

AFRICAN DEVELOPMENT BANK GROUP



PROJECT : VALUE CHAINS, AGRICULTURAL AND RURAL ENTREPRENEURSHIP SUPPORT PROJECT (PACVEAR)

COUNTRY : GUINEA-BISSAU

APPRAISAL REPORT

Date: June 2019

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AFRICAN DEVELOPMENT BANK GROUP



GUINEA-BISSAU

VALUE CHAINS, AGRICULTURAL AND RURAL ENTREPRENEURSHIP SUPPORT PROJECT (PACVEAR)

PROJECT APPRAISAL REPORT

RDGW/COSN/PGCL

September 2019

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Currency Equivalents

(31 May 2019)

| | | |
|---------------|---|--------------|
| Currency unit | = | XOF |
| UA 1 | = | XOF 810.3036 |
| UA 1 | = | EUR 1.2353 |
| UA 1 | = | USD 1.3857 |

Fiscal Year

1 January – 31 December

Weights and Measures

| | | |
|-------------------|---|--------------|
| 1 metric tonne | = | 2 204 pounds |
| 1 kilogramme (kg) | = | 2.200 pounds |
| 1 metre (m) | = | 3.28 feet |
| 1 millimetre (mm) | = | 0.03937 inch |
| 1 kilometre (km) | = | 0.62 mile |
| 1 hectare (ha) | = | 2.471 acres |

Acronyms and Abbreviations

| | | |
|---------|---|---|
| AAAC | : | Competent Environmental Assessment Authority |
| ADF | : | African Development Fund |
| ADIC | : | Association for Integrated Community Development |
| ADPP | : | People-to-People Development Assistance |
| AfDB | : | African Development Bank |
| AGIR | : | Global Alliance for Resilience Initiative – Sahel and West Africa |
| ANAG | : | National Association of Farmers of Guinea-Bissau |
| APRODEL | : | Association for the Promotion of Local Development |
| ARA | : | Acquisition Risk Assessment |
| AWPB | : | Annual Work Program and Budget |
| BD | : | Bidding Document |
| BOAD | : | West African Development Bank |
| BPM | : | Bank’s Procurement Methods and Procedures |
| CCC | : | Consequences of Climate Change |
| COAJQ | : | Agricultural and Livestock Cooperative for Young Professionals |
| CSP | : | Country Strategy Paper |
| DU | : | Demonstration Unit |
| ECOWAS | : | Economic Community of West African States |
| EIG | : | Economic Interest Group |
| ENSN | : | Educational and nutritional system network |
| ERR | : | Economic Rate of Return |
| ESIA | : | Environmental and Social Impact Assessment |
| ESMP | : | Environmental and Social Management Plan |
| EU | : | European Union |
| FAO | : | Food and Agriculture Organization of the United Nations |
| FO | : | Farmers’ Organisation |
| GAPLA | : | Agricultural Planning Bureau |
| GDP | : | Gross Domestic Product |
| GIF | : | General Inspectorate of Finance |
| GPHC | : | General Population and Housing Census |
| HIMO | : | Labour Intensive |
| ICDCS | : | Interstate Committee for Drought Control in the Sahel |
| IDEV | : | Independent Evaluation of AfDB Development |
| IEC | : | Information, Education and Communication |
| IFAD | : | International Fund for Agricultural Development |
| INE | : | National Institute of Statistics |
| INPA | : | National Agricultural Research Institute |
| IPPM | : | Integrated Predator and Pest Management |
| IRR | : | Internal Rate of Return |
| ISFM | : | Integrated Soil Fertility Management |
| ISFNS | : | Information System on Food and Nutrition Security |
| IWRM | : | Integrated Water Resources Management |
| LPDA | : | Letter of Agricultural Development Policy |
| LTS | : | Long-term Strategy |
| MADR | : | Ministry of Agriculture and Rural Development |
| M & E | : | Monitoring and evaluation |
| NGO | : | Non-Governmental Organisation |
| NPV | : | Net Present Value |
| OHBLA | : | Organization for the Harmonization of Business Law in Africa |
| PACVEAR | : | Value Chains, Agricultural and Rural Entrepreneurship Support Project |
| PADES | : | Southern Regions Economic Development Support Project |
| PAIRI | : | Irrigated Rice Cultivation Intensification Support Project |
| PANA | : | National Climate Change Adaptation Action Programme |
| PARCA | : | Administrative Capacity Building Support Programme |
| PASA | : | Food Security Support Project |

| | | |
|----------|---|---|
| PDCV-Riz | : | Rice Value Chain Development Project |
| PDR | : | Rice Development Program |
| PECA II | : | Technical Assistance Project |
| PMU | : | Project Management Unit |
| PNIA | : | National Agricultural Investment Programme |
| PNIMT | : | National Medium-Term Investment Programme |
| PNSA | : | National Food Security Programme |
| PPRFJ | : | Project to Promote Rice Cultivation Among Youths |
| PR | : | Payment Request |
| PRP | : | Study priority resilience country of Guinea Bissau |
| PRESAR | : | Agricultural and Rural Infrastructure Rehabilitation Project |
| PRP/AGIR | : | Study on Country Priority Resilience Programme/Global Alliance for Resilience |
| PSC | : | Project Steering Committee |
| PUAREF | : | Emergency Economic and Financial Reform Support Programme |
| QNCOCPA | : | National Consultation Framework of the Farmers' and Agricultural Producers' Organisation of Guinea-Bissau |
| RSBD | : | Relevant Standard Bidding Document |
| SESA | : | Strategic Environmental and Social Assessment |
| SICSD | : | Seed Inspection and Certification Service Department |
| TAAT | : | Technologies for African Agricultural Transformation |
| TFP | : | Technical and Financial Partner |
| TSF | : | Transition Support Facility |
| UA | : | Unit of Account |
| UAM | : | Million Units of Account |
| UNO | : | United Nations Organisation |
| WAEMU | : | West African Economic and Monetary Union |
| WFP | : | World Food Programme |
| WSC | : | Water and Soil Conservation |

Project Information Sheet

Client Information Sheet

BORROWER/DONEE: Republic of Guinea-Bissau

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

Financing Plan

| Source of Financing | Amount | Instrument |
|---------------------|-------------------------|------------|
| TSF | UA 5.46 million | Grant |
| TSF | UA 3.04 million | Loan |
| ADF | UA 1.06 million | Loan |
| Government | UA 0.20 million | - |
| Beneficiaries | UA 0.86 million | - |
| TOTAL COST | UA 10.62 million | |

ADF and TSF Key Financing Information

| | |
|-----------------------------|--------------------|
| TSF Grant and Loan Currency | UA |
| ADF Loan Currency | UA |
| Tenor | 40 years |
| Grace Period | 10 years |
| ERR (baseline scenario) | 16.9% |
| NPV (8%) | XOF 20 944 million |

Timeframe - Main Milestones (expected)

| | |
|-----------------------|---------------|
| Concept Note Approval | April 2019 |
| Project Approval | July 2019 |
| Effectiveness | October 2019 |
| Midterm Review | June 2022 |
| Project Completion | December 2024 |
| Project Closure | January 2025 |

Project Executive Summary

Project Overview: the Value Chains, Agricultural and Rural Entrepreneurship Support Project (PACVEAR) will be implemented in three regions, namely Bafata, Oio and Gabu, in northern and eastern Guinea-Bissau. The project's objective is to improve the rice and market gardening subsector production environment, and promote enterprises in all targeted subsector value chain links to create sustainable jobs and increase rural income.

The project will be implemented over five years (November 2019 to December 2024). The total project cost, exclusive of taxes and customs duties, is **UA 10.62 million** (XOF 8.607 billion) financed through a UA 5.46 million Transition Support Facility (TSF) grant (51%), a UA 3.04 million TSF loan (29%) and a UA 1.06 million African Development Fund (ADF) loan (10%).

The project will directly benefit 4 400 households and farmers in the project area, i.e. 35 000 people, at least 13 000 of them women. The expected project outcomes are: (i) an additional annual production of 4 000 tonnes of rice and 2 000 tonnes of market garden produce; (ii) creation and/or strengthening of 600 agricultural and rural enterprises to create 2 000 sustainable jobs, 30% of them for women and 40% for youths; and (iii) increase in average rural income to XOF 250 000 per household.

Needs Assessment: Irrigated areas (18%) are still too small to reduce the shortfall in rice production, estimated at 80 000 tonnes per year. The project will increase irrigated areas by developing additional 660 hectares of land, half of which will be equipped for full irrigation water control with the availability of detailed designs and bidding documents for 720 hectares. In addition, the main sources of fragility in the country include political instability, extreme poverty and high youth unemployment, as well as lack of opportunities for youth socio-professional integration. Consequently, it is necessary to design an agricultural and rural enterprises development programme targeting youths and women that would contribute to addressing this unemployment challenge.

Value Added for the African Development Bank: Through its previous operations, the Bank has helped to increase developed areas and to acquire specific expertise in key domains (irrigation, seed production and control, solar energy, processing, etc.). With PACVEAR, the Bank will help to consolidate the gains of previous operations and promote rural entrepreneurship, with a view to boosting growth and the professionalisation of the agricultural sector. By supporting the development of agricultural infrastructure, the Bank will create factors conducive to the development of agricultural and rural enterprises in all targeted subsector value chain links, thus creating employment particularly for youths and women (production, processing and marketing).

Knowledge Management: The project will generate knowledge that will be used to create numerous jobs through the upgrading of incubation centres to train and support youths willing to embark on agribusiness activities. The project will also support the Food and Nutrition Security Information System (SISSAN) in collecting and processing data for use in developing relevant sector policies. In addition, PACVEAR's specific contribution to structuring the seed subsector through the introduction of technologies for African agricultural transformation (TAAT) will help to generate knowledge that will be used to consolidate production methods, thus increasing production. The setting up of demonstration units and the dissemination of best practice, as well as the introduction of solar energy in drainage and agricultural product processing and conservation systems will further enhance knowledge, particularly on new technologies in these areas.

Results-Based Logical Framework

| Country and Project Name: Guinea-Bissau: Value Chains, Agricultural and Rural Entrepreneurship Support Project (PACVEAR) Project Goal: Improve the rice and market gardening subsector production environment, and promote enterprises in all targeted subsector value chain links. | | | | | | |
|--|---|---|--|---|--|--|
| IMPACT | RESULTS CHAIN | PERFORMANCE INDICATORS | | | MEANS OF VERIFICATION | RISKS/ MITIGATION MEASURES |
| | | Indicator | Baseline Situation | Target | | |
| | Improved agricultural growth | Average agricultural growth/year | 6% in 2017 | 8% in 2022 and 9% in 2024 | <ul style="list-style-type: none"> - PRP/AGIR/EDS - Monitoring of PNIA - ILAP/CILSS | |
| | | Contribution of agriculture to GDP | 50% in 2017 | 60% in 2024 | | |
| OUTPUTS | Additional direct and indirect sustainable jobs created by agricultural and rural enterprises | Number of additional jobs | 0 in 2019 | 2 800 jobs, 30% of them for women | <ul style="list-style-type: none"> - Annual reports and agricultural statistics - Periodic project monitoring reports - Midterm review report and project completion report | Risks - Political instability coupled with a difficult economic situation - Climate instability - Difficulty in mobilising counterpart contributions Mitigation measures - Contribution to improving socio-economic and environmental resilience for greater stability - Small share of counterpart contributions - Water storage and control facilities; resistant seeds; and use of short-cycle, high-yield species. |
| | Increased volume of agricultural production | Volume of rice production | Rice: 135 000 tonnes (2018-2019) | Rice: 137 000 tonnes (2022); 139 000 tonnes (2024) | | |
| | | Volume of market garden production | Market garden produce: 6 000 tonnes (2018) | Market garden produce: 7 000 tonnes (2022); 8 000 tonnes (2024) | | |
| | Improved average income of rural farm households | Annual income of rice-farming households | XOF 104 500 (2018) | XOF 210 000 (2022); XOF 355 000 (2024) | | |
| | | Annual income of market-garden households | XOF 85 862 (2018) | XOF 140 000 (2022); XOF 198 000 (2024) | | |
| Component I: Improve the Competitiveness of Agricultural Value Chains (rice and market gardening) | | | | | | |
| Infrastructure rehabilitation / development | | | | | | |
| | 1.1 Rice cultivation infrastructure | 1.1 Area under rice cultivation (ha) | 0 | 660 hectares, 30% of them cultivated by women | | Risks - Weak capacity of technical services involved - Low project ownership by stakeholders and beneficiaries - Outbreak of plant diseases - Weak capacity of implementing partners and enterprises Mitigation measures - Capacity building of the technical services involved in the project - Involvement and participation of beneficiaries at all stages and capacity building (producers and MADR) - Training producers in plant disease management and use of eco-friendly pesticides - Careful selection of implementing partners and enterprises - Close control of partners and enterprises. |
| | 1.2 Market gardens with solar powered drainage systems | 1.2 Area under market gardening (ha) | 0 | 60 hectares, 90% of them cultivated by women | | |
| Transformative infrastructure | | | | | | |
| | 1.3 Feeder road | 1.3 Length of feeder road (km) | 0 | 25 | | |
| | 1.4 Storerooms | 1.4 Number of rooms | 0 | 8 | | |
| | 1.5 Livestock vaccination yards | 1.5 Number of yards | 0 | 6 | | |
| | 1.6 Water points | 1.6 Number of water points | 0 | 5 | | |
| | 1.7 Seed processing units | 1.7 Number of units | 0 | 1 | | |
| Organisation and capacity building of management committees (MCs) | | | | | | |
| | 1.8 Setting up and strengthening of MCs | 1.8 Number of MCs | 0 | 44 | | |
| Environmental and social monitoring | | | | | | |
| | 1.9 Construction of anti-erosion bunds | 1.9 Number of kilometres | 0 | 20 | | |
| | 1.10 Scheme protection through tree planting | 1.10 Number of kilometres | 0 | 30 | | |
| Structuring, organisation and support of farmers' organisations (FOs) and producers | | | | | | |
| | 1.11 Building the capacity of FOs/unions | 1.11 Number of FOs | 0 | 35 | | Risk Low ownership of support equipment by beneficiaries Mitigation measures - Establishment of PIUs - Strengthening the participatory process for implementing IEC actions and activities |
| | 1.12 Support for the structuring of women's organisations (EIG/associations) | 1.12 Number of organisations | 0 | 32 | | |
| | 1.13 Organisation of technical training in farm production and management | 1.13 Number of beneficiaries | 0 | 22 000, 30% of them women | | |
| | 1.14 Setting up of demonstration units (DUs) | 1.14 Number of DUs | 0 | 25 | | |

