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FY 1984

GUINEA

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GUINEA

FY 1984 ANNUAL BUDGET SUBMISSION

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Country Program Rationale

Summary Strategy Statement

1. Analysis

Guinea's development situation remains essentially the same as described in last year's Small Program Statement. However, small positive changes have taken place over the last year and significant ones may be in the offing.

Following is a summary of the current situation: Guinea, though one of the world's least developed countries with per capita GNP of about $280, has significant economic potential. Part of the potential lies in enormous high-grade bauxite reserves--one third of the world's total--which are being exploited on a large scale in joint ventures with American and other foreign private as well as government investors and which yield about 95 percent of the country's export earnings. Other minerals also show promising potential.

Guinean agriculture offers considerable scope for expansion. Soil, water and climatic conditions are such that outputs of rice, corn, peanuts, fruit, oil and coconut palms and livestock could rise to significant levels. Over 80 percent of the population consists of small farmers. Yet production remains far below potential, providing only about 40 percent of GDP and less than 5 percent of export income. Average per capita agricultural production has been declining by about 2.6 percent per annum.

The chief impediments to increased productivity are lack of improved technology and incentives for small farmers. Having little or no access to fertilizer, improved seeds, better techniques and equipment, adaptive research and extension services, Guinean peasants continue to follow traditional practices which require more extensive acreage and are ecologically and economically more costly than improved, higher-yield techniques. Practicing low-yield forms of agriculture, the peasants seek increased amounts of food and fuel for a growing population (2.9 percent per year) by shortening fallow periods and cutting down valuable tree cover. This has led to erosion, river silting, declining soil fertility... and still lower crop yields. Thus have the economic and technical constraints combined to depress small farmer production. Less than 30 percent of rice production, for example, is left over for marketing after home consumption needs are met.

Agricultural sector development is one of Guinea's major goals, but the government has been emphasizing large-scale mechanized operations and state-sponsored cooperative farms (FAPAs) as a means to this end, rather than aid to the small farmer. However, the state operations suffer from inadequate capital and financial means, poorly trained staff, lack of research and extension support from the government, high costs, low official farmgate prices and scarcity of spare parts, fertilizers and other inputs. The GOG has begun to recognize these problems: mechanization is being de-emphasized, and some FAPAs

are now allowed to sell their produce on the private ("parallel") market where they can earn a profit.

Despite the emphasis on FAPAs and large-scale production, there has been a recent shift of attention to the small farmer. During 1981, in a series of actions aimed at stimulating the flow of agricultural goods to markets, the government abolished both the state-run regional food distribution outlets and the marketing quota that each producer had been required to sell to the government at a fixed low price. The state-run rural purchasing points have been retained but are expected to wither away as their role--feeding the cities-- is gradually taken over by private marketers. An expansion of credit to the rural population has been declared but not yet implemented. In a small but hopeful beginning, two fledgling women's cooperatives, enjoying high-level political support, are operating for the members' profit and receiving AID training and management assistance in launching vegetable production and marketing operations.

The government has moved to encourage private enterprise generally and to improve performance of public enterprises. In October 1981, the GOG eliminated the state holding companies under which some one hundred enterprises were grouped, making each firm instead solely responsible for its performance. Thus profitable companies no longer cover the losses of the others. Consistently unprofitable firms will be liquidated. Private importers now can obtain import licenses, and there has been a steady increase since 1977 in the quantity and quality of consumer goods available on the private market. In 1981, the GOG created the Ministry of Small and Medium-Sized Enterprises to foster

indigeneous private enterprise; several international and bilateral donors have proposed concessional assistance to the ministry. Foreign private investment in Guinea is receiving increasing attention from both the GOG and the U.S. banking and business community. A major forum on investment in Guinea is being organized by Chase Manhattan Bank in New York in June 1982 to explore bank investment opportunities with GOG officials and up to 100 potential investors.

These changes represent but a beginning; much more remains to be done. World Bank economists have just completed a lengthy agricutural price incentives study which sets forth options for reforms in pricing, exchange rates and budgetary allocations aimed at stimulating agricultural production. The study has not been released pending final approval by the GOG. However, the GOG has already requested technical assistance to implement reforms to be based on the study. The process will take time; overcoming 24 years of economic distortions is a delicate task which must be carefully phased to avoid severe disruptions. The reforms should gradually improve incentives for small farmers and other entrepreneurs, both small and large.

