



*Strengthening National Comprehensive
Agricultural Public Expenditure
in Sub-Saharan Africa*

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BASIC AGRICULTURAL PUBLIC EXPENDITURE DIAGNOSTIC REVIEW

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**BILL & MELINDA
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CAADP

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ACRONYMS AND ABBREVIATIONS

ACGP	Large Projects Administration and Monitoring (<i>Administration et Contrôle des Grand Projets</i>)
AFD	French Development Agency (<i>Agence Française de Développement</i>)
AfDB	African Development Bank
AFTSN	Africa Region Sustainable Development
ANASA	National Agency for Agricultural Statistics (<i>Agence Nationale des Statistiques Agricoles</i>)
ANDASA	National Agency for Agricultural Development and Food Security (<i>Agence Nationale de Développement Agricole et de la Sécurité Alimentaire</i>)
ANPROCA	National Agency for Rural Promotion and Agricultural Counseling (<i>Agence Nationale pour la Promotion Rurale et le Conseil Agricole</i>)
AU	African Union
BADEA	Arab Bank for Economic Development in Africa (<i>Banque Arabe pour le Développement Économique en Afrique</i>)
BCEP	Central Bureau for the Study of Projects (<i>Bureau Central d'Études des Projets</i>)
CAADP	Comprehensive Africa Agriculture Development Program
CNOP-G	National Confederation of Guinean Farmers' Organizations (<i>Confédération Nationale des Organisations Paysannes de Guinée</i>)
CNOSC	National Council of Civil Society Organizations (<i>Conseil National des Organisations de la Société Civile</i>)
COFOG	Classification of the Functions of Government
CONAPEG	National Confederation of Guinean Fishers (<i>Confédération Nationale des Pêcheurs de Guinée</i>)
CONEG	National Confederation of Guinean Livestock Breeders (<i>Confédération Nationale des Éleveurs de Guinée</i>)
CPA	Agricultural Loan Center (<i>Centre de Prestations Agricoles</i>)
DAF	Directorate of Financial Affairs (<i>Direction des Affaires Financières</i>)
DGB	Directorate General of the Budget (<i>Direction Générale du Budget</i>)
DNDAPD	National Directorate of Debt and Official Development Assistance (<i>Direction Nationale de la Dette et de l'Aide Publique au Développement</i>)
DNGR	National Directorate of Rural Engineering (<i>Direction Nationale du Génie Rural</i>)
DNIP	National Directorate of Public Investments (<i>Direction Nationale des Investissements Publics</i>)
DNPIP	National Directorate of Multi-Year Public Investment Planning (<i>Direction Nationale de la Programmation Pluriannuelle des Investissements Publics</i>)
DNSI	National Directorate of Information Systems (<i>Direction Nationale des Systèmes Informatiques</i>)
ECOWAP	ECOWAS Common Agricultural Policy

ECOWAS	Economic Community of West African States
ESAF	Enhanced Structural Adjustment Facility
EU	European Union
FAO	Food and Agriculture Organization
FER	Road Maintenance Fund (<i>Fonds d'Entretien des Routes</i>)
GNF	Guinean Franc
GNP	Gross National Product
HIPC	Heavily Indebted Poor Countries
IDA	International Development Agency
IsDB	Islamic Development Bank
IFAD	International Fund for Agricultural Development
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
INS	National Statistical Institute (<i>Institut National de la Statistique</i>)
IRAG	Guinea Agronomic Research Institute (<i>Institut de Recherche Agronomique de Guinée</i>)
JICA	Japan International Cooperation Agency
LPDA	Agricultural Development Policy Letter (<i>Lettre de Politique de Développement Agricole</i>)
LPDE	Livestock Development Policy Letter (<i>Lettre de Politique de Développement de l'Élevage</i>)
LPDPA	Fisheries and Aquaculture Development Policy Letter (<i>Lettre de Politique de Développement de la Pêche et de l'Aquaculture</i>)
MAG	Ministry of Agriculture (<i>Ministère de l'Agriculture</i>)
MAG&EL	Ministry of Agriculture and Livestock (<i>Ministère de l'Agriculture et Élevage</i>)
MDG	Millennium Development Goal
MEEF	Ministry of the Environment, Water, and Forests (<i>Ministère de l'Environnement, Eaux, et Forêts</i>)
MEF	Ministry of the Economy and Finance (<i>Ministère de l'Économie et des Finances</i>)
MEH	Ministry of Energy and Hydraulics (<i>Ministère de l'Énergie et Hydraulique</i>)
MPA	Ministry of Fisheries and Aquaculture (<i>Ministère de la Pêche et Aquaculture</i>)
MTEF	Medium-Term Expenditure Framework
NEPAD	New Partnership for Africa's Development
NRIP	National Rural Infrastructure Project
OECD	Organization for Economic Cooperation and Development
OFID	OPEC Fund for International Development
ONG	Non-Governmental Organization
PHRD	Policy and Human Resources Development
PICDCS	Permanent Interstate Committee for Drought Control in the Sahel
PNDA	National Policy for Agricultural Development (<i>Politique Nationale de</i>

	<i>Développement Agricole)</i>
PNIA	National Agricultural Investment Program (<i>Plan National d'Investissement dans l'Agriculture</i>)
PNIA-SA	National Agriculture and Food Security Investment Program (<i>Plan National d'Investissement dans l'Agriculture et Sécurité Alimentaire</i>)
PNRD	National Research and Development Plan (<i>Plan National de Recherche et Développement</i>)
PRGF	Poverty Reduction and Growth Facility
PRSP	Poverty Reduction Strategy Paper
R&D	Research and Development
RGTA	Guinean Animal Draft Network (<i>Réseau Guinéen de Traction Animale</i>)
SG	Secretariat General
SME	Small and Medium Enterprise
SNPV	National Service for the Protection of Plants (<i>Service National de la Protection des Végétaux</i>)
DPs	Development Partners
TMC	Technical Monitoring Committee
TTL	Task Team Leader
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USD	United States Dollar
WAAPP	West Africa Agricultural Productivity Program
WB	World Bank

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1. This report summarizes the preliminary findings of a team of World Bank consultants who visited Guinea from January 21 to February 8, 2013 and from July 22 to 28, 2013 to support the Ministry of Agriculture (MAG), the Ministry of Livestock (MAG& EL), the Ministry of the Environment, Water, and Forests (MEEF), and the Ministry of Fisheries and Aquaculture (MPA) in carrying out an Agricultural Public Expenditure Review. This team consisted of Emilio Sacerdoti and Cheick Oumar Keita (economists, consultants), assisted by Aminata Touré (Program Assistant, World Bank Office, Conakry).
2. The process of preparing this Review was highly collaborative. A Technical Monitoring Committee (TMC) was set up under the aegis of the Secretary General of the Ministry of Agriculture, bringing together representatives from MAG, MPA, MEEF, the Ministry of the Economy and Finance (MEF), the Ministry of Planning, and the Ministry of the Budget. The members of the TMC acted as focal points within their respective structures, and along with the colleagues they mobilized, contributed greatly to conducting this Review by assisting with data collection. A launch workshop was organized by MAG on January 23 2013. It was chaired by Sékou Sangaré, Secretary General of the Ministry of Agriculture, with participation from the World Bank and representatives from the relevant government departments and the Development partners (DPs). The consultants presented the methodology and the results expected from the Review. A second workshop was held on February 7, 2013, with representatives from the Technical Monitoring Committee and the relevant ministries. The consultants presented the preliminary findings and the work. A report validation workshop was held on July 25, with extensive participation from experts and civil society, including producer organizations. A dissemination workshop was held on November 20, with increased participation by producers and regional Chamber of Agriculture representatives.
3. The consultants wish to express their gratitude to the Guinean authorities, the technical and financial partners, and other non-governmental partners for their warm welcome, their availability, and their excellent collaboration. In particular, they wish to thank Sékou Sangaré, Secretary General of MAG, Sékou Sylla, Director General of the Office of Strategy and Development, MAG, and all the members of the Technical Monitoring Committee for the constant support they gave to the work of the Review.
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SUMMARY

- i. The Guinean government assigns a crucial role to agriculture in accelerating growth, reducing poverty, and creating jobs. This role is inscribed in Poverty Reduction Strategy Paper (PRSP) 3, which was approved by the government in May 2013, following PRSP 2 (2007-2010) and PRSP 1 (2002-2006). It was also articulated previously in a series of Agricultural Development Policy Letters (LPDA 1 of 1992 and LPDA 2 of 2000) and the Livestock Development Policy Letter (LPDE) of 1998. The formulation of the agricultural development strategy was given impetus the Comprehensive Africa Agriculture Development Program (CAADP) promoted by the New Partnership for Africa's Development (NEPAD), the execution of which in West Africa is monitored by the Economic Community of African States (ECOWAS) as part of its Common Agricultural Policy (ECOWAP) adopted in January 2005. The process of preparing the National Agricultural Investment Program (PNIA) began in December 2008, the CAADP compact was signed with NEPAD in early 2010, and the 2010-2015 PNIA was presented to the DP community in June 2010.
- ii. As part of the revival of its agricultural development strategy, the government through the Ministry of Agriculture expressed its desire for an agricultural public expenditure review to be carried out in order to learn from past experience and to improve performance in the medium term. This request was accepted by the NEPAD Planning and Coordinating Agency. The cost of this Review was met by the Strengthening National Comprehensive Agricultural Public Expenditure in Sub-Saharan Africa Program and co-funded by the Bill and Melinda Gates Foundation and the CAADP Multi-Donor Trust Fund.
- iii. The goals of the 2003-2012 Agricultural Public Expenditure Review in Guinea are as follows:
 - a. Gain a better understanding of the country's performance in the context of the 2003 Maputo Declaration.
 - b. Draw lessons from the past in terms of budget execution in the agricultural sector and identify barriers to good budget execution as well as inefficiencies and deviations from goals.
 - c. Seek and recommend corrective actions for existing programs and suggest appropriate actions for future programs with a view to improving their impact and making them more efficient and equitable.
 - d. Initiate the implementation of the databases and methodology required to conduct regular public expenditure reviews in the agricultural sector and thus contribute to the institutionalization of the process.
 - e. Help the government create an environment and the capabilities for results-based management with particular emphasis on improving planning, execution, and monitoring and evaluation.

- f. Increase the visibility of the government and the DPs over the sector's absorptive capacity so that the decision may be made to allocate more resources to agricultural development.

Nature of public agricultural expenditure

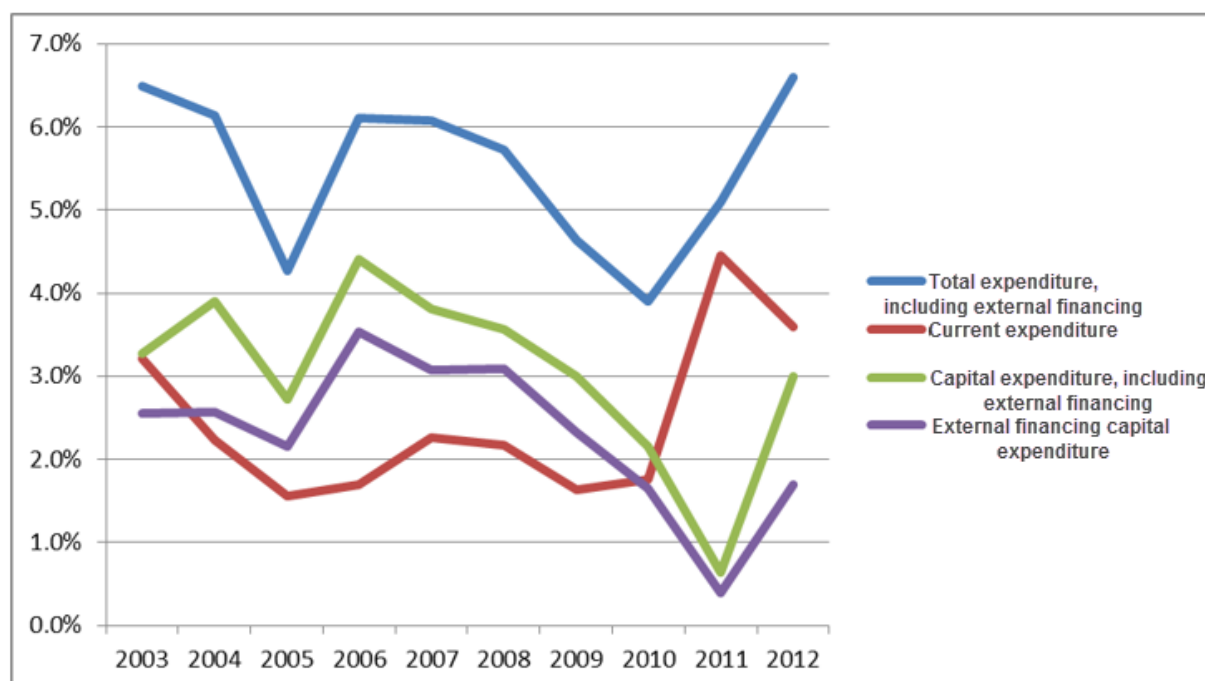
- iv. The agricultural sector is defined as the economic sector that falls under the scope of the Ministry of Agriculture, the Ministry of Livestock (the two ministries were joined until 2010), the Ministry of Fisheries and Aquaculture, and the Ministry of the Environment, Water, and Forests, whose expenditure not strictly intended for environmental protection should be excluded. In the 2003 Maputo Declaration, African governments committed to increasing the share of their national budgets allotted to agriculture, with a target of at least 10%. This definition of expenditure includes executed public expenditure in the wider agricultural sector (not budget allocations), as defined in the United Nations' Classification of the Functions of Government (COFOG). The agricultural sector includes farming, forestry, hunting, and fisheries. Expenditure on applied research in each of these sectors is also included. However, spending on feeder roads does not fall under the NEPAD definition of expenditure.
- v. There have been two phases in the recent evolution of the projected and executed budgets of the Ministry of Agriculture and Livestock, the Ministry of Fisheries, and the Ministry of the Environment, Water, and Forests (Ministry of the Environment until 2009). In the period 2003-2010, these ministries' funding calculated on the basis of actual payments increased by less than the total government budget, and the ratio of actual expenditure to total expenditure decreased for both current expenditure and capital expenditure from domestic resources. Thus, the share of expenditure from domestic resources by the agricultural sector ministries in the total government budget decreased from 5% in 2003 to 3% in 2010 (Figure 1S). The agricultural budget was subsequently increased in 2011 and 2012 with a view to increasing the resources made available for crop years in order to reduce the grain shortage, especially the rice shortage. With increased resources (over GNF 200 billion per year, or 0.7% of GDP), the portion of the budget allocated to the rural sector from domestic resources climbed to 5.2% of the total in 2011 and 2012.
- vi. Meanwhile, funding for the agricultural sector from external resources peaked at 3.5% of total external resources included in the budget in 2006 and 2007, while between 2010 and 2012, it fell to less than 2% of the total. Including external resources, the share of the budget allocated to the agricultural sector ministries increased in 2012 to 6.6% of the total, which was more than the previous high of 6% in 2006 (Figure 2S).

Figure R 1: Agricultural sector expenditure from external resources, as % of total budget, 2003-2012



Figure R 2: Agricultural sector expenditure, including external financing, as % of total budget, 2003-2012

- vii. The execution rate for the projected budgets of the group of ministries in the agricultural sector came to 74%. This overall rate can be broken down as follows: 94% for current expenditure, 63% for capital expenditure from domestic resources, and 67% for capital expenditure from external resources. For the Ministry of Agriculture and Livestock, the execution rate of current expenditure was higher, at nearly 98% on average. The Ministry of Fisheries and Aquaculture posted quite low execution rates for capital expenditure from both domestic and external resources. The Ministry of the Environment, Water, and Forests recorded high execution rates for capital expenditure from domestic resources (94% on average) but lower rates for external resources

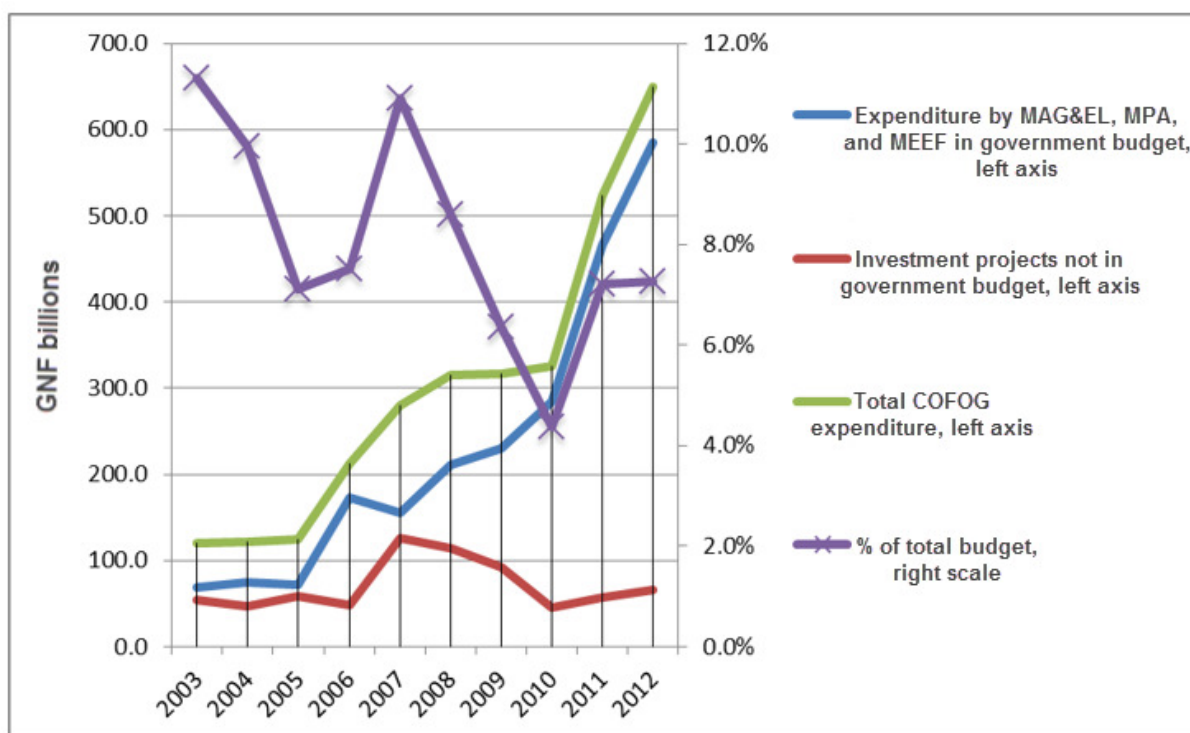


(46% on average).

- viii. The share of the government budget allocated to the ministries of the agricultural sector in total domestic resources (5.1% in 2012) was less than the shares of the Ministry of Energy (19.5%), the Ministry of Defense (15.1%), the Ministry of Education (11.7%), and the Ministry of Public Works, Urban Planning, and Housing (6.6%). Concerning external resources, the agricultural development ministries were the largest beneficiaries, with a share of 28% in 2012 as well as on average over the period 2003-2012.
- ix. A very large amount of external resources was not included in the government budget. Information was gathered either directly from the DPs or in some cases from the FAO-OECD database. The National Directorate of Public Investments (DNIP) of the Ministry of the Economy and Finance acknowledges that it does not have information on a number of projects conducted by DPs. The main donors whose disbursements are monitored only partially by the DNIP are Japan, the United States, France, Germany, and the EU. On the basis of execution, donor expenditure not in the government budget amounted to approximately GNF 710 billion over the period 2003-2012 (the figures for 2012 are still preliminary), and equates to 81% of capital expenditure from external resources monitored by the DNIP and to 23% of COFOG expenditure.
- x. Note that this expenditure did not exclusively concern investment. For example, it includes support from France for the Guinea Agronomic Research Institute (IRAG) in 2007 and donations of fertilizer from Japan in 2008. The share of this expenditure in COFOG terms fell from 50% in 2003-2005 to 37% in 2007-2009 and 10.5% in 2011-2012, when there was a surge in domestic resources for the sector. The high level of capital expenditure not monitored by DNIP is partially explained by the non-reporting of information on project execution to MEF for want of a comprehensive monitoring system. For European Union (EU) projects, DNIP records projected amounts for a series of projects. However, it reports very small amounts for execution in relation to actual disbursements. As regards other bilateral donors, DNIP holds no information on the investments financed (this is the case with investments from disbursements from Canada and Belgium). To rectify this shortcoming, there are plans to set up a computerized expenditure chain for external resources with an effective IT system that over time will be capable of being incorporated into the existing expenditure chain.

Including expenditure from external resources not monitored in the government budget, the ratio of agricultural expenditure to the total government budget (excluding expenditure on feeder roads) came to 7.2% on average in 2011 and 2012, following a high of 11% in 2007. Agricultural public expenditure, including expenditure not in the government budget, reached 7.2% of agricultural GDP on average over the period 2003-2012, which places Guinea in the upper range of African countries (a lower ratio than Burkina Faso but higher than Ethiopia, Uganda, Kenya, and Tanzania) (Figure S3).

Figure R 3: Agricultural expenditure estimated according to the NEPAD/COFOG methodology, 2003-2012, in GNF billions and as % of executed government budget



Composition of expenditure

- xi. Until 2010, current expenditure accounted for 40% of total sector budget expenditure on average. In 2011, high expenditure for the crop year (especially inputs) was booked under goods and services, which pushed up this ratio. In 2012 this expenditure was booked as investment, resulting in the share of current expenditure falling sharply. This classification appears to be incorrect since expenditure on the procurement and transportation of inputs, which account for most agricultural expenditure, should be considered current goods and services. Thus, in this report, the budget figures for 2012 are amended to include this expenditure under goods and services. The wage bill consumed on average 81% of current expenditure for the Ministry of Agriculture and Livestock, but only 57% for MPA and 50% for MEEF. It should be noted that a significant share of expenditure booked as investment because it is linked to projects is of a current expenditure nature. On the basis of a sample of projects, this portion is estimated at 19% of total project costs, which increases the share of current expenditure in total budget expenditure, with this share increasing from 44% to 53% over the period 2003-2012. Following this amendment, the share of current expenditure in total expenditure (including off-budget projects) amounts to 45% on average.
- xii. Expenditure on goods and services has tended to fall considerably, making it difficult for the Ministry of Agriculture and Livestock to exercise its functions. As a result, goods and services allocated for basic services such as extension services provided by the National Agency for Rural Promotion and Agricultural Counseling (ANPROCA) as well as rural works fell well short of ensuring the efficiency of these services and the

necessary maintenance of agricultural facilities. The small amount of funds allocated by the government budget to the functioning of extension services led the Ministry of Agriculture to sign service provision contracts with some projects, thereby reinforcing the resources of extension services. However, these service contracts are short term (generally for one year, sometimes renewable), and therefore do not constitute a sustainable method of supporting services. In addition, projects over the period also funded, for example, the purchase of transportation equipment for ANPROCA agents. In 2011 and 2012, these deficiencies were partially corrected as the increase in resources mobilized for the crop years made it possible to allocate means of transportation to some ANPROCA staff. However, such sporadic interventions should be supplemented by an in-depth analysis of ANPROCA's needs if it is to provide effective services to rural populations.

- xiii. There was a relatively small increase in real terms over the period in expenditure on staff by the MAG&EL, whereas expenditure on staff by MPA increased threefold. Staff numbers have remained fairly stable since 2003. The Ministry of Agriculture has the highest number of staff, with 7,125 at end-2012, of whom 74% are posted to decentralized services. With regard to the distribution of decentralized staff throughout the governorates and prefectures, the figures on the deployment of staff by region from the Ministry of Agriculture and its extension department, ANPROCA, show that the three regions with the highest rice production (Kindia, Nzérékoré, and Faranah) have the most extension agents. However, rice production is not the only criterion for optimal staff allocation as the effectiveness of staff is also determined to a large extent by the methods of relocation, the level of expertise, and other factors. It is important to improve the effectiveness of extension services while avoiding overlapping with other departments within MAG and ensuring better coordination with professional organizations and development projects.