| | | | | | | | |
|---|--|---|---|--|--|--|------------------------------------|
| | Structuring and development of the rice seed subsector | | | | | - Collaboration with supervision and extension entities. | |
| | 1.15 Support for the design of a seed action plan | 1.15 Action plan designed | 0 | Yes | | | |
| | 1.16 Logistical support to the Central Seed Laboratory and INPA | 1.16 Support provided to the Central Seed Laboratory and INPA | 0 | Yes | | | |
| | 1.17 Establishment and capacity building of seed operator EIGs | 1.17 Number of EIGs | 0 | 2 | | | |
| | 1.18 Development of seed multiplication areas by INPA | 1.18 Surface area (ha) | 0 | 15 | | | |
| | 1.19 Development of seed multiplication areas | 1.19 Surface area (ha) | 0 | 40 | | | |
| | Component II: Promote Agricultural and Rural Entrepreneurship | | | | | | |
| | 2.1 Identification, incubation and support of young entrepreneurs | 2.1 Number of youths trained in incubation centres | 0 | 100, 30% of them women | | | |
| | 2.2 Support for the transformation of existing private economic initiatives into sustainable enterprises | 2.2 Number of private initiatives | 0 | 450, 30% of them women's private initiatives | | | |
| | 2.3 Building the capacity of and organising young operators in agricultural services centre | 2.3 Number of beneficiaries | 0 | 12, 30% of them young women | | | |
| 2.4 Setting up of agricultural mechanisation service centres | 2.4 Number of centres | 0 | 3 | | | | |
| 2.5 Setting up of agricultural product processing units | 2.5 Number of hulling machines | 0 | 30 (for youths and women) | | | | |
| 2.6 Installation of mini-dairy plants | 2.6 Number of mini-dairy plants | 0 | 1 | | | | |
| 2.7 Training and equipping of veterinary assistants | 2.8 Number of veterinary assistants | 0 | 15 | | | | |
| 2.8 Nutrition awareness-raising, education and monitoring | 2.8 Number of beneficiaries | 0 | 3 000, 50% of them women | | | | |
| 2.9 Initiatives in the production and marketing of local products and fortified foods | 2.9 Number of private initiatives | 0 | 50, 30% of them women's private initiatives | | | | |
| Building the capacity of the MADR and other government partners | | | | | | | |
| 1.10 Building the capacity of MADR sTSFF and of other government services | 2.10 Number of beneficiaries | 0 | 80 | | | | |
| DS | Component III: Project Coordination and Management | | | | | <u>Risk</u> - Weak capacity of the PMU team <u>Mitigation measure</u> Performance contracts and capacity building | |
| | 3.1 Procurement activities implemented | 3.1 Procurement Plan (PP) prepared and deployed | PP prepared (end-2019) | PP updated at least once a year | | | PP approved |
| | 3.2 Project activities implemented | 3.2 Compliant disbursement rate | 0% (December 2019) | 25% per annum on average | | | SAP System |
| | 3.3 Financial management provided | 3.3 Audit reports prepared | Audit firm recruited (March 2020) | 4 annual audit reports validated | | | Audit reports |
| | 3.4 Monitoring and evaluation conducted | 3.4 M&E system operational | System established (first half of 2020) | Midterm and final M&E reports prepared | | | Progress and M&E reports |
| | 3.5 Communication provided | 3.5 Communication plan implemented | Plan prepared (2020) | Communication disseminated | | | tools Brochures, website, films |
| COMPONENTS | | | | RESOURCES | | | |
| KEY ACTIVITIES | Component A: Improve the Competitiveness of Agricultural Value Chains (rice and market gardening) | | Resources : UA 10.62 million | | | | |
| | Component B: Promote Agricultural and Rural Entrepreneurship | | Component A : UA 5.82 million (55%) | | | | |
| | Component C: Project Coordination and Management | | Component B : UA 3.87 million (36%) | | | | |
| | | | Component C : UA 0.93 million (9%) | | | | |
| | | | Sources of Financing | | | | |
| | | ADF (Loan) : UA 1.06 million | | | | | |
| | | TSF (Grant) : UA 5.46 million | | | | | |
| | | TSF (Loan) : UA 3.04 million | | | | | |
| | | GVT + Beneficiaries : UA 1.06 million | | | | | |

Project Implementation Schedule

| Year | 2019 | | 2020 | | | | 2021 | | | | 2022 | | | | 2023 | | | | 2024 | | | | 2025 |
|---|------|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|----|----|----|------|
| Quarter | T3 | T4 | T1 | T2 | T3 | T4 | T1 | T2 | T3 | T4 | T1 | T2 | T3 | T4 | T1 | T2 | T3 | T4 | T1 | T2 | T3 | T4 | T1 |
| 1 INITIAL ACTIVITIES | | | | | | | | | | | | | | | | | | | | | | | |
| <i>PACVEAR financing negotiations</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>TSF grant and ADF loan approval</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Signing of financing agreements</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Effectiveness and fulfilment of conditions precedent to first disbursement</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Publication of the General Procurement Notice</i> | | | | | | | | | | | | | | | | | | | | | | | |
| 2 START-UP ACTIVITIES | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Confirmation of PMU sTSFf (including the recruitment of experts)</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Fielding of project launching mission</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Procurement of equipment for the PMU (vehicles, computer hardware, etc.)</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Signing of agreements with partner entities</i> | | | | | | | | | | | | | | | | | | | | | | | |
| 3 Improve the Competitiveness of Agricultural Value Chains (rice and market gardening) | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Review and launching of competitive bids for the development of 12 lowlands (anchor programme)</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Technical studies and competitive bids for one lowland and support infrastructure</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Award of contracts</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Execution of development works</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Execution of support infrastructure works</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Implementation of the ESMP and environmental monitoring</i> | | | | | | | | | | | | | | | | | | | | | | | |
| 4 Promote Agricultural and Rural Entrepreneurship | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Organisation of national and regional project launching workshops</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Structuring and organisation of FOs and MCs</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Improvement of the quality and availability of seeds and other inputs</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Production, processing and marketing counselling support</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Development of youth and women's agricultural entrepreneurship</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Support for nutrition and school canteens</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Support to MADR and stakeholders</i> | | | | | | | | | | | | | | | | | | | | | | | |
| 5 PROJECT MANAGEMENT | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Update of management and monitoring/evaluation tools</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Establishment of the baseline situation and set up of the monitoring and evaluation system</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Update of data on monitoring and evaluation, coordination, management and communication activities</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Annual financial auditing</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Fielding of supervision mission (AfDB/Government)</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Midterm review</i> | | | | | | | | | | | | | | | | | | | | | | | |
| <i>Project completion/closure</i> | | | | | | | | | | | | | | | | | | | | | | | |

VALUE CHAINS, AGRICULTURAL AND RURAL ENTREPRENEURSHIP SUPPORT PROJECT (PACVEAR)

Management hereby submits the following report and recommendation concerning a proposal to award a **UA 5.46 million TSF grant** and extend a **UA 3.04 million TSF loan** and a **UA 1.06 million ADF loan** to the Republic of Guinea-Bissau to finance the Value Chains, Agricultural and Rural Entrepreneurship Support Project (PACVEAR).

I. Strategic Thrust and Rationale

1.1 Project Linkages with Country Strategy and Objectives

1.1.1 PACVEAR is fully consistent with Guinea-Bissau's strategic orientations, particularly the Terra Ranka Strategic and Operational Plan (2015-2020), which hinges on four main engines of economic growth, including agriculture and agro-industry. It also plugs into Sub-programme 1 of the second generation of the National Agricultural Investment Programme (PNIA) "*Promotion of Crop Production Sub-sectors*", adopted in December 2017, which focuses on the development of food crops (including rice) and market gardening through better control of water and increased access to factors of production. It aligns with the orientations of the Letter of Agricultural Development Policy (LADP) and its action plan, which aim to guarantee food security, increase and diversify agricultural exports and improve the living conditions of rural dwellers. It also embraces the orientations of the National Food Security Programme (PNSA) and the Rice Farming Development Programme (PDR - 2016). PACVEAR is consistent with the "*Develop Infrastructure to Promote Inclusive Growth*" pillar of CSP 2015-2019 through the development of agricultural infrastructure and opportunities in agriculture (especially for the youth and women).

1.1.2 Guinea-Bissau is characterised by fragility, further aggravated by overall institutional weakness and a non-inclusive development model without economic alternatives. Sector constraints include the isolation of production areas, the obsolescence of production systems, inadequate access to inputs and weak agricultural product processing capacity. The main challenge is to strengthen institutional, economic and social resilience, while building the capacity of actors, reducing gender disparities and supporting the country's structural transformation through the construction of key infrastructure to ensure inclusive and green growth. Agricultural transformation through the development of value chains, the promotion of youth entrepreneurship, the mainstreaming of the gender dimension and greater involvement of non-State actors (including the private sector) will contribute to building resilience and reducing fragility in the country.

1.1.3 In spite of Guinea-Bissau's agricultural potential, the State's withdrawal from the agricultural sector and the political crises of the last few decades have impeded genuine agricultural development in the country. This lack of interest in the agricultural sector has led to a serious structural weakening of production systems (agricultural and livestock). This is compounded by vagaries of the weather and climate change, which pose a serious threat with consequences on the management of ecosystems and other renewable agricultural and natural resources, all of which can impede the country's social cohesion, stability and sustainable development. This combination of structural and cyclical crises has far-reaching consequences on the entire agricultural, silvicultural and pastoral sector, food and nutritional security, and the livelihoods of most of Guinea-Bissau's population who depend on agriculture (in the broadest sense).

1.1.4 According to the agriculture sector study conducted in 2014 (Portuguese Cooperation Trust Fund), it is essential to optimise the use of farmland, create added value for products, and enable households to generate sufficient income to purchase certain commodities. Rice is the staple foodstuff (eaten by 90% of Guinea-Bissau's households) and food deficit is made up annually by rice imports of about 80 000 tonnes. The promotion of market gardening, stockbreeding and related services will not only help to diversify the sources of food, but also improve the income of rural communities, particularly women and youths in the targeted regions in the northern and eastern parts of the country. Garden crop production currently meets only 60% to 70% of demand. The main constraints on growth subsectors (rice and market gardening) are the remoteness of production areas, the degradation of production systems, insufficient access to inputs (particularly quality seeds) and markets, weak processing capacity, the lack of information and economic opportunity exploration networks to promote the employability of rural

youths, and the inadequate private sector integration into the value chains of growth subsectors and related activities to act as an engine and a lever for private enterprises.

1.2 Rationale for Bank Involvement

1.2.1 PACVEAR is in line with two of the Bank's High 5s, namely "Feed Africa" and "Improve the quality of life for the people of Africa". The project will contribute to attaining these two priorities by developing rice and market garden value chains, building the capacity of actors, creating jobs and improving income. The project is aligned with the Bank's Long-term Strategy (LTS 2013-2022) and its two overarching objectives: inclusive growth and transition to a green economy.

1.2.2 PACVEAR is aligned with the Bank's Long-Term Strategy (SLT 2013-2022) and its two major objectives of inclusive growth and transition to green growth. The project is built on the three areas of special emphasis of the LTS: fragile States, agriculture and food security, and gender. It is consistent with the orientation of the Bank's new Strategy for Agricultural Transformation in Africa (2016-2025), which puts special emphasis on the development of value chains and agricultural entrepreneurship. In addition, it will contribute to achieving the objectives of the *Enable Youth* and *Jobs for Youth in Africa* flagship initiatives, by promoting capacity building and the creation of opportunities for youths. Furthermore, the project is in keeping with the Bank's Technologies for African Agricultural Transformation (TAAT) programme, which focuses on the adoption of new production and processing technologies in agricultural value chains.

1.2.3 PACVEAR concords with the Bank's Gender Strategy (2014-2018) "*Investing in Gender Equality for Africa's Transformation*", more specifically Pillar II, "*Economic Empowerment*". It also follows the recommendations of the gender profile prepared by the Bank and UNWomen in 2015, on the need to integrate women into value chains. Specifically, it plugs into climate-change adaptation initiatives by promoting renewable energy, water-saving technologies and resilient methods.

1.2.4 Agriculture remains one of the country's most important strategic sectors and the only sector that can benefit the largest number of people, combat food and nutrition insecurity and provide jobs for young people and women. The continuous support provided by the Bank to the sector is justified by: (i) the highly satisfactory performance of similar Bank-funded operations, notably the Agricultural and Rural Infrastructure Rehabilitation Project (PRESAR) (completed in 2012) and the Rice Value Chain Development Project (PDCV-Riz) (launched in 2017); (ii) unmet needs in terms of irrigation infrastructure and support as well as the development of value chains and agricultural entrepreneurship; and (iii) the strong mobilisation and involvement of the Government, local and regional actors and beneficiaries. The activities proposed by the project, namely the development of irrigation schemes (particularly full control of irrigation water), the integration of value chains and agricultural entrepreneurship will help to promote the employment of young people and women in rural areas, strengthen adaptation to climate change and increase the resilience of segments of the population that are vulnerable to food and nutrition insecurity.

