



# Project Information Document (PID)

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Concept Stage | Date Prepared/Updated: 22-Jan-2019 | Report No: PIDC25761

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

Country Guinea	Project ID P168777	Parent Project ID (if any)	Project Name Productive Inclusion and Systems Strengthening Programme (NAFA) (P168777)
Region AFRICA	Estimated Appraisal Date Apr 22, 2019	Estimated Board Date Jul 31, 2019	Practice Area (Lead) Social Protection & Labor
Financing Instrument Investment Project Financing	Borrower(s) Republic of Guinea	Implementing Agency Cellule Filets Sociaux	

**Proposed Development Objective(s)**

The Project Development Objective is to (a) increase opportunities for income, revenue and human capital development for targeted poor households; and (b) strengthen institutional capacity and systems for economic and social inclusion.

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

<b>Total Project Cost</b>	40.00
<b>Total Financing</b>	40.00
<b>of which IBRD/IDA</b>	40.00
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Development Association (IDA)	40.00
IDA Grant	40.00



Environmental and Social Risk Classification

Moderate

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

- Despite its enormous endowment in natural resources and potential for economic growth, Guinea remains one of the poorest countries in Sub-Saharan Africa.** GDP per capita amounted to US\$531 in 2015, compared to an average of US\$1,571 for the Sub-Saharan Africa region. The most recent national poverty survey (*Enquête Légère sur la Pauvrete*, or ELEP 2012) estimates that more than 55 percent of the population lives with less than US\$1.25 per day, while extreme poverty affects approximately 35 percent of the population. The situation has likely deteriorated since the 2014-2015 Ebola outbreak. The most recent estimates suggest that in 2018, 60 percent of the population lives below the poverty line.
- Guinea faces a complicated set of interrelated drivers of fragility, conflict, and violence.** Four key drivers of fragility are highlighted in the 2017 World Bank Risk and Resilience Assessment. They include: (i) weaknesses in the delivery of services which undermine state legitimacy; (ii) political instrumentalization of identity; (iii) exposure to external shocks and high food prices; (iv) youth exclusion and underemployment. Young urban men have played a key role in Guinea's protests, and certain violence-prone and politicized youth continue to pose a critical risk to political stability. Since 2007, protests and revolts started to become a regular means in the struggle for political power.
- Agriculture employs over 80 percent of the population and has a strong potential to contribute to poverty reduction and economic growth given the country's climatic and geographical characteristics.** This potential remains largely underexploited due to low productivity and limited capacity to generate a marketable surplus. The recent review of the agriculture sector provides an exhaustive analysis of opportunities and priorities to trigger a structural transformation of the sector and turn it into an engine of growth for the economy. However, these opportunities have yet to be extended to the chronic poor, who rely on subsistence agriculture, have limited income sources and are the most affected by limited access to key infrastructure, such as food markets, public transportation, health centers, primary schools, water sources, and roads.
- Poverty in Guinea is characterized by high levels of food insecurity.** An estimated 30 percent of the population is food insecure, with rural households being disproportionately affected (National Survey on Food Insecurity and Vulnerability-NSFIV, 2012). Women headed and/or large size households in rural area who depend on agriculture for income are most likely to be affected by acute food insecurity. Key determinants of food insecurity at the household level include level of education of the household head, household size, access to physical infrastructures (markets and roads), access to income, purchasing power (particularly in urban areas), and traditional practices in sanitation, food and nutrition. The Ebola Epidemic (2013-2014) exacerbated the situation due to its strong negative impact on agricultural production and marketing (declines in yields, lack of labor for harvesting, closure of markets...).



5. **Low levels of human capital development limit individual's earnings potential and contribute to the intergenerational transmission of poverty.** Guinea has a Human Capital Index of 0.35, which is below the SSA average of 0.40. A child born in Guinea today will be 37 percent as productive when she grows up as she could be if she enjoyed complete education and full health. Probability of survival to age 5 is 91 percent. A child who starts school at age 4 can expect to complete 7 years of school. Performance on harmonized test score is 408 on a scale where 300 represents minimum attainment. Expected years of school is only 4.5 years. 75 percent of 15-year-old will survive until age 60.