Functional composition of agricultural expenditure

- xiv. An analysis of the functional composition of budget expenditure among the farming, livestock, fisheries, and forestry sectors has only been possible since 2010, when the Ministry of Agriculture was split from the Ministry of Livestock. In 2010-2012, the livestock sector was allocated a considerably smaller share of funding (3% of the total) than justified by its share of primary sector GDP (26%). This low proportion partially reflects the increased funding allocated for the 2011 and 2012 crop years. In 2010, the share of expenditure on livestock production in the total of the four sectors was higher (4.4%), though still much lower than the relative weight of the sector in GDP. In 2010-2012, the forestry sector received a similar share of resources (6.5%) relative to its share of primary GDP (7%). In 2010-2012, the fisheries sector received 6.2% of funding, which equates to more than its weight within primary GDP (3.8%), while over 2003-2012, it received a lower percentage of funding (3%) than its weight within primary GDP (4.4%).
- xv. Expenditure on feeder roads. Expenditure on feeder roads was weak over the period 2003-2011, averaging GNF 4 billion of executed expenditure. A significant gap has persisted over the years between amounts earmarked and amounts released, leading to the accumulation of GNF 10 billion in arrears owed to construction companies at end-2010. In 2011 and 2012, the budget allocated to the sector was increased to

around GNF 8 billion. However, releasing this amount has continued to be slow. Feeder roads are a key factor in the growth of agricultural production. It is important to draw up a master plan of the feeder roads needed to open up production areas, which would enable the coordinated medium-term planning of interventions by the government and donors.

- xvi. Irrigation systems. The National Directorate of Rural Engineering (DNGR) plans to draft a master plan of needs in terms of the rehabilitation of existing irrigation systems and the location of new irrigation systems in the medium term. To this end, the MAG budget will need to provide for more funding in the coming years in order to maintain these systems.
- xvii. Agricultural research undertaken by IRAG has suffered from the termination in 2001 of IDA's National Agricultural Services Project, which supported IRAG's budget. Until 2010, budget allocations for IRAG were very low (GNF 250 million per year), and the Institute was only able to operate thanks to agreements with foreign institutes. Within the context of funds mobilized for the 2011-2012 and 2012-2013 crop years, IRAG received larger grants of GNF 7 billion on average, notably to provide improved seeds. However, IRAG claims to have much greater needs (of the order of GNF 20 billion per year), as laid out in the 2009-2015 National Research and Development Plan (PNRD).
- xviii. Government intervention in agricultural fertilizers. The government mobilized considerable resources for the 2011-2012 and 2012-2013 crop years in order to supply inputs at subsidized prices and to increase IRAG's resources, in particular in the production of improved seeds and the provision of feeder and rural works. The impact on agricultural output was positive, especially for rice (9% increase in production over two years) but less so for maize and millet/sorghum (4.8% and 3.6%, respectively). This came at a considerable cost for the government as fertilizers were sold at 50% of cost, herbicides at 30%, and insecticides at 40%. Cost recovery by the government through the chambers of agriculture in charge of sales was quite slow (at end-October 2013, around GNF 103 billion out of GNF 115 billion expected, according to preliminary figures). The sustainability of this operation, the organization of which will need to be improved, is questionable. It is important to consider the possibility of introducing an alternative system based on vouchers distributed to producers, with which they may buy subsidized inputs from registered operators, as in many African countries. Such a system would allow the private sector to participate in importing inputs, with the government transferring the cost of the subsidy.
- xix. Agricultural mechanization. In 2011-2012 the government imported considerable resources to the tune of GNF 54 billion, which it put at the disposal of 33 Agricultural Service Centers (CPAs) created in 2011, including 150 reconditioned tractors, 20 combine harvesters, 300 motor bar mowers, 525 motorized threshers, 600 rice hullers, and 30 paddy sorters and cleaners as well as sets of spare parts. However, the CPAs experienced problems with breakdowns, a lack of spare parts, and the unsuitability of some equipment relative to producers' needs. Producers also considered the price of some services to be high. Moreover, there is a lack of transparency in the administration of the CPAs, which makes it difficult to assess administrative costs. These difficulties should lead the authorities to consider more suitable methods for promoting mechanization services, with a larger role given to the

private sector in managing and maintaining equipment.

Technical efficiency of budget planning and execution

- xx. Budget planning. Budget planning remains weak in the absence of a medium-term expenditure framework (MTEF). The new organic budget law adopted in May 2012 provides for MTEFs to be drafted in the sectoral ministries over time. The projects to be included in the budget law were selected after consultation between the sectoral ministries, the Ministry of Economy and Finance, and the Ministry of Planning. This consultation could benefit from improved structures in order to evaluate projects at the level of the sectoral ministries. As part of the National Agriculture and Food Security Investment Program (PNIASA), trade-offs will probably have to be made since it could be difficult to mobilize funding for the entire program. The ability to make consistent and rigorous choices based on a technical analysis of projects should be a priority.
- xxi. Budget execution. The reforms introduced from 2007 were designed to make the preparation of the budget and its decentralization in favor of the ministries more rigorous and to adopt certain expenditure procedures. Signs of progress, in particular in budget decentralization, began to appear in 2010. The ministries now have authority over their own budgets, whereas previously the Ministry of Economy and Finance alone authorized the entire government budget. Financial controllers were established in the main ministries, giving them the role of approving the allocation of expenditure and monitoring its implementation. Payment authorization is issued by the Directorate of Financial Affairs (DAF) of each ministry and no longer passes through the Ministry of Finance.
- xxii. However, the expenditure execution process remains slow because of a range of factors: (i) budget regulation procedure: After promulgation of the budget, the ministries are not allowed to commit expenditure until they receive Authorizing Instructions from the National Directorate of Public Investments for capital expenditure and from the National Budget Directorate for current expenditure. As a result, capital expenditure commitments can be blocked for several months; (ii) cumbersome public procurement procedures, in particular in signing contracts, with approval required above the threshold of GNF 20 million from the National Directorate of Public Procurement and the Large Projects Administration and Monitoring Agency (ACGP) along with the signatures of the sectoral minister and the Minister of Finance; (iii) at the level of the sectoral ministries, the procedure for preparing procurement plans takes a long time early in the year and should be accelerated; (iv) monitoring service delivery can entail delays, and the procedure for making advance payment for mobilization (generally 30% of the contract) and subsequent deductions can lead to significant arrears, as was the case with feeder roads. The process of awarding and signing contracts is expected to be simplified with the adoption of the implementing provisions of the new Public Procurement Code passed in February 2013, which are being drafted.
- xxiii. Monitoring and evaluation. The monitoring and evaluation system is quite weak for both current and capital expenditure. In the past two years, the sectoral ministries sought to reinforce the monitoring of resources allocated to the crop years. However,

information has been slow to return and is incomplete. For capital expenditure, the rural sector ministries do not examine discrepancies between initial projections and annual investment carried out. Moreover, a large share of expenditure from external resources is not subject to monitoring. The systematic analysis of discrepancies between forecasts and execution of annual capital expenditure will need to be arranged in order to monitor PNIASA. In addition, the rigorous monitoring of expenditure for annual crop years should be implemented. MTEFs should also be accompanied by an annual analysis of results obtained and overruns in relation to forecasts and initial targets. Eventually, the establishment of program budgets will force program leaders to set performance indicators and closely monitor progress toward achieving goals.

xxiv. A summary of the report's recommendations is provided in the following table.

Proposed actions for improving the efficiency of public expenditure in agriculture

Domain	Actions	Responsibility
Organization	Establish medium-term expenditure frameworks as a budget planning tool.	Ministries, Secretariats General (SGs)
	Take steps toward program budgets with a smaller structure of subprograms and the appointment of leaders with effective authority over the services and projects involved in the subprograms.	Ministries, SGs
Budget planning	Include in the budgets of the agricultural sector ministries all agricultural development projects, in particular those of DPs that are not monitored by MEF or the Ministry of Planning.	MEF, Ministry of Planning
	As part of PNIASA, the agricultural sector ministries should improve their procedures for preparing both operating and investment budgets and their negotiations with MEF and the Ministry of Planning.	MAG&EL, MPA, MEEF
	Improve cost accounting at the project level to identify the operating costs incurred by the projects and improve monitoring of investment made and expenditure at the decentralized level.	Ministry of Planning
	Establish a mechanism to include the current costs of maintaining investments in the budget.	Ministry of Planning, MAG&EL, MPA,

		MEEF
	Improve the drafting of project budget estimates by making them more realistic before their inclusion in budget laws.	MEF, Ministry of Planning
Budget execution	Accelerate the public procurement process after promulgation of the budget law. Reduce waiting times. The implementing decrees of the new government procurement code should include strict time limits.	MEF, ACGP
	Accelerate contract signing procedures	MEF, ACGP
	Reinforce the monitoring of projects funded by external resources and set up a computerized expenditure chain for external resources with an effective IT system that over time will be capable of being integrated into the existing expenditure chain.	MEF, Ministry of Planning
Monitoring and evaluation	Reinforce the budget execution monitoring system.	MEF
	Set up a computerized expenditure chain for external resources.	MEF, Ministry of Planning
	A Central Bureau for the Study of Projects (BCEP) was created in February 2013 within ACGP. Given the role of ACGP in monitoring government procurement procedures, it would be preferable if the monitoring structure were separate from ACGP.	Ministry of Planning
	As part of the monitoring of PNIASA, implement the systematic analysis of discrepancies between projections and execution of annual capital expenditure.	MAG&EL, MPA, MEEF
	Draw up a system for monitoring performance in the agricultural sector with the use of quantifiable and verifiable performance indicators, potentially based on PNIASA indicators (outputs, cultivated land area, yields, irrigation systems created, kilometers of feeder roads, etc.).	MAG&EL, MPA, MEEF

	Set up a participatory mechanism for monitoring and evaluating crop years taking into account expenditure processes, transfer methods, recovery and results of the campaign in terms of increasing yields, outputs, and incomes.	MEF, MAG
Strategic directions	Increase expenditure on livestock production, feeder roads, and research and development (R&D).	MAG
	Develop master plans for irrigation systems and feeder roads.	MAG
	Improve the effectiveness of extension services, while avoiding overlapping with other MAG departments and ensuring better coordination with professional organizations and development projects.	MAG
	Reconsider agricultural input subsidy programs with a view to improving their efficiency and cost recovery in particular through the use of alternative strategies involving all actors, including the private sector.	MEF, MAG
	Increase investments to open up access to rural areas.	MAG
	Base government intervention in agricultural mechanization on rigorous studies of the most efficient methods for managing equipment. Their management should be tailored to the needs of producers and services provided at the lowest possible cost.	MAG

INTRODUCTION

1. The Guinean government assigns a crucial role to agriculture in accelerating growth, reducing poverty, and creating jobs. This role is inscribed in the 2011-2012 interim PRSP, which follows from PRSP 2 (2007-2010) and PRSP 1 (2002-2006) and was previously articulated in a series of Agricultural Development Policy Letters (LPDA 1 of 1992 and LPDA 2 of 2000) and in the Livestock Development Policy Letter (LPDE) of 1998.

2. The formulation of the agricultural development strategy was given impetus by NEPAD's Comprehensive Africa Agriculture Development Program (CAADP), the execution of which in West Africa is monitored by ECOWAS as part of its Common Agricultural Policy (ECOWAP) adopted in January 2005. In February 2004, Guinea set up an Agriculture

Subcommittee within the NEPAD/CAADP framework, tasked with preparing a National Agriculture Investment Plan (PNIA) to be the operational translation of the CAADP compact for the country. The process of preparing the PNIA began in December 2008, the CAADP compact was signed with NEPAD in early 2010, and the 2010-2015 PNIA was presented to the community of technical and financial partners in June 2010.

3. The PNIA was amended in late 2010 so as to include food security following an independent review mission by the African Union (AU), which issued a report in September 2010. With the assistance of an FAO technical team in February and March 2011, the PNIA thus became the 2013-17 the National Agricultural and Food Security Investment Program (PNIASA). The new program was validated in November 2011 by the Technical Monitoring Committee and was the subject of a review by the DPs in April 2012.

4. As part of the revival of its agricultural development strategy, the Ministry of Agriculture expressed its desire for an agricultural public expenditure review to be carried out in order to increase the level of performance in the medium term by learning from past experience of the use of public funds. This request was accepted by NEPAD's Planning and Coordinating Agency. The costs of this Review were met by the Strengthening National Comprehensive Agricultural Public Expenditure in Sub-Saharan Africa Program and co-funded by the Bill and Melinda Gates Foundation and the CAADP Multi-Donor Trust Fund. This program, to be implemented by the World Bank, aims to improve the impact of public resources at the disposal of governments in Sub-Saharan Africa, foster agricultural development, and reduce rural poverty, which in most countries affects the majority of the poor.

5. The goals of the Agricultural Public Expenditure Review in Guinea are as follows:

- (i) Gain a better understanding of the country's performance in the context of the 2003 Maputo Declaration;
- (ii) Draw lessons from the past in terms of budget execution in the agricultural sector and identify bottlenecks, inefficiencies, and deviations from goals;
- (iii) Seek and recommend corrective actions for existing and future programs with a view to improving their impact and making them more efficient and equitable;
- (iv) Initiate the implementation of the databases and methodology required for conducting similar reviews regularly and thus contribute to the institutionalization of the process;
- (v) Help the government establish an environment and capabilities for results-based management, with particular emphasis on improving planning, execution, and monitoring and evaluation;
- (vi) Increase visibility for the government and the financial and technical partners over the sector's absorptive capacity so that the decision may be made to allocate more resources to agricultural development.

6. Foreign aid is returning to Guinea, and several reforms in public finance management are ongoing, including the implementation of results-based management, a

Medium-Term Expenditure Framework (MTEF) including the rural sector ministries, reform to the Public Procurement Code, and decentralization of the role of financial controller. In this context, the institutionalization of analytical tools may be the most important factor in increasing the efficiency of PNIASA.

7. This report consists of five chapters:

- i. The first chapter introduces the strategic and institutional context;
- ii. The second chapter studies the level of public agricultural expenditure in Guinea;
- iii. The third chapter analyzes the economic and functional composition of public agricultural expenditure (allocative efficiency) and examines recent initiatives regarding input subsidies and support for agricultural mechanization;
- iv. The fourth chapter assesses the technical efficiency of the processes of preparation, execution, and monitoring and evaluation of agricultural budgets;
- v. The fifth chapter contains our findings and recommendations.

8. Throughout this study, public expenditure in the agricultural sector is defined as follows:

- i. Projected and actual expenditure by the three agricultural sector ministries (four since 2010), namely the Ministry of Agriculture and Livestock (which was split into two in 2010), the Ministry of Fisheries and Aquaculture, and the Ministry of the Environment, which became the Ministry of the Environment and Sustainable Development in 2008 and incorporated the National Directorate of Forests formerly operating within the Ministry of Agriculture, and finally, in 2011, the Ministry of the Environment, Water and Forests (for further detail see Paragraph 30). We excluded expenditure by the Ministry of the Environment intended solely for environmental protection and not related to agricultural production. Primarily, this concerns a number of investment projects.
- ii. Expenditure by other ministries in support of the agricultural sector;
- iii. Expenditure that was part of projects not included in the budget laws.

9. By contrast, in accordance with NEPAD recommendations (AU/NEPAD 2005), the budgets of public or commercially focused semi-public bodies were not taken into account as only net subsidies transferred to these bodies from the government budget were considered public expenditure. Similarly, private investment, including by producers, was not considered. Expenditure by NGOs to promote agricultural development was only considered when they acted as implementing agencies as part of projects included in the government budget or of an agreement with the government.

10. In accordance with the terms of reference, the review covers the 10-year period 2003-2012.

1. STRATEGIC AND INSTITUTIONAL CONTEXT

1.1 National and sectoral context and strategies

11. Three periods can be identified in Guinea's recent economic policies:

- i. Beginning in 1996, a phase of reform under a series of adjustment programs and structural reforms with the support of the International Monetary Fund (IMF), the World Bank (WB), the African Development Bank (AfDB), and other multilateral donors. Following satisfactory performance as part of the program supported by a three-year agreement with the IMF under an Enhanced structural adjustment facility (ESAF), the country reached decision point under the Highly Indebted Poor Countries (HIPC) Debt Initiative in December 2000;
 - ii. At the end of 2002, the criteria in the following three-year program (covering the period 2001-2004) under the Poverty Reduction and Growth Facility (PRGF) were not met, which prevented the country from reaching completion point for the HIPC initiative within the scheduled time frame. The first Poverty Reduction Strategy Paper (PRSP) was adopted in January 2002. However, the period of institutional weakness between 2003 and 2006 was not favorable to the continuation of the reforms and the implementation of the PRSP. The formation of a national consensus government in early 2007 paved the way for the reform program to resume, with a new PRSP II for the period 2007-2010. A new three-year program backed by the PRGF was approved by the IMF in December 2007, although it was suspended in 2009 following the December 2008 military coup;
 - iii. The presidential election of December 2010 marked the country's return to constitutional order and paved the way for the serious weaknesses in public resource management that had contributed to negative GDP growth since 2009 to be corrected. A new reform and growth strategy was formulated in the interim PRSP for the period 2011-2012, which formed the basis for a new IMF agreement approved in February 2012. Good performance in respect of this agreement allowed the country to reach completion point under the HIPC initiative in November 2012.
12. Like PRSPs I and II, PRSP III assigned a crucial role to the rural sector in accelerating growth and reducing poverty against a backdrop of macroeconomic stability and improving basic infrastructure. The Guinean agricultural development strategy was reformulated in 2007 in the National Policy on Agricultural Development – Vision 2015, which followed the strategies laid down in the Agricultural Development Policy Letters (LPDAs I and II) for the periods 1991-1997 and 1998-2005, respectively, and the 1998 Livestock Development Policy Letter (LPDE) covering the same period, supplemented by a document on medium- and long-term strategies and action plans for livestock development in 1997.
13. LPDAs I and II aimed to increase the efficiency of government interventions in the agricultural sector with a view to achieving higher growth. LPDA II, which was approved by the government in March 1998 and submitted to a donor roundtable in November of the same year, continued to attribute a driving role to agriculture in the national economy, with an annual growth target for agricultural GDP of 6% in 2005. The strategic goals of LPDA II were to: (i) ensure food security among the Guinean population by improving the production and the productivity of farms, diversifying production, and improving distribution channels; (ii) contribute to economic growth and export earnings; (iii) improve the income opportunities of the populations and promote private investment in the rural sector; and (iv) protect the environment and ensure the rational and sustainable management of natural resources.

14. Altogether, nine specific goals (or strategic pillars) were assigned to LPDA II, namely:

- Pursue the food security policy, in particular by helping to increase productivity and agricultural, especially rice production, by promoting substitute food crops production and through actions designed to foster the diversification of food consumption;
- Develop agricultural exports and reduce food imports with a view to narrowing the agricultural trade deficit over time;
- Foster the development of a dynamic private agricultural sector by improving financing tools and the legislative and regulatory environment;
- Improve socioeconomic infrastructure in rural areas and in particular feeder roads, village water supply, irrigation systems, and rural markets;
- Continue the policy of government disengagement from production and commercialization of agricultural production and from the execution of works, and improve agricultural services and projects;
- Improve farm productivity through a policy encouraging the use of selected or improved seeds and plants, fertilizers, plant protection products, and suitable farm machinery;
- Develop agricultural activities with high potential for job creation, mainly in poor areas;
- Ensure environmental protection and promote the rational and sustainable use natural resources.

15. A comprehensive review of agricultural performance in relation to the goals of LPDA II was carried out in 2007 as part of the preparation of the 2007-2015 National Agricultural Development Policy (PNDA). In addition, public expenditure in the agricultural sector for the period 1996-2002 was analyzed as part of the public expenditure review of the sector in 2003, which was the last review of its kind to be conducted.

16. The review of LPDA II concluded that most of the goals were not achieved. For these goals to be met, LPDA II recommended growth in agricultural GDP of 6% from 2000. However, the actual growth rate during the LPDA II period was around 4%, whereas at the beginning of LPDA II it was 4.5%. The growth rate of the primary sector fell from 6% in 2001 to 2.9% in 2004 and 2.8% in 2005. The estimated growth rate for 2004-2005 was lower than the rate of population growth, which was 3.1%. This decrease can be explained by (among other things) the negative effects of rebel incursions into Guinea in 2000-2001 as well as the sharp depreciation of the Guinean franc against foreign currencies.

17. With regard to production, growth was relatively satisfactory for food crops production but modest for horticultural production and export activities. Results for food crops production in the period 1998-2005 were reasonable for rice, fonio, and cassava (90% of production targets reached) and maize (71%) and very good for sweet potato and potato (70%). However, these results were driven by an increase in cultivated land area, not in yields, with the exception of sweet potato and potato. The goal of diversifying food away from rice by promoting other traditional food crops was not reached. Growth in exports of agricultural products was very modest over the period, with a slump in coffee

exports, a fall in cotton production between 2001 and 2005 due to the fall in its price on international markets, and very modest results in the expansion of fruit exports (mango, banana). In the rubber tree sector, the 6,000 ha expansion of plantations backed by the international community remained below the ambitious goals of LPDA II (9,000 ha).

18. Reasonably positive results were achieved with regard to land development, with 16,000 ha developed by projects and programs under the supervision of the National Directorate of Rural Engineering (DNGR). The commercialization of local rice benefited from a strong increase in the stock of rice hullers, which made it possible to hull 30% of national production in 2003 versus 22% in 1999.

19. With regard to actions aimed at reinforcing infrastructure, results show the rehabilitation of more than 1,000 km of roads, the maintenance of 5,000 km of roads, and the construction of six major bridges. These achievements, which nevertheless remain well below the initial targets, were obtained primarily on the back of external funding and HIPC funds.

20. The review of public expenditure in the agricultural sector for the period 1996-2003 shows that the execution rate of budgeted capital expenditure was only 35% and that the share of sector expenditure in the total budget fell from 8.8% in 1999 to 4.4% in 2003.

21. Based on the results of LPDA II, a new National Agricultural Development Policy (PNDA – Vision 2015) was launched in 2004 with a collaborative approach. However, its preparation was finalized only in 2007 at the same time as the 2007-2010 PRSP. The strategy laid out in the PNDA is consistent with the ECOWAS Common Agricultural Policy (ECOWAP), itself a regional extension of NEPAD's Comprehensive Africa Agriculture Development Program adopted in 2003, which encourages African governments to increase the share of their budgets allocated to agriculture to at least 10% with a view to achieving at least 6% agricultural growth per year (2003 Maputo Declaration). The PNDA is in line with the PRSP, which assigns the role of national growth driver to the agricultural sector up to Horizon 2015 in light of the weight of agriculture and forestry in GDP, the presence of significant growth potential, and the extent of rural poverty. Its overall objective is to contribute to halving food insecurity and poverty among the population by 2015.

22. **Objectives:** PNDA aims to (i) improve the efficiency and performance of family farms and markets; (ii) promote agricultural entrepreneurship by boosting private initiative; (iii) improve access to national, sub-regional, and international markets for agricultural goods; and (iv) ensure the sustainable management of natural resources and the environment. It will draw on dynamics of private investment, production, and productivity gains in agriculture. The major challenge for PNDA is to switch from what is still largely subsistence farming to commercial farming by strengthening the role of the private sector.

23. The main strategies employed to reach these goals take into consideration macroeconomic constraints and the experience acquired through the implementation of LPDA II. The goals are to:

- ✓ Pursue the food security policy for food sovereignty, notably by: (i) increasing the productivity and competitiveness of agricultural production on a sustainable basis, in particular rice production, and promoting substitute food crops production; and (ii) aiding the improvement of animal productivity and health;

- ✓ Increase farm incomes through the development of economic opportunities and improved market access as part of the poverty reduction strategy. One objective is to develop agricultural exports and support the implementation of income-generating activities in favor of the most vulnerable groups in order to reduce extreme poverty in rural areas;
- ✓ Develop the necessary support measures for efficient investments, in particular:
 - Promote the development of a dynamic private agricultural sector by improving financing tools as well as the legislative and regulatory environment;
 - Develop a viable finance system for producers and those working in the various segments of the agricultural sector through agricultural credit;
 - Improve socioeconomic infrastructure in the rural sector, in particular rural markets, the network of feeder roads, irrigation systems, rural electrification, and village water supply;
 - Improve the productivity of farming units through a policy aimed at enhancing soil fertility and encouraging the use of improved inputs (seeds, fertilizers, plant protection control products, veterinary and breeding inputs) and appropriate agricultural and forestry mechanization;
 - Ensure environmental protection and promote the rational and sustainable use of natural, animal, genetic, and phylogenetic resources;
 - Reinforce the institutional and human capabilities of participants in the agricultural sector (administration, producers, private actors, civil society);
 - Improve the quality of public services and agricultural projects;
 - Improve the system of land tenure;
 - Improve awareness of the role of rural women and young people in the agricultural sector.