1.3 Aid Coordination

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

1.3.2 Based on the "Letter of Agricultural Development Policy", several bilateral and multilateral partners provided significant support for rural development, food and nutrition security in Guinea-Bissau, including: (i) IFAD (Economic Development Project for the Southern Regions - PADES and design of a new project for the diversification of family farming in the eastern and northern regions); (ii) BOAD (Food Security Support Project - PASA and Project to Promote Rice Cultivation by Youths - PPRFJ); (iii) ECOWAS (support for the preparation of the National Agricultural Investment Programme - PNIA); and (iv) WAEMU (feasibility study on the Irrigated Rice Cultivation Intensification Support Project - PAIRI and the Crop and Grain Storage Warehouse Construction Programme). It is worth noting that ECOWAS,

WAEMU and CILSS set up the Global Alliance for Resilience Initiative – Sahel and West Africa (AGIR) whose objective is to achieve “zero hunger” in 20 years. From an institutional standpoint, the activities of partners are coordinated by the Ministry of Economy and Finance. For agriculture in particular, the partners reached a consensus on the sector strategy, notably PNIA, during the partners’ round table convened in Brussels in March 2015. The United Nations Food and Agriculture Organization (FAO) plays a major role in policy support and coordination of activities.

The project will establish synergies with projects being implemented and those being designed. More broadly, the involvement of the various partners in the rural sector (agriculture, livestock production, fisheries and environment) is presented in Annex A4 of Volume 2 and summarised below:

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

II. Project Description

2.1. Project Objectives and Components

PACVEAR’s overall objective is to contribute to enhancing the competitiveness of subsector value chains (rice and market gardening) to boost inclusive and sustainable growth in the agricultural sector. Its specific objective is to improve the rice and market gardening subsector production environment, and promote enterprises in all targeted subsector value chain links, with a view to creating sustainable jobs and increasing rural income. PACVEAR, which will be implemented over a five-year period (November 2019 to October 2024), comprises three main components: (i) Improve the Competitiveness of Agricultural Value Chains (rice and market gardening); (ii) Promote Agricultural and Rural Entrepreneurship; and (iii) Project Coordination and Management. The table below presents a summary of the activities selected. A detailed description of the activities is provided in Annex C3 of Volume 2.

Table 2.1: Project Components

| Components | Cost (UA Million) | Component Description |
|---|--------------------------|--|
| A. Improve the Competitiveness of Agricultural Value Chains (rice and market gardening) | 5.82 (55%) | <p>A1 <u>Infrastructure rehabilitation/development:</u> (i) development of 660 hectares of lowlands for rice cultivation: 7 lowlands covering 296 hectares with full irrigation water control and 6 lowlands covering 364 hectares with partial irrigation water control; and (ii) development of 60 hectares of market gardening areas for women and youths.</p> <p>A2 <u>Development of support infrastructure:</u> (i) rehabilitation of 25 kilometres of feeder roads; (ii) installation of 5 village water points; (iii) construction of eight (8) 50-tonne storage warehouses; (iv) construction of 6 vaccination yards; and (v) setting up of one (1) seed processing unit.</p> <p>A3 <u>Organisation and capacity building of management committees:</u> setting up and support of 44 management committees (irrigation schemes and market gardening areas), storage and processing warehouses, water points, etc.).</p> <p>A4 <u>Environmental and social monitoring:</u> (i) construction of 20 kilometres of anti-erosion bunds (labour intensive); (ii) planting of 30 kilometres of protective trees around developed areas; (iii) monitoring of the environmental and social management framework (ESMF); (iv) environmental monitoring and surveillance; and (v) support to the Competent Environmental Assessment Authority (AAAC).</p> <p>A5 <u>Provision of technical assistance, conduct of studies, infrastructure monitoring, and signing of agreements with partners.</u></p> <p>A6 <u>Structuring, organisation and support of FOs and producers:</u> (i) land management and land-use support (irrigation schemes and infrastructure); (ii) structuring and capacity building of FOs and their umbrella organisations, seed EIGs and women's processing EIGs; (iii) setting up of networks of EIGs and support to improve access to markets; (iv) setting up of 15 PIUs; and (v) organisation of exchange visits.</p> <p>A7 <u>Structuring and development of the rice seed subsector:</u> (i) inventory of the seed subsector; (ii) FAO technical assistance for the preparation of a seed action plan; (iii) support to INPA (recruitment of 2 technicians, organisation of training sessions and provision of equipment); (iv) support to the Central Seed Laboratory (recruitment of 2 technicians, organisation of training sessions, procurement of one (1) vehicle, and laboratory equipment and materials); (v) training of 2 seed officers and 12 seed inspectors.</p> |
| B. Promotion of Agricultural and Rural Entrepreneurship | 3.87(36%) | <p>B1 <u>Promotion of entrepreneurship in agricultural mechanisation services, maintenance and upkeep of infrastructure and equipment:</u> (i) upgrading and improvement of training skills, and provision of logistical support to incubation centres; (ii) establishment of 3 agricultural mechanisation service centres for youths; (iii) training and incubation of 12 youths in the management and operation of agricultural mechanisation centres; (iv) provision of equipment to 30 craftsmen and repairers; (v) provision of equipment to 12 youth groups for the maintenance of feeder roads; (vi) supply of 100 start-up kits to young people and women implementing an economic initiative in the mechanisation and maintenance chain link; and (vii) customised capacity building of 100 young people and women with business plans.</p> <p>B2 <u>Promotion of entrepreneurship in the production, processing and agricultural product marketing chain links:</u> (i) procurement of 30 hulling machines, 6 rice threshers, and incubation/post-incubation monitoring of 42 young hulling machine and thresher operators; (ii) incubation/post-incubation monitoring of 100 youths implementing economic initiatives in targeted chain links; (iii) customised capacity building of 200 young people and women with business plans; (iv) provision of support to 3 seed EIGs in seed processing and marketing; and (v) provision of 250 start-up kits to young people and women implementing an economic initiative in targeted chain links.</p> <p>B3 <u>Promotion of entrepreneurship in other rural services:</u> (i) customised capacity building of 200 young people and women with business plans; (ii) provision of 200 start-up kits to young people and women implementing an economic initiative; and (iii) provision of kits to 15 veterinary assistants.</p> <p>B4 <u>Promotion of entrepreneurship in nutrition:</u> (i) provision of support to parboiled rice EIGs; (ii) provision of support for the processing of market garden produce; (iii) installation of a mini-dairy in Gabu with 3 collection centres and 6 milk sales stands, training of 16 youths in the management and operation of the mini-dairy, collection centres and milk sales stands; (iv) support for school feeding programmes, promotion of initiatives in the production and marketing of local products, and micronutrient-fortified foods for children; and (v) provision of 50 start-up kits to young people and women.</p> <p>B5 <u>Institutional support to the agricultural sector:</u> (i) purposive sampling in the agricultural sector; (ii) provision of support for the establishment of a framework for monitoring TFP operations and strategic reflections initiated by MADR; (iii) capacity building of technical services (provision of equipment, logistics and training); and (iv) provision of miscellaneous technical assistance (infrastructure, environmental and monitoring and evaluation experts).</p> |
| C. Project Coordination and Management | 0.93 (9%) | (i) Coordination and steering of project activities; (ii) administrative, accounting and financial management; (iii) procurement of goods, works and services; (iv) implementation of a communication plan; (v) monitoring and evaluation of project implementation; and (vi) environmental monitoring. |

2.2 Technical Solutions Adopted and Alternatives Explored

2.2.1 The technical solutions adopted for PACVEAR are based on field data and lessons drawn from similar projects, discussions with beneficiaries, the specific characteristics of each site to be developed, the water resources to be mobilised as well as the ease of managing facilities and equipment. Therefore, the proposed works take into account not only rice cultivation, but also horticulture which is already being carried out in the lowlands with full irrigation water control, particularly during the dry season. Three options were considered: (1) lowlands with full irrigation water control will be developed into small plots that are easy to manage, maintain and improve; (2) market gardening areas will be systematically equipped with a mini submersible solar-powered borehole pump, a storage tank, a drip irrigation system¹ and a protective grid fence and hedges; and (3) the mechanisation of tillage operations by providing support to agricultural mechanisation service providers (tractors and accessories) in project impact areas will contribute to improving tillage operations and creating new employment opportunities for youths.

Table 2.2: Alternatives Explored and Reasons for Their Rejection

| <i>Alternative Rejected</i> | <i>Brief Description</i> | <i>Reason for Rejection</i> |
|---|--|---|
| Develop just one large area with full irrigation water control where the project would be concentrated | Construction of a large pumping station, covered water transportation canals with large civil engineering structures for water collection, carriage and distribution. | This alternative does not ensure the availability of labour, in terms of quantity or quality, for the development of the facilities and the investments required. It is quite likely that the area will not be fully used. In addition, it will be quite difficult to manage and maintain the area. |
| Develop market gardening areas with indurated wells without any dewatering mechanism | Construction of one or more wells 5 metres to 10 metres deep (one well per hectare) where irrigation water is collected manually and then stored in small basins and carried to the parcels by the farmers using watering cans or buckets. | The manual collection of water from indurated wells and irrigation with watering cans makes the task, which is carried out mainly by women, very tedious and takes up an enormous amount of work time and water. This problem will be compounded in the medium term once groundwater dries up, obliging farmers to fetch water from a greater depth (20 metres to 30 metres). |
| Develop animal-drawn cultivation in the intermediary phase instead of motorising soil cultivation activities. | Animal-drawn cultivation practised in the project regions is suited for light soils with limited humidity, to ensure high productivity. Its effectiveness largely depends on the physical conditions of the area to be cultivated. | Large arable land in the region, the short period available for soil preparation and the short rainy season are factors militating against animal-drawn cultivation. |

2.3 Project Type

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

2.4. Project Cost and Financing Arrangements

2.4.1. The project cost, exclusive of taxes and custom duties, is estimated at UA 10.62 million, (XOF 8.607 billion). The foreign exchange portion represents 36% of the total cost, exclusive of taxes, or UA 3.85 million. Custom duty and taxes will be covered by the State, which shall to take the necessary measures to implement this provision. A 4% provision for physical contingencies and a 3% provision for price escalation have been included in the project cost. The summary of the project cost by component and expenditure category, as well as the expenditure schedule are presented in Tables 2.3, 2.4 and 2.5 below.

¹ Overall, market gardening areas in Guinea-Bissau are irrigated manually (98% using watering cans). Consequently, drip irrigation will be introduced gradually over time. In this regard, basin irrigation (water is pumped from the well into a reinforced concrete storage tank and then conveyed gravitationally through buried pipes to supply small 2 metre to 3 metre brickwork basins) will first be used in market gardening areas. Each small basin will supply irrigation water to ten 250 m² plots, or 0.25 hectares. Once women farmers are able to control the cost of managing, operating and maintaining their market gardening areas, a drip irrigation system will be established to replace the small basins.

Table 2.3: Estimated Project Cost by Component

| | (XOF Million) | | | (UA Million) | | | % F.E. | % Total Cost |
|--|---------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|
| | L.C. | F.E. | Total | L.C. | F.E. | Total | | |
| A. Improve the Competitiveness of Agricultural Value Chains | | | | | | | | |
| 1. Infrastructure rehabilitation/development | 1 674 | 975 | 2 649 | 2.07 | 1.20 | 3.27 | 36.8 | 33.0 |
| 2. Development of support infrastructure | 462 | 332 | 794 | 0.57 | 0.41 | 0.98 | 41.8 | 9.9 |
| 3. Organisation and capacity building of management committees | 52 | 6 | 58 | 0.06 | 0.01 | 0.07 | 10.0 | 0.7 |
| 4. Protection of facilities and environmental and social monitoring | 62 | 29 | 91 | 0.08 | 0.04 | 0.11 | 31.7 | 1.1 |
| 5. Provision of technical assistance, conduct of study, monitoring of infrastructure and signing of agreements with partners | 341 | 170 | 510 | 0.42 | 0.21 | 0.63 | 33.3 | 6.4 |
| 6. Structuring, organisation and support of FOs and producers | 53 | 8 | 61 | 0.07 | 0.01 | 0.07 | 12.5 | 0.8 |
| 7. Structuring and development of the rice seed subsector | 93 | 147 | 241 | 0.12 | 0.18 | 0.30 | 61.3 | 3.0 |
| Sub-total | 2 738 | 1 666 | 4 403 | 3.38 | 2.06 | 5.43 | 37.8 | 54.8 |
| B. Promote Agricultural and Rural Entrepreneurship | | | | | | | | |
| 1. Promotion of youth and women's entrepreneurship | 835 | 785 | 1 620 | 1.03 | 0.97 | 2.00 | 48.5 | 20.2 |
| 2. Promotion of entrepreneurship in nutrition | 175 | 81 | 257 | 0.22 | 0.10 | 0.32 | 31.7 | 3.2 |
| 3. Institutional support to project partners | 453 | 219 | 672 | 0.56 | 0.27 | 0.83 | 32.6 | 8.4 |
| 4. Operational and human resources of the PMU | 338 | 38 | 377 | 0.42 | 0.05 | 0.46 | 10.2 | 4.7 |
| Sub-total | 1 802 | 1 124 | 2 926 | 2.22 | 1.39 | 3.61 | 38.4 | 36.4 |
| C. Project Coordination and Management | 580 | 126 | 705 | 0.72 | 0.15 | 0.87 | 17.8 | 8.8 |
| Total Base Cost | 5 119 | 2 915 | 8 035 | 6.32 | 3.60 | 9.92 | 36.3 | 100.0 |
| PHYSICAL CONTINGENCIES | 205 | 117 | 321 | 0.25 | 0.14 | 0.40 | 36.3 | 4.0 |
| PRICE ESCALATION | 160 | 91 | 251 | 0.20 | 0.11 | 0.31 | 36.3 | 3.1 |
| Total Project Cost | 5 484 | 3 123 | 8 607 | 6.77 | 3.85 | 10.62 | 36.3 | |