6. **Efforts to accumulate wealth or break out of poverty are hampered by generalized vulnerability to a wide array of risks and shocks.** Fluctuations in the price of food commodities as well as climate related shocks (including recurrent floods, localized droughts, land degradation, deforestation) affect lives, livelihoods and assets every year, particularly for rural households. These shocks contribute to weaken households' incomes as they resort to informal coping mechanisms that have shown their limits and have been significantly eroded by the Ebola crisis.

7. **Gender discrimination and violence against women continue to affect overall performance in poverty reduction at all levels.** Social safety nets have proven effective in significantly and effectively reducing poverty, building resilience, and boosting opportunities among the poorest. In Guinea, the WB has supported the Government of Guinea over the past 8 years to set up and implement a flagship safety nets intervention, the Productive Social Safety Nets Project (P123900; PSSNP). A total amount of US\$43.2 million in IDA grants and Trust funds were invested gradually to enable the country to develop the capacity to identify and register beneficiaries, as well as deliver conditional cash transfers, non-conditional cash transfers, and labor intensive public works to the poorest in all regions. The PSSNP has a balance of \$2 million and is expected to close in September 2019. Performance towards meeting the project development objective is satisfactory.

8. **For the full potential of safety nets to be realized in addressing equity, resilience and opportunities, programs need to be brought to scale and sustain.** The proposed Productive Inclusion and System Strengthening Program (hereafter referred to as Program Nafa or Nafa, meaning well-being or benefit in a local language), is a second-generation safety nets intervention that will bring to scale results of the PSSNP, and finance activities to strengthen the impact of the cash transfers on the productive potential of households and human capital development. In addition, the project will support ongoing efforts to build systems, institutionalize and sustain safety nets.

#### Sectoral and Institutional Context

9. **There is a strong political commitment to adopt safety nets as a core part of ongoing national strategies to reduce poverty and foster inclusive growth.** In June 2018, the new Prime Minister announced plans to reduce extreme poverty by addressing economic and social inequalities, in a context where economic growth is projected to average 6 percent over the medium term. The vision makes specific reference to reducing high levels of child mortality, malnutrition, poor health and education outcomes, as well as improving productivity and purchasing power of households. The approach proposed is to bring to scale cash transfers and cash for work programs, increase productivity and promote financial inclusion. While this vision is largely consistent with the National Plan for Economic and Social Development that was approved in 2018 (PNDES), the focus on inclusion and the level of political commitment is unprecedented. The government has made an allocation of approx. US\$8 million to its draft national budget and has announced the creation of a National Agency for Economic and Social Inclusion (ANESI) with key involvement from the Prime Minister's Office to carry forward this agenda.

10. **These developments are aligned with the WB's strategy to build national capacity in SP.** The proposed intervention will build on lessons learned from the PSSNP to address key challenges in the sector. The most recent safety



nets assessment (2016) indicates that coverage of social protection programs is limited compared to the needs. There are no coordination mechanisms for the various interventions across sectors that seek to increase coverage of noncontributory services to the poorest. There has recently been an increase in the number of larger scale programs geared towards promoting youth employment, including the EU-funded INTEGRA program and ongoing WFP activities to increase productivity and reduce food insecurity. These interventions provide opportunities for learning and improve coordination between donors.

#### Relationship to CPF

11. **NAFA will contribute to all pillars of the new CPF for FY 18-23 and support the World Bank's twin goals of ending extreme poverty and promoting shared prosperity.** Under pillar 1 which focuses on support to decentralization, fiscal and natural resources management, the proposed project will strengthen government capacity to deliver basic social protection services (ref. objective 2 of the CPF). Under pillar 2 which focuses on human capital development, the project will complement supply side interventions in health (Guinea Health Project P163140) and education (Guinea Education for Results Project; P167478) to stimulate households level investments in early childhood, improve enrollment and retention rates of girls and improve nutrition outcomes (ref. objectives 4 and 5 of the CPF). Under pillar 3 which focuses on increasing agricultural productivity and economic growth, NAFA will promote economic inclusion of poor and vulnerable households, maximize access to job opportunities, and help them identify sustainable sources of revenue (ref. objectives 6 and 9 of the CPF). To this end the project will also work to build synergies with the Integrated Agriculture Project (P164326).