24. The total cost of the PNDA over the period 2007-2015 was estimated at USD 2.321 billion. By program, this can be broken down as follows:

- i. Development program for food crops production: USD 295 million;
- ii. Agricultural exports promotion program: USD 550 million;
- iii. Development program for livestock production: USD 250 million;
- iv. Development program for access and market infrastructure for agricultural and livestock products: USD 400 million;
- v. Integrated management program for water, soil, and natural resources: USD 500 million;
- vi. Capacity building program for farmers' organizations, the private sector and agricultural services: USD 200 million;
- vii. Food crisis prevention and management program: USD 26 million;
- viii. Market development program for agricultural and veterinary inputs and

equipment: USD 100 million;

- ix. Program for the identification of a financing system for the agricultural sector.

25. Following the finalization of PNDA, Guinea signed a CAADP compact in November 2009. Its implementation is being undertaken by the National Agricultural Investment Program (PNIA), the preparation of which began in August 2008 with the appointment of focal points followed by the creation of the PNIA National Technical Committee, including private and public sector representatives, in April 2009. The PNIA was presented to the DPs at a regional meeting in Dakar in June 2010. Following assessment by a review mission from the AU and the FAO, it was reformulated as PNIASA in 2011, with technical support from the FAO and IFPRI. The validation process for PNIASA consisted of a series of workshops, with the participation of heads of regional and subregional government services, NGOs, the private sector, and producers, from May to July 2011. The PNIASA document was validated in November 2011 by the National Technical Monitoring Committee. The PNIASA covering the period 2013-17 constitutes the single framework of reference for the mobilization of domestic and external resources and the intervention of actors in the agricultural sector. It is based on six programs (sustainable development of rice production, diversification for food security, promotion of agricultural exports and agribusiness, promotion of sustainable agricultural resource management, improvement in the quality of services and support for producer organizations, and coordination and management of PNIASA), which are consistent with the pillars of the CAADP and the unifying programs of ECOWAP.

26. At the time of its presentation, the total cost of PNIASA was estimated at USD 1.07 billion over a five-year period, of which USD 400 million was to be funded by the DPs, USD 60 million by the government, USD 38 million by local communities, USD 80 million by domestic investors, and USD 500 million by foreign direct investors.

Table 1: Provisional cost of PNIASA

Cost per program and funding source for the first five years, in thousands of USD

Programs	Total	DPs	Guinean government	Local Communities	Domestic direct investors	Foreign direct investors
1. Sustainable development of rice production	558.12	203.546	30.529	18.641	50.956	254.447
2. Diversification for food security	184.427	67.27	10.088	6.16	16.838	84.08
3. Promotion of agricultural exports and agribusiness	159.09	58.02	8.702	5.314	14.525	72.529
4. Promotion of sustainable development of agricultural resources	137.337	50.087	7.512	4.587	12.539	62.612
5. Improvement in the quality of services and support for producer organizations	49	17.87	2.68	1.637	4.474	22.339
6. Coordination to and management of PNIASA implementation	12	4.376	656	401	1.096	5.471
Total	1,103.974	402.618	60.386	36.875	100.793	503.3

27. A coordination mechanism linking the government, the DPs, producer organizations, and civil society will be set up to ensure strategic dialogue and the implementation of the PNDA through the PNIASA. This will consist of: (i) A Project Coordination and Administration Unit (PCAU) led by a national coordinator supported by a fiduciary and

accounting division, a strategic analysis and knowledge management core, and a communications unit; (ii) A National Steering Committee, consisting of ministers, leaders from the DPs, the National Council of Civil Society Organizations (CNOSC), and the Economic and Social Council; (iii) A National Advisory Committee consisting of representatives from the technical ministries and socio-professional organizations, leaders from TFP programs, CNOSC, and a representative from the national Chamber of Agriculture; (iv) A Technical Advisory Committee for each program; (v) A technical framework for consultation between the government and the DPs of each program; (vi) A Regional Consultation Council, consisting of the regional Chamber of Agriculture, regional sector managers, leaders from socio-professional organizations, NGOs, SMEs, and TFP project leaders; and (vii) A Prefectural Consultation Council.

28. The PNIASA encompasses a series of projects already in the execution phase. Its implementation took shape with the launch of the West Africa Agricultural Productivity Program (WAAPP), which was approved by the World Bank in March 2011 in its role as administrator of the Japanese Policy and Human Resources Development (PHRD) fund. For Guinea, the project allows for the mobilization of a Japanese grant amounting to USD 9 million and aims to increase productivity by adopting improved methods and technology and building capacity among actors.

1.2. Agricultural production in 2005-2012

29. There was modest growth in agricultural production between 2005 and 2010 (3.3% per year on average for value added in agriculture, 3% in the primary sector), followed by an acceleration in 2011 and 2012 (4.9% growth in value added in agriculture and 4.6% in the primary sector) (Table 2). In agriculture, for the years 2011 and 2012, there was strong growth in rice production (9%) but more modest growth for maize (4.8%) and millet/sorghum (3.6%). This resulted from an increase in cultivated land areas, whereas yields remained stable (Table 3). Among crops, potato recorded the strongest growth, with a threefold increase in production between 2007 and 2012, also primarily under the effect of the increased size of cultivated areas.

Table 2: National accounts: Growth rates in the primary sector

National accounts	Average growth rates at constant prices		
	2000-2004	2005-2010	2011-2012
Primary sector	4.00%	3.00%	4.60%
Agriculture, hunting	3.70%	3.30%	4.90%
Forestry	6.30%	3.20%	4.80%
Fisheries	5.50%	0.70%	4.60%
Livestock	0.14%	1.70%	2.60%
GDP	3.0%	2.3%	4.8%

Source: National Statistical Institute (INS)

1.3. Institutional framework

The Ministries of Agriculture, Livestock, Fisheries and Aquaculture, and the Environment

are the institutions tasked with managing public expenditure in the wider agricultural sector. The structure of these ministries changed several times in the past decade. The Ministry of Agriculture and Livestock was a single entity until 2008, while the Ministry of Livestock was created as an independent entity in 2010. The Ministry of the Environment, Water, and Forests became an independent institution in 2004, while the National Directorate of the Environment, Water, and Forests previously worked within the Ministry of Agriculture and Livestock. The institutional evolution of these ministries is shown in the table below. These ministries consist of central, regional, and prefectural directorates. They are assisted in their functions by autonomous agencies, such as IRAG. In addition, in March 2013, a new organization, the National Agency for Agricultural Development and Food Security (ANDASA), was created. Its mission is to promote agricultural development in the broad sense (crop farming, livestock, fisheries, aquaculture, forestry) with a view to achieving the self-sufficiency and food security goals. The agency is responsible for the monitoring and evaluation of crop years, the coordination of agricultural development programs and projects, relations with professional organizations, monitoring of the food situation, and the administration of the national food security stock.

Table 3: Production of principal crops and yields, 2007-2012

Crops	Variables	Production in the past five (5) years					2012-2013 crop year (estimated)	Average growth rate	
		2007-2008 (estimated)	2008-2009 (observed)	2009-2010 (estimated)	2010-2011 (estimated)	2011-2012 (observed)		2011-2012 relative to 2007-2008	Last 2 years
Rice	Area (ha)	788,771	846,472	871,576	938,215	1,549,895		18.4%	
	Yield (t/ha)	1.78	1.72	1.72	1.72	1.16		-10.2%	
	Production (t)	1,401,592	1,455,932	1,499,111	1,613,730	1,792,801	1,918,841	6.3%	9.0%
Maize	Area (ha)	374,723	328,739	346,652	358,092	368,607	377,085	-0.4%	
	Yield (t/ha)	1.59	1.59	1.63	1.63	1.66	1.70	1.1%	
	Production (t)	595,460	522,695	565,043	584,141	611,294	641,045	0.7%	4.8%
Fonio	Area (ha)	208,076	269,917	289,915	313,081	343,697	360,847	13.4%	
	Yield (t/ha)	1.17	1.2	1.19	1.19	1.19	1.19	0.4%	
	Production (t)	243,361	323,900	344,999	384,467	408,999	429,409	13.9%	5.7%
Millet/ sorghum	Area (ha)	174,829	150,260	156,031	164,816	174,095	176,794	-0.1%	
	Yield (t/ha)	1.3	1.35	1.42	1.42	1.42	1.42	2.2%	
	Production (t)	227,278	202,851	221,564	234,038	247,215	251,047	2.1%	3.6%
Cassava	Area (ha)	139,836	123,910	123,828	125,116	131,046	137,166	-1.6%	
	Yield (t/ha)	8.02	8.49	8.49	8.49	8.49	8.49	1.4%	
	Production (t)	1,122,171	1,051,996	1,051,300	1,062,233	1,112,585	1,164,542	-0.2%	4.7%
Sweet potato	Area (ha)	18,056	20,000	18,388	19,705	21,116	21,517	4.0%	
	Yield (t/ha)	4.12	4.36	4.47	4.47	4.47	4.47	2.1%	
	Production (t)	74,476	87,200	82,194	88,079	94,388	96,181	6.1%	4.5%
Taro	Area (ha)	31,108	34,077	35,018	37,669	40,494	41,980	6.8%	
	Yield (t/ha)	4.62	4.96	5.09	5.09	5.09	5.09	2.5%	
	Production (t)	143,819	169,022	178,242	191,735	206,115	213,680	9.4%	5.6%
Yam	Area (ha)	4,806	5,634	6,276	6,915	7,619	8,191	12.2%	
	Yield (t/ha)	17.47	14.85	14.85	14.85	14.85	14.85	-4.0%	
	Production (t)	83,967	83,665	93,199	102,686	113,130	121,638	7.7%	8.8%
Potato	Area (ha)	3,304	4,088	5,992	5,386	7,917	8,709	24.4%	
	Yield (t/ha)	7.87	7.47	7.5	7.5	8.00	8.50	0.4%	
	Production (t)	25,999	30,537	44,940	40,392	63,339	74,028	24.9%	35.4%
Groundnut	Area (ha)	217,955	203,500	214,356	227,453	239,053	241,802	2.3%	
	Yield (t/ha)	1.45	1.1	1.4	1.46	1.48	1.48	0.4%	
	Production (t)	315,116	223,850	300,098	332,081	352,779	357,867	2.9%	3.8%

Source: ANASA

Structural changes in the ministries of agricultural development sector since 2004		
Period	Entity	Entity content
Until 2004	Ministry of Agriculture and	Included National Directorate of the

	Livestock	Environment, Water, and Forests until 2004
2004	Creation of the Ministry of the Environment	Includes only the National Directorate of the Environment. The National Directorate of Water and Forests remains with the Ministry of Agriculture and Livestock
2008	Creation of the Ministry of the Environment and Sustainable Development	Includes the National Directorate of Water and Forests
2009	Creation of the Ministry of Livestock as an independent entity	
2011	Creation of the Delegate Ministry for the Environment, Water, and Forests, which became the Ministry of the Environment, Water, and Forests in 2012	

Source: Authors

30. A number of non-governmental actors, whose capacity and roles have grown in recent years, intervene alongside these government bodies. These include:

- i. Farmers' organizations and their federations at the local and regional levels, including the National Confederation of Guinean Farmers' Organizations (CNOP-G), the National Confederation of Guinean Fishers (CONAPEG), and the National Confederation of Guinean Livestock Breeders (CONEG). The number of producer associations has been put at 9,500.
- ii. The chambers of agriculture at the national, regional, and prefectural levels, which include representatives of local producers and authorities.
- iii. Civil society organizations and NGOs. Among these are several dozen NGOs, some of which are organized into networks (SARA, CENAFOD, INADER, EUPD APEK-Agriculture, UGVD, RGTA-DI, TRIAS, CLUSA, Guinée-44, etc.). These play a major role in capacity building among producers.
- iv. Microfinance institutions, which include 12 networks, all of which are registered with the Central Bank.
- v. The private sector, which plays a vital role in the commercialization of agricultural products as well as in the supply of inputs (fertilizers and plant protection control products).

31. Donors form the final group of actors in the agricultural development sector. Political turmoil in 2008 and 2009 led a number of donors to suspend their activities in the country from late 2008 into 2010, among which the World Bank, AfDB, the EU, and AFD. Following the presidential election of August 2010, these donors resumed their activity in Guinea. The donors supporting the agricultural sector conducted a joint review mission of the PNIASA in April 2012 and reinforced their collaboration in support of its various subprograms.

2. LEVEL OF PUBLIC AGRICULTURAL EXPENDITURE

2.1. Government budget expenditure

32. The data for domestic resources used in this section are taken from budget estimates and accounting data on the execution of expenditure by the four agricultural sector ministries from the National Directorate of Information Systems (DNSI, Ministry of the Economy and Finance), which administers the integrated expenditure chain. However, this database does not cover capital expenditure from external resources, which is monitored by the National Directorate of Public Investments (DNIP) in the same ministry, with the exception of support programs from some DPs (Japan's aid program for agricultural fertilizer imports and EU projects, among others), which are partly disbursed through producer organizations and are not included in the government budget. Data for these projects must be obtained directly from donors as data from the National Directorate of Debt and Public Development Aid (DNDAPD) from the Ministry of Economy and Finance, which is responsible for monitoring donor payments, is incomplete. In the Ministry of Planning, the National Directorate of Multi-Year Public Investment Planning (DNPIP) plays an important role in budget planning. Given the DNIP's incomplete database for TFP disbursements, this study compared the DNIP data with the data obtained directly from a number of DPs as well as the available data from the FAO database concerning foreign aid according to donor country. Thus, we obtained payment figures for a number of DPs that were higher than those from the DNIP, which we included in total COFOG expenditure.

33. It should be noted that the DNSI figures are accounting figures and reflect the normal government expenditure processes of commitments made and payments authorized. By contrast, the data on expenditure from external resources are not included in the accounts and were obtained by the two directorates concerned on the basis of data sent by the donors. Work is ongoing to create a computerized expenditure chain for external resources with an effective IT system that over time will be capable of being integrated into the existing expenditure chain. Setting up a reliable and complete database of disbursements of external funds is essential if a clear picture of external aid is to be obtained, both in its entirety and for specific sectors such as agriculture.

2.1.1 Projected and executed budgets of MAG, MEL, MPA, and MEEF

A. Budget funded by domestic resources

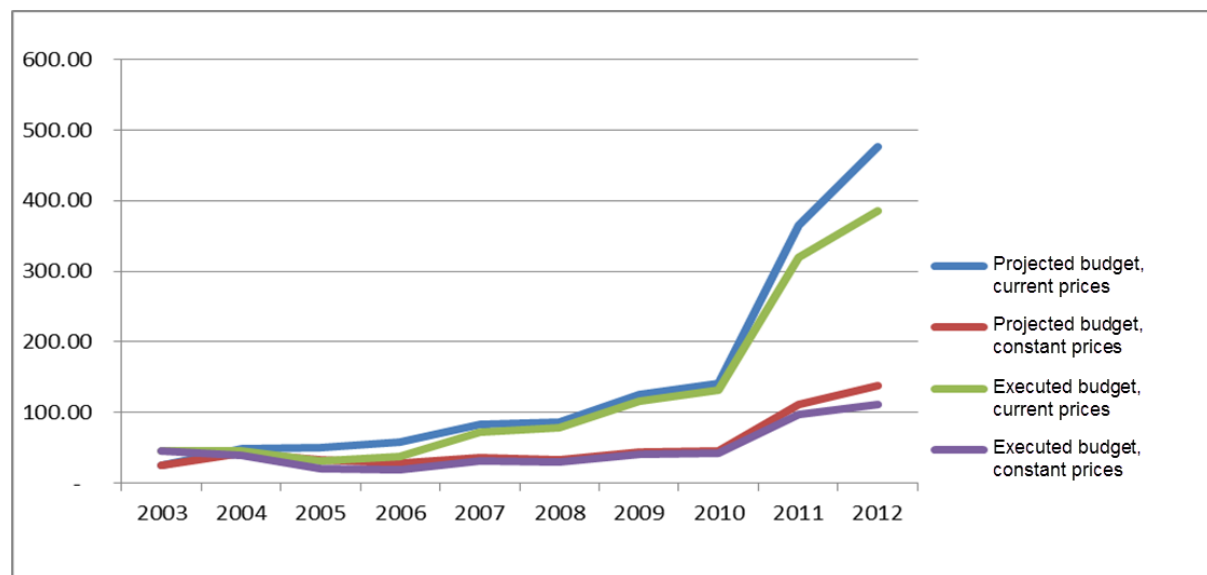
34. Since the Ministry of Livestock became an independent ministry only in 2010, the budgets of both the Agriculture and Livestock Production ministries will be analyzed jointly. Budget allocations from domestic resources in both ministries increased sharply after 2010, following the new President's decision to allocate considerable resources to the 2011-2012 and 2012-2013 crop years, in particular for the purchase of inputs such as fertilizers, plant protection products, and seeds (approximately USD 31 million per year, equivalent to 2.8% of the total budget in 2011 and 2.2% in 2012). The ministries of Fisheries and Aquaculture and of the Environment also saw sharp increases in domestic resources.

35. These ministries' projected and executed budgets financed from domestic resources are shown in Figures 1-3. Note that the increase was equally large for executed budgets. Budget allocations for the ministries of Agriculture and Livestock more than tripled between 2010 and 2012, with a similar increase on the basis of execution. The budget of the Ministry of Fisheries and Aquaculture doubled, even if the increase was modest (20%)

in terms of execution. In the Ministry of the Environment, both budget allocations and execution doubled. For this ministry, we excluded expenditure strictly related to environmental protection and unrelated to agricultural production.

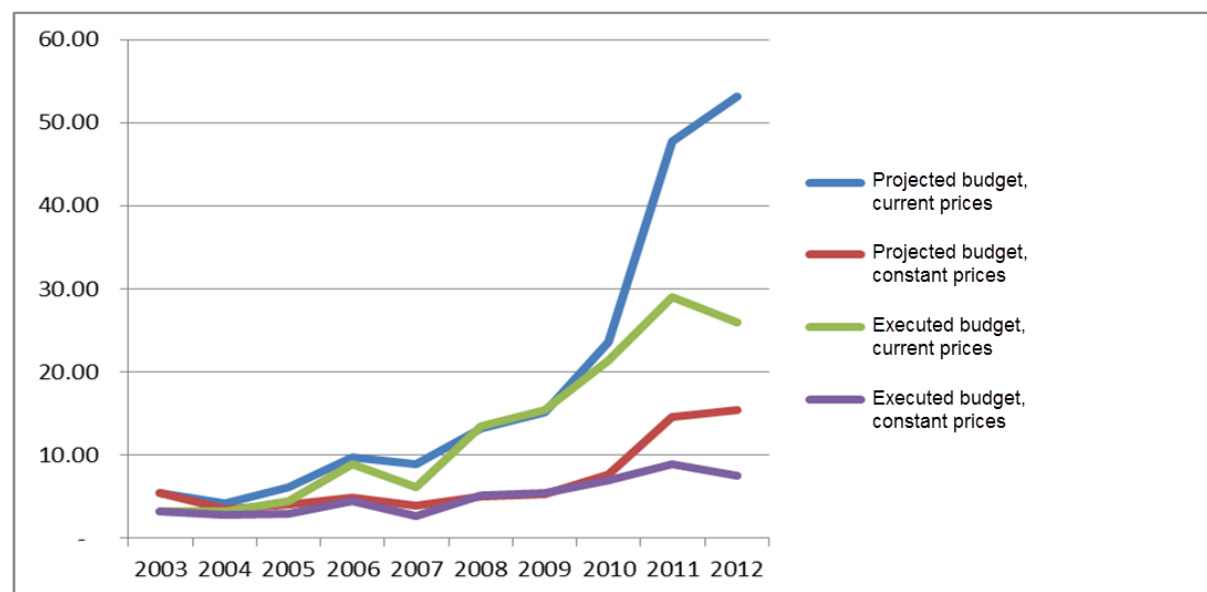
36. The share of the four ministries in the national budget from domestic resources, which stagnated at around 2% of the government budget between 2004 and 2010, climbed in 2011 and 2012 to 5% on the basis of budget allocations and 5.2% on the basis of execution (Figure 4).