Table 2.4: Estimated Project Cost by Expenditure Category

| | (XOF Million) | | | (UA Million) | | | % F.E. | % Cost Base |
|------------------------------|---------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|
| | L.C. | F.E. | Total | L.C. | F.E. | Total | | |
| I. Investment Cost | | | | | | | | |
| A. Works | 2 212 | 1 295 | 3 508 | 2.73 | 1.60 | 4.33 | 36.9 | 43.7 |
| B. Goods | 263 | 426 | 688 | 0.32 | 0.53 | 0.85 | 61.9 | 8.6 |
| C. Services | 1 905 | 1 120 | 3 025 | 2.35 | 1.38 | 3.73 | 37.0 | 37.7 |
| Total Investment Cost | 4 380 | 2 841 | 7 221 | 5.41 | 3.51 | 8.91 | 39.3 | 89.9 |
| II. Recurrent Cost | | | | | | | | |
| A. STSFf | 581 | - | 581 | 0.72 | - | 0.72 | - | 7.2 |
| B. Operation | 158 | 74 | 233 | 0.20 | 0.09 | 0.29 | 31.9 | 2.9 |
| Total Recurrent Cost | 739 | 74 | 814 | 0.91 | 0.09 | 1.00 | 9.1 | 10.1 |
| Total Base Cost | 5 119 | 2 915 | 8 035 | 6.32 | 3.60 | 9.92 | 36.3 | 100.0 |
| Physical Contingencies | 205 | 117 | 321 | 0.25 | 0.14 | 0.40 | 36.3 | 4.0 |
| Price Escalation | 160 | 91 | 251 | 0.20 | 0.11 | 0.31 | 36.3 | 3.1 |
| Total Project Cost | 5 484 | 3 123 | 8 607 | 6.77 | 3.85 | 10.62 | 36.3 | |

Table 2.5: Expenditure Schedule by Component, including Provision for Contingencies and Price Escalation (in UA million)

| | Total, including Provision for Contingencies and Price Escalation | | | | | Total |
|---|---|-------------|-------------|-------------|-------------|--------------|
| | A1 | A2 | A3 | A4 | A5 | |
| A. Agricultural Infrastructure Modernisation and Development | | | | | | |
| Investment Cost | 2.95 | 1.66 | 1.10 | 0.06 | 0.05 | 5.82 |
| Recurrent Cost | - | - | - | - | - | - |
| B. Development of Value Chains and Agricultural Entrepreneurship | | | | | | |
| Investment Cost | 1.47 | 0.83 | 0.49 | 0.40 | 0.35 | 3.54 |
| Recurrent Cost | 0.02 | 0.09 | 0.09 | 0.06 | 0.06 | 0.32 |
| C. Project Management | | | | | | |
| Investment Cost | 0.14 | 0.02 | 0.04 | 0.02 | 0.05 | 0.27 |
| Recurrent Cost | - | 0.17 | 0.17 | 0.17 | 0.17 | 0.66 |
| Total Project Cost | 4.58 | 2.76 | 1.89 | 0.71 | 0.68 | 10.62 |
| Total Investment Cost | 4.56 | 2.51 | 1.63 | 0.48 | 0.45 | 9.63 |
| Total Recurrent Cost | 0.02 | 0.25 | 0.25 | 0.23 | 0.23 | 0.99 |

2.4.2 The project will be financed with a UA 5.46 million TSF grant (51% of the project cost), a UA 3.04 million TSF loan (29% of the project cost) and a UA 1.06 million ADF loan (10% of the project cost). Considering the country's fragile context, the Government's financial contribution is estimated at UA 0.20 million (2% of the project cost). It will cover detailed design and BDs for sites already developed, the allocation of premises for the PMU (head office at Bissau and field office in Bafata), the procurement of subsidised fertilisers (INPA), support for the preparation of the seed subsector diagnosis and the implementation of the seed subsector action plan, support for the establishment of the framework for the

monitoring of TFP operations, and dissemination of data through the Food and Nutrition Security Information System (SISSAN). The contribution of beneficiaries will be limited to the computation of their participation in easy-to-undertake ongoing development and maintenance works, estimated at UA 0.86 million (8% of the project cost). The breakdown of project cost by source of financing is given in Tables 2.6 and 2.7 below.

Table 2.6: Sources of Financing

| | (XOF Million) | | | | (UA Million) | | | | % F.E. |
|---------------|---------------|--------------|--------------|--------------|--------------|-------------|--------------|-------------|--------|
| | L.C. | F.E. | Total | % Total Cost | L.C. | F.E. | Total | | |
| Government | 113 | 49 | 162 | 1.9 | 0.14 | 0.06 | 0.20 | 30.5 | |
| TSF Grant | 2 835 | 1 590 | 4 425 | 51.4 | 3.50 | 1.96 | 5.46 | 35.9 | |
| TSF Loan | 1 573 | 891 | 2 464 | 28.6 | 1.94 | 1.10 | 3.04 | 36.2 | |
| ADF Loan | 521 | 335 | 856 | 9.9 | 0.64 | 0.41 | 1.06 | 39.1 | |
| Beneficiaries | 441 | 257 | 698 | 8.1 | 0.54 | 0.32 | 0.86 | 36.8 | |
| Total | 5 483 | 3 123 | 8 606 | 100 | 6.77 | 3.85 | 10.62 | 36.3 | |

Table 2.7: Sources of Financing by Expenditure Category (UA million)

| | Gov. | | TSF Grant | | TSF Loan | | ADF Loan | | Benef. | | Total | | F.E. | Local |
|---------------------------|-------------|------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|------------|--------------|--------------|-------------|-------------|
| | Amt | % | Amt | % | Amt | % | Amt | % | Amt | % | Amt | % | Amt | Amt |
| 1. Works | - | - | 0.10 | 2.1 | 2.82 | 60.8 | 0.88 | 18.9 | 0.84 | 18.2 | 4.64 | 43.7 | 1.71 | 2.92 |
| 2. Goods | - | - | 0.81 | 87.5 | 0.00 | 0.3 | 0.08 | 8.7 | 0.02 | 3.5 | 0.91 | 8.6 | 0.56 | 0.35 |
| 3. Services | 0.11 | 2.9 | 3.57 | 88.8 | 0.22 | 5.7 | 0.10 | 2.6 | - | - | 4.00 | 36.4 | 1.48 | 2.52 |
| 4. STSFF | - | - | 0.77 | 100.0 | - | - | - | - | - | - | 0.77 | 8.6 | - | 0.77 |
| 5. Operation | 0.09 | 24.4 | 0.22 | 75.6 | - | - | - | - | - | - | 0.31 | 2.7 | 0.10 | 0.21 |
| Total Project Cost | 0.20 | 1.7 | 5.46 | 51.4 | 3.04 | 28.6 | 1.06 | 9.9 | 0.86 | 8.2 | 10.62 | 100.0 | 3.85 | 6.77 |

2.5 Project Target Area and Beneficiaries

2.5.1 PACVEAR will cover three regions in northern and eastern Guinea-Bissau, namely Bafata, Oio and Gabu, out of the country's nine regions. It will cover 57% of the national territory and accounting for 43% of the country's total population². The project impact area was selected based on several criteria: (i) the need to consolidate the gains of other Bank operations implemented in Bafata and Oio, and to extend them to Gabu - a region with a huge irrigation potential; (ii) geographic concentration of operations and, hence, sustainability and better visibility of actions; (iii) absolute poverty rates prevailing in the area, namely 83% in Gabu, 75% in Bafata and 73% in Oio; (iv) food and nutrition insecurity (above 15.6%); (v) high youth unemployment (30% in 2010); (vi) small area of irrigated land (18% of the agricultural potential); (vii) lack and obsolescence of facilities, difficulty in accessing factors of production (certified seeds, quality inputs, ploughing and post-harvest equipment, etc.); (viii) eagerness of youths and women to farm the land to be developed; and (ix) existence of local private initiatives that provide a real breeding ground for local small- and medium-size enterprises capable of enhancing the growth of value chains³.

2.5.2 The infrastructure sites were selected based on the needs expressed at the grassroots level and a multi-criteria analysis combining: (i) the existence of local and sector operational dynamics; (ii) the absence of latent land conflicts; (iii) the commitment of FOs and local communities to ensure the management of the facilities to be developed; and (iv) the optimisation of the outcomes of similar projects (PRESAR/AfDB, PAIRI/WAEMU, PPRFJ/BOAD, etc.) to improve data quality at project entry. Thirteen (13) lowland rice cultivation sites have been selected under PACVEAR (the detailed list of sites is presented in Annex C3 of Volume 2)⁴.

2.5.3 Specifically, PACVEAR will benefit many rural producers who would have easier access to facilities, inputs and equipment, and probably sell their produce more easily and at reduced cost. Project activities will focus on two highly vulnerable target groups in rural areas - women and youths. The project will directly benefit 4 400 households/farmers, or 35 000 people, at least 13 000 of them women. It will indirectly benefit all households in the three regions concerned through the outcomes of its activities and transformational investments. From the institutional viewpoint, the project will involve some 110 FOs, unions, EIGs and management committees. The implementation of project activities will create 2 800

² Projection derived from the results of the 2009 GPHS based on a population growth rate of 2.2%.

³ There is a need to build on the innovative initiatives implemented by NGOs and associations operating in the project area, such as ADPP, APRODEL, COAJOQ and ADIC-Nafaia, to promote value chains and create jobs.

⁴ Detailed design and BDs (PAIRI 2018) for 12 of the 13 lowlands selected are available. This would help to rapidly commence works during the first year after the review of BDs.

decent jobs (for men, women and youths)⁵.

2.6 Participatory Approach for Project Identification, Design and Implementation

2.6.1 The project design was based on a participatory and inclusive approach involving all stakeholders, namely technical services, producer organisations, women's/youth groups, civil society, private sector, development partners, beneficiary populations, projects, etc. These broad-based consultations were carried out through numerous meetings held during project identification, preparation and appraisal. This helped to make sound technical and operational choices that could contribute to ensuring the sustainability of project outcomes. During several visits to potential project sites and the sites of previous projects, discussions were held with the communities concerned and the representatives of producers to better identify the difficulties they faced, prioritise the activities to be implemented and select the relevant sites. That process helped to win the support of various stakeholders and led to a broad consensus on project design and implementation arrangements.

2.6.2 This entire participatory process revealed great interest for the project, which builds on the achievements of PRESAR, PDCV-Riz and other past and ongoing projects. Producers reaffirmed the need to fully exploit the project area's considerable potential and opportunities to mainstream pilot activities in the livestock sector particularly in Gabu district. Women expressed their interest for market gardening, processing and marketing of farm products, with the modernisation of production and processing tools and improved access to markets. Youths showed their enthusiasm in promoting agricultural and rural entrepreneurship through training, incubation and post-incubation support for private individual or collective initiatives in all value chain links. The development of a good communication strategy for PACVEAR and the maintenance of the participatory approach during its implementation are guarantees that local actors will take ownership of the project during the implementation phase.

2.6.3 The consultations and working sessions held with technical services such as the General Directorate of Agriculture, the General Directorate of Livestock, the National Institute of Agricultural Research (INPA), Directorate of Seed Control and Certification, and NGOs (ADPP, APRODEL, ADIC-Nafaia and COAJQ) on the implementation of some project activities will help to ensure the methodological ownership of the project by partners and to conclude partnership agreements upon project start-up.

2.6.4 Sites were selected for the development of irrigation schemes through field visits, consultations with technical services, farmer organisations, women's and youth associations, beneficiaries and the analysis of the relevance of studies and projects such as the Irrigated Rice Cultivation Intensification Support Project – PAIRI (WAEMU, 2018) and the Project to Promote Rice Cultivation by Youths – PPRFJ (BOAD, 2015). The outcomes of these consultations are reflected in this appraisal report. However, adjustments may be made during project start-up.

2.7 Bank Group Experience and Lessons Reflected in Project Design

2.7.1 The Bank's active portfolio in Guinea-Bissau as at May 2019 comprised ten (10) operations for a total net commitment of UA 73.47 million, of which eight (8) national public sector projects (UA 45.52 million) and two (2) regional operations (UA 27.95 million). There is no ongoing project under the Bank's private sector window. There is no problematic project (PP) or potentially problematic project (PPP). The distribution of the national project portfolio by sector is as follows: energy (74.7%); governance (13.7%) and agriculture (11.6%). The portfolio's age has dropped considerably, from 6.2 years in 2014 to 2.6 years in 2017, due mainly to the closure of old projects (Education III and Health II). There are three ongoing operations in the agricultural sector, namely the Rice Value Chain Development Project – PDCV-Riz (UA 4.19 million), the Study on the Revival of the Cotton-Textile Sector (UA 0.35 million) and the Emergency Assistance for Fall Armyworm Control (UA 0.73 million).

2.7.2 The Agricultural and Rural Infrastructure Rehabilitation Project (PRESAR) financed by the Bank to the tune of UA 5.8 million, which was completed in 2012, rehabilitated/developed 3 800 hectares

⁵ The Employment Impact Assessment of the Job Saving Plan (PES) conducted by AfDB in 2018 showed that agricultural sector investments have a significant multiplier effect on employment (every UA 1 million invested creates at least 282 direct and indirect jobs). This sector has the most significant impact on the poorest quintile and helps to increase the number of people in the middle class.

of lowlands and mangroves, and provided support for the development of 460 hectares of market gardening areas. The project completion report prepared in February 2014 rated the project performance as satisfactory (score of 3.12 on 4), despite its implementation in a difficult socio-political context. In addition, the PDCV-Riz initiated in 2017 envisaged the development of 470 hectares of lowlands and mangroves, and 19 hectares of women's market gardening areas equipped with solar-powered pumps and the construction of access roads, markets, input stores, product storage and conservation areas. Thus, the two projects funded by the Bank have significantly increased the land area available for cultivation (about 5 000 hectares), improved agricultural production (rice and market garden products), increased income, and opened up and integrated production areas into the market economy. Lessons from these experiences are that the implementation of an inclusive participatory approach to infrastructure development, together with a mechanism for supporting grassroots actors, offer genuine opportunities for improving food security and farmers' income. PACVEAR will also focus on rural entrepreneurship, which is an innovative approach adopted to boost agricultural sector growth and professionalisation.

