

ANIES has hired full time environmental and social specialists who are currently managing all the E&S aspects of the parent project. These specialists will be responsible for the implementation of the AF environmental and social activities as well. To date, the implementation of the Environmental and Social Commitment Plan (ESCP) commitments is considered to be on good track, with quarterly reports provided in due time.

**E. Implementation**

Institutional and Implementation Arrangements

Activities proposed under the AF will follow the same institutional and implementation arrangements as the parent project and will be implemented by ANIES. The fiduciary agency hired initially as part of the parent project’s financial management support measures has been retained through 2022 to allow ANIES to fully staff its fiduciary as well as managerial functions. As part of this proposed restructuring and AF, however, ANIES will retain a new agency that will have the fiduciary responsibility for all project activities, the recruitment of which shall commence in 2022. ANIES (through said fiduciary agency) will also have the fiduciary responsibility for those activities to be carried out by the National Statistical Institute (INS) related to the EHCVM under sub-component 3.2. To this end, memorandums of understanding (MOU) will be signed between ANIES and the INS. The MOU will define requirements and arrangements for budgeting, accounting, reporting, disbursement, and auditing under the project. The Bank and ANIES will agree on the content of the MOUs prior to their signature and to the effective implementation of project activities by these entities.



## CONTACT POINT

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## APPROVAL

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|----------------------|----------------------|

### Approved By

|                           |                |             |
|---------------------------|----------------|-------------|
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