Figure 1: Ministry of Agriculture and Livestock: Projected and executed budgets



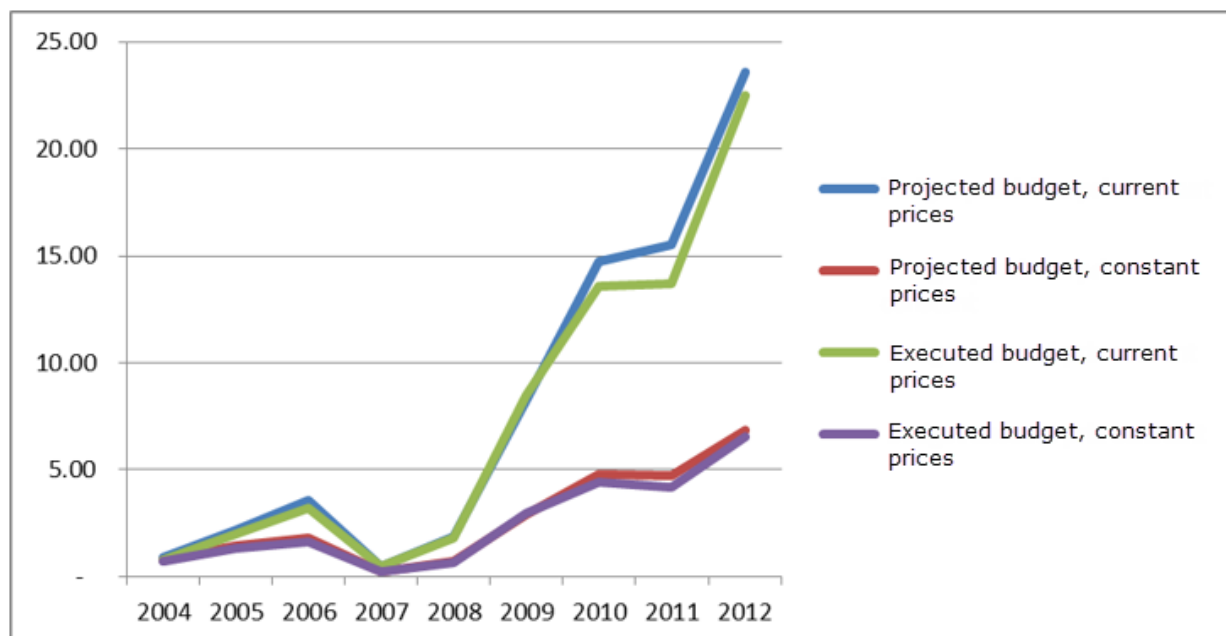
Source: MEF, DNSI

Figure 2: Ministry of Fisheries and Aquaculture: Projected and executed budgets, 2003-2012, in GNF billions from domestic resources at current and constant prices (base year: 2003)



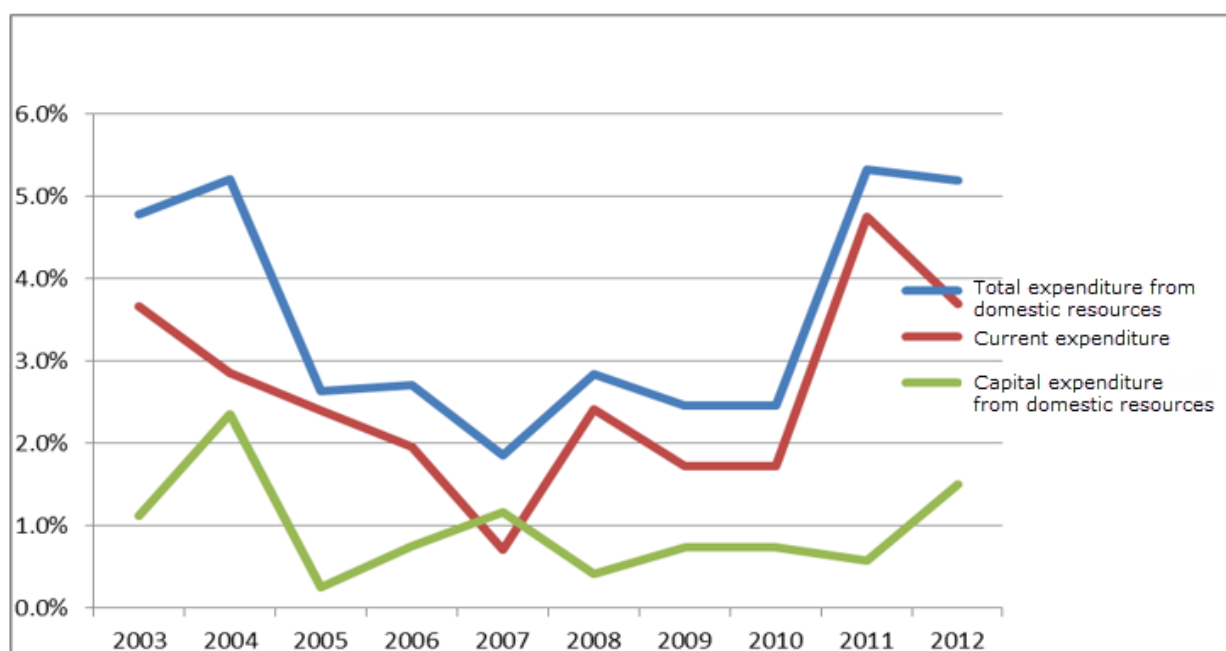
Source: MEF, DNSI

Figure 3: Ministry of the Environment: Projected and executed budgets, 2004-2012, in GNF billions from domestic resources at current and constant prices (base year: 2003)



Source: MEF, DNSI

Figure 4: Agricultural sector expenditure, domestic resources, % of total budget, 2003-2012



Source: MEF, DNSI

2.1.2. Budgets including capital expenditure from external resources

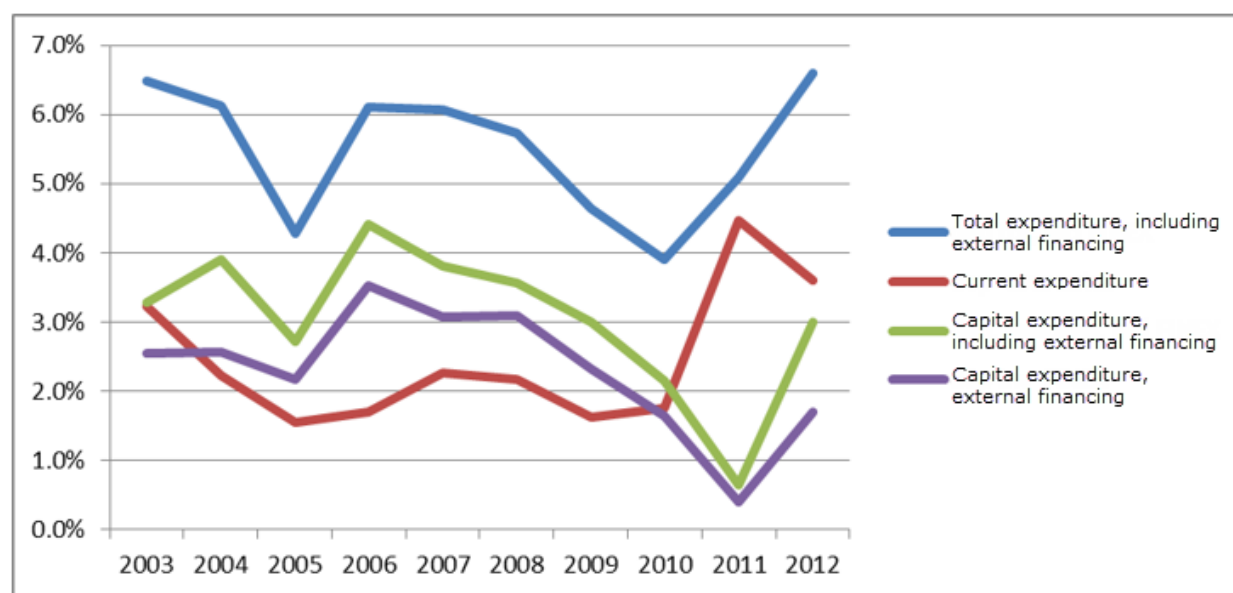
37. Including capital expenditure from external funding, the share of the agricultural sector ministries in the total budget increased from 5% to

approximately 6.6% in 2011 and 2012 (Figure 5). The level of 6% was also reached in 2006-2008 thanks to relatively high capital expenditure from external funds.

38. Until 2010, current expenditure accounted for 40% of total sector expenditure on average. In 2011, a high level of spending for the crop year (inputs especially) was booked under goods and services, which caused this ratio to increase. In 2012, this expenditure was recorded as capital expenditure. This classification seems incorrect since expenditure on procurement and the transportation of inputs, which account for most agricultural expenditure, should be considered a purchase of current goods and services. Thus in this report, the budget figures for 2012 were amended to include this expenditure under goods and services (Figure 6). The wage bill absorbed on average 81% of current expenditure for MAG&EL but only 57% for MPA and 50% for MEEF (Figure 7).

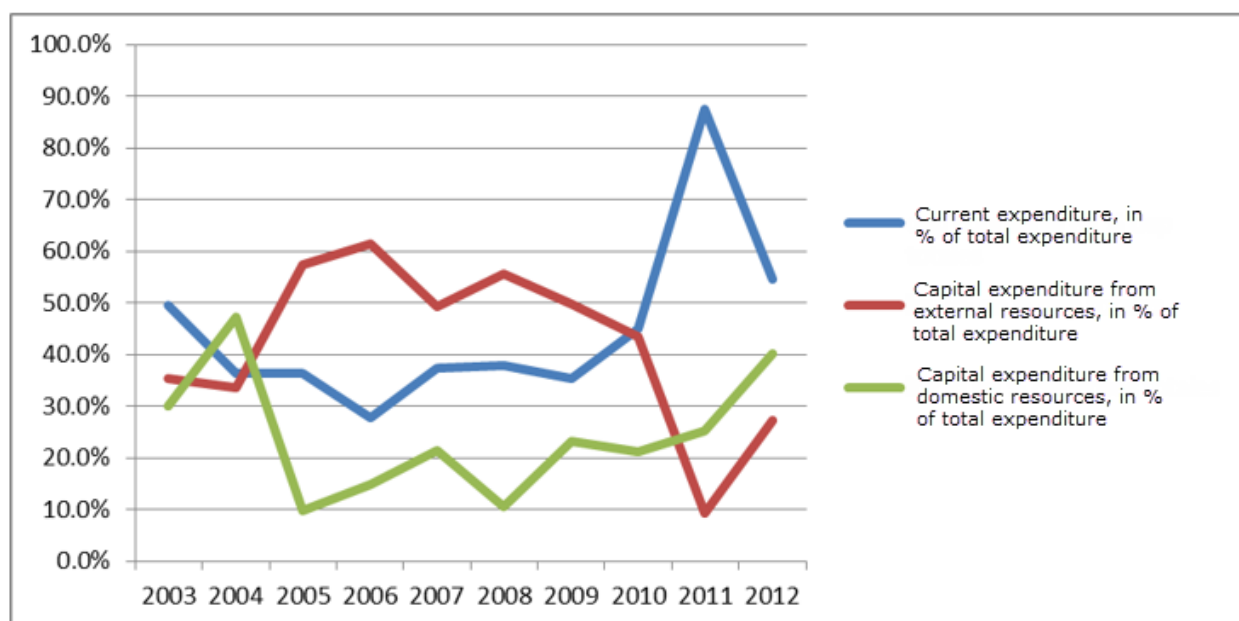
39. For the agricultural sector ministries as a whole, capital expenditure from external financing remained in the 50% to 60% range of total expenditure between 2005 and 2009 on the basis of disbursements (Figure 8). It then fell in 2011 and 2012 to around 20% of total expenditure because of large budget allocations for these crop years. As regards MAG&EL, expenditure from external funds accounted for between 75% and 90% of total capital expenditure between 2005 and 2011. For MPA, by contrast, expenditure from external funds accounted for a modest share of total capital expenditure on average. For MEEF, this form of expenditure accounted for 80% of the total between 2007 and 2009 on average and for almost all capital expenditure, but fell sharply thereafter (Figures 9-12). If we include off-budget disbursements by donors, the share of externally funded capital expenditure in the total increased subsequently.

Figure 5: Agricultural sector expenditure, including external financing as % of total budget, 2003-2012



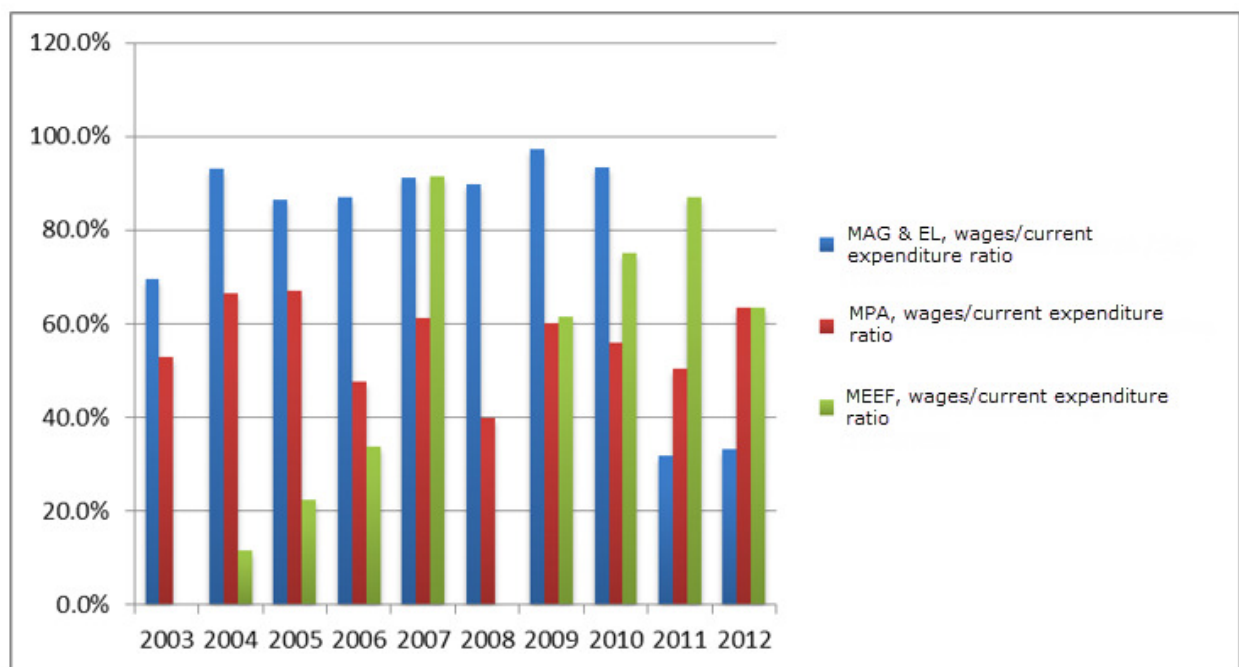
Source: MEF, DNSI, DNIP

Figure 6: Agricultural sector ministries: Executed budget, current and capital expenditure including domestic and external resources, in % of total expenditure, 2003-2012



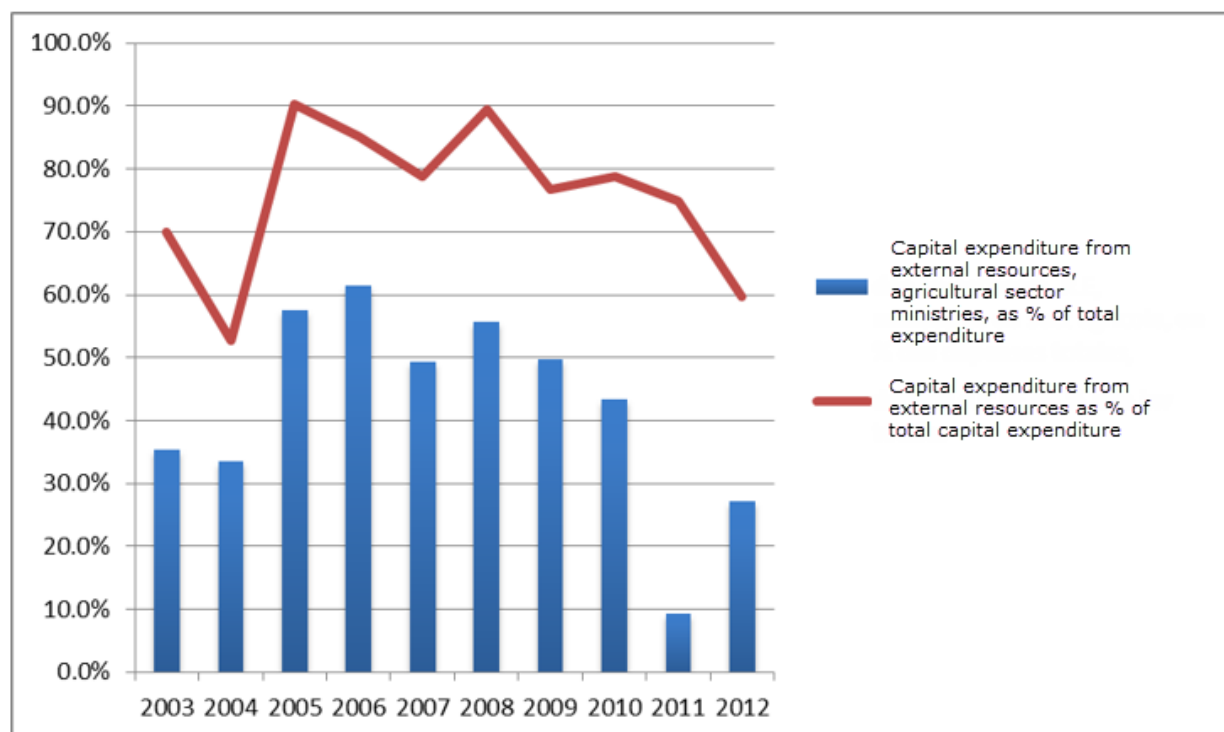
Source: MEF, DNSI, and DNIP

Figure 7: Ratio of wages to current expenditure, MAG&EL, MPA, and MEEF, 2003-2012



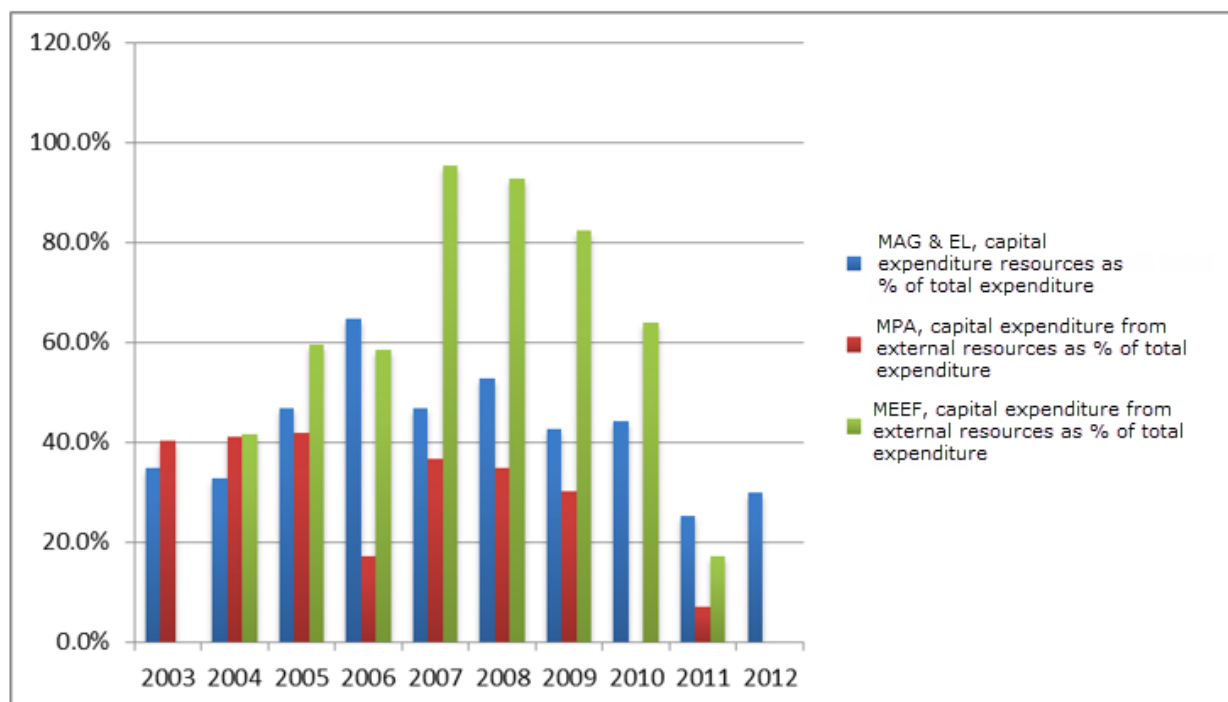
Source: MEF, DNS

Figure 8: Agricultural sector ministries: Capital expenditure from external resources, as % of total expenditure and capital expenditure on an execution basis, 2003-2012



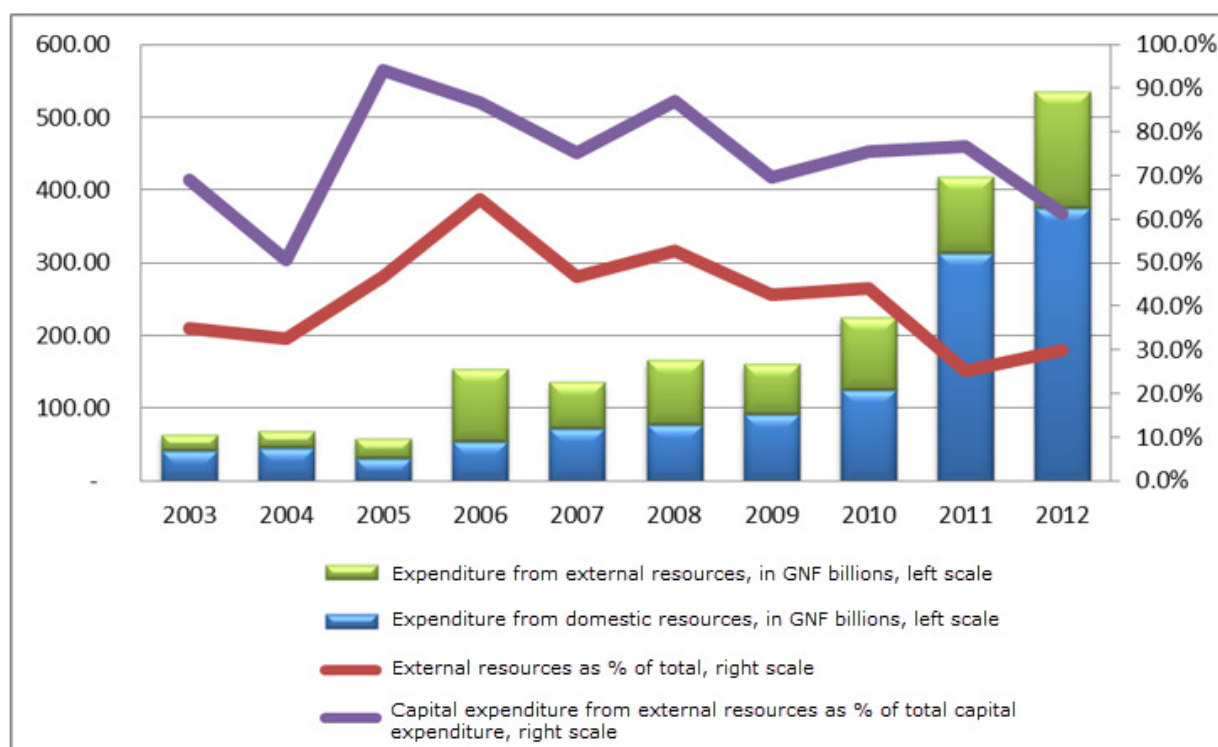
Source: MEF, DNSI, DNIP

Figure 9: MAG&EL, MPA, MEEF: capital expenditure from external resources, as % of total expenditure on an execution basis, 2003-2012



Source: MEF, DNSI, DNIP

Figure 10: MAG&EL: Expenditure from domestic and external resources, in GNF billions, as % of total and of capital expenditure, 2003-2012



Source: MEF, DNSI, DNIP

Figure 11: Ministry of Fisheries and Aquaculture: Expenditure from domestic and external resources, in GNF billions, as % of total and of capital expenses, 2003-2012

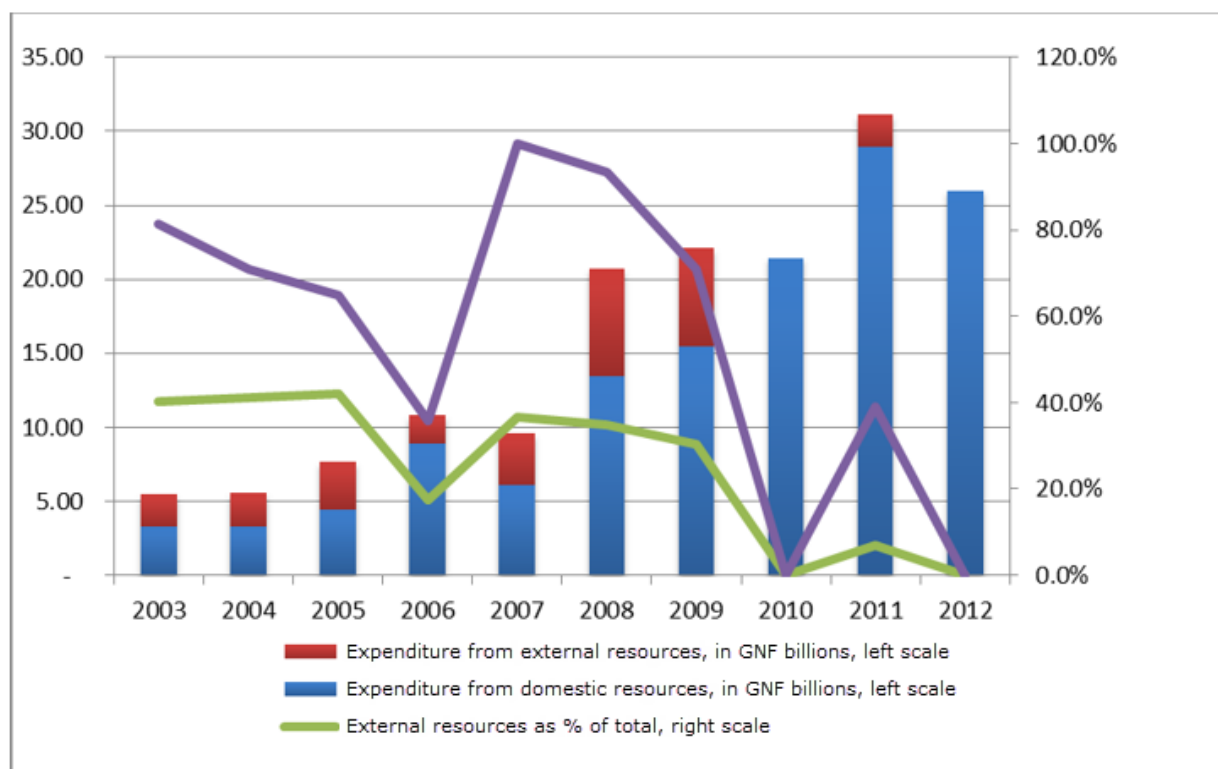
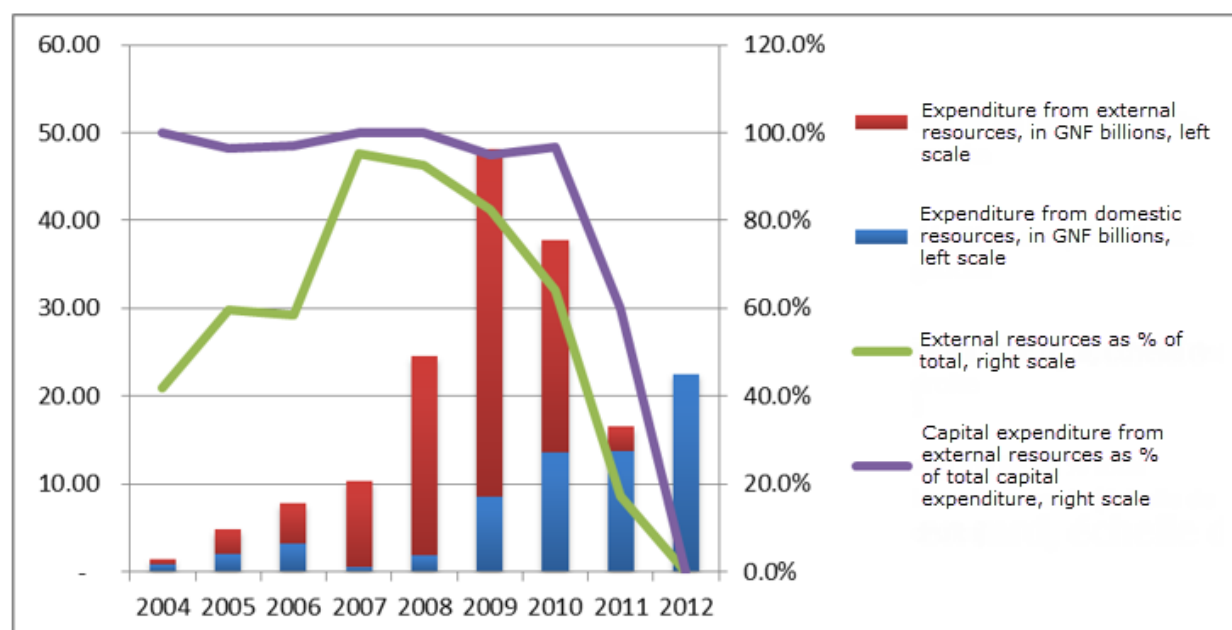