2.7.3 The project is also based on the conclusions of the mid-term review of the Bank's Country Strategy and Programme in Guinea-Bissau for the period 2015–2019 conducted by IDEV in September 2018, which recommends that the Bank should improve the quality of its portfolio, supervise operations more effectively, build the capacity of government technical services, select local operators/implementing partners based on objective criteria, better mainstream gender particularly by involving community leaders in raising awareness on gender equity and equality in agricultural development and, lastly, make project outcomes and impacts more sustainable.

These recommendations have been taken into account by: (i) improving the quality of project design through the involvement of the PDCV-Riz project team designated by the PACVEAR coordination/management unit, formulating and analysing the relevance of available engineering studies on irrigation schemes; (ii) setting up an internal monitoring committee to supervise the project (twice a year); (iii) planning government technical service capacity-building activities; (iv) involving sector leaders in the selection of beneficiary sites and infrastructure management; (v) building the technical capacity of management committee members in infrastructure maintenance with the participation of SMEs; (vi) assessing implementing partners and developing new selection criteria; (vii) establishing an effective results-based project monitoring and evaluation mechanism, and building the project team's capacity in monitoring and evaluation; and (viii) mainstreaming the gender dimension in all project components by improving production capacity, rice and market garden product conservation, building the capacity of women and youths, improving product processing and marketing capacity, and raising awareness for behaviour change.

2.7.4 Final design and BDs for sites for the development of irrigation schemes (with total or partial irrigation water control) are available (12 out of 13 lowlands covering about 560 hectares, or 85% of the area to be developed). These studies were analysed during project preparation/appraisal missions and used as a basis for estimating investments in the irrigation schemes envisaged under the project. Once the loan agreement is signed, the PDCV-Riz team will start adapting the BDs to Bank standard BDs and launch bid invitations for works, thus helping to comply with timeframes. Standard plans for storage warehouses and vaccination yards are also available.

2.7.5 To select local partners responsible for coordinating and organising producers around value chains and supporting young economic project promoters, PACVEAR solicited the services of experienced local NGOs that have a satisfactory working relationship with the Bank or other partners. Agreements and protocols specifying their roles and expected outcomes will be concluded with these entities.

The NGOs concerned are APRODEL (Bafata), ADPP (Oio), ADIC-Nafaia (Gabu) and COAJQ (Cacheu). APRODEL and ADPP are currently involved in PDCV-Riz and will be maintained. ADIC-Nafaia satisfactorily implemented many activities on behalf of several partners, including FAO, the European Union and the World Bank. It is currently supervising the beneficiaries of 500 hectares of lowlands in Gabu Region. COAJQ, which is based in Canchungo Division in Cacheu Region, is involved in implementing the European Union-funded Integrated Project to Revitalise the Private Sector in Cacheu Region. It is currently collaborating with 37 local producer associations with 1 850 members,

50% of them women practising market gardening. It also participates in the training of youths in agricultural mechanisation within an associative and sustainable context.

2.8 Key Performance Indicators

2.8.1 A gender-specific baseline situation will be established to examine the context, the level of indicators to be informed and other relevant parameters before project start-up. This will help to regularly assess the progress made, particularly in terms of outcomes and impact. Special emphasis will be laid on targeting those parameters that can be monitored and collected internally, and others specifically related to women and youths (women- and youth-disaggregated data). It will be necessary to analyse youth employment, salt flats and climate change issues in the current project area.

The monitoring/evaluation specialist will monitor and evaluate project activities and results-based logical framework indicators internally, in close collaboration with technical experts (infrastructure engineer, employment promotion specialist and value chain expert) and project partners, including support NGOs.

2.8.2 The key performance indicators that will be monitored based on the baseline scenario include: (i) surface area of lowlands developed with partial irrigation water control for rice; (ii) rice-growing areas developed with full irrigation water control; (iii) market gardening areas developed; (iv) number of short-cycle livestock units promoted by gender; (v) infrastructure developed and operated (number of markets commissioned, kilometres of feeder roads developed, stores for storage of produce built, etc.); (vi) level of additional production (tonnes) and crop yields (t/ha); (vii) number of farmers (including women) per type of facility; (viii) number of demonstration units (DUs); (ix) number of structured producer organisations and facility management committees established; (x) growth level of farmers' income, including those of women and youths; (xi) number of jobs created for youths and women through entrepreneurial initiatives and number of young entrepreneurs trained, incubated and installed; (xii) number of producers, processors and traders trained and organised; (xiii) level of involvement of women in decision-making bodies and their rate of access to post-development land; (xiv) number of processing units established and allocated (including for women); and (xv) number of nutrition activities supported, number of school canteens supported and level of impact on food and nutrition security.

2.8.3 All indicators selected for the project will be aligned on those selected for PNIA II and will help to enhance the performance of the agricultural sector in Guinea-Bissau. The Bank's various supervision missions and periodic progress reports will reflect the level of achievement of the indicators.

III Project Feasibility

3.1 Financial and Economic Performance

Table 3.1: Key Financial and Economic Data

| | |
|--------------------------|--------------------|
| NPV (8%) | XOF 20 944 million |
| EIRR (baseline scenario) | 16.9% |

3.1.1 The project financial and economic analysis was carried out based on the cost/benefit of additional cash flows from the two priority sector crop (rice and market gardening) and livestock (small ruminants, broilers and pigs) entrepreneurial production models. The detailed assumptions of the financial and economic analysis, the tables of farming models (the baseline and "with project" situations) and the financial and economic flows are presented in Annex B7 of Volume 2. The results of the financial and economic analysis show that PACVEAR is financially and economically profitable.

3.1.2 **Financial performance:** the additional income from various farming models adopted are as follows: (i) farms benefiting from the development of 364 ha of lowlands with partial irrigation water control (rainy season rice cultivation) with an income of XOF 0.237 million/ha; (ii) farms benefiting from the development of 296 ha of lowlands with full irrigation water control (double-cropping of rice and market garden products) with an estimated income of XOF 1.680 million/ha; (iii) 60 ha of market gardening areas for women (rainy season and off-season crops) with an income of XOF 5.867 million/ha; (iv) pig farms (introduction of 1 genitor boar for 3 sows for 30 beneficiaries) with an income of XOF 8.22 million/beneficiary in peak year; (v) poultry farms (broiler chickens) with an average income of XOF 0.38

million/beneficiary; (vi) small ruminant farms (2 genitors and 8 female)) with an average income of XOF 2.98 million/beneficiary. The additional income generated by the project will contribute to increasing overall value added, hence its contribution to agricultural GDP. The financial internal rate of return (FIRR) is estimated at 14.8% for an NPV, at the opportunity cost of capital 8%, of XOF 20.11 billion, which reflects a significant result.

3.1.3 **Economic performance:** the basic economic internal rate of return (EIRR) is 16.9% for a NPV, at the opportunity cost of capital 8%, of XOF 20.944 billion, and the cost/benefit ratio (CBR) is 2.1. This amount is significant, especially as some of the benefits could not be taken into account in calculations owing to lack of data for assessing them, notably the improvement of living conditions and food and nutrition security thanks to increased income, food availability, the impacts of watershed and environmental protection actions, capacity building for other types of economic activities carried out by beneficiaries and multiplier effects on sector players (suppliers of inputs, equipment, services, etc.).

Sensitivity tests were conducted taking into account a possible increase in costs (+10%), a decrease in agricultural production in case farmers do not adopt the proposed farming techniques (-10%) and a reduction in benefits (-10%) caused by plant and animal species, coupled with an increase in investment costs (+10%). The respective IRRs for sensitivity tests are 15.0%; 14.8% and 13.1%. Other sensitivity tests were conducted taking into account assumptions of flow variability resulting from endogenous variables, and are presented in Annex B7 of Volume 2.

3.1.4 The other project economic impacts can be summarised as follows: (i) the upstream effects of additional income on service providers (contractors, suppliers, NGOs, consulting firms); (ii) the downstream effects of additional income generation on producers, traders and processors who are mostly women and youths; (iii) a decrease in foreign exchange costs in the trade balance, thanks to the significant reduction in rice importation; and (iv) the impact on wealth creation in the country owing to an increase in GDP resulting from the generation of additional value added. Project benefits for households will improve the nutrition of vulnerable groups (children, women of childbearing age and the elderly), ease the hardship of the tasks of agricultural workers, especially women, reduce the impact of monetary and non-monetary poverty, and strengthen the livelihoods and the resilience of PACVEAR target groups to food insecurity and the effects of climate change, among others.

3.2. Environmental and Social Impact

3.2.1 **Environment:** PACVEAR is classified under **Environmental Category 2** according to the Bank's Environmental Safeguards Policy. It underwent a strategic environmental and social assessment (SESA) and has an environmental and social management master plan (ESMP)⁶. The Competent Environmental Assessment Authority (*Autoridade de Avaliação Ambiental Competente - AAAC*) of Guinea-Bissau has also classified the project under Environmental Category B, which is equivalent to Environmental Category 2 of the Bank's safeguards, in accordance with Law No. 10/2010 of 24 September 2010 relating to environmental assessment.

3.2.2 PACVEAR's infrastructure will not generate significant environmental and social impacts. However, there will be a few negative impacts during the lowland development and infrastructure construction phase. These will include sound emanations, increase in dust in the air, earthworks, risk of STI/HIV/AIDS transmission during the construction phase, and the outbreak of malaria and waterborne diseases during the operations phase. These impacts will be relatively moderate and limited to receiving environments with low ecological sensitivity. The dispersal of the facilities across the three regions in the northern and eastern part of the country will also reduce their impacts, which will be limited in time and mitigated by appropriate measures. The project impact area does not contain protected areas or gazetted forests⁷.

⁶ Engineering and environmental studies on irrigation scheme development sites are available. However, the sites for support facilities (water points, rural roads, storage warehouses, etc.) are not known at this stage. If necessary, they will be the subject of environmental impact assessments to be carried out by a private service provider at project start-up and submitted to the Bank. Against this backdrop, it was decided that a strategic environmental and social assessment (SESA) should be conducted and an environment and social management master plan (ESMP) prepared.

⁷ Guinea-Bissau has no gazetted forest. The relics of primary forests are gradually being replaced by mono-specific cashew nut plantations, which considerably reduce biodiversity in these three regions.

3.2.3 Project facilities will not entail any displacement of people or restriction of their access to property or livelihoods. Deeds of transfer and operation will be issued to farmers' organisations (FOs) that will act as representatives of beneficiaries. This will lead to secure land tenure for the sites to be developed. Consultation frameworks comprising traditional authorities, landowners, support/assistance organisations and beneficiary organisations will be established for the issuance of an operation permit in the form of a deed of gift to beneficiaries (at least 30% to women and 20% to youths) by land right holders. To ensure the sustainable operation of the facilities built, sensitisation and information meetings will be held, followed by a landowner and land right owner identification phase that will lead to the signing of a deed/declaration of gift by village landowners, endorsed by the village chief, the mayor of the municipality or even the governor of the region concerned. Most of the facilities to be built by the project will be a concrete response to priority development problems (lack of irrigation water, lack of infrastructure to support agricultural value chains, construction of access roads, access to markets, etc.).

3.2.4 Impact mitigation measures to be implemented before, during and after construction works as well as the improvement activities envisaged (protection of facilities, fruit tree planting, etc.) will strengthen project environmental compliance. Project environmental management activities will be coordinated by PACVEAR's environmental expert who, under a framework agreement, will be backed by the Competent Environmental Assessment Authority (AAAC) for better management of the environmental aspects of the project. The project will also use the services of environmental focal points (EFPs) in the Regional Directorates of Forestry and Wildlife to conduct environmental monitoring during the implementation phase. These workers will undergo training in environmental and social assessment, and will receive the support and permanent assistance of the AAAC in carrying out the various activities.

3.2.5 The budget allocated for environmental monitoring and evaluation is **UA 162 000**. This amount will cover the development of specific ESIA and ESMPs for some sites (provisions) by an external consulting firm, the implementation of the mitigation measures contained in them, campaigns to raise beneficiary awareness and institutional support to the AAAC. The ESMP summary is presented in Annex B8 of Volume 2. The environmental and social management framework and its summary were approved by the Safeguards and Compliance Department (SNSC), and posted on the Bank's website on **13 June 2019**.

3.2.6 **Climate change:** a climate change risk assessment was conducted for the project using the Climate Safeguards System (CSS). The project is classified under Climatic Category 2 and may be vulnerable to climate risks. Practical risk management and adaptation options will be incorporated into project design and implementation plans.

3.2.7 There is no known history of severe drought in the project area. In the course of the rainy season, rice farms may sometimes become flooded in places during periods of normal rainfall. This phenomenon is primarily the result of sand silting in the natural canals that serve as outlets to the production sites. To address the impacts of climate change, the project will adopt measures prescribed by the National Action Programme for Adaptation to Climate Change (PANA) following participatory assessments of the country's vulnerability and adaptation to climate change, based on the agricultural sector diagnoses. The project will fully align its activities with PANA's strategic orientations by developing lowlands and horticulture, supporting school canteens and establishing school gardens with a view to strengthening the food and nutrition security of the beneficiaries. The project will use a holistic approach that is designed to eliminate constraints at all levels of rice and horticultural value chains. Specifically in horticulture areas, PACVEAR will introduce solar technology and the plot water-saving system to control water and reduce water extraction.

3.2.8 For better management of occasional flooding in rice fields, the natural canals of the target sites will be drained and resized to allow for the evacuation of any excess flow in the rice-growing lowlands concerned. To prevent silting in rice fields, which is the primary cause of flooding in the lowlands, bunds consolidated with soil-fixing plants will be built opposite slopes with strong runoff. The project will also make it easier for producers to acquire certified seeds by putting in place a programme, in conjunction with the National Institute of Agricultural Research (INPA) and seed multiplier organisations. It will also introduce the rational use of fertiliser to improve yields and, hence, agricultural productivity. The related agricultural infrastructure will be set up and designed with additional measures for adapting to climate change, to make them more resilient.