12. **NAFA will specifically target poor and vulnerable households.** The project tackles cross-cutting priorities listed in the CPF. It helps address risks of fragility, violence and productivity by increasing access to revenues and productive opportunities for poor households and urban youth. NAFA will also increase the resilience of vulnerable populations by financing micro-projects designed to manage the risks and mitigate the impacts of climate related shocks.

### C. Proposed Development Objective(s)

The Project Development Objective is to (a) increase opportunities for revenue and human capital development for targeted poor households; and (b) strengthen institutional capacity and systems for economic and social inclusion.

#### Key Results (From PCN)

Initial PDO indicators and targets will include:

- Direct number of safety nets beneficiaries (of which percent female and percent youth) [Core indicator]
- Average increase in the revenue of beneficiaries who benefited from livelihood support interventions (disaggregated by gender)
- Improvement in human development outcomes in targeted communities (for instance percent increase in school enrollment; percent decrease in dropout rate of girls; percent delay in early marriage; percent increase in the frequentation of health facilities or # increase in the number of people who know at least 3 good practices in early childhood development)
- Beneficiaries registered in the RSU (percentage)
- A strategy for economic and social inclusion is elaborated



#### D. Concept Description

13. The intervention aims, in the long run, to improve the resilience of poor populations by creating a path out of poverty and decreasing their vulnerability to shocks. It is envisaged, the proposed operation will aim over the next 5 years to (i) increase households access to revenues; (ii) improve their productive capacity; (iii) stimulate investments in human capital; and (iv) strengthen capacity in the sector. The proposed package of activities will address the central issue of limited access to revenues and will complement supply side interventions to improve outcomes in health (with focus on nutrition) and education (with focus on early childhood development). On education, the preparation mission will explore ways to link the operation with improved outcomes in enrollment and/or retention, particularly for girls. This will be achieved by scaling up cash-based interventions, supporting livelihoods and investing in human capital development. The safety nets will be adaptive. They will be designed to help manage risks of the most recurrent covariate shocks on specific categories of poor and vulnerable households and mitigate their potential impact on lives and livelihoods. This would include key drivers of fragility such as fluctuations in the price of food and basic commodities, youth exclusion and underemployment, and climate change related risks, such as droughts and floods. As a second-generation safety nets intervention, NAFA will support ongoing efforts to institutionalize safety nets, secure resources for financial sustainability, build systems, and improve national delivery mechanisms for social assistance.

14. The project will be financed by IDA in an amount of US\$40 million for a period of 5 years<sup>1</sup>. The operation will finance the following three components: (i) Scaling up safety nets; (ii) Support to livelihoods and human capital development; and (iii) Strengthening national capacity to institutionalize safety nets and build systems.

#### Description:

##### Component 1: Scaling up safety nets (estimated US\$20 million)

15. This component will finance the costs of identifying, registering and transferring cash to poor and vulnerable households in the targeted areas through two safety net instruments: unconditional cash transfers and labor intensive public works. The transfers will aim to smooth household consumption. Based on the experience of the ongoing IDA-funded safety nets projects and on lessons learned from similar interventions around the world, this component will also stimulate investments in human capital development, allow households to save and to invest in productive assets. In addition, the transfers will reduce risks of households resorting to distress coping mechanisms during times of hardship. In addition to transferring revenues while creating temporary employment, the labor intensive public works (LIPW) has the added advantage of keeping communities active, engaged and cohesive around the objective to create and maintain productive assets.

16. **Unconditional Cash transfers (UCT):** The cash transfers will provide regular predictable payments to labor poor households for a duration of 18-24 months. The filter of categorical targeting proposed under NAFA (households composition, size, and capabilities of the household head) is expected to further increase targeting efficiency. A set of positive incentives will be designed to stimulate positive behavior change related to key human development outcomes. Strong linkages will be established with ongoing supply side interventions in health and education programs to maximize the impact of the project on human capital development.