Figure 12: Ministry of the Environment, Water, and Forests: Expenditure from domestic and external resources, in GNF billions, as % of total and of capital expenditure, 2004-2012



Source: MEF, DNSI, DNIP

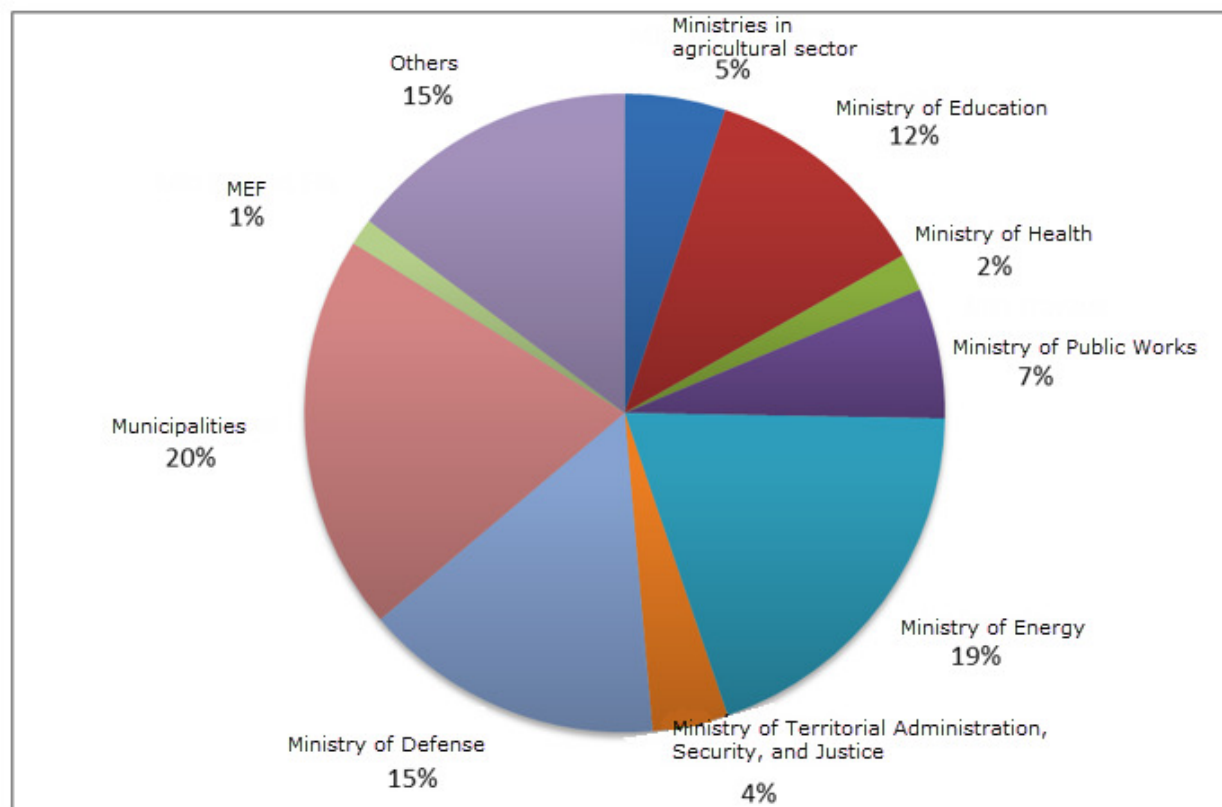
40. **The shares of all ministries in the allocation of total domestic resources in the 2012 budget on the basis of execution is shown in Figure 13.** The agricultural sector ministries, which received 5.1% of budget allocations, are outstripped by the Ministry of Energy (19.5%), the Ministry of Defense (15.1%), the Ministry of Education (11.7%), and the Ministry of Public Works, Urban Planning, and Housing (6.6%).

41. **By contrast, in terms of the allocation of external resources as recorded in the database of the Ministry of Economy and Finance, the agricultural sector is the primary beneficiary both for the year 2012 and for the preceding period from 2003 to 2012 (Figures 14 and 15).** In 2012, the sector received 28.1% of external resources recorded by MEF, while public transportation, urban planning, and housing received 18.9%, education 17%, energy, urban water, and hydraulics 16.8%, and health 4.5%. The distribution of the total over the period 2003-2012 is quite similar.

42. Information from donors show several rural development projects that are not included in the government budget or for which, after being included in the budget, execution is not monitored by the DNIP. On the basis of execution, this expenditure amounted to approximately GNF 710 billion over the period 2003-2012 (figures for 2012 are still preliminary) and equates to 81% of capital expenditure from external resources monitored by DNIP and to 23% of overall COFOG expenditure for the period. Note that not all of this expenditure represents investment. For example, it includes the considerable AFD support to IRAG in 2007 and the provision of fertilizers by the Japan International Cooperation Agency (JICA) in 2008. As indicated in Paragraph 46, the proportion of off-budget expenditure or whose execution is not monitored in total COFOG expenditure trended downward over the period observed. The main donors whose disbursements are monitored only partially by DNIP are Japan, the United States, France, Germany, and the EU. By contrast, the disbursements from Arab multilateral organizations,

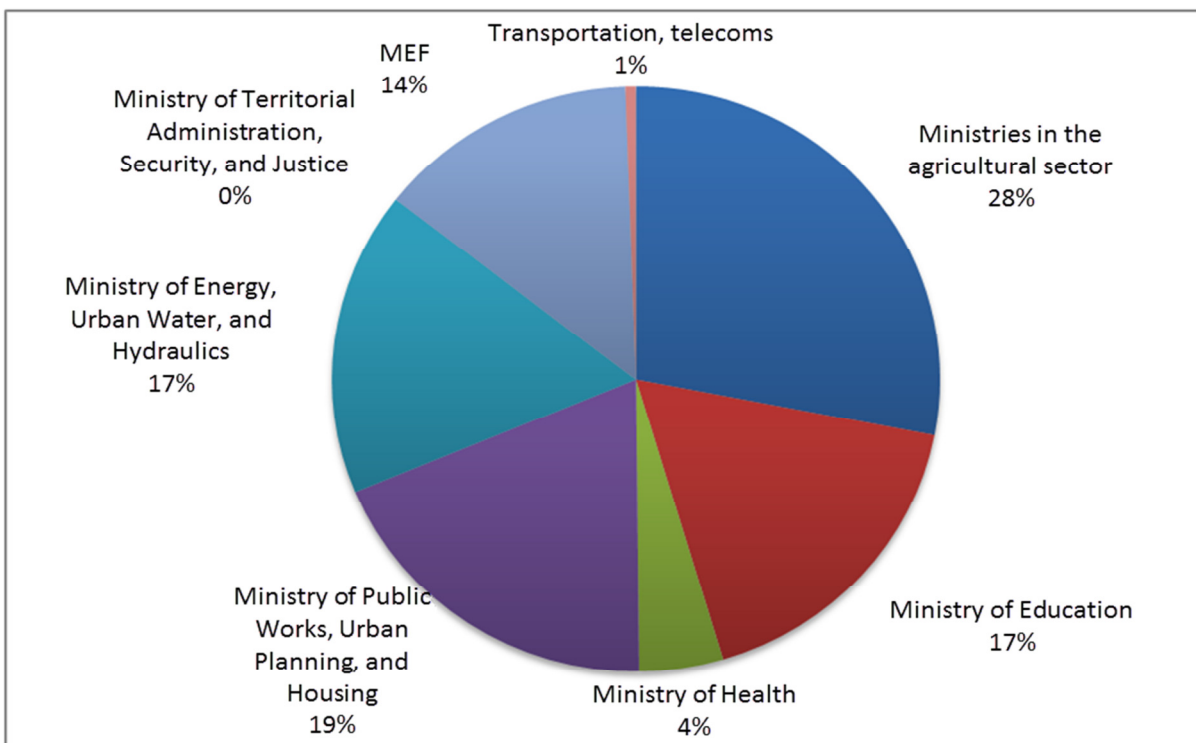
AfDB, and IDA are for the most part in the DNIP database. The large number of projects not monitored by DNIP is partially explained by the non-reporting of information on project execution. For example, DNIP records Japan's projects as forecasts but has no data on their execution. For EU projects, DNIP records projected amounts for a series of projects, but for execution, reports very small amounts relative to actual disbursements reported by the donor. Nor does DNIP have information on projects financed by other bilateral donors, including for disbursements from Canada, Germany, and Belgium. Figure 16 shows data on total disbursements by donor for cumulative capital expenditure over the period 2003-2012, distinguishing between disbursements monitored by DNIP and non-monitored disbursements. Table 4 shows the annual figures for the latter.

Figure 13: Share of the various ministries in total domestic resources allocations, 2012 budget, execution basis



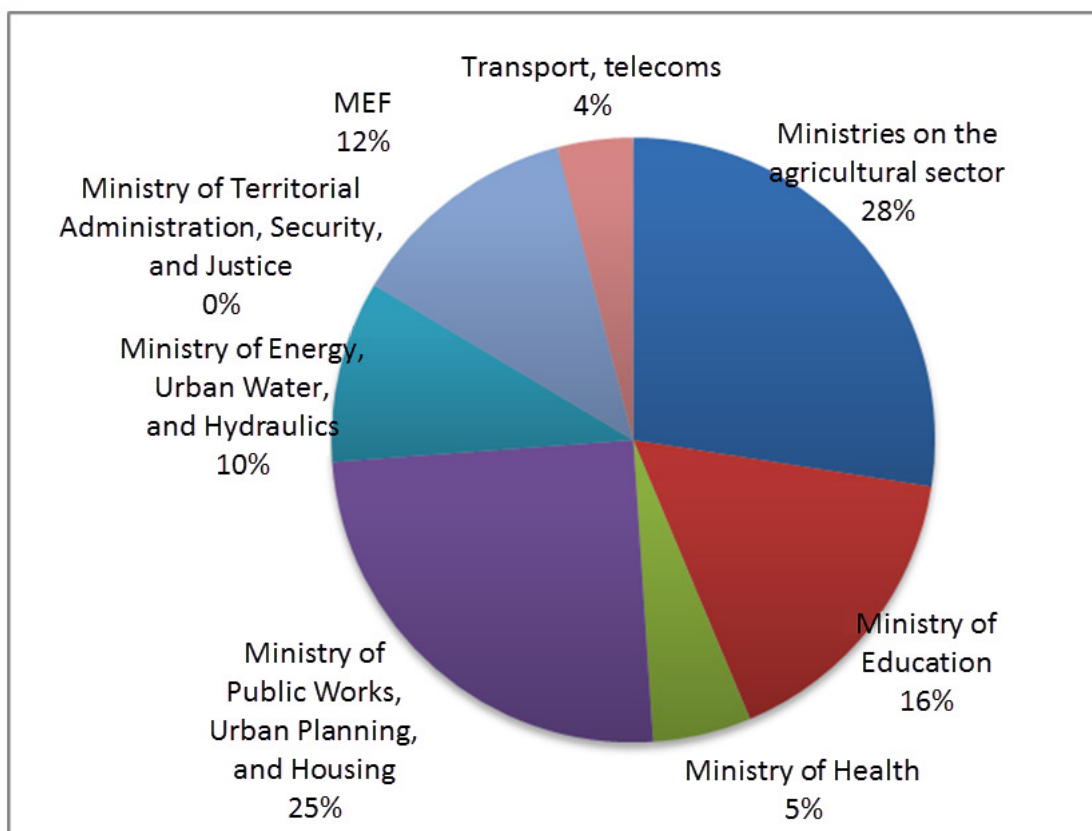
Source: MEF, DNSI

Figure 14: Distribution of external resources by ministry as % of total, 2012



Source: MEF, DNIP

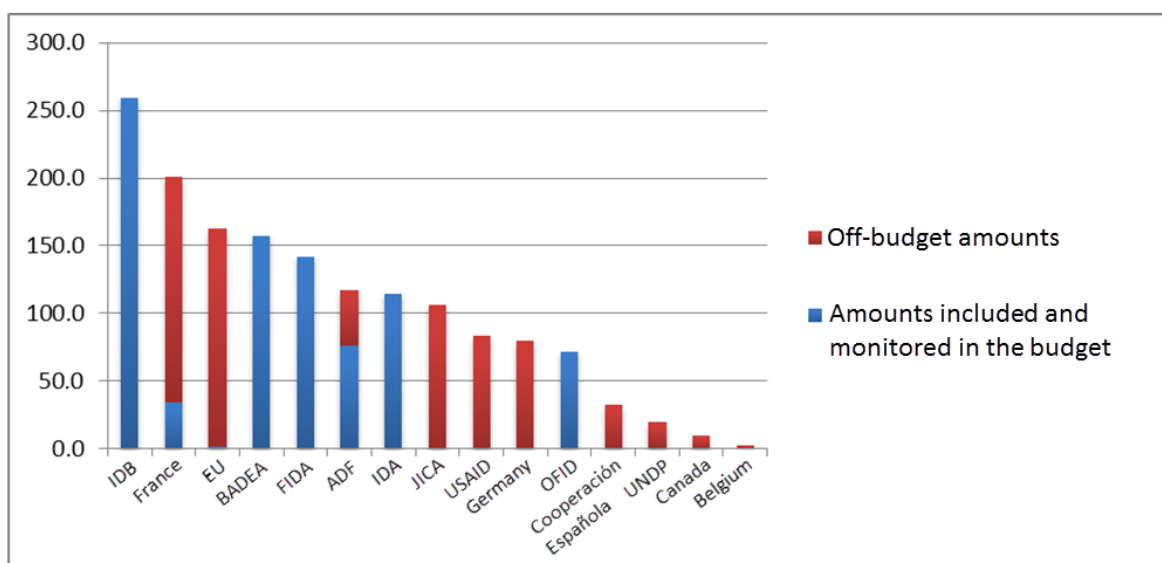
Figure 15: Distribution of external resources by ministry, as % of total, 2003-2012



Source: MEF, DNIP

2.2. Off-Budget Expenditure

Figure 16: Total disbursements by donor for the agricultural sector, including amounts recorded and monitored both in-budget and off-budget, 2003-2012, in GNF billions



Source: MEF, DNIP, DPs, OECD/FAO database

Table 4: Expenditure from external resources in the agricultural development sector, both recorded and not recorded by DNIP, in GNF millions

Agricultural development sector ministries	Executed capital expenditure not recorded by DNIP	Executed capital expenditure recorded by DNIP	Capital expenditure not recorded as % of capital expenditure recorded
2003	54,583	25,683	212.5%
2004	46,535	24,648	188.8%
2005	57,915	34,166	169.5%
2006	48,027	106,299	45.2%
2007	125,322	79,561	157.5%
2008	114,107	91,831	124.3%
2009	92,622	113,795	81.4%
2010	45,466	123,675	36.8%
2011	57,447	114,458	50.2%
2012 (preliminary)	65,500	160,008	40.9%
Total 2003-2012	707,525	874,123	80.9%

Source: Authors' calculation based on DNIP data and information from DPs

2.3. Analysis of the level of support for the agricultural sector according to the NEPAD/COFOG methodology

43. In the 2003 Maputo Declaration, African governments committed to increasing the share of their national budgets allocated to agriculture, with a minimum of 10% targeted, with a view to achieving agricultural growth of at least 6% per year. To make it possible to monitor progress in the implementation of this commitment, NEPAD specified the method for calculating the share of agricultural expenditure in national budgets (AU/NEPAD 2005). This methodology includes executed public expenditure (not budgets allocated) as defined by the United Nations' Classification of the Functions of Government (COFOG) in the wider agricultural sector, including the areas of agriculture (plant and animal production), forestry and hunting (including forest production other than timber), and fisheries. Expenditure on applied research in each of these sectors is included. By contrast, expenditure on feeder roads and social infrastructure is not included in NEPAD's classification of expenditure.

44. In accordance with NEPAD directives, it was made clear above that the budgets of the ministries of Agriculture and Livestock, Fisheries, and the Environment, Water, and Forests do not include expenditure on drinking water, and we therefore excluded expenditure on environmental management not directly related to agricultural activities. However, we included off-budget projects executed in the sectors of agriculture, fisheries, and forestry linked to productive activities and excluded those concerning environmental protection. Expenditure on feeder roads was also excluded.

45. The data show that over the period 2003-2012, expenditure in the agricultural sector as defined by NEPAD accounted on average for 7.2% of the executed government budget (Table 5). This ratio reached a peak in 2007-2008 and exceeded the 10% target in 2007. It then fell in 2009-2010, after which it rebounded in 2011 and 2012 to 7.2% on average thanks to the considerable resources allotted for these crop years. The figures for 2012 are preliminary because the data on capital expenditure from external resources not recorded by DNIP are still incomplete and could be higher. Off-budget expenditure, which represented around 44% of COFOG expenditure in 2003-2005, fell to 37% of the COFOG total in 2007-2009 and to 10% in 2011-2012, while expenditure from domestic resources increased sharply.

46. The international comparisons presented in Table 6 show that the share of agricultural public expenditure (including off-budget expenditure) in agricultural GDP (6.8% for Guinea over the period 2003-2012) is high relative to low-income African countries (lower than Burkina Faso but higher than Ethiopia, Uganda, Kenya, and Tanzania).

Table 5: Executed agricultural expenditure estimated according to NEPAD/COFOG methodology, in current GNF billions and as %

	MA-EL, MPA, MEEF, total expenditure executed	Off-budget projects	less expenditure on feeder roads	Total COFOG expenditure,	of which expenditure from external resources	Government budget execution	Total COFOG expenditure as % of government budget	COFOG expenditure from external resources as % of government budget	Off-budget expenditure as % of COFOG expenditure
2003	68.7	54.6	3.3	119.9	80.3	1065.9	11.3%	7.5%	45.5%
2004	74.9	46.5	0.0	121.4	71.2	1221.3	9.9%	5.8%	38.3%
2005	71.2	57.9	4.2	124.9	92.1	1753.4	7.1%	5.3%	46.4%
2006	173.1	48.0	7.9	213.2	154.3	2833.9	7.5%	5.4%	22.5%
2007	155.7	125.3	1.3	279.8	204.9	2564.8	10.9%	8.0%	44.8%
2008	210.8	114.1	9.0	315.9	205.9	3678.3	8.6%	5.6%	36.1%
2009	230.8	92.6	6.2	317.3	206.4	4986.1	6.4%	4.1%	29.2%
2010	284.3	45.5	5.0	324.7	169.1	7446.2	4.4%	2.3%	14.0%
2011	466.5	57.4	0.7	523.2	171.9	7251.7	7.2%	2.4%	11.0%
2012	584.7	65.5		650.2	225.5	8958.7	7.3%	2.5%	10.1%
Total	2320.6	707.5	37.6	2990.5	1581.6	41760.4	7.2%	3.8%	23.7%

Source: Authors' calculation based on DGB, DNIP, DG Feeder Roads, and information from DPs

Table 6: International comparison of budgetary transfers to agriculture, 2002-2011

Region/Country	Share of agriculture in GDP	Share of budget agriculture expenditure in national GDP	Share of budget agriculture expenditure in agricultural GDP
High-income			
Australia	3.0%	0.3%	10%
Canada	2.3%	0.5%	22%
EU	2.3%	0.7%	28%
USA	1.6%	0.7%	46%
Middle-income			
Turkey	13.0%	2.0%	15%
Mexico	4.0%	0.7%	18%
Venezuela	5.0%	0.5%	12%
China	15.0%	1.2%	8%
Brazil	9.3%	0.7%	8%
Russia	6.0%	1.0%	16%
Ukraine	11.6%	1.3%	11%
Low-income			
Burkina Faso 2004-2011	33%	2.7%	8.2%
Guinea 2003-2012	22%	1.5%	6.8%
Uganda	32%	1.5%	5%
Tanzania	45%	1.2%	3%
Ethiopia	44%	2.7%	6%
Kenya	29%	1.3%	4%
Togo	41%	1.9%	3.9%

Note: The data concern different years depending on the country or region, all of them falling between 2002 and 2011.
Sources: World Bank 2010, 2012

2.4. Expenditure on feeder roads

47. Various studies have highlighted the importance of investment in public goods such as rural infrastructure, agricultural research, and basic education as essential factors in rural development. It is important therefore to examine the budget resources allocated to opening up rural areas in Guinea.

48. Actual expenditure from HIPC funds on feeder roads was relatively low over the period 2003-2011, at GNF 4.5 billion per year on average, which allows for the annual maintenance of around 400 km. This amount is much lower than for the period 1997-2002 covered under the first Public Agricultural Expenditure Review. In addition, the Road Maintenance Fund (FER) financed around 100 km of rehabilitation per year over 2008-2012, and the IDA's national rural infrastructure project (NRIP) financed around 150 km of rehabilitation per year. This amount for annual rehabilitation represents an acceleration from 1997-2002. A significant gap has persisted over the years between amounts earmarked and amounts released, which led to the accumulation of GNF 10 billion in arrears owed to construction companies at end-2010. In 2011 and 2012, funds allocated to feeder roads in the budget of the Ministry of Agriculture were increased to around GNF 8 billion, though releasing this amount continues to be slow.

49. The amounts earmarked for the periodic maintenance of roads in FER's budget are also insufficient, though efforts to increase allocations have been made in recent years. In 2011, FER released nearly GNF 25.9 billion for road maintenance, and GNF released 25 billion in 2012 out of a total annual budget of around GNF 140 billion. The amount planned for 2013 is GNF 30 billion, which has been submitted to FER's board. At a cost of around GNF 50 million per kilometer, this amount will maintain 600km of roads, which equates to approximately 4% of the network.