3.2.9 **Gender:** the Value Chains, Agricultural and Rural Entrepreneurship Support Project (PACVEAR) takes into account all the components of the gender dimension through the following activities:

- **Improvement of rice and market garden produce production and conservation capacity:** the project will facilitate women's access to land by allocating 30% of the rice fields developed and 90% of market gardening areas to women. The risk of limited access to land by women and youths has been taken into account as this concern will be an integral part of the intervention criteria, and the land issue will be systematically clarified before any operation (prior authorisation, land negotiation by the competent authorities, etc.).
- **Capacity building:** the skills of women and youths will be developed through training in the use of improved seeds and rice farming, market gardening and cereal farming techniques.
- **Improvement of product processing and marketing capacity:** the project will provide women's groups with equipment for rice processing and husking (rice parboiling) and processing into by-products. This will lighten their workload and improve the quality of rice produced.
- **Awareness-raising for behaviour change:** awareness and communication campaigns will be organised to improve the nutritional status of under-five children and pregnant women. The selection of themes will vary according to the needs of each project area: for instance, nutrition and health (family planning and reproductive health, HIV/AIDS, etc.), education (education of the girl child), conflict management, gender and gender-based violence, etc.

Gender categorisation: PACVEAR is classified under **Gender Category 2** according to the "Gender Marker System". The gender analysis and action plan for implementing gender promotion and women's empowerment activities are presented in Annex B10 of Volume 2.

Gender promotion activities concern: rice-growing areas (30%), market gardening areas for women (90%), processing equipment, drying units, promotion of women-headed small- and medium-size enterprises (at least 30%), promotion of gender equity and equality within farmers' organisations through workshops, training of members of women and mixed farmers' organisations in farming techniques, leadership and gender, experience-sharing trips and equitable access to socio-economic infrastructure (feeder roads, storage warehouses, etc.). The budget allocated for the gender dimension is estimated at **UA 2.786 million**, i.e. approximately 27% of the total budget (cf. Annex B10, Volume 2).

3.2.10 **Nutrition:** horticultural production on approximately 60 hectares of land will contribute to improving the nutrition of beneficiary households and have a positive impact on the health of the most vulnerable segments of the population, namely children and women of childbearing age. The project will develop initiatives to improve the hygiene and nutritional quality of food consumed by the people, especially women and children. It will also collaborate with RESAN for the pilot development of six school canteens and six school gardens. Additional peak year production of horticultural and animal products will contribute to making people's food and nutrition better. Activities aimed at informing, raising awareness and educating on nutrition, hygiene and the prevention of the resurgence of waterborne diseases will also contribute to improving people's health and nutrition. To enhance market access for processed products, PACVEAR will sensitise and support processing units/SMEs in upgrading parcelling/packaging and labelling according to standards. The budget allocated for nutrition support measures is **UA 123 000**.

3.2.11 **Social issues:** the envisaged infrastructure and support for rice farming and market gardening will help to reduce the problems of low productivity and product conservation, and to better structure value chains for the benefit of beneficiaries. The project will pay particular attention to women and youths who are very active in rural areas, but often lack adequate training and resources. The development of market gardening areas primarily for women will enhance their empowerment and promote a more balanced diet in households. Specific support will also target women and young people in the development of rural entrepreneurship. In addition, training in organisational development and the structuring of FOs and producer unions will improve their roles in local governance and decision-making bodies, as well as the monitoring of the outcomes of activities promoted within such organisations.

The rehabilitation of feeder roads, the construction of markets and storage warehouses, and the setting up of small processing units will help to reduce post-harvest losses, increasing the availability of food products and household income. Improving access to socio-economic infrastructure will contribute to easing daily tasks and allow beneficiaries to engage in income-generating activities such as market gardening, seed production, poultry and pig farming, as well as agricultural product processing and marketing, including small-scale breeding.

The jobs that will be created through the promotion of rural entrepreneurship among young people and women (close to 2 000 people targeted) and the establishment of many enterprises by this population segment will contribute to developing a business culture among people proposing projects aimed at increasing income in the project area, and fostering the creation of growth poles that can reduce youth urban migration, including attempts to immigrate.

3.2.12 **Involuntary resettlement:** PACVEAR's activities will not lead to any people displacement or restriction of access to property or means of livelihood.

IV. Project Implementation

4.1. Implementation Arrangements

4.1.1 PACVEAR will be under the supervisory authority of the Ministry of Agriculture and Rural Development (MADR). It will be attached to the General Directorate of Agriculture. Project piloting and supervision activities will be carried out by the PDCV-Riz steering committee set up by Decree No. 1/2018 of 4 January 2018, which will be amended by ministry decision, at project start-up to take its specificities into account. The committee will meet once a year in ordinary session. The chairmanship will be ensured by the Minister MADR or his representative and the secretariat by the coordinator of the PMU. Also, a technical committee for monitoring the project will be set up. It will meet every three months to monitor project implementation, quarterly review of the activity report, as well as the technical program and the quarterly budget, and identify opportunities and constraints to improve project outcomes.

4.1.2 PACVEAR will be coordinated by the PDCV-Riz Management Unit whose mandate will end in December 2020. This team satisfactorily implemented PDCV-Riz projects and, previously, PRESAR. It was also involved in PACVEAR preparation and appraisal. The PMU will be headed by the Coordinator, supported by the following sTSFf: an administrative and financial officer, a procurement specialist, a rural engineer, and an agronomist specialised in value chains, agricultural and rural entrepreneurship, and support sTSFf (drivers, secretaries, messengers, etc.). The team will be maintained and consolidated with the competitive recruitment of an environmental monitoring/evaluation specialist, a rural infrastructure specialist (technical assistance), a procurement specialist and an accountant. Apart from the fiduciary team (the Coordinator, the administrative and financial officer, the procurement specialist, the accountant, etc.) that will operate from project head office in Bissau, all other experts will be based at the field office in Bafata.

4.1.3 The project intervention strategy will be based primarily on subcontracting. Under the agreements signed with the project, the national technical services (and their decentralised entities) will be strongly involved as project owner, works controller and supervisor, as well as executing agency, service provider or project manager. Private service providers (contractors, suppliers, consulting firms, individual consultants, etc.) will be recruited on a competitive basis and linked to the project by contracts.

4.1.4 **Applicable procurement policy and framework:** the procurement of goods (including non-consultancy services), works and consultancy services financed by the Bank under the project will be done in accordance with the Procurement Framework for Bank Group-funded Operations approved in October 2015, as well as the provisions set forth in the Financing Agreement. Specifically, procurement will be done in accordance with Bank Procurement Methods and Procedures (BPMPs), using relevant standard bidding documents (SBDs) for goods and works contracts as well as consultancy services for which BPMPs are considered most appropriate. An analysis of Guinea-Bissau's procurement system as presented in Technical Annex B5 of this report showed that the procurement risk is substantial. As a result, the Bank's Procurement Methods and Procedures will be used for PACVEAR's implementation. A capacity building action plan will be discussed with the Guinea-Bissau authorities to enable the use, in

the short term, of the national procurement system following the conduct of reforms identified as necessary.

4.1.5 Procurement risk and capacity assessment (PRCA): to take project specificities into account, the Bank assessed: (i) country, sector and project risks; and (ii) the executing agency's capacity. The outcomes of these assessments revealed a substantial procurement risk level, and guided the decision to use BPMPs for all project activities. Appropriate risk mitigation measures have been included in the PERCA Action Plan presented in Annex B5, volume 2.

4.1.6 Procurement arrangements: PACVEAR's management will be under the responsibility of the PDCV-Riz actual management team. This institutional arrangement is the result of the desire to build on the achievements of the key sTSFf of this ongoing Bank-funded project. It is worth pointing out that the team had already implemented other Bank projects, including PRESAR. Support from a procurement expert was deemed necessary in view of the workload that will have to be added to the procurement activities of PDCV-Riz. The current team will be strengthened with the competitive recruitment of an environmental monitoring/evaluation specialist, a rural infrastructure specialist (technical assistance), a procurement specialist and an accountant. All experts will sign a performance contract that will be subject to an annual performance review.

4.1.7 Financial management: the project implementation team will be responsible for the administrative, financial and accounting management of PACVEAR. The team will monitor and supervise project implementation, and should have sufficient technical, human and material resources to set up an efficient internal control system and an acceptable financial management system, particularly through proper and exhaustive recording of all transactions carried out during the project cycle, the safekeeping of financial information and assets, and information on and audit of the resources provided.

The assessment of the PDCV-Riz implementation unit's capacity revealed that it has the minimum capability and tools for proper recording of funds and accountability. However, given the unit's duty to manage many projects simultaneously, it shall be strengthened with additional human resources, particularly an accountant experienced in managing development projects implemented using a private accrual accounting system. The accountant shall be recruited through open call for applications based on Bank rules and procedures. The recruitment will be monitored by the Bank's Fiduciary Services and Inspection Department (SNFI), which shall validate both the integrity of the process and the accountant's qualifications.

The project administrative, accounting and financial procedures manual has already exist in PDCV-Riz. This document should be reviewed to take into account the multi-project management dimension of the executing agency and submitted to the Bank for approval. The manual will take PACVEAR's components and categories into account. It will also include the general, budgetary and analytical accounting plans, the accounting principles and methods, as well as all applicable posting details.

An integrated accounting and financial management software is also available. It should be reconfigured to make it multi-project, multi-user, multi-currency and multi-donor, thereby enabling the production of general, analytical and budgetary data required for financial and accounting monitoring, i.e. for producing financial statements by expenditure component, category and activity; and by source of financing for resources. At the minimum, the software should have the following modules: (i) general accounting; (ii) budget management; (iii) contract management; (iv) tangible assets management; (v) financial monitoring, etc. It will also be configured to have the three (3) levels of registration, validation and approval. At the end of the year, the software should help to obtain summary annual financial statements comprising a table of resource applications for the year, together with a balance sheet, a statement of special account reconciliation, and notes to the financial statements, among others. It will also allow for the monitoring of budget execution.

Accounts will be kept based on the private accrual accounting system and using an integrated software adapted to development project management. The accounting plan will be drawn up based on the accounting standards of the revised Uniform Act of the Organization for the Harmonisation of African Business Law (OHADA) in force in Guinea-Bissau.

Lastly, the project will produce an annual work programme and budget (AWPB) that will take into account all funding from all partners, as well as quarterly financial management reports based on the

implementation of the annual work programme and budget, and appended to the quarterly progress reports submitted to the Bank, in which a clear analysis must be made between budget forecasts and executions for the quarter. Any gaps should be analysed and explained.

4.1.8 **Disbursements:** the Bank’s resources will be disbursed according to its rules of procedure, notably the disbursement manual. Disbursements will be made through the following three methods presented in detail in the project Appraisal Report (Annex B4 Volume 2): (i) the special account method; (ii) the direct payment method; and (iii) the reimbursement method.

4.1.9 **Auditing:** the internal audit function as well as the PACVEAR internal control system will be assessed once or twice yearly by the General Inspectorate of Finance (IGF), depending on project risk assessment. An agreement will be prepared for that purpose and submitted for the Bank's no-objection opinion. An institutional support in the form of IT software and hardware will also be provided to the IGF. The external audit of project accounts will be conducted by an independent audit firm acceptable to the Bank and based on terms of reference agreed beforehand with the Bank. The recruitment of the external auditor will be in accordance with the Bank’s rules and procedures for the use of consultants. The auditor will be required to submit his/her report within six months following the close of the financial year audited.

4.2. Monitoring

4.2.1 **Monitoring mechanisms:** the project’s monitoring and evaluation system will be designed in relation to the expected impacts, outcomes and outputs contained in the project logical framework. The system will be participatory and will provide regular relevant information on performance and impact indicators as well as on the implementation of activities scheduled. A baseline situation will be established, based on the identified and selected sites many of which have already been studied. The monitoring and evaluation framework will systematically include gender-disaggregated data. Furthermore, targeted surveys will be conducted to better understand issues relating to income, food security, nutrition, job creation, gender mainstreaming, vulnerability and resilience. The information collected will be fed into the computerised monitoring and evaluation system to capture the actual values of project activities and inputs, and gauge project outcomes and impacts. In turn, these will be recorded in periodic progress reports highlighting the project implementation status and the achievement of outcomes.

The Bank and MADR will supervise project implementation through a reinforced internal monitoring technical committee. Given the country’s weak capacity and fragility, the Bank, as part of its new development and business delivery model, will closely monitor all activities, especially by fielding periodic supervision missions (twice yearly).

4.2.2 The project’s provisional implementation schedule is presented below.

| <i>Activity</i> | <i>Date/Period</i> | <i>Responsibility</i> |
|--|--|---------------------------|
| Project preparation | 25 March-5 April 20 19 | AfDB/GVT |
| Preparation of the ESMP | March 2019 | AfDB/GVT |
| Project appraisal | 6-22 May 2019 | AfDB/GVT |
| Preparation of priority PRs and CBDs | 4 th quarter 2019/ 2 nd quarter 2020 | PMU |
| Negotiation of PACVEAR | July 2019 | GVT/AfDB |
| Confirmation of the PMU | July 2019 | GVT/ AfDB |
| Board presentation | July 2019 | AfDB |
| Signature of financing agreement | September 2019 | AfDB/GVT |
| First disbursement | November 2019 | GVT/AfDB |
| Launching of PACVEAR | November 2019 | AfDB/GVT/PMU |
| Signature of agreements with partners | First semester 2020 | PMU/Partners/TS |
| Preparation of remaining PRs and CBDs | Q2/Q4 2020 | PMU/MADR |
| Works execution and service delivery | 2020 to Mid- 2021 | Contractors/Firms/PMU |
| Implementation of operational activities | Q2 2020/2023 | PMU/GVT/Service Providers |
| Midterm review | Q3 2022 | AfDB/GVT/PMU |
| Project completion | December 2024 | AfDB/GVT |
| Project closure | March 2025 | PMU/GVT/AfDB |

4.3. Governance

4.3.1 Guinea-Bissau's political, economic and social governance indicators remain mixed, in spite of the progress made in recent years. As regards political governance, it is necessary to find lasting solutions to possible conflicts and establish mechanisms for ensuring justice. Guinea-Bissau's governance and anti-corruption performance is low, due generally to frequent political and institutional crises. In 2018, the country was ranked 42nd out of 54 countries in the Mo Ibrahim Index of African Governance (and particularly the 42th in the rule of law sub-indicator), which is a slight improvement over the last three years. In the area of economic governance, particularly in public financial management, the country's performance has deteriorated because of the crisis and the capacity to mobilise domestic resources remains weak, as noted in the Bank's analysis on the governance of projects approved in 2015 and in the 2016 Country Policy and Institutional Assessment (CPIA) scores.