Efforts are underway, with donor assistance, to deal with another constraint to rural productivity: poor health and malnutrition. The people at greatest risk are infants and women in child-bearing age. Inadequate health care, lack of nutrition information and too-closely spaced births are among the major reasons for this vulnerability.

The conditions described above supply with local variations to the whole of Guinea. The zone that has been selected for principal

AID attention is Middle Guinea and an adjacent portion of Upper Guinea (Faranah region). This is a contiguous zone easily reached from Conakry and centrally located for extension of pilot development findings to other regions.

2. Strategy

The combination of low-yield agriculture, diminishing forest and soil resources and poor health conditions constitutes a vicious circle. To break that circle it is necessary to improve the productivity of land and manpower on a sustainable basis to enable the poor to meet their basic human needs and improve their quality of life. The small AID program, complementing the activities of other donors, focuses on three strategy objectives:

1. Increasing the productivity and incomes of small farmers;

2. Sustaining and enhancing the soil, forest and water resources necessary for increased agricultural productivity;

3. Improving the nutrition and health of the rural population.

AID is pursuing these objectives through three experimental projects in the target zone. Their goals are to:

1. Strengthen Guinea's agricultural research, training and extension services in a pilot area and lay the groundwork for future effective support to Guinea's roughly half million small farm households.

2. Develop a technically sound, culturally appropriate, economically feasible and easily accessible set of interventions to provide villagers with fast-growing trees and other plants for fuelwood, forage, soil enrichment and erosion control.

3. Reduce morbidity and mortality and improve health status among children 0-7 years and women of child-bearing age through primary health care services, nutrition education and assistance in birth spacing.

The community forestry and mother-child health projects overlap in Middle Guinea, whereas the agricultural project is centered in Faranah region to the east. The reasons for partial rather than complete overlap are that at the pilot stage it has been necessary to select areas within the target zone where conditions and limited institutional framework allow maximum impact. Ultimately, the projects are intended for wider replication/adaptation and hence greater overlap and integration.

The Agricultural Research, Training and Extension project is the centerpiece of the AID program in Guinea. The project will emphasize technical assistance, utilizing the facilities, equipment and trained personnel furnished under a predecessor project. The new project is planned for five to seven years beginning FY 83 with the possibility of further phases in a long-range program to develop agricultural research and extension through training and institutional development. During the initial phase the project will concentrate its efforts on a pilot zone around Tindo, near Faranah, where AID and GOG-funded construction of a demonstration and applied research center is being completed. Training and research support will be furnished by the Faranah Agricultural Training Institute and the Foulaya National Agronomic Research Institute which also have new facilities being completed with AID assistance. A pilot extension

system will be created at Tindo to work with the small farmers in the area. Basic farm-level information will be collected and applied and adaptive research will be carried out at the Tindo center and on nearby small farms. Those results found to be appropriate to small-farm needs will be promoted through the extension system.

The chances for project success appear favorable. The cooperation and dedication shown by the GOG in carrying out the predecessor project now being completed augur well for administration of the follow-on. While GOG agricultural policy has to date concentrated on state farm schemes, discussions during preparation of the PID have made clear the GOG's commitment to the small-farmer target of the new proejct. In any event, preparation of the PP and project approval will be conditioned on this focus. Precedence for a small-farmer orientation exists in a World Bank-sponsored rice project in southeastern Guinea. That project is demonstrating that with proper incentives--inputs, extension support and access to the private market where producer prices are higher than on the official market--farmers will respond with increased production. Recent studies in Guinea indicate that a few improvements in cultivation practices and the provision of improved seeds and other inputs can cut the cost of small-farm production by about one third from the cost of traditional methods, thus increasing profit margins. The Agricultural Research, Training and Extension project will seek such basic improvements in parallel with similar projects such as the World Bank effort, and with the implementation of the economic reforms described in the previous section.

The other two strategy goals are being pursued at present through small-scale, regionally funded AIPs. Based on their results it is proposed to expand the efforts in upcoming years into larger but modest-sized, bilaterally funded projects. Both the mother-child health and community forestry AIPs are receiving strong GOG and beneficiary support. Both are seeking to demonstrate how local groups, aided by government, can increase productivity and well being.