50. If we combine investments made by the Ministry of Agriculture through its feeder roads department and the amount spent on maintenance, we arrive at an amount for 2012 of GNF 33 billion. Compared with the GNF 650 billion spent on agriculture, the amount dedicated to opening up rural areas is small and inadequate to providing for sustained rural development. It is important to draw up a master plan of the feeder roads needed to open up production areas, which would enable the coordinated medium-term planning of interventions by the government and donors.

51. The execution of expenditure on feeder roads is hampered by a number of factors, including: (i) cumbersome procedures for awarding and signing contracts; (ii) the requirement that foreign donors demand a bank guarantee from the companies awarded contracts, which limits the number bidders and makes it difficult for small enterprises to gain experience; and (iii) the limited number of highly skilled firms, with firms often obtaining contracts that are beyond their capacity to deliver or cover dispersed locations. In-depth consideration should be given to increasing the national capacity to build and maintain feeder roads and to mobilize additional resources, especially from donors.

3. COMPOSITION AND REGIONAL DISTRIBUTION OF PUBLIC AGRICULTURE EXPENDITURE

52. The economic and functional composition of public expenditure in agriculture is

determined mainly by the budgetary process. Although it should reflect considerations of efficiency, in the years when budget constraints were extremely tight (2005-2009) and the share of agricultural sector budgets from domestic resources in the total budget fell, the tendency was to make cuts in expenditure on goods and services, thereby decreasing the efficiency of the government's interventions. As will be discussed in more detail below, agricultural extension services and research suffered from a lack of resources until funds for key sub-sectors were increased in 2011 and the support they received from a number of projects began to offset the shortfall in budget allocations. A summary of definitions relating to allocative and the technical efficiency of expenditure is provided in Box 1.

3.1. Economic composition of the budgets of MAG, MEL, MPA, and MEEF

53. The official economic composition of the budgets of the rural development sector presented in the budget laws underestimates the amounts allocated to staff and operations relative to those allocated to investment because as in many countries in Sub-Saharan Africa, the amounts recorded for investment projects include staff and operating expenditure. In Guinea in particular, allocations of goods and services in the budgets of the rural development ministries are very small, and important services such as agricultural extension services rely heavily on support from a number of donor projects in order to operate.

54. The trend in expenditure reflects the sharp increase in budget allocations in 2011 and 2012. Expenditure on staff by the four ministries concerned increased by 50% at constant prices over the period 2003-2012, and expenditure on goods and services more than doubled at constant prices, albeit from a very low base. However, over the period 2003-2010, prior to the rebound in 2011, expenditure on goods and services represented only 4% of the total on average and 6% including transfers, which suggests that this type of expenditure was cut considerably.

Box 1: Allocative Efficiency and Technical Efficiency: Definitions

Evaluating the **allocative efficiency** of public expenditure in agriculture consists in trying to answer the following question:

Is what agricultural expenditure is financing the most likely to meet the objectives set by the country's agricultural policy? In short, is it the RIGHT spending?

Allocative efficiency will primarily be determined by the efforts made in the budget drafting process to harmonize the budget with sectoral objectives. In particular, evaluating allocative efficiency involves the following assessments:

- Economic composition of the expenditure: current and investment expenditure; within current expenditure, wage expenditure and non-wage expenditure; within investment expenditure, capital expenditure and current expenditure;
- Functional composition of expenditure: distribution among the different sub-sectors (agriculture, livestock, research, etc.); and
- Regional distribution of expenditure.

Evaluating the **technical efficiency** of public expenditure consists in answering the following question:

Are available resources deployed in such a way as to maximize outputs? In other

words, are expenditures being well executed?

Technical efficiency is therefore determined above all by the efficiency of the budget preparation and execution process. Tools for assessing technical efficiency include matching the allocation of budget funds with their actual use, the execution rate of the budget, and the cost-effectiveness of the programs implemented.

Source: World Bank, 2011

55. On average over the period 2003-2012, capital expenditure represented 65% of the projected budgets of the rural development ministries and 58% of executed budgets (Figures 17 and 18). This share is quite high since some expenditure from external resources was not recorded in the execution of the budget. The share of current expenditure (32% of executed expenditure on- and off-budget over the period on average) needs to be revised upward because as in most countries in Sub-Saharan Africa, capital expenditure includes all of the amounts included in the investment projects financed by donors, which contain a project management component of staff and current costs. A sample of projects shows that 19% of total expenditure is accounted for by current expenditure.

Figure 17: Economic composition of the projected budget of MAG, MAG&EL, MPA, MEEF, average 2003-2012 as % of total expenditure

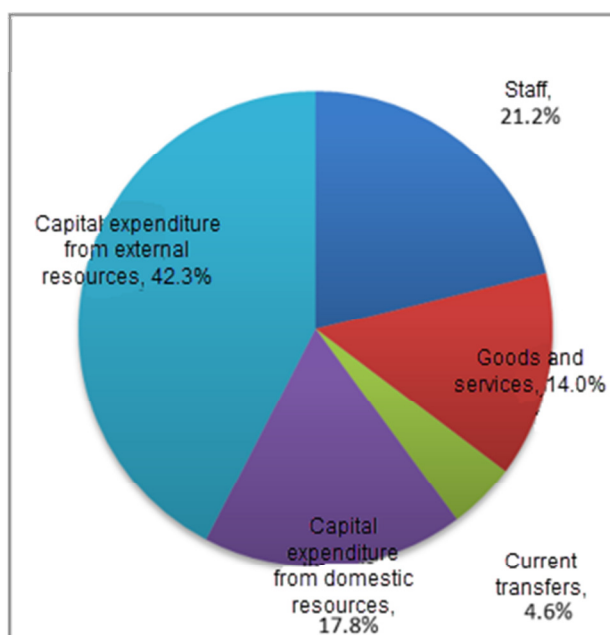
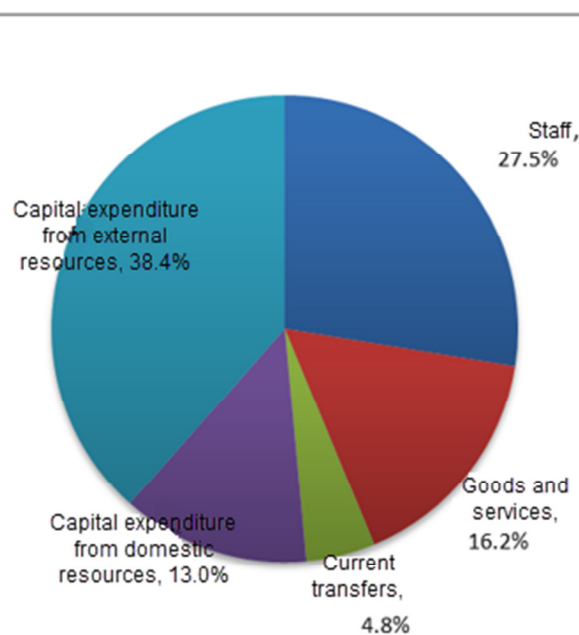


Figure 18: Economic composition of the executed budget of MAG, MAG&EL, MPA, MEEF, average 2003-2012 as % of projections



Source : MEF, DNSI

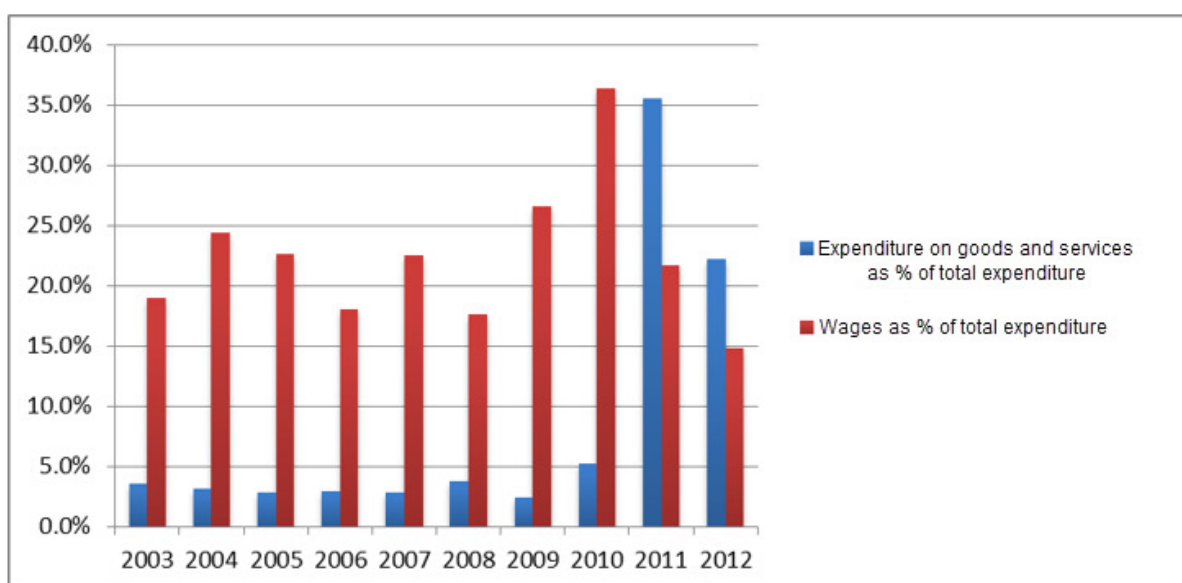
56. Using this percentage, the share of current expenditure within the total rises on average over 2003-2012 from 32% to 45% of total budget and off-budget expenditure.

57. Over the period under review, the allocation of goods and services for basic services, such as extension services provided by the National Agency for Rural Promotion and

Agricultural Counseling (ANPROCA), as well as for rural works fell well short of ensuring the efficiency of services and the necessary maintenance of agricultural facilities. The small amount of funds allocated by the government budget to the operation of extension services led the Ministry of Agriculture to enter into service provision contracts with some projects, thereby shoring up the resources of extension services. However, these service contracts are short term (generally for one year, sometimes renewable) and therefore do not constitute a sustainable method for financing support services. In 2011 and 2012, these deficiencies were partially corrected thanks to the increase in resources generated by the crop years, which made it possible to allocate, for example, means of transportation to some ANPROCA staff. However, such sporadic interventions need to be supplemented by an in-depth analysis of ANPROCA's needs if it is to provide effective services to rural populations.

58. The resources needed to maintain existing agricultural facilities also require in-depth examination. The National Directorate of Rural Engineering (DNGR) plans to draft a master plan of needs in terms of the rehabilitation of existing agricultural facilities and the location of new facilities in the medium term (see Box 2). To this end, the MAG budget will need to provide for more funding in the coming years in order to maintain agricultural facilities.

Figure 19: Agricultural sector ministries 2003-2012: Expenditure on wages and goods and services as % of total expenditure



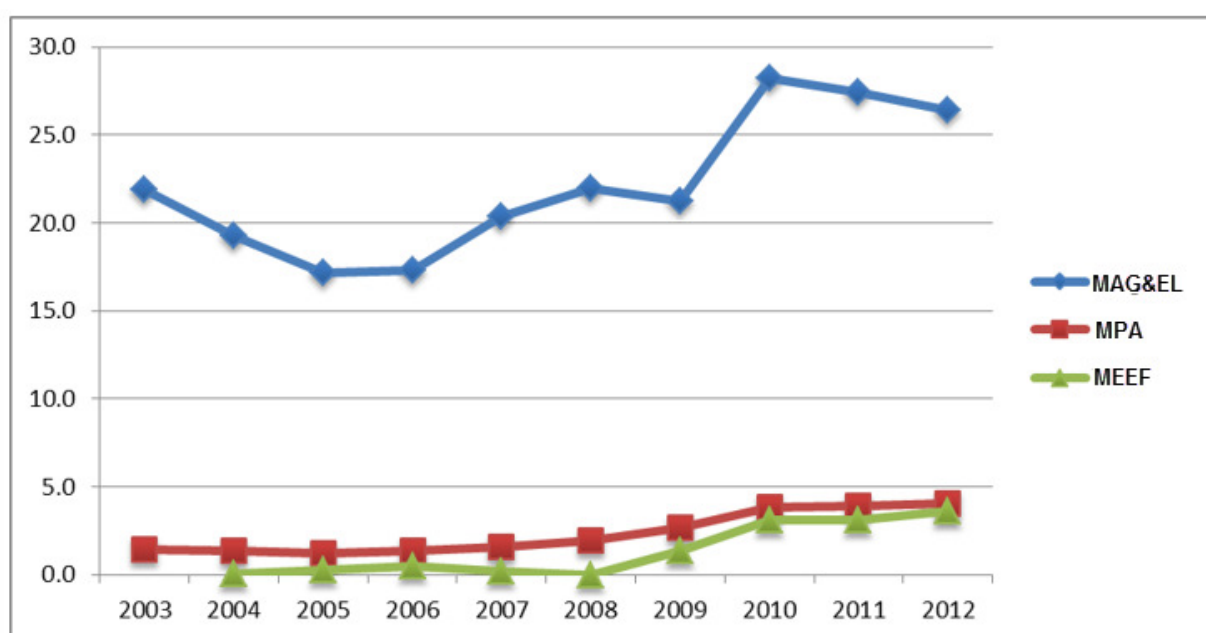
Source: MEF, DNSI

59. There was a relatively small increase in real terms in expenditure on staff by the Ministry of Agriculture and Livestock over the course of the period (Figure 20), whereas expenditure on staff by MPA increased threefold. The Ministry of Agriculture has the highest number of staff, with 7,125 at end-2012, of which 74% are posted at decentralized services. At the central level,

the largest departments are the Ministerial Office, the Directorate of Rural Engineering, the Directorate of Feeder Roads, the central services of ANPROCA, and the National Directorate of Agriculture (Figure 21). The ministries of Livestock and Fisheries and Aquaculture have very few staff members in the regions (8% and 6% of the total, respectively) despite the importance of decentralized veterinary services.

60. With regard to the distribution of decentralized staff throughout the governorates and prefectures, figures on the regional deployment of staff from the Ministry of Agriculture and its extension department ANPROCA (Figure 22) show that the three regions with the highest rice production (Kindia, Nzérékoré, and Faranah) have more extension agents. However, rice production is not the only criterion for optimal staff allocation since it is determined to a large extent by methods of relocation, levels of expertise, and other factors. It is important to improve the effectiveness of extension services while avoiding overlapping with other departments within MAG and ensuring better coordination with professional organizations and development projects.

Figure 20: Expenditure on staff at MAG&EL, MPA, and MEEF on an execution basis 2003-2011 in GNF billion at 2003 prices



Source: MEF, DNSI

Box 2: Irrigation systems: Current Situation and Prospects

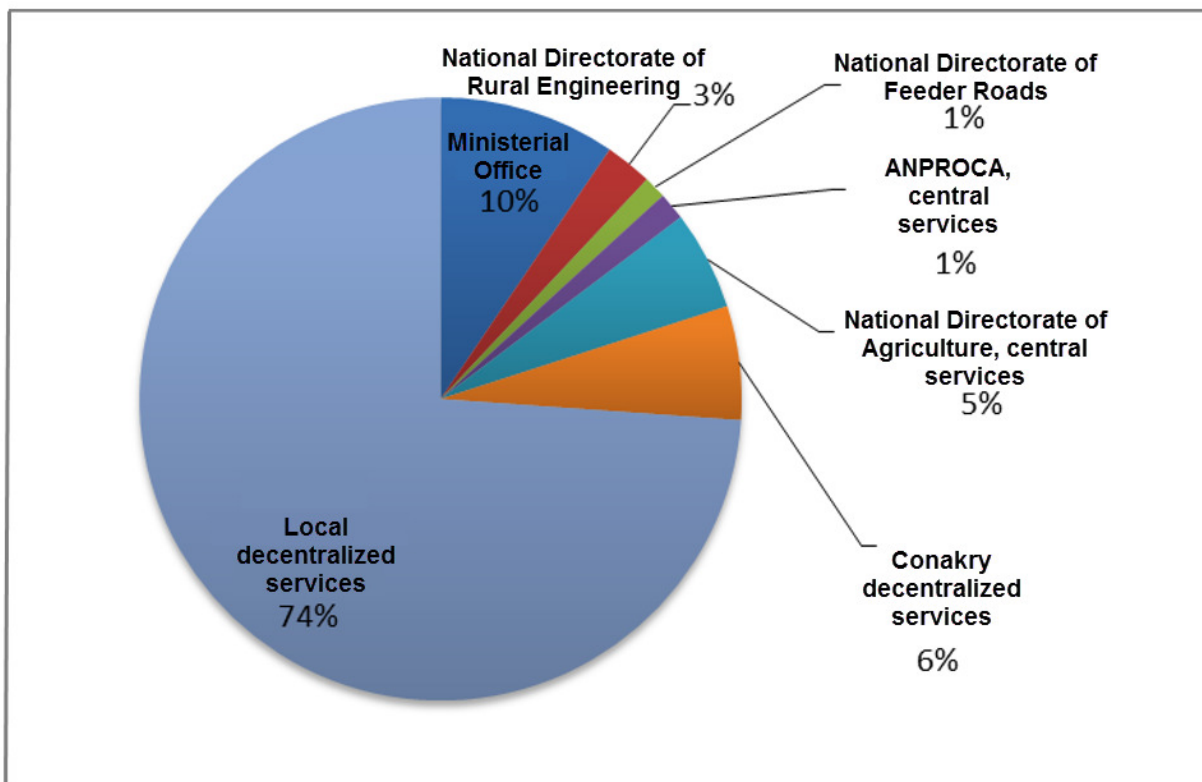
The stated objective of increasing annual rice production by around 300,000 tons will only be met with an expansion of irrigation systems, which can increase yields to up to 7 tons per hectare. Guinea currently has 30,200 ha of developed land, while the potential for developed land has been estimated at 364,000 ha.

The Directorate of Rural Engineering considers it a priority to draft a master plan of

irrigation systems in order to create an inventory and to identify rehabilitation needs as well as areas in which to locate new systems. The cost of preparing the master plan is approximately USD 2 million. The preparation of the terms of reference for this study, which is to be conducted by international consultants, is ongoing.

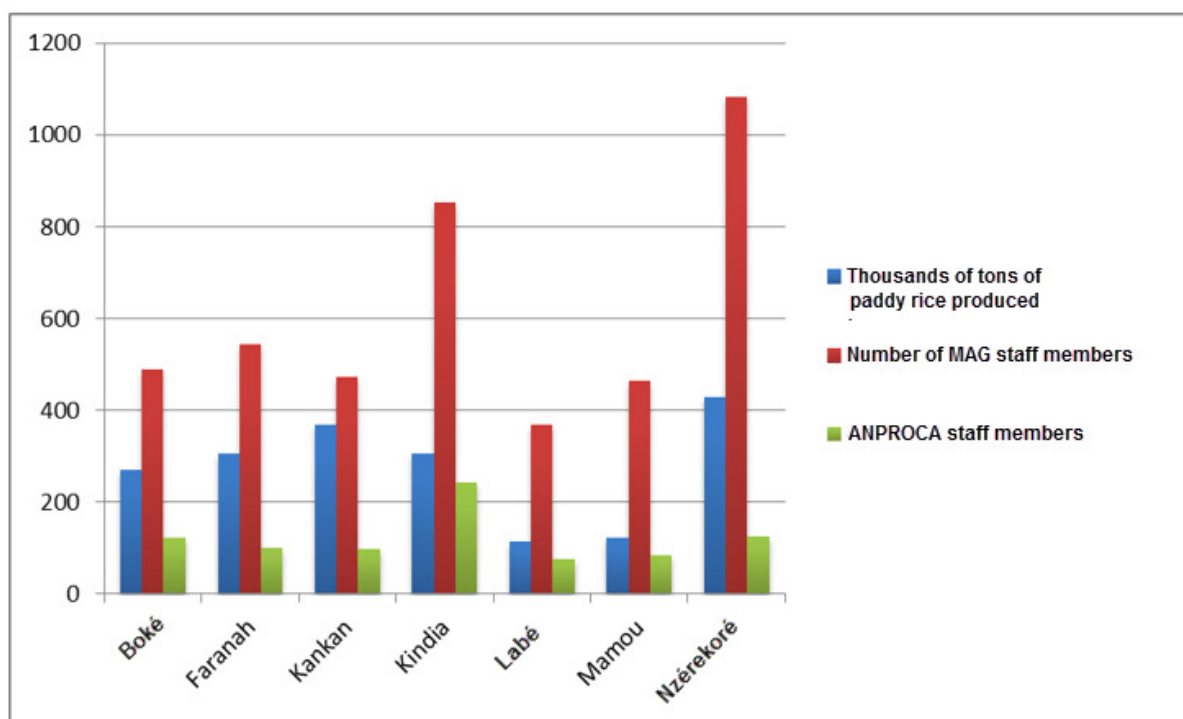
In addition, the Directorate of Rural Engineering plans to launch a design process for developing 40,000 ha of land in the lowlands and 40,000 ha in the plains. These engineering studies are expected to be completed toward the end of 2013, following which they should be submitted to donors in order to seek funding with a view to launching development operations. The potential annual capacity for development is estimated at approximately 10,000 ha. Given a projected yield of 7 tons per ha, with two harvests per year, 10,000 additional hectares should contribute additional production of 70,000 tons per year, which is in line with the government's targets for increased production.

Figure 21: Distribution of MAG staff as % of total, 2012



Source: MAG

Figure 22: Rice production by region and MAG/ANPROCA staff, 2012



Source: M AG

3.2 Functional composition of agricultural expenditure

61. An analysis of the functional composition of budget expenditure among the farming, livestock, fisheries, and forestry sectors has only been possible since 2010, when the Ministry of Agriculture was split off from the Ministry of Livestock. The figures for expenditure in the forestry sector are an approximation as current expenditure by the ministry cannot be separated between forestry and environmental protection. Meanwhile, capital expenditure allocated strictly to environmental protection was excluded from the total. The figures for the breakdown of expenditure between sectors can be compared with the four sectors' relative contributions to primary sector GDP.

62. The data reported in Figures 23 and 24 show that in 2010-2012, the livestock sector was allocated a considerably smaller share of funding (3% of the total) than its weight within primary sector GDP (26%). This small proportion partially reflects the increased funding allocated for the 2011 and 2012 crop years. In 2010, prior to this deployment of resources, the share of expenditure on livestock production in the total of the four sectors was higher (4.4%), though still much lower than the relative weight of the sector within GDP.

63. The forestry sector received a share of resources in 2010-2012 (6.5%) that was similar to its share of primary GDP (7%). Over the period 2004-2012, it received 8.5% of total resources, which is a similar proportion to its share of primary GDP (8.2%). In 2010-

2012, the fisheries sector received 6.2% of funding, which was higher than its share of primary GDP (3.8%). However, over 2003-2012, it received a percentage of funding (3%) that was lower than its share of primary GDP (4.4%).