4.3.2 As part of PACVEAR's implementation, and in an effort to mitigate the risks inherent in the weaknesses and instability of the administration and improve project quality-at-entry, it was decided to maintain the PMU of the ongoing PDCV-Riz since the unit is already conversant with Bank procedures, and to build on existing implementation studies. Moreover, although progress has been made in aligning the public procurement system with WAEMU directives, the bureaucracy characterising the procurement system is still one of the main challenges in implementing development programmes. Regarding procurement, operational arrangements were adopted to address the weaknesses noted.

4.3.3 With regard to professional organisation in Guinea-Bissau, much remains to be done to promote effective rural stakeholder representative institutions. Producers are organised within professional agricultural organisations, including the National Association of Farmers of Guinea Bissau (ANAG) and the National Consultation Framework of the Farmers' and Agricultural Producers' Organization of Guinea-Bissau (QNCOCPA/GB). In addition, due to lack of resources, the activities of these organisations have had limited impact on their members, particularly in producer management and training. Many local, cultural, youth and women's associations are also present, and a large number of producer groups have been set up, with some of them already well organised. They are indispensable relays for support to small producers and the professionalisation of farmers. Nevertheless, the development of these associations is facing various constraints, including: (i) legislation that is ill-adapted to the current conditions of producing, processing and marketing products; (ii) difficulties in obtaining legal recognition; (iii) lack of training of managers in management and facilitation; (iv) lack of access to technical and market information; and (v) poor knowledge of legislation, particularly as regards the taxation system. PACVEAR is intended to better structure and organise producers and value chains stakeholders by strengthening and empowering community entities that represent the target beneficiaries.

4.4. Sustainability

4.4.1 The sustainability of project investments relates mostly to the capacity of the beneficiaries to ensure infrastructure maintenance and management regularly and over time. Irrigation, pastoral and support infrastructure management committees will be set up prior to the start of the construction of each facility, and are expected to facilitate community mobilisation and participation. Management committee members will receive organisational, technical and facility management support to enable them to supervise the work of contractors, in collaboration with the project team and the works control firm. The involvement of these committees in close works monitoring and acceptance will enhance their ownership of infrastructure built, thus resulting in greater sustainability. The project will also organise exchange visits to other facilities by management committee members.

4.4.2 The project will build the capacity of young local artisans in routine infrastructure and equipment maintenance (cleaning of canals, maintenance of pumps, cleaning of irrigation basins, etc.) and provide them with kits for these operations. These local artisans could operate as maintenance service providers and will be easy to mobilise in case of breakdown.

Beneficiaries, particularly producer groups, farmers' organisations and management committees, will also be structured, in collaboration with technical partners. The managerial, accounting and logistical capacity of these entities will be built to enable them to continue to provide services over time. Project-driven development of local expertise will promote long-lasting technical capacity, thus guaranteeing infrastructure sustainability.

4.5. Risk Management

The potential risks and proposed mitigation measures are presented in the table below.

| Risks | Risk Level | Mitigating Measures |
|---|------------|---|
| Political instability, due to a difficult economic situation | High | Contribution to improving socio-economic and environmental resilience for greater stability. |
| Climatic instability, with direct effects on agricultural, livestock production and development | Low | Storage and water control facilities, resistant seeds; Use of short-cycle and high-yielding species. |
| Difficulties in mobilising the counterpart contribution | Low | The counterpart contribution is limited, not exceeding 2% of project cost. |
| Weak capacity of the technical services involved | High | Capacity building of the technical services involved in project implementation. |
| Low project ownership by stakeholders and beneficiaries | Low | Involvement and participation of beneficiaries in all capacity building stages (producers, MADR). |
| Outbreak of plant diseases | Moderate | Training of producers in plant disease management and ecologically appropriate use of pesticides. |
| Low capacity of implementation partners and contractors, resulting in poor performance and delays in project implementation | Moderate | Careful selection of implementation partners and contractors. Close control of partners and works contractors by the PIU and consulting firms, the technical monitoring committee, the beneficiary management committee and the PMU. |

4.6. Knowledge Building

PACVEAR will contribute to the development and consolidation of producer expertise. Adopting an inclusive approach, it will enable young people and women to develop technical and entrepreneurial capacity by settling on land with modern farming infrastructure and resources. The project will also help to generate knowledge that will be used to create many jobs by upgrading incubation centres that could train and support young people wishing to engage in agribusiness. Moreover, it will support the Food and Nutrition Security Information System (SISSAN) in collecting and processing data that will be used to formulate sound sector policies. Furthermore, the project's specific contribution to structuring the seed sector with the introduction of Technologies for African Agricultural Transformation (TAAT) will generate knowledge that will enhance production techniques, thus increasing production. The establishment of demonstration units, the dissemination of best practice, the introduction of solar technology into dewatering and processing systems, and the preservation of agricultural products will further strengthen the sector.

PACVEAR will support MADR in preparing strategic and sector discussion themes through external service providers. The themes include: (i) agricultural sector institutional study; (ii) diagnostic of the performance of youth incubation centres (ADPP and COAJOQ) and support for their evolution into pilot incubation centres; (iii) youth agricultural and rural entrepreneurship promotion strategy: potentials and constraints; (iv) support for updating legislation and veterinary regulations; and (v) support for the collection, processing and dissemination of data on the Food and Nutrition Security Information System (SISSAN).

As regards communication and visibility of project actions, there will be: (i) awareness-raising and information dissemination through various communication channels (community radios, media programmes, website, films, etc.); and (ii) promotion of innovative youth and women's employability actions and activities to build the resilience of vulnerable groups to food and nutrition insecurity.

V. Legal Framework

5.1. Legal Instrument

The legal framework of the project will be a grant protocol agreement and two loan agreements signed between the Republic of Guinea-Bissau and the Bank.

5.2. Conditions for Bank Intervention

The legal framework of the project will be a TSF Grant Protocol Agreement, a TSF Loan Agreement and

an ADF Loan Agreement between the Republic of Guinea-Bissau and the Bank. The agreements thus signed, to the satisfaction of the two parties in both form and substance, will include the usual terms and conditions.

5.2.1 Conditions precedent to effectiveness: effectiveness of the ADF and TSF Loan Agreements shall be subject to the Borrower's fulfilment of the conditions set forth in Section 12.01 of the General Conditions Applicable to Bank Loan and Guarantee Agreements (ratification of Loan Agreement and legal opinion). The TSF Grant Protocol Agreement shall become effective on the date of signature.

5.2.2 Conditions precedent to first disbursement of loan resources: in addition to effectiveness of the three financing agreements, the first disbursement of the ADF and TSF loans, and the TSF grant resources shall be subject to presentation of following conditions:

(a) The submission of satisfactory evidence of the extension of the mandate of the key personnel of the project management unit PDCV-Riz to the Project (the coordinator, the administrative and financial manager, the procurement specialist and the specialist in agricultural entrepreneurship); and

(b) Submission of satisfactory evidence of the extension of the mandate of the Steering Committee of the project "PDCV-RIZ" to the Project.

5.2.3 Other conditions: the Borrower/Donee shall also submit, to the Fund's satisfaction, within **six (6) months** following first disbursement:

- (i) The project's updated administrative, accounting and financial management procedures manual;
- (ii) Evidence of recruiting an environmental monitoring/evaluation specialist, a rural infrastructure specialist (technical assistance), a procurement consultant and an accountant which have experience and qualifications have been found acceptable by the Fund, and
- (iii) The agreements signed between PACVEAR and its key partners (NGOs APRODEL, ADPP), COAJQ and ADIC-Nafaia), which shall have been submitted beforehand to the Fund for approval.

5.3. Compliance with Bank Policies

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

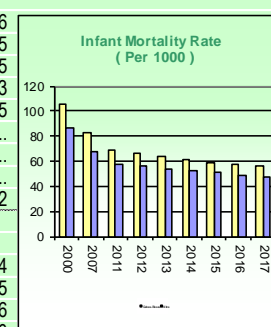
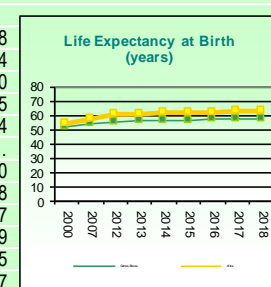
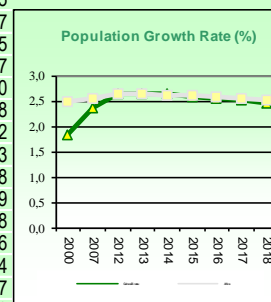
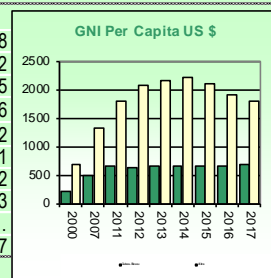
VI. Recommendation

Management recommends that the Board of Directors approve the proposal to award a **UA 5.46 million TSF grant** and extend a **UA 3.04 million TSF loan and a UA 1.06 million ADF loan** to the Republic of Guinea-Bissau to finance the Value Chains, Agricultural and Rural Entrepreneurship Support Project (PACVEAR) described above, under the conditions set forth in this report.

Annex I: Guinea-Bissau's Comparative Socioeconomic Indicators

Guinea-Bissau COMPARATIVE SOCIO-ECONOMIC INDICATORS

| | Year | Guinea-Bissau | Africa | Developing Countries | Developed Countries |
|---|-----------|---------------|---------|----------------------|---------------------|
| Basic Indicators | | | | | |
| Area ('000 Km ²) | 2018 | 36 | 30 067 | 92 017 | 40 008 |
| Total Population (millions) | 2018 | 1,9 | 1 286,2 | 6 432,7 | 1 197,2 |
| Urban Population (% of Total) | 2018 | 43,4 | 42,5 | 50,4 | 81,5 |
| Population Density (per Km ²) | 2018 | 70,3 | 43,8 | 71,9 | 31,6 |
| GNI per Capita (US \$) | 2017 | 660 | 1 767 | 4 456 | 40 142 |
| Labor Force Participation * - Total (%) | 2018 | 73,0 | 65,9 | 62,1 | 60,1 |
| Labor Force Participation ** - Female (%) | 2018 | 67,6 | 55,5 | 47,6 | 52,2 |
| Sex Ratio (per 100 female) | 2018 | 96,9 | 99,8 | 102,3 | 99,3 |
| Human Develop. Index (Rank among 189 countries) | 2017 | 177 | ... | ... | ... |
| Popul. Living Below \$ 1.90 a Day (% of Population) | 2007-2017 | 67,1 | ... | 11,9 | 0,7 |
| Demographic Indicators | | | | | |
| Population Growth Rate - Total (%) | 2018 | 2,5 | 2,5 | 1,2 | 0,5 |
| Population Growth Rate - Urban (%) | 2018 | 3,5 | 3,6 | 2,3 | 0,7 |
| Population < 15 years (%) | 2018 | 41,3 | 40,6 | 27,5 | 16,5 |
| Population 15-24 years (%) | 2018 | 19,6 | 19,2 | 16,3 | 11,7 |
| Population >= 65 years (%) | 2018 | 3,1 | 3,5 | 7,2 | 18,0 |
| Dependency Ratio (%) | 2018 | 77,7 | 79,2 | 53,2 | 52,8 |
| Female Population 15-49 years (% of total population) | 2018 | 24,8 | 24,1 | 25,4 | 22,2 |
| Life Expectancy at Birth - Total (years) | 2018 | 58,2 | 63,1 | 67,1 | 81,3 |
| Life Expectancy at Birth - Female (years) | 2018 | 60,0 | 64,9 | 69,2 | 83,8 |
| Crude Birth Rate (per 1,000) | 2018 | 35,4 | 33,4 | 26,4 | 10,9 |
| Crude Death Rate (per 1,000) | 2018 | 10,1 | 8,3 | 7,7 | 8,8 |
| Infant Mortality Rate (per 1,000) | 2017 | 55,6 | 47,7 | 32,0 | 4,6 |
| Child Mortality Rate (per 1,000) | 2017 | 84,2 | 68,6 | 42,8 | 5,4 |
| Total Fertility Rate (per woman) | 2018 | 4,5 | 4,4 | 3,5 | 1,7 |
| Maternal Mortality Rate (per 100,000) | 2015 | 549,0 | 444,1 | 237,0 | 10,0 |
| Women Using Contraception (%) | 2018 | 17,5 | 38,3 | 61,8 | ... |
| Health & Nutrition Indicators | | | | | |
| Physicians (per 100,000 people) | 2010-2016 | 4,5 | 33,6 | 117,8 | 300,8 |
| Nurses and midwives (per 100,000 people) | 2010-2016 | 55,1 | 123,3 | 232,6 | 868,4 |
| Births attended by Trained Health Personnel (%) | 2010-2017 | 45,0 | 61,7 | 78,3 | 99,0 |
| Access to Safe Water (% of Population) | 2015 | 79,3 | 71,6 | 89,4 | 99,5 |
| Access to Sanitation (% of Population) | 2015 | 20,8 | 39,4 | 61,5 | 99,4 |
| Percent. of Adults (aged 15-49) Living with HIV/AIDS | 2017 | 3,4 | 3,4 | 1,1 | ... |
| Incidence of Tuberculosis (per 100,000) | 2016 | 374,0 | 221,7 | 163,0 | 12,0 |
| Child Immunization Against Tuberculosis (%) | 2017 | 94,0 | 82,1 | 84,9 | 95,8 |
| Child Immunization Against Measles (%) | 2017 | 81,0 | 74,4 | 84,0 | 93,7 |
| Underweight Children (% of children under 5 years) | 2010-2016 | 17,0 | 17,5 | 15,0 | 0,9 |
| Prevalence of stunting | 2010-2016 | 27,6 | 34,0 | 24,6 | 2,5 |
| Prevalence of undernourishment (% of pop.) | 2016 | 26, | 18,5 | 12,4 | 2,7 |
| Public Expenditure on Health (as % of GDP) | 2014 | 1,1 | 2,6 | 3,0 | 7,7 |
| Education Indicators | | | | | |
| Gross Enrolment Ratio (%) | | | | | |
| Primary School - Total | 2010-2017 | 118,1 | 99,5 | 102,8 | 102,6 |
| Primary School - Female | 2010-2017 | 114,1 | 97,4 | 102,0 | 102,5 |
| Secondary School - Total | 2010-2017 | ... | 51,9 | 59,5 | 108,5 |
| Secondary School - Female | 2010-2017 | ... | 49,5 | 57,9 | 108,3 |
| Primary School Female Teaching Staff (% of Total) | 2010-2017 | 21,8 | 48,7 | 53,0 | 81,5 |
| Adult literacy Rate - Total (%) | 2010-2017 | 45,6 | 65,5 | 73,1 | ... |
| Adult literacy Rate - Male (%) | 2010-2017 | 62,2 | 77,0 | 79,1 | ... |
| Adult literacy Rate - Female (%) | 2010-2017 | 30,8 | 62,6 | 67,2 | ... |
| Percentage of GDP Spent on Education | 2010-2015 | 2,1 | 4,9 | 4,1 | 5,2 |
| Environmental Indicators | | | | | |
| Land Use (Arable Land as % of Total Land Area) | 2016 | 10,7 | 8,0 | 11,3 | 10,4 |
| Agricultural Land (as % of land area) | 2016 | 58,0 | 38,2 | 37,8 | 36,5 |
| Forest (As % of Land Area) | 2016 | 69,8 | 22,0 | 32,6 | 27,6 |
| Per Capita CO2 Emissions (metric tons) | 2014 | 0,2 | 1,1 | 3,5 | 11,0 |