17. **Labor intensive public works (LIPW):** The labor intensive public works will provide employment opportunities to poor households in rural and selected urban centers who are not labor constrained. Employment will be provided for a duration to be assessed during project preparation. At least 50 percent of beneficiaries will be women. Under NAFA, LIPWs will be selected in line with the Communes' local development plans. A comprehensive social assessment will be conducted along with studies required as part of the new safeguards framework to help identify activities with a high potential for the distribution of temporary income to beneficiaries ( percent of total cost going to local unskilled labor) as well as their potential impact on (i) communities livelihood (collective productive infrastructure such as lowlands development), (ii) increased access to basic social infrastructure (rural road rehabilitation and/or maintenance) and (iii) the mitigation of climate change impact on populations (i.e. reforestation, etc...). In urban areas, activities may center around sanitation (improvement of drainage) and improvement/maintenance of secondary roads (also, to reduce risks of flooding) based on findings from the environmental and social assessment and evaluation of risks and impacts.

## **Component 2: Support to Livelihoods and Human Capital Development (estimated US\$10 millions)**

18. **This component will finance the design, delivery and implementation of accompanying measures to maximize the impact of component 1 on poverty reduction.** Two set of interventions will be conducted to support productive activities and stimulate investments in human capital. The purpose will be to build beneficiaries' capacity for sustainable income generation and self-reliance, while improving prospects to break the intergenerational cycle of poverty.

19. **The preparation mission will further elaborate on the design of this component, based on ongoing analytical work that is being financed through RSR resources.** Given resources limitation, this component will prioritize a subset of the communities selected for component 1---focusing on beneficiary communities that have a high productive potential and are sufficiently well linked to markets (to be defined during preparation).

20. **Productive activities:** this sub-component will seek to improve the productivity and profitability of livelihoods activities of households (or groups of households). Analytical work will be conducted to identify a concise set of activities to be funded from the below list:

- a. *Linking poor households to promising value chains:* Based on local diagnostics and community involvement, the project will identify value chains and assistance activities from among those already being developed under other Bank operations (the recently approved Guinea Integrated Agricultural Development Project (P164326) and the forthcoming Enclave Agribusiness Development Project (p164184).
- b. *Designing and delivering integrated support packages* adapted to specific value chains. These may include: (a) improved physical inputs for production (supply-side support, such as seeds or fertilizer); (b) training, technical assistance and support for establishing/managing productive groups related to the selected value chains (such as improved agronomic advice, support to smallholder organizations ); (c) inclusion in financial networks (support for the formation of local Group Savings and Loans Associations; trainings on financial literacy); and (d) inclusion in market networks (demand-side support, such as assistance for the establishment of contractual relationships between buyers and producer groups, financial support/matching grants to small producers groups for commercialization and or processing; and new business opportunities exploration).
- c. *Support to savings and entrepreneurs:* in urban areas, the project will explore supplementing the LIPW by productive accompanying measures with a strong likelihood to contribute to participants' social and economic reinsertion (savings programs, technical trainings linked with the LIPW micro-projects and basic training in entrepreneurship) to account for the funding received from the IDA-18 risk mitigation facility.



21. **Support to human capital development:** this component will seek to foster investments in human capital development at the household level, thus addressing demand side constraints to improve outcomes in ECD, health (with a possible focus on nutrition) and education (possible focus on enrollment and retention). Trainings, communication for behavior change and community-based activities will be delivered based on practices that have shown impact in the region. However, due to limited funding, delivery mechanisms had to be simplified.

**Component 3: Strengthening national capacity and building systems (estimated US\$ 10 millions)**

22. This component will finance all costs related to (i) managing and institutionalizing safety nets; (ii) building systems; and (iii) executing the project.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

Discussions with the TTL and review of draft PCN helped provide the necessary information for the ESRS. Many of the key details are still to be determined and the Appraisal ESRS will provide this information.

**Note** To view the Environmental and Social Risks and Impacts, please refer to the Concept Stage ESRS Document.

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