Figure 23: Share of the various subsectors within agricultural expenditure, 2010-2012

Source: MEF, DNSI, DNIP, INS

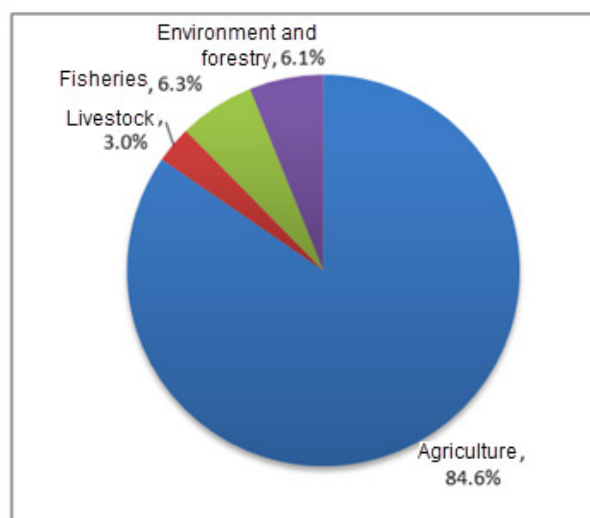
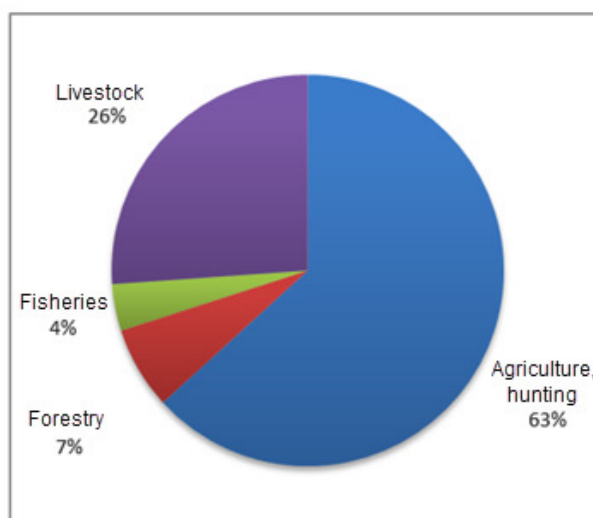


Figure 24: Share of the various subsectors within agricultural expenditure, 2010-2012



Box 3: IRAG's 2003-2012 budget and action plan

IRAG encountered budgetary difficulties after 2000 when the National Agricultural Services Project (PNSA), which was backed by IDA and accounted for 69% of its budget, came to an end. In the following years, IRAG's budget came exclusively from the national budget, with annual amounts ranging from GNF 200 to 400 million, and from some research support from international agricultural research networks. In 2011 and 2012, in the context of increased resources allocated to the agricultural sector, allocations to IRAG from the national budget were increased, with IRAG receiving GNF 7 billion and GNF 5.2 billion in those two years, respectively, its primary objective being to produce improved seeds.

In 2009, IRAG formulated an ambitious 2009-2015 National Research and Development Plan (PNRD) as part of PNDA – Vision 2015, which was approved in October 2007. The PNRD aims to increase the value of basic seeds for producers, develop suitable technologies and innovations, build capacity among researchers, and rehabilitate research infrastructure. A total of 15 research programs have been identified, which will be developed in 7 existing research stations. The budget required for this program amounts to USD 17 million over 5 years, or USD 3.5 million per year on average.

3.3. Supply of inputs and subsidies in the 2011-2012 and 2012-2013 crop years

64. During the 2000s, two fertilizer supply mechanisms were in operation in Guinea:
- 1) Fertilizer provided by the Japanese government through an annual grant to the Guinean government (known as KR2, or the “Japanese grant”); and
 - 2) Imports by private importers.
65. KR2 was received by the Guinean government and sold and distributed to producers initially through the National Directorate of Agriculture and later through the National Chamber of Commerce.
66. Studies have reported that KR2 generated distortions in the market by creating a black market and, more importantly, by creating disincentives for the private sector. It appears that this situation has been experienced by other KR2 beneficiary countries, including Malawi and Mali.
67. Similarly, provisions from NGOs and various projects hamper private sector development. As often occurs with subsidized products, an artificially low price generates the impression that the prices of private suppliers are excessive.
68. Although KR2 was suspended a few years ago, talks with the Japanese government aiming to revive it are ongoing.
69. In early 2011, the Guinean government announced an ambitious program aimed at achieving self-sufficiency in the supply of rice and to diversify food crops production with the mobilization of all actors in the sector. The action plan aiming to increase production and yields is based on the distribution and sale of 20,000 tons annually of subsidized fertilizer, plant protection products, and seeds. Government intervention takes the form of direct imports and distribution through the National Chamber of Agriculture and its offshoots (regional, prefectural, and sub-prefectural), which distribute government-purchased inputs at subsidized prices. The National Chamber of Agriculture is assisted in this role by decentralized public services, in particular the prefectural directorates of agriculture and sub-prefectural agricultural services. The government mobilized GNF 121 billion and 148 billion (or USD 30 and 32 million, respectively) in resources for inputs, including seeds, for the 2011-2012 and 2012-2013 crop years. This is equivalent to 0.4% of GDP in both years and to 29% and 28%, respectively, of the total budget of the Ministry of Agriculture in both years. A total of 20,000 and 26,500 tons of subsidized fertilizer were distributed in 2011 and 2012, respectively, along with a quantity of subsidized herbicides and insecticides that increased sharply in the second year (Table 7).

Table 7: Government purchases of inputs, 2011-2012 and 2012-2013 crop years

	Crop year 2011-2012	Crop year 2012-2013
Fertilizer (tons)	20,000	26,500
Amounts administered by the Cotton Project	2,500	2,500
Administered by ANPROCA	1,000	

Herbicides (liters)		
Total herbicide	185,574	300,000
Rice selective herbicide	0	140,000
Maize selective herbicide	0	60,000
Cotton herbicide		4,200
Total	185,574	504,200
Insecticides (liters)		
Crop (administered by SNPV)	17,000	31,500
Cotton (liters) (administered by the Cotton Project)		
Cotton insecticide	0	15,000
Binary insecticide	0	60,000
Seed insecticide	0	10,000

Source: MAG, Crop year status reports, Chamber of Agriculture

70. The government's de facto monopoly in the market for agricultural inputs has resulted in a limited variety of available seeds and fertilizer, which led to inadequate products for farm needs and to the accumulation of unsold stocks. In 2011-2012, there were delays in the delivery of inputs due to inadequate means of transportation in the regions and to insufficient amounts allocated to the regional chambers of agriculture to cover expenditure on the transportation and handling of the inputs as well as storage costs. The regional chambers of agriculture covered their costs either by borrowing or by imposing levies on revenues from the sale of the inputs. Other shortcomings included a lack of checks in the management of stocks, deliveries, and cost recovery, a lack of transparent payment to staff in the chambers of agriculture, no reimbursement of the current expenses incurred by the decentralized MAG departments, and a lack of clarity as to who should ensure the technical monitoring of the operation, with an overlapping of roles between the national chambers of commerce and CNOP-G. In addition, the mechanism for collecting and paying funds from the sale of inputs was not sufficiently rigorous. This set of deficiencies increased costs for the government considerably and cast doubt on the sustainability of the subsidies.

71. Recent farm surveys by ANASA show an 11% increase in paddy rice production in 2011-2012, reflecting the increased use of subsidized inputs and, in part, better rainfall. The rice production deficit relative to consumption fell to 214,000 tons, compared with 300,000 tons in 2010. The impact of the input subsidies on production and farm productivity was probably not insignificant but came at a high cost for the government given the high subsidy rate, with sale prices for producers representing approximately half of the procurement costs for fertilizer, 30% for herbicides, and 40% for insecticides.

72. The total cost of the subsidies is estimated at GNF 69 billion in 2011-2012 and 76 billion in 2012-2013, assuming the full recovery of revenues from sales (Table 8). For MAG,

this cost equates to 16% of its 2011 budget and 14% of its 2012 budget. In theory, recovery should have reached GNF 52 billion in 2011-2012 and 62 billion in 2012-2013 if the products' unit sales prices is applied to the quantities imported and distributed. Amounts recovered at end-October 2013 in the revolving fund into which cost recovery is deposited reached GNF 82 billion, to which should be added GNF 21 billion currently being transferred to the Central Bank. Cost recovery in 2012-2013 exceeded that in 2011-2012 as the chambers of agriculture demanded cash sales for the vast majority of the products. Selling on credit is now limited to credible producer organizations. It should be noted that at end-October 2013, GNF 2 billion still needs to be recovered from producer organizations. A portion of the fertilizer (3,500 tons in 2011-2012 and 2,500 tons in 2012-2013) is administered by government entities outside of the National Chamber of Agriculture. Likewise, the distribution of insecticides is managed by SNPV, which comes under MAG.

73. As of end-October, 8,382 tons of fertilizer remained in stock, including 1,500 tons of fruit tree fertilizer, 2,331 tons of NPK, and 4,500 tons of urea. In addition, there remain large stocks of selective herbicides (89,000 liters), which is explained by delivery delays during the crop season and suspicion among producers as to their quality. To prevent unsold stocks from accumulating in the future, the government should increase the accountability of the National Chamber of Agriculture in its assessment of needs, distribution among the prefectures, and timely delivery with an eye to the agricultural calendar. In addition, there is a need for government assistance to rehabilitate existing but aging warehouses and build new warehouses in some areas.

74. As regards seeds in 2011-2012, amounts sold to producers on credit amounted to 1,483 tons, while figures on cost recovery do not appear to be available. The cost to the government includes: i) GNF 7 billion in subsidies paid to IRAG to produce seeds and cover current costs; and ii) GNF 3.4 billion for the procurement of seeds from private producers.

75. The question today is not to challenge the government subsidy for inputs but rather how to switch to a mechanism for implementing this subsidy that would encourage the development of a network of private suppliers. Privatizing the supply of agricultural inputs can be expected to create the conditions for better matching between fertilizer availability and the agricultural calendar as well as and a level of quality better tailored to demand.

76. Privatization is also expected to make various types of seeds and fertilizers available for producers as well as better suited to the various food crops and soils but also to the needs and capacities of users.

77. Thus, compatibility between the privatization of supply and continued subsidies could be maintained by introducing a system of vouchers issued to target groups. These would be used to buy subsidized fertilizers from private suppliers, as is the case in other African countries (including Malawi, Tanzania, Kenya, Ghana, and Rwanda). Such a system is considered the best way to implement a strategy of subsidized inputs without compromising the development of a sustainable supply network. Consideration should also be given to the possibility of introducing in Guinea the procedure implemented in Senegal and Nigeria, namely the transfer of electronic coupons via mobile phone, which can be cashed at government-authorized input retailers. The government could also withdraw from distribution and focus on managing the subsidy, especially the targeting, impact

assessment, and gradual rollback of the subsidy.

Table 8: Input subsidies, 2011-2012 and 2012-2013 crop years

	Unit cost 2011/12 GNF	Unit cost 2012/13	Sale price to producers		Subsidy per unit		Subsidy rate	Subsidy cost, 2011-12	Subsidy cost, 2012-13
			GNF		GNF			GNF	GNF
Fertilizer, per bag	267,261.04	215,000.00	125000	2011 135000	142,261.04 80,000.00		53%	56,904,414,000.00	42,400,000,000.00
Herbicide, per liter	95000 ^a	84000	30000		65,000.00		68%	12,062,310,000	27,226,800,000.00
Insecticide, per liter	75000 ^a	75000	30000		45000.0		60%	765,000,000	1,417,500,000.00
Cotton insecticide, per liter		93000	30000		63000		68%		5,355,000,000.00
Total cost of subsidies, in GNF								69,731,724,000.00	76,399,300,000.00
Notional amount to recover in 2011-12 in GNF									51,723,919,269.00
Notional amount to recover in 2012-13 in GNF									62,403,300,000.00
Amount in the revolving fund in November 2013									82,000,000,000.00
Amount currently in transfer									21,000,000,000.00

Source: Authors' calculations, based on Min. Agr. data, harvesting report

3.4. Agricultural mechanization

78. Mechanization is an important factor in productivity and farm production and therefore in production growth. A strategy for developing farm mechanization is therefore a vital ingredient in agricultural development.

79. Animal traction remains a major component of a farm mechanization policy in Guinea. The introduction of animal traction in family farms plays a role in improving soil fertility maintenance, expanding cultivated areas (the size of the average manually cultivated farm is five hectares), and increasing incomes. Several projects and organizations are working to promote this, including, for example, the cotton projects of the Guinean Network of Animal Traction (RGTA), with Belgian backing.

80. Since 2011, the government has imported a considerable amount of agricultural machinery from its own funds and provided this to the 33 Agricultural Service Centers (CPAs) created in 2011, including 150 tractors (of which 100 are scheduled for reconditioning), 70 combine harvesters, 300 motor mowers, 525 motorized threshers, 600 rice hullers, 30 paddy rice cleaners and sorters, 75 paddy rice parboilers, and sets of spare parts. These amounts are included in the Ministry of Agriculture's capital expenditure. The total cost to the budget is estimated at GNF 22 billion in 2011 and 32 billion in 2012, or 5.3% and 6%, respectively, of the total MAG budget. The machinery is used by producers on the basis of a price list for various services.

81. The CPAs experienced problems relating to breakdowns, lack of spare parts, and the unsuitability of some equipment relative to producers' needs. In addition, some producers considered the price for some services too high. There is also a lack of transparency in the management of the CPAs, which makes it difficult to assess administration costs. These

difficulties should lead the authorities to consider more suitable methods of promoting mechanization services, with a larger role given to the private sector and the chambers of agriculture in managing and maintaining equipment in addition to an in-depth analysis of producer needs.

4. TECHNICAL EFFICIENCY OF AGRICULTURAL BUDGET PREPARATION, EXECUTION, AND MONITORING AND EVALUATION

4.1. Technical efficiency of budget planning and execution

82. A raft of reforms to budget planning and execution processes took place from 2007 with a view to making budget preparation more rigorous and to decentralize some expenditure procedures in favor of the ministries. Signs of progress, in particular in budget decentralization, began to appear in 2010. The ministries now have authority over their own budgets whereas previously, the Ministry of the Economy and Finance alone authorized the entire government budget. Financial controllers were established in the main ministries with the role of approving the allocation of expenditure and monitoring its implementation.

83. After verifying the service carried out by the financial controllers, the ministries' financial directorates proceed with the authorization of the expenditure and issue a payment order, which is sent directly to the Treasury without passing through the Budget Office, as was the case in the past. In the case of works that exceed a certain amount, control of the service is performed by the Works Approval Commission (*Commission de Réception des Ouvrages*).

84. **Despite these reforms, the expenditure execution process remains slow.** There are barriers at four levels:

- ✓ **A first impediment is found in the Authorizing Instructions procedure.** After promulgation of the budget, the ministries cannot commit expenditure before receiving Authorizing Instructions from either the National Directorate of Public Investments (DNIP) for capital expenditure or the National Budget Directorate for current expenditure. Thus, initiation of expenditure for investments can be held up for several months. In 2012, for example, the National Directorate for Feeder Roads was unable to spend its annual budget as the amounts included in the budget law were released by the DNIP only at the end of January 2013.
- ✓ **Second, the public procurement process remains cumbersome.** There are several impediments: Only projects for an amount below GNF 20 million can be approved without a contract after consultation with three providers, while a competitive bidding process is required for higher amounts. The ministry's technical directorate prepares the bidding documents, and the successful bidder is chosen by the National Public Procurement Committee within 30 days for national contracts and 45 days for international contracts. Once the successful bidder is selected, the contract must be signed by the technical ministry (in this case the Ministry of Agriculture) and the provider, following which it is sent for approval to

the National Public Procurement Directorate and the Large Projects Administration and Monitoring Agency (ACGP). Finally, the contract must be approved by the Ministry of Finance. If the project amount exceeds GNF 1 billion, ACGP approval is also required. It takes approximately 6 months (20 days for the sectoral ministry, 45 days for the Ministry of Finance, 25 days for ACGP registration) between the launch of the bidding procedure and final approval, which is not compatible with the agricultural calendar or civil engineering works. The contract signing process is overly cumbersome for contracts of modest amounts. As of April 2013 the delegation of authority to approve contracts by the Ministry of Finance, as provided for by legislation, was yet to be implemented. In the regions, the contract signing process is faster. The préfet is responsible for signing contracts up to GNF 300 million, while contracts between GNF 300 and 500 million must be signed by the regional governor. The Minister of Finance is only required to sign contracts exceeding GNF 500 million.

- ✓ **Third**, the sectoral ministries should accelerate the preparation of procurement plans at the beginning of the year so as to prevent delays. This could entail the reinforcement of their administrative structures.
- ✓ **Fourth, the control of service delivery can entail delays, and the procedure for the advance payment for mobilization (generally 30% of the contract) and subsequent deductions can lead to significant arrears.** For example, in the case of feeder road contracts over the period 2002-2010, contractors generally received only advance payments for mobilization, with the result that around GNF 20 billion in payment arrears accumulated. This was transferred to the Debt Management Office.

85. These cumbersome expenditure execution procedures affect above all capital expenditure but can also delay the execution of both internally funded and externally funded projects as national procedures often have to be monitored by the donors also.

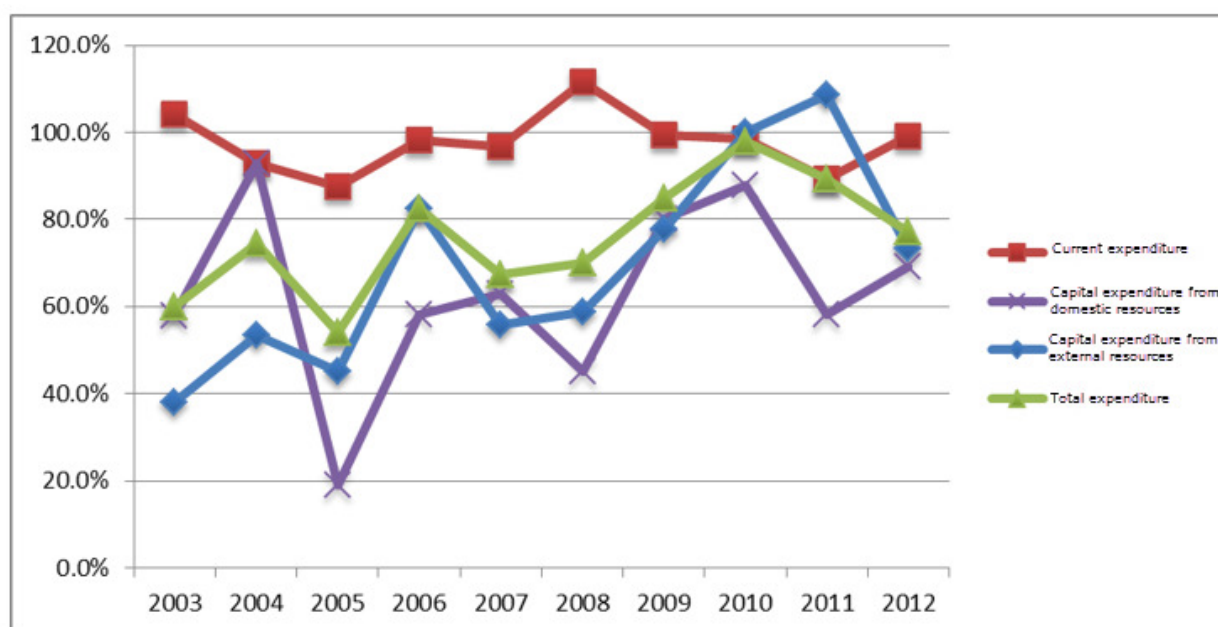
86. The authorities recognize the need to accelerate these tender procedures and have therefore adopted corrective measures in the form of the public procurement reform launched in 2010. This reform culminated in the adoption of a new procurement code in February 2013, promulgated by the President. The reform contains important institutional changes (including monitoring being conferred to ACGP and the formation of a new agency to oversee procurement), in addition to which the aim is to simplify and accelerate procedures. The implementing provisions, which are being prepared, will introduce increases in the thresholds for bids (from GNF 20 to 150 million for suppliers, from GNF 40 to 400 million for works, and from GNF 30 to 200 million for consultants), a shortening of document processing times, and delegation of the power to approve contracts above a certain threshold. These measures, which will have to be supplemented by internal capacity building with regard to document preparation, should contribute to a considerable reduction in waiting times in procurement procedures.

87. **The execution rate for the projected budgets of the group of ministries in the agricultural sector** came to 74%. This rate can be broken down as follows: 94% for

current expenditure, 63% for capital expenditure from domestic resources, and 67% for capital expenditure from external resources (Figure 25). There was a clear upward trend in execution rates for investments from both domestic and external resources. For the period 2009-2012, the average execution rate for capital expenditure from domestic resources came to 74%, compared with 56% over 2003-2010, while for investments from external resources, this rate increased from 55% prior to 2009 to 90% in the following years.

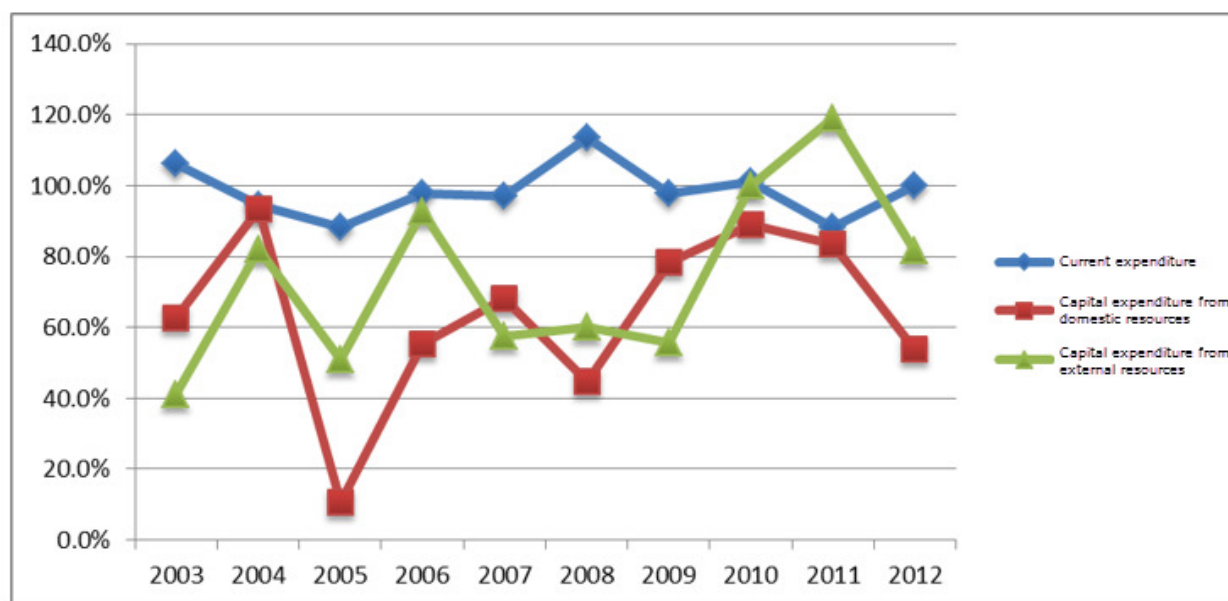
88. As regards MAG&EL, the execution rate of current expenditure was higher, at nearly 98% on average, while the execution rate of investments from domestic resources reached over 80% after 2009 (Figure 26). For its part, MPA posted quite low execution rates for capital expenditure from both domestic and external resources (Figure 27). Finally, MEEF recorded high execution rates for capital expenditure from domestic resources (94% on average) but low rates for external resources (46% on average, Figure 28), while for 2009, the execution rate was very high as budget forecasts were underestimated. For this ministry, we excluded expenditure from external funds on projects that do not relate to agricultural production.

