

## **Guinea: Poverty Reduction Strategy Paper—Progress Report**

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# Poverty Reduction Strategy

PRS (2011-2012)

MINISTRY OF ECONOMY AND FINANCE

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

## 2011 PROGRESS REPORT

May 2012

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## List of Abbreviations

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

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

## Executive Summary

As a result of serious institutional and political instability, a dearth of democracy, and a very difficult economic situation that led to major social tensions, the PRSP (2007-2010) was not properly implemented. The 2007 and 2008 progress reports were prepared to take stock of the progress in implementation. Their conclusion was that no progress had been made in fighting poverty, as 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 legacy of the transition, poor institutional capacity, the debt crisis in developed countries, and regional instability.

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 population's access to basic social services.

This implementation report examines the 2011 results and the prospects for 2012.

### **I. Improve governance and strengthen institutional and human capacities**

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 status for customs officers was adopted;
- ✓ A priority plan to strengthen peace was adopted;
- ✓ The round table of Justice was organized. It is concerned primarily with the independence of justice and the adoption of the special status 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 for 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 Clean Administrative and Financial Files was set up.

### **II. Accelerate growth and create job opportunities for all**

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.

Regarding public finances, efforts focused primarily on executing the budget in accordance with PRSP priorities and the staff monitored program prepared with IMF staff, executing appropriations-based spending, eliminating extrabudgetary operations, complying with the consolidated cash management rule, and streamlining missions abroad and health evacuations.

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

In the monetary sector, measures that were carried out pertained to increasing the rate of reserve requirement, 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 removal of the cap on amounts deposited in the accounts and the regulation of the business of exchange bureaus and money transfer establishments are part of improving monetary performance.

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.

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 National Development Budget (NDB) can be observed through budget execution, which takes place in a manner that is much more orthodox than in previous years.

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.

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 a net amount of 100,000 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 tons of rice after processing.

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

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

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).

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.

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.

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 the petroleum company Hyperdynamics Corporation,.

Thus, the sector's target growth rate 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 contexts and in mining development so that all the stakeholders in this sector can focus on development.

In the industry sector, the government decided to return to the government portfolio 19 privatized industrial units that stopped activity. 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 advancing with a view to better seize opportunities in the business environment.

In the electricity sector, 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 capacity of about 40 MW in 2011, the ongoing refurbishment of the G3 generator of the Grandes Chutes hydroelectric plant, the rehabilitation of the Donkéa-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.

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.

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.

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.

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.

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**

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.

These financial efforts improved 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.

In the education sector, 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.

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.

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

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**

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 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), which was prepared on a participatory basis with the involvement of all stakeholders (public administration, development partners, national institutions, civil society, etc.) is an extension of the PRSP 2 (2007-2010), adopted by the government and supported by 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 progress 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 strategic pillars of the extended PRSP2, 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 partners' efforts to both implement the strategic pillars 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 in particular.

Thus, the Strategy is constructed around three central pillars 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 surrounded the implementation of the PRSP2, in the areas of politics, economics, social issues and international issues.

As opposed to the previous years, the implementation context of the Poverty Reduction Strategy was characterized by the resumption of international cooperation between Guinea and its main technical and financial partners. However, this context was made difficult, mainly because of the dismal 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 were accepted by all stakeholders, the new government took energetic steps to improve overall governance. Among these measures, it is important to stress the creation of the 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 General Review of the Justice System, 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 inauguration of the new 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 political parties aligned with the president. This lack of dialogue, despite the implementation of a Provisional National Reconciliation Commission, chaired jointly by the 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, about 20 law enforcement agents were injured, and over 300 people were arrested and judged according to the law.

In this difficult context, the legislative, communal and community elections to finalize the transition process were postponed. 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 the economy**, 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 IMF staff, and the approval of a Supplementary Budget, taking into account the exceptional mining 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 boost 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 cost of living was kept in check, 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 support was used to begin providing free Cesarean sections and to bolster the fight against malaria.

**On the international level**, the implementation context of 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, this resulted at the national level in a considerable drop of Official Development Assistance (ODA), higher commodity prices, lower export revenue, and a 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 orientation, 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 status for customs officers in the last quarter of 2011. Succeeded

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 to an end the political crisis so that legislative elections can be held promptly.

## **1.3. Improve judicial governance**

*The goal is to make justice independent, fair 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 General Review of the Justice, which 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 General Review 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 within the Office of the President in charge of special services.

Measures carried out to improve the economic and financial environment and to fight 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 Rusal, 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 minimum wage); (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, during June 1-2 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 and financing of the 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 is determined to implement a certain number of measures regarding: rationalizing foreign missions and health-related evacuations; executing expenditures on the basis of appropriations and regulations allocated 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 belonging to public entities other than the central government.