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

last update : February 2019

UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.

Note : n.a. : Not Applicable ; ... : Data Not Available. * Labor force participation rate, total (% of total population ages 15+)

** Labor force participation rate, female (% of female population ages 15+)

Annex II. Table of AfDB Portfolio in Guinea-Bissau (as at 30 June 2019)

Active National Projects

| Sector/Operation | Approval Date | Amount Approved (UA million) | Amount Disbursed (UA million) | Disbursement Rate (%) | Disbursement Deadline |
|---|---------------|------------------------------|-------------------------------|------------------------------|--|
| AGRICULTURE | | | | | |
| 1 Rice Value Chain Development Project in the Bafata and Oio Regions (PDCV-Riz) ADF loan: - ADF grant: - TSF loan - TSF grant | 23 Jan.-17 | 0.39 0.09 3.32 0.39 | 0.06 0.07 0.86 0.07 | 16.8 70.8 25.8 17.7 | 31 Dec.- 20 |
| 2 Emergency Assistance for Fall Armyworm Control (FSS Grant) | 8 June -18 | 0.73 | 0.73 | 100 | 30 June -19 |
| 3 Cotton-Textile Sector Revival Study (KOAPEC Grant) | 28 June -17 | 0.36 | 0.13 | 35.4 | 31 Dec. -19 |
| Sub-total | | 5.28 | 1.92 | 36.3 | |
| ENERGY | | | | | |
| 4 Bissau City Power Supply Improvement Project (PASEB) - ADF Loan - ADF Grant: | 8 July-15 | 7.18 7.13 | 1.50 2.46 | 20.9 40.2 | 31 Dec. - 19 31 Dec - 19 |
| 5 Bissau City Electricity Distribution System Development Project - ADF Loan - ADF Grant: - TSF loan | 3 July-18 | 8.04 6.96 5.00 | 0.07 0.08 0.08 | 0.8 1.1 1.6 | 31 Dec. - 21 31 Dec. - 21 31 Dec. - 21 |
| 6 Saltinho Hydropower Plant Project - Studies/Preparation(SEFA Grant) | 16 Sept.-15 | 0.70 | 0 | 0 | 30 June -19 |
| Sub-total | | 34.00 | 4.19 | 12.3 | |
| GOVERNANCE | | | | | |
| 7 Economic Governance Strengthening Support Project (PARGEF) – TSF Grant | 1 July -15 | 5.00 | 0.71 | 14.2 | 30 June -19 |
| 8 Justice Sector Institutional Capacity Building Support Project (PARCI-SJ) | 21 April -17 | 1.25 | 0.79 | 62.9 | 30 Sept.-19 |
| | | 6,25 | 1.50 | 24 | |
| TOTAL | | 45.53 | 7.61 | 16.7% | |

Sector breakdown: Energy (74.7%); Governance (13.7%) and Agriculture (11.6%)

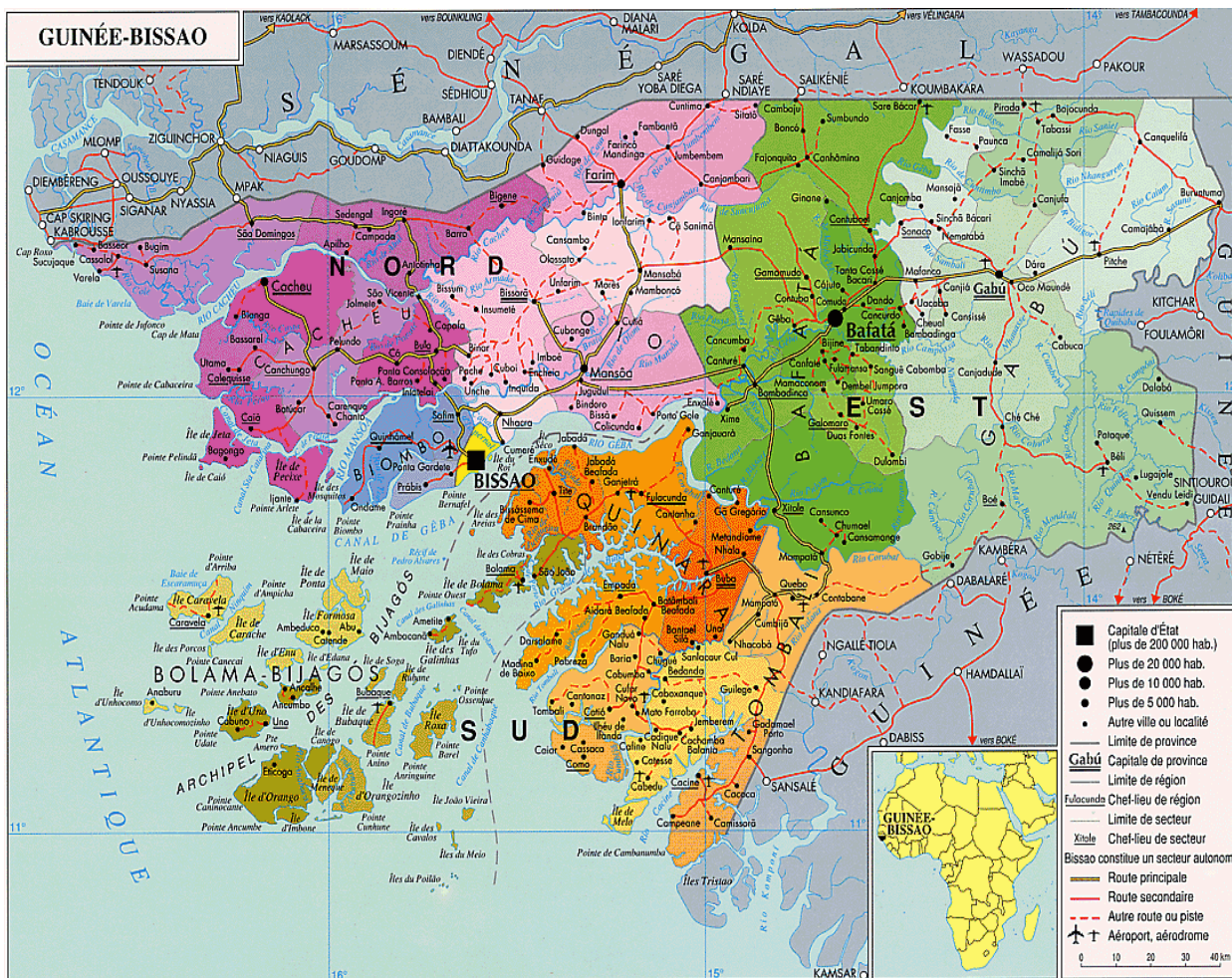
Active Multinational Projects

| Sector/Operation | Approval Date | Amount approved (UA million) | Amount Disbursed (UA million) | Disbursement Rate (%) | Disbursement Deadline |
|--|---------------|------------------------------|-------------------------------|-----------------------|-----------------------|
| ENERGY | | | | | |
| 1 OMVG Energy Project - ADF Loan - ADF Grant | 30 Sept.-15 | 3.81 0.69 | 0.48 0.27 | 12.5 39.8 | 31 Dec.-20 |
| Sub-total | | 4.50 | 0.75 | 16.7 | |
| TRANSPORT | | | | | |
| 2 Boké-Québo Road Development Project - ADF Grant: - AfIF Grant - TSF Grant | 10 Oct-18 | 14.17 7.78 1.50 | 0 0 0 | 0 0 0 | 31 Dec.-23 |
| Sub-total | | 23.54 | 0 | 0 | |
| TOTAL | | 28.04 | 0,75 | 2,6% | |

*Source: SAP-PS May 2019

Sector breakdown: Transport (84%) and Energy (16%)

Annex III. Map of the Project Area



| <i>Project Area</i> | <i>Colour on the Map</i> |
|---------------------|--------------------------|
| Bafata Region | |
| Oio Region | |
| Gabu Region | |

Annex IV: Fragility Context

1. Fragility in Guinea-Bissau is reflected by the gap between the State and the society, with weak State institutions and a weak State presence outside of Bissau, which renders the State ineffective in the eyes of many citizens. Furthermore, the military is strongly engaged in political and economic spheres, the justice sector is weak and the economy is undiversified and captured by elite interests. Guinea-Bissau's fragility factors, which considerably impede the development of its institutions and inhabitants, can be summed up in five key areas: (i) an endemic lack of governance and functional institutions, fuelled by political instability and elite capture; (ii) a dysfunctional and politicised security sector; (iii) a captured and undiversified shock-prone economy; (iv) a gap between urban and rural areas resulting in acute lack of infrastructure and services; and (v) lack of investment in human development and human capital.

2. In Guinea-Bissau, poverty is both a symptom and a cause of political instability and violence. Decades of political instability and weak capacity of social and economic institutions have created an environment that undermines development and makes the country one of the poorest in the world. The dominant role of the cashew sector is a key structural challenge in Guinea-Bissau. Cashew is the most important agricultural product in the country, accounting for more than 90% of total exports. About 80% of the population relies on cashew nuts as the main source of income, which they exchange for rice (staple food) or other consumer goods. Although Guinea-Bissau has the potential to produce its own rice, most of its rice fields are not under cultivation, and the country imports most of its rice.

The exploitation of natural resources, including agriculture (cashew), fisheries and forestry, is affected by rent-seeking behaviour because of weak controls and lack of monitoring. By limiting the number of export licences, many sector decrees issued by the Council of Ministers in 2017 also reflect weak governance and rent-seeking comportment in the public sector, particularly with regard to cashew.

3. The weakness of State institutions and the lack of State presence outside of Bissau are a deciding factor of fragility, which has rendered the State ineffective in providing services, thus creating mistrust between citizens and the State. Today, 40% of the population lives in Bissau, which enjoys greater access to public services and has a relatively low poverty rate, with 50% of its population living below the national poverty line (USD 2 a day). The national average of people living below the national poverty line is 70%, suggesting that 80-90% of Guinea-Bissau's poor people live in rural areas. The incidence of poverty in rural areas is higher in the north where most of the rural population is concentrated. The few local services (water, education and health care) are often provided by non-State actors. The lack of socio-economic opportunities among youths may increase social unrest and riots. About 60% of Guinea-Bissau's population is under 25, has not benefited from a functional education system and stands a very slim chance of entering the formal economy which, in any case, offers very few jobs.

4. In spite of the significant progress made over the past fifteen years, Guinea-Bissau's human development indicators are still among the lowest in the world. In 2017, Guinea-Bissau was ranked 178th in the Human Development Index. Guinea-Bissau's GDP per capita is USD 723 and life expectancy at birth is 57.8 years, or three years below the average of sub-Saharan African countries. The level of employment in the formal sector is low and youth unemployment is very high. Due to the precarious nature of Guinea-Bissau's institutions and discriminatory traditional practices, women's access to services is quite limited, particularly in terms of education, as reflected in literacy rates below the national average. Women in Guinea-Bissau are disproportionately affected by human rights violations, especially sexual and gender-based violence, discrimination in the workplace, child marriage, etc. More than 48% of women have been subjected to genital mutilation despite the 2011 law banning the practice.

5. These fragility factors notwithstanding, the country has sources of resilience and other factors capable of neutralising fragility drivers that the government, the Bank and other development actors should strengthen to prevent further instability. They include: (i) regional integration within regional organisations and West African regional markets; (ii) a vibrant civil society; and (iii) community solidarity.

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