Figure 25: Budget execution rates, MAG&EL, MPA, and MEEF, 2003-2012, as % of projections



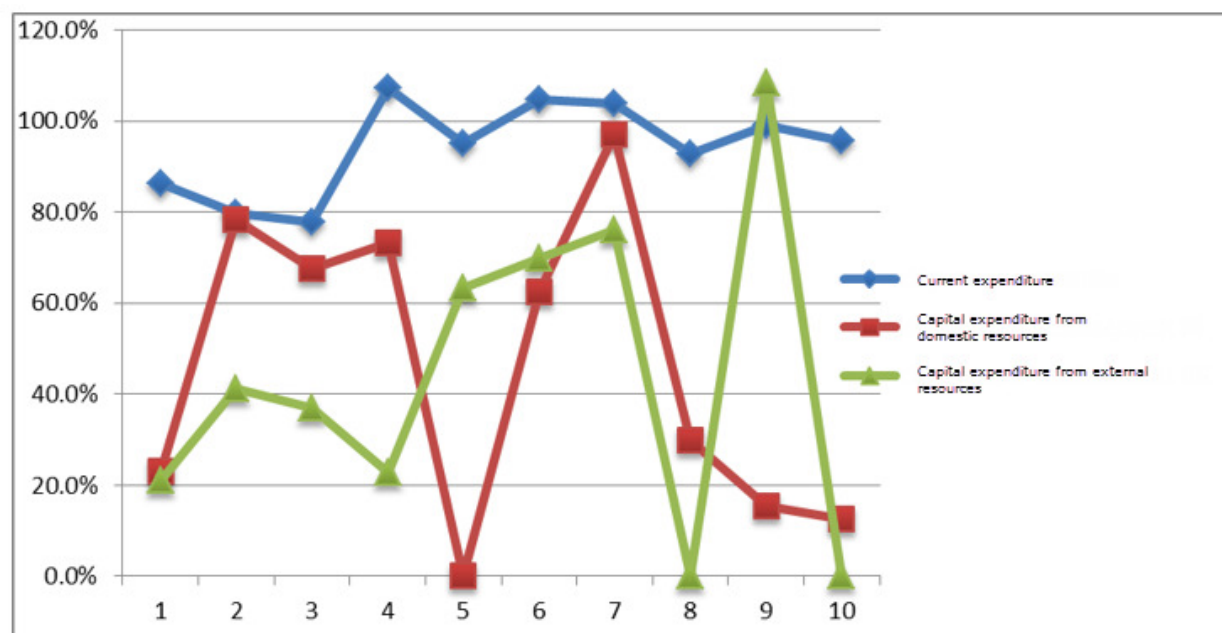
Source: MEF, DNSI, DNIP

Fig. 26: Budget execution rates, MAG¹El, 2003-2012, as % of projections



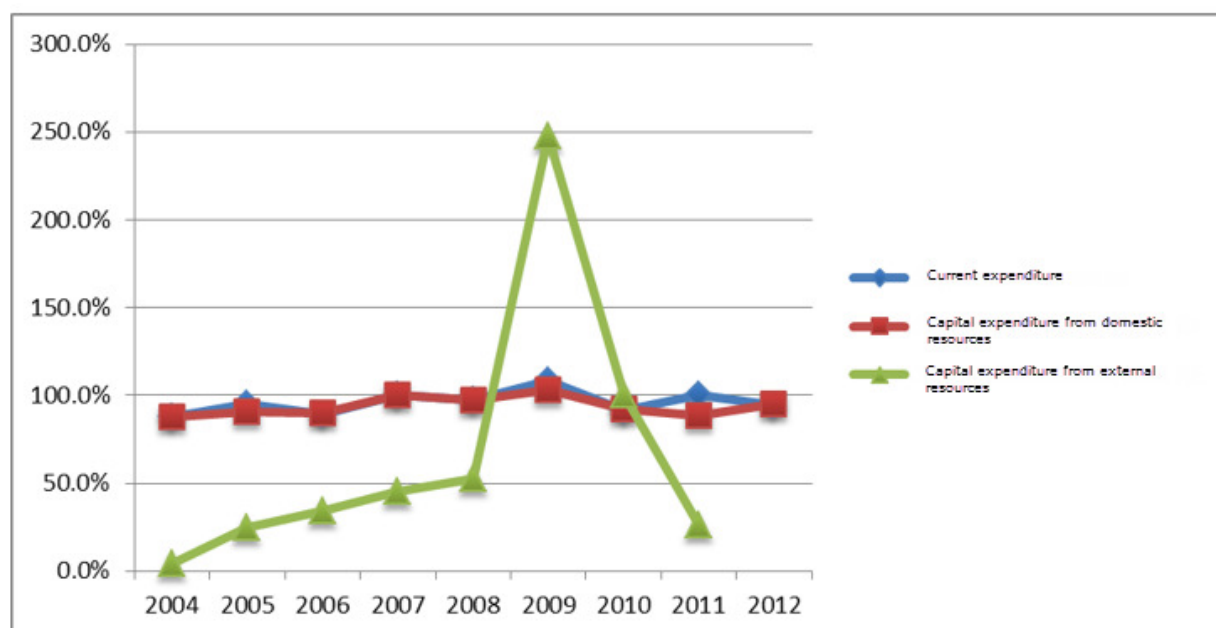
Source: MEF, DNSI, DNIP

Figure 27: Budget execution rates, MPA, 2003-2012, as % of projections



Source: MEF, DNSI, DNIP

Figure 28: Budget execution rates, MEEF, 2004-2012, as % of projections



Source: MEF, DNSI, DNIP

4.2. Budget planning

89. Guinea is yet to take steps toward making MTEFs a cornerstone of budget planning. This lag relative to the other countries of the region can be explained by the socio-political instability of the period 2008-2010. The strategic public finance reform plan underlines the need for capacity building in the National Budget Directorate in terms of budget forecasting and preparation of an MTEF. There has been progress in the reform to the organic budget law to ensure convergence toward international standards, with the new text being adopted in July 2012. This provides for the creation of MTEFs and for the introduction of program budgets following a transition period. A new budget nomenclature and set of government accounts were prepared in 2012 and will be used for the 2014 budget.

90. This should allow Guinea to gradually improve the quality of public expenditure planning. The National Agricultural and Food Security Investment Program (PNIASA) aims to accelerate the growth rate of the primary sector to 10.3% per year for the period 2013-2017, with the goal of halving poverty by 2022. This program constitutes the frame of reference for public investment by the government and partners over the next five years and will serve as a basis for budgetary discussions.

91. As part of PNIASA, the agricultural sector ministries should improve their processes for preparing both operating and investment budgets as well as in their negotiations with MEF and the Ministry of Planning. With regard to these two ministries, it is necessary to create adequate structures for selecting projects with a multi-year horizon. This is because as PNIASA is unlikely to be fully funded, trade-offs in project selection will have to be made. It has been suggested that a structure designed to assess projects should be created within

MEF or the Ministry of Planning. This entity would be in charge of evaluating projects, drafting shortlists of eligible projects to be included in the budget law in consultation with the planning structures of the sectoral ministries, and carrying out the final selection. A Central Bureau for the Study of Projects (BCEP) was created in February 2013 under ACGP. However, given the role played by ACGP in monitoring government procurement procedures, it would be preferable if the monitoring structure were separate from ACGP.

92. An MTEF with quantified sectoral objectives will also be an important instrument with a view to improving budget preparation, with PNIASA as a key pillar of the MTEF, which will steer budgetary choices over the medium term.

93. Consultation workshops should be scheduled between planning services and sector ministry staff on the one hand and other agricultural sector actors (NGOs, producer associations, businesses, microcredit institutions, etc.) as well as the beneficiaries themselves on the other. These consultations should make it possible for sectoral priorities to reflect the reality of local conditions, which in turn would make it easier to execute operations. They should also involve the beneficiaries, who will be the ultimate judges of the suitability and quality of the agricultural services provided to the population.

94. Once the choice of investment projects to execute is made, it is important that project implementation not stumble upon obstacles. Procurement plans should be adopted rapidly at the start of the year, and bidding procedures should be accelerated as much as possible. Payments made to contractors should be made without accumulating arrears, unlike in the past.

4.3. Monitoring and evaluation mechanism

95. **The monitoring and evaluation mechanism is relatively weak.** Delays in preparing budget settlement laws weaken monitoring. Although data on budget execution from domestic resources are available for both current and capital expenditure, the data on capital expenditure from external resources are incomplete as disbursements from a large number of donors fall outside of the monitoring structures of MEF and the Ministry of Planning. As a result, analysts in the Ministry of Planning perform an overall analysis of the investment budget execution rate that covers only part of this capital expenditure. Although the Ministry of Cooperation should monitor donor disbursements, it lacks the structures with which to do so effectively. Creating a computerized expenditure chain for external resources along with an effective IT system is therefore a key priority. In the past two years, the sectoral ministries sought to reinforce the monitoring of resources allocated to the crop years. However, information has been slow to come in and remains incomplete, as shown by the analysis presented in the previous section. For capital expenditure, neither the agricultural sector ministries nor the Ministry of Planning examine discrepancies between annual investment carried out and initial projections. A systematic analysis of discrepancies between forecasts and the execution of annual capital expenditure will need to be arranged in order to monitor PNIASA. Meanwhile, the rigorous monitoring of expenditure for crop years should be implemented.

96. To complete the budget framework proposed and develop a results-based management tool, it may also be necessary to create a mechanism for monitoring agricultural sector performance through quantifiable and verifiable indicators, which could

be based on PNIASA indicators (outputs, land area cultivated, yields, irrigation systems created, kilometers of feeder roads, etc.).

5. CONCLUSIONS AND RECOMMENDATIONS

97. Public expenditure in the agricultural sector increased sharply from 2011. In 2011 and 2012, it reached 7.2% of government budget expenditure if we include in this expenditure a large number of off-budget projects funded by donors. In the previous decade, agricultural expenditure peaked in 2007 (at 10.4% of the government budget) as a result of large disbursements made by DPs for projects and interventions not included in the budget. However, the results in terms of agricultural growth from 2005 to 2010 were disappointing (3% on average), showing a slowdown from the previous five years (4% on average in 2000-2004). The government's intervention in agriculture is in a transitional phase, with considerable resources allocated to the 2011-2012 and 2012-2013 crop years, which increased the share of the government budget allocated to the agricultural sector from 5% in 2010 to approximately 6.6% in 2011 and 2012. The results of both crop years, which are still preliminary, show an increase in production but not in yields. The cost borne by the government as a result of the importation of inputs and the purchase of seeds as well as their resale at subsidized prices is close to 0.5% of GDP.

98. An analysis of the economic composition of expenditure shows that until 2010, current expenditure amounted to 38% of total expenditure by the agricultural sector ministries included in the budget. If we include 2011 and 2012, this ratio rises to 44% of total expenditure, which also includes expenditure on inputs over the past two crop years. Expenditure for goods and services as well as transfers represented only 6% of the total in 2003-2010. This cutback in available resources forced a range of services (including extension services, research, and feeder roads) to rely on agreements with donor projects, which eased constraints but exposed these entities to a project durability risk. We note that a large share of expenditure on investment projects was to meet current costs. On the basis of a sample of projects, this share was 19% of project expenditure.

99. Capital expenditure from domestic resources represented 19% of total sectoral expenditure, with capital expenditure from external resources included in the budget representing 38%. However, expenditure from external funds severely underestimates total disbursements as numerous donor projects are not included in the budget or do not feature in the budget execution figures. On average over the period, this amount equalled 81% of all capital expenditure included in the budget. It is therefore urgent to accelerate the creation of a computerized expenditure chain for external resources covering all donor projects. If we take into account off-budget projects and include in current expenditure an estimate of these projects' current expenditure, average current expenditure over the period represented 45% of total expenditure.

100. Over the period in question, we note strong improvement in execution rates for investments in the agricultural sector from both domestic and external resources, which reflects efforts to improve budget execution and to accelerate procedures. Thus, over the period 2009-2012, the execution rate for investments from domestic resources reached 74% on average (as compared with 56% over the previous period), and the rate for

investments from external resources climbed to 90% (as against 55% previously). However, considerable effort to improve the planning and execution of public interventions is still needed despite some improvement in recent years. As discussed in detail in Section 4.1, the procedures involved in preparing for competitive bidding, selecting bidders, and awarding contracts need to be accelerated. New standards being prepared for thresholds and shorter waiting times for file processing should help accelerate project implementation.

101. An analysis of the functional composition of expenditure shows that livestock production was neglected in relation to its contribution to primary GDP (26% as compared to receiving only 3% of agricultural sector resources) and should therefore receive greater support in the future. The system of input subsidies should be thoroughly reexamined as shortcomings were noted in the choice of inputs, the assessment of demand, and distribution by prefectures. Consideration should be given to the advantages of private sector involvement in the importation and supply of inputs while maintaining the subsidies, for example through a voucher system, which yields positive results in many African countries. With regard to mechanization, it is important to carry out an in-depth analysis of the efficiency of the Agricultural Service Centers (CPAs) in managing the machinery purchased by the government in 2011 and 2012 and of the advantages of involving the private sector in the management of this equipment.

102. Needs in terms of feeder roads and irrigation systems should be examined along with the creation of master plans in both sectors, for which external funds have been requested.

103. In terms of budgetary procedures, budget execution suffered in the past from a series of impediments, including budget regulation, cumbersome procedures for awarding projects and sign contracts, and the accumulation of arrears. The implementing provisions of the new Public Procurement Code, which is in the process of being prepared, should make it possible to accelerate procedures for awarding projects and signing contracts.

104. Budget planning is expected to benefit from the launch of PNIASA, which should be accompanied by a reinforcement of project planning, selection, and monitoring mechanisms in the sectoral ministries. The launch of PNIASA should be accompanied by a reinforcement of procedures for selecting projects as resources could fall below the initial target. This will form a general framework that will facilitate the preparation of rolling MTEFs, submitted at annual budget conferences, within which annual budgets will fit.

105. The monitoring of budget execution is weak. The mechanism for monitoring resources allocated to crop years is incomplete and information is often very slow to come in. For capital expenditure, neither the agricultural sector ministries nor the Ministry of Planning examine discrepancies between annual investment carried out and initial forecasts. Over time, the establishment of program budgets will facilitate the setting up of performance indicators and the close monitoring of progress in achieving goals set.

106. The various issues on which work is needed are summarized in the matrix presented at the start of this report.

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Annex 1

Appendix I - Database

Projected government budget, GNF millions	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Wages	248.6	280.1	336.5	442.4	646.1	881.5	1715.1	1715.1	1785.0	1831.5
Goods and services	172.2	151.5	275.8	440.1	612.9	1029.2	1435.2	2799.5	2050.7	2281.3
Transfers	208.5	213.6	213.4	349.8	402.6	424.3	1226.0	863.0	1119.3	1545.5
Total current expenditure	629.3	645.2	825.6	1232.3	1661.6	2335.0	4376.4	5377.7	4955.0	5658.3
Cap. exp. from domestic resources	125.8	16.0	186.6	306.2	356.9	417.3	1344.9	2306.9	2257.1	3203.3
Cap. exp. from external resources	425.0	425.0	250.0	377.1	388.5	838.0	550.0	275.0	550.0	1939.0
Total capital expenditure	109.0	164.0	436.6	683.3	745.5	1255.3	1894.9	2581.9	2807.1	5142.3
Debt servicing	348.8	539.0	709.5	1412.8	1500.2	1576.0	1576.0	1370.6	1937.9	2256.3
TOTAL	2267.2	2434.4	3233.9	5244.1	6314.4	8756.7	14118.4	17289.8	17462.1	23857.4
Executed government budget, GNF millions										
Wages	256.3	271.3	326.8	444.0	554.1	861.9	1093.8	1558.5	1781.8	1724.7
Execution rate	103%	97%	97%	100%	86%	98%	64%	91%	100%	94%
Goods and services	175.7	128.4	245.1	326.3	475.0	897.7	1076.7	2431.2	1763.3	1809.8
Execution rate	102%	85%	89%	74%	78%	87%	75%	87%	86%	79%
Transfers	170.40	193.70	186.13	324.35	355.97	364.48	1093.81	768.42	994.40	1404.58
Execution rate	82%	91%	87%	93%	88%	86%	89%	89%	89%	91%
Total current expenditure	602.4	593.5	758.0	1094.6	1385.1	2124.1	3264.4	4758.1	4539.5	4939.1
Execution rate	95.7%	92.0%	91.8%	88.8%	83.4%	91.0%	74.6%	88.5%	91.6%	87.3%
Cap. exp. from domestic resources	59.8	131.8	164.3	248.2	287.1	359.2	1242.1	1852.4	1170.3	2680.3
Execution rate	48%	824%	88%	81%	80%	86%	92%	80%	52%	84%
Cap. exp. from external resources	130	130.0	330.3	367.8	314.0	386.2	269.1	283.0	445.7	574.0
Execution rate	31%	31%	132%	98%	81%	46%	49%	103%	81%	30%
Total capital expenditure	56.7	131.8	494.6	616.0	601.1	745.4	1511.1	2135.3	1616.0	3254.3
Execution rate	52.0%	80.4%	113.3%	90.1%	80.6%	59.4%	79.7%	82.7%	57.6%	63.3%
Debt servicing	273.7	230.2	500.8	1130.7	578.7	808.8	1558.6	1155.5	1096.2	765.3
Execution rate	78%	43%	71%	80%	39%	51%	99%	84%	57%	34%
TOTAL	1725.0	1810.8	3006.0	4551.9	4551.0	6547.8	11109.5	14942.3	13407.1	17152.2
Execution rate	76%	74%	93%	87%	72%	75%	79%	86%	77%	72%

**MAG & EL projected budget,
GNF billions**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Wages	20.6	22.7	27.5	34.0	47.8	49.1	61.2	85.0	90.2	85.0
Goods and services	2.72	2.05	2.42	3.91	4.64	5.80	2.31	3.65	177.05	150.7
Transfers	6.4	0.8	3.5	2.4	0.8	2.3	0.2	3.8	51.6	37.1
Total current expenditure	29.7	25.5	33.5	40.3	53.3	57.2	63.7	92.4	318.8	272.9
Cap. exp. from domestic resources	15.9	23.1	16.2	27.4	30.5	29.6	38.0	36.2	38.2	188.0
Cap. exp. from external resources	54	27.1	53.7	107.6	110.7	145.5	122.5	99.5	88.6	463.5
Total capital expenditure	69.9	50.2	69.9	135.1	141.1	175.1	160.5	135.7	126.8	651.5
TOTAL	99.6	75.7	103.4	175.4	194.4	232.3	224.2	228.2	445.6	924.4

**MAG & EL executed budget,
GNF billions**

Wages	21.9	22.5	25.5	34.4	47.0	58.3	60.7	87.1	89.7	91.1
<i>Execution rate</i>	106%	99%	93%	101%	98%	119%	99%	102%	99%	107%
Goods and services	9.3	1.2	2.1	3.3	3.8	5.4	1.5	3.0	147.7	149.9
<i>Execution rate</i>	342%	59%	86%	86%	83%	94%	66%	83%	83%	99%
Transfers	0.3	0.4	1.9	1.7	0.8	1.2	0.2	3.2	44.1	33.9
<i>Execution rate</i>	5%	56%	55%	73%	100%	53%	90%	85%	85%	91%
Total current expenditure	31.5	24.1	29.5	39.5	51.6	64.9	62.4	93.4	281.5	274.9
<i>Execution rate</i>	106.2%	94.5%	88.1%	97.9%	97.0%	113.5%	97.9%	101.0%	88.3%	100.7%
Cap. exp. from domestic resources	10.0	21.6	1.7	15.2	20.8	13.2	29.7	32.3	31.8	111.0
<i>Execution rate</i>	63%	94%	11%	55%	68%	45%	78%	89%	83%	59%
Cap. exp. from external resources	22.2	22.2	27.4	99.9	63.4	87.4	68.4	99.5	105.4	160.0
<i>Execution rate</i>	41%	82%	51%	93%	57%	60%	56%	100%	119%	35%
Total capital expenditure	32.2	43.8	29.1	115.1	84.2	100.6	98.1	131.8	137.3	271.0
<i>Execution rate</i>	46%	87%	42%	85%	60%	57%	61%	97%	108%	42%
TOTAL	63.7	68.0	58.6	154.6	135.9	165.5	160.5	225.1	418.7	545.9
<i>Execution rate</i>	64%	90%	57%	88%	70%	71%	72%	99%	94%	59%

MPA projected budget, GNF billions	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Wages	1.4	1.6	1.9	2.5	3.7	4.0	7.4	11.5	12.9	13.4
Goods and services	1.4	0.9	0.7	1.6	2.0	5.0	2.1	8.3	6.7	9.7
Transfers	0.5	0.5	0.8	1.1	0.8	3.4	2.7	2.9	6.3	0.0
Total current expenditure	3.2	2.9	3.5	5.2	6.4	12.4	12.2	22.7	25.9	23.2
Capital expenditure from domestic resources	2.2	1.2	2.6	4.6	2.6	0.8	2.9	0.9	21.9	30.0
Capital expenditure from external resources	10.4	5.5	8.7	8.2	5.6	10.3	8.8	0.0	2.0	0.0
Total capital expenditure	12.6	6.7	11.2	12.7	8.1	11.1	11.7	0.9	23.9	30.0
TOTAL	15.8	9.6	14.7	17.9	14.5	23.5	23.9	23.6	49.8	53.2
MPA executed budget, GNF billions										
Wages	1.5	1.6	1.8	2.7	3.7	5.2	7.6	11.8	12.9	14.1
Execution rate	109%	99%	93%	106%	101%	130%	103%	103%	100%	105%
Goods and services	0.8	0.5	0.7	1.8	1.6	4.7	2.4	6.9	6.4	8.1
Execution rate	59%	58%	93%	116%	81%	94%	118%	83%	96%	83%
Transfers	0.5	0.3	0.2	1.1	0.8	3.1	2.6	2.4	6.3	0.0
Execution rate	100%	56%	25%	99%	100%	91%	97%	83%	100%	
Total current expenditure	2.8	2.3	2.7	5.6	6.1	13.0	12.7	21.1	25.6	22.2
Execution rate	86%	80%	78%	107%	95%	105%	104%	93%	99%	96%
Capital expenditure from domestic resources	0.5	0.9	1.7	3.3	0.0	0.5	2.8	0.3	3.4	3.8
Execution rate	23%	78%	68%	73%	0%	63%	97%	30%	15%	13%
Capital expenditure from external resources	2.2	2.3	3.2	1.9	3.5	7.2	6.7	0.0	2.2	0.0
Execution rate	21%	41%	37%	23%	63%	70%	76%		109%	
Total capital expenditure	2.7	3.2	5.0	5.2	3.5	7.7	9.5	0.3	5.6	3.8
Execution rate	21%	48%	44%	41%	43%	69%	81%	30%	23%	13%
TOTAL	5.5	5.5	7.7	10.8	9.6	20.7	22.2	21.4	31.2	25.9
Execution rate	35%	58%	52%	60%	66%	88%	93%	90%	63%	49%

MEEF projected budget, GNF billions	2004	2005	2006	2007	2008	2009	2010	2011	2012
Wages	0.26	0.44	1.30	0.44	0.00	3.59	9.28	10.23	11.10
Goods and services	0.21	0.59	0.81	0.04	0.52	2.07	3.13	1.55	8.02
Transfers	0.44	0.93	1.33	0.00	1.34	0.19	1.51	0.00	1.91
Total current expenditure	0.91	1.96	3.43	0.49	1.85	5.85	13.92	11.78	21.03
Capital expenditure from domestic resources	0.00	0.22	0.13	0.00	0.00	2.39	0.80	3.76	2.57
Capital expenditure from external resources	14.3	11.7	13.2	21.7	43.7	16.0	24.2	11.0	22.5
Total capital expenditure	14.30	11.87	13.33	21.71	43.72	18.39	24.98	14.76	25.08
TOTAL	15.22	13.83	16.76	22.20	45.58	24.24	38.90	26.53	46.11
MEEF executed budget, GNF billions									
Wages	0.09	0.42	1.04	0.44	0.00	3.91	9.58	10.26	12.61
<i>Execution rate</i>	35%	95%	80%	100%		109%	103%	100%	114%
Goods and services	0.27	0.56	0.78	0.04	0.46	2.44	2.45	1.54	5.88
<i>Execution rate</i>	129%	94%	96%	100%	89%	118%	78%	100%	73%
Transfers	0.44	0.89	1.26	0.00	1.34	0.00	0.76	0.00	1.41
<i>Execution rate</i>	100%	96%	95%		100%	0%	50%		74%
Total current expenditure	0.80	1.86	3.07	0.49	1.80	6.35	12.78	11.80	19.90
<i>Execution rate</i>	88%	95%	89%	100%	97%	108%	92%	100%	95%
Capital expenditure from domestic resources	0.00	0.11	0.13	0.00	0.00	2.14	0.80	1.91	2.57
<i>Execution rate</i>		50%	100%			90%	100%	51%	100%
Capital expenditure from external resources	0.6	2.9	4.5	9.8	22.8	39.6	24.2	2.9	0.0
<i>Execution rate</i>	4%	25%	34%	45%	52%	248%	100%	26%	0%
Total capital expenditure	0.6	3.0	4.7	9.8	22.8	41.8	25.0	4.8	2.6
<i>Execution rate</i>	4%	25%	35%	45%	52%	227%	100%	32%	10%
TOTAL	1.4	4.9	7.7	10.3	24.6	48.1	37.8	16.6	22.5
<i>Execution rate</i>	9%	35%	46%	46%	54%	199%	97%	62%	49%