*Table 1: Developments in public finances, in percent of GDP*

HEADINGS	2008	2009	2010	2011
<b>REVENUE AND GRANTS</b>	<b>16.2%</b>	<b>15.8%</b>	<b>15.7%</b>	<b>18.7%</b>
<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>
<b>TOTAL EXPENDITURES (including loans net of advances)</b>	<b>17.4%</b>	<b>23.7%</b>	<b>29.7%</b>	<b>21.3%</b>
<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>
<b>BUDGET BALANCE EXCLUDING GRANTS (as a percentage of GDP)</b>	<b>-1.7%</b>	<b>-8.3%</b>	<b>-14.3%</b>	<b>-3.9%</b>

*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 agencies to the government budget. As a result, the government mobilized exceptional 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 under 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 policy.** 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:

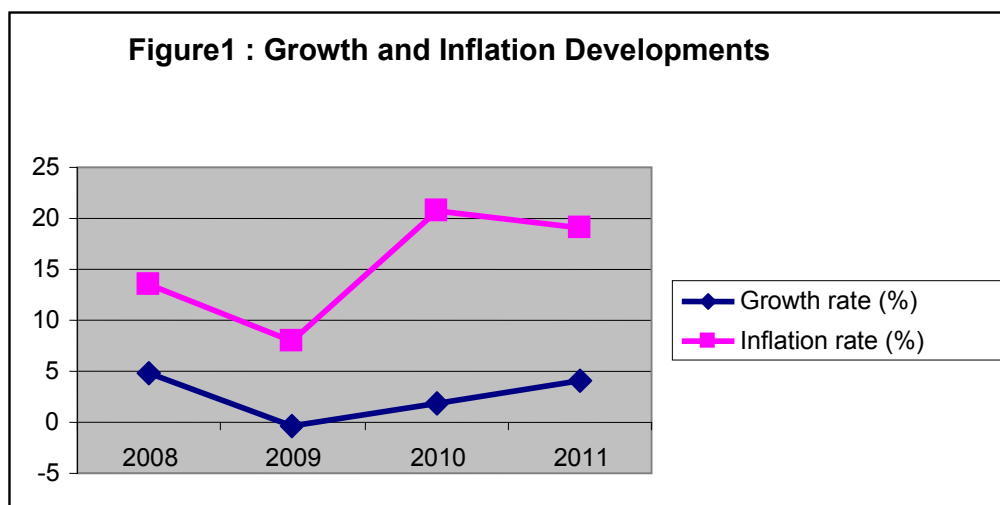
- ✓ Increased the ratio of required reserves from 9.5 to 17 percent and then to 22 percent in October 2011;
- ✓ Raised the policy rate from 16.7 to 22 percent in March 2011;
- ✓ Reenergized the Interbank Foreign Exchange Market (IFEM) so that nearly \$170 million could be allocated to the banks to finance imports;
- ✓ Removed the cap on 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 African Regional Technical Assistance Center (West 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, improving bank financing of 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 exceptional 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



The macroeconomic performances accelerated the growth rate to 4 percent in 2011 versus 1.9 percent in 2010 thanks to good sectoral 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.<sup>1</sup>

## 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 crop season to purchase and distribute seeds, fertilizer, phytosanitary products, and farm equipment and to revitalize the cotton program.

The 2011-2012 crop 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.

<sup>1</sup> 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.



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

Furthermore, as part of advisory support to be provided to farmers, the government gave 586 motorcycles to the agricultural entities. With these motorcycles, the National Rural Development and Agricultural Advisory 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 seeds, 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, signature of 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 Guinea-South Africa--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 crop 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 Tougnifily (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 purchasing 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 percent<sup>2</sup> 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

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<sup>2</sup> Estimated data from the 2011 macroeconomic framework.

of small equipment to control brush fires for the village committees of the project sites in 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 Siguiri; 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 South Simandou 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 Donkèa-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 diagnosis and reform plan for the electricity sector were 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 sector at low cost sectors for the population 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; Guinéenne 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: creation of Youth Assistance, Counseling and Orientation Centers (CECOJE) with support from partners; promotion of microenterprises for youths in partnership with several nongovernmental institutions; implementation of the “*Vivre contre apprentissage*” program; job fairs to assist youths looking for their first job; launching of motorcycle taxi companies and building of 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, of which 6,912 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 to increase 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 the education sector;

- ✓ Continued the training of educators and researchers;
- ✓ Produced and purchased 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 decentralized 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.

Strong efforts are still required to reduce the sociocultural burdens and increase in 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 creation of new profession-oriented subjects 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 to carry out an 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 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 created. 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 supply in the City of Conakry; this effort led to an approximately additional 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**

*The goal is to implement the National Food, Drinking Water and Sanitation Program (PNAEPA) to substantially increase the percentage of population 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. Improve the people's access to decent housing**

*The main goal is to upgrade the living conditions of people 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 rehabilitation of 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 Land Registry and database software to computerize the land 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 Safety Nets” project will be implemented to create jobs 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 could prepare and implement 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 following resumption of 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 reflects the importance placed on this document. Since then, it has been used as a single framework for all development projects. It is also in coherence 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, 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 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 evidenced through the satisfactory implementation of the PRGF program.*

The government implemented a battery of measures to ensure a stable macroeconomic framework. These measures include: i) establishing the treasury single account for a 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) under one million Guinean francs; iv) making spending commitments on a cash basis; and v) avoiding monetary financing of public expenditures.

As shown in the government's memorandum of economic and financial policies , budget execution as of end-September 2011 is in line 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 indebtedness 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 exceptional revenue; these performances exceed by far the goals and program benchmarks as of that date.

According to the government's memorandum of economic and financial policies , the CNT approved a supplementary budget authorizing the use of a part of the exceptional 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 percent 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 exceptional 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 exceptional 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 reached 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 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 completed 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 Improve access to education**

There 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 significantly due to the strong ongoing hiring process. In fact, since 2001, the government has used support from 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. Improve access to health**

In the health sector, the following two triggers were targeted: (i) the prenatal 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 estimate 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 prenatal consultation rate**

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

The prenatal 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 main 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. 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 General Assembly of 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, particularly the civil society;
- ✓ Continue the reform of the defense and security forces with support from partners;
- ✓ Continue the mining reforms, in particular negotiate 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 electricity while strengthening the technical management of EDG;
- ✓ Conduct sectoral studies to reorganize 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 continuous 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:

- ✓ Consolidate 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 debt sustainability, both before and after the completion point;
- ✓ Allocate exceptional public resources toward funding economic infrastructure using medium-term planning;
- ✓ Continue the restrictive monetary policy to absorb excess liquidity and lower inflation;
- ✓ Continue an active exchange rate policy to limit erratic fluctuations;
- ✓ Ensure that mining investments do not cause adverse movements in the exchange rate and, indirectly, a decline in the economy’s competitiveness;
- ✓ Reorganize the agricultural industries and strengthen agricultural infrastructure 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 subsidies.

### **3. Improve access to high quality social services**

- ✓ Implement the “Productive Social Safety Nets” Project to provide the people with social protection, and in particular to the poorest population;
- ✓ Continue the measures to make Cesarean sections free in the health facilities;
- ✓ Continue the reforms launched 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		
<b>I. PREPARATION, DEVELOPMENT AND SATISFACTORY IMPLEMENTATION OF THE PRSP</b>	The extended PRSP II (2011-2012) has been prepared	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	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	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	
	The annual information report has been prepared	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	
<b>II. UPDATE OF THE DATABASE ON POVERTY</b>	The data on poverty has been updated	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	The provisional report will be available on May 25, 2012 and the report will be validated in June 2012
<b>III. MACROECONOMIC STABILITY</b>	Budget deficit excluding grants	14.50%	3.90%	5.90%	Guinea has implemented the Staff-Monitored Program and good macroeconomic performances have allowed Guinea to benefit from the Medium-Term Arrangement, supported by the ECF
	Inflation	20.8%	19%	17.10%	
<b>IV. GOVERNANCE AND ANTI-CORRUPTION</b>					
	The ANLC activity reports for 2007-2011 have been published on the SP-SRP and INS websites	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	Guinea completed the audit of government contracts recorded during the political transition

	Final report on the audits of the large contracts for the period from 2002 to 2004	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	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
	Quarterly final audits for the 2007 contracts	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	
	The quarterly audit summary report (Q4 for 2008 and Q1 and Q2 for 2009) were submitted to the Bank in August 2011	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	
	2009 quarterly summary audit report (Q3 and Q4)	<b>Not applicable</b>	<b>Not applicable</b>	<b>Not applicable</b>	
<b>V. HEALTH AND EDUCATION</b>	Prenatal consultations	89.77%	90.06%	90.00%	All of these triggers have been met
	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 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	
<b>Theme I: Improve governance and strengthen institutional and human capacities</b>				
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	<b>Publication of the annual activity report of the National Corruption Control Agency</b>	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	
	<b>Defense and security sector reform</b>	Yes	Yes	
<b>Theme II: Accelerate growth and create job opportunities for all</b>				
Increase the GDP per capita growth rate from -1.3 percent in 2010 to 2.2 percent in 2012	<b>Year-over-year inflation rate</b>	17.1%	21.1%	-4%
	Gross external assets in months of imports of goods and services	1.7	5	4.3
	Fiscal balance, excluding grants, on 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%
<b>Theme III: Improve access to quality social services</b>				
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	<b>80%</b>	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 prenatal 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 prenatal consultation and DTP3

Year	Prenatal 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 prenatal consultation will exceed 92 percent.

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