The local procurement and training costs of AID projects are covered from PL 480 Title I counterpart proceeds. The GOG personnel assigned to the projects are paid from national budget funds. Future recurrent costs should be limited by the fact that the projects work largely through existing institutions. Recurrent foreign exchange costs pose a particular problem at present. Assuming that the anticipated economic reforms take place, that agricultural output rises and that the food import burden subsides, Guinea should be in a gradually improving position to finance the recurrent foreign exchange costs of projects along with the local costs.

The PL 480 Title I narrative discusses the role of that program in the AID/Guinea development strategy.

3. New Emphases

The Agricultural Research, Training and Extension project will attempt to stimulate the productive capacity of the largest group of private entrepreneurs in Guinea: the small farmers. Bilateral AID funds for Guinea being limited, additional activities in support of

the new emphases are being launched on a small scale using AID regional and Title I counterpart funds. Use of counterpart is planned for a small-farmer credit fund under a World Bank rice project. If this succeeds, a credit fund could be considered for inclusion in the AID agricultural project as well.

African Manpower Development project (AMDP) funds are being utilized to finance the training of women entrepreneurs mentioned in section one above. An OPG currently under consideration provides for transfer of appropriate technology in the form of biogas generation and utilization, cinva ram block construction and improved wood and charcoal stoves. The OPG proposal calls for a rural energy fund financed with Title I counterpart funds to promote private entrepreneurial efforts in the three project technologies. Counterpart funds also are planned for use in support of a U.S. investor-GOG joint venture in livestock breeding and herd improvement; the investor has requested a counterpart loan for purchase of cattle, and a grant for the costs of training local herdsmen in improved livestock practices. AID/Guinea will continue to look for opportunities of this nature to promote private enterprise and technology transfer in Guinea, particularly in support of rural development.

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TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT ($ Thousands)

Country/Office Guinea

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD 1985	1986	1987
Agriculture, Rural Development & Nutrition						
Grants	1,102	1,695	1,800	2,500	2,000	2,050
Loans						
Population						
Grants			75		75	150
Loans						
(of which centrally procured commodities)			(45)		(45)	(100)
Health						
Grants			425		425	600
Loans						
Education						
Grants						
Loans						
Selected Dev. Activities						
Grants		305				
Loans						
SUBTOTAL FUND.ACCOUNTS						
Grants	1,102	2,000	2,300	2,500	2,500	2,800
Loans						
Other DA ACCTS (Specify)						
Grants						
Loans						
TOTAL DA ACCTS						
Grants	1,102	2,000	2,300	2,500	2,500	2,800
Loans						
Economic Support Funds						
Grants						
Loans						
TOTAL DA AND ESF	1,102	2,000	2,300	2,500	2,500	2,800
PL 480 (non-add)						
Title I	5,000	5,000	7,000	7,000	7,000	6,000
(of which Title III)						
Title II						
Housing Guarantees						
TOTAL PERSONNEL						
USDH (workyears)	2.5	3.0	3.0	3.0	3.0	3.0
FNDH (workyears)	3.0	3.0	3.0	3.0	3.0	3.0
PT (workyears)	-	1.0	1.0	1.0	1.0	1.0

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TABLE IV PROJECT BUDGET DATA

Country/Office: Guinea

PROJECT NUMBER	PROJECT TITLE	G/L	OBLIGATION DATE INITIAL	OBLIGATION DATE FINAL	LIFE OF PROJECT COST ($mil.) AUTH	LIFE OF PROJECT COST ($mil.) PLAN	ESTIMATED U.S. DOLLAR COST ($000) CUM PIPELINE AS OF 9/30/81	FY 1982 OBL	FY 1982 EXP	FY 1983 OBL	FY 1983 EXP	FY OBLIGATIONS 1984 AAPL	FY OBLIGATIONS FUNDED TO MO/YR	FY OBLIGATIONS 1985	FY OBLIGATIONS 1986	FY OBLIGATIONS 1987	FY OBLIGATIONS FUTURE YEAR	ITEM #
Agriculture, Rural Dev. & Nutrition																		
6750201	Ag Production Capacity & Train.	G	76	82	14.4	14.4	4,441	1,102	4,000	-	1,543	-		-	-	-	-	
6750204	Ag Research, Training & Extens.	G	83	88*	-	10.0	-	-	-	1,695	500	1,800	9/85	2,000	2,000	1,400	1,105	
6750207	Community Forestry	G	85	89	-	2.5	-	-	-	-	-	-		500	-	650	1,350	
Appropriation	Total				14.4	26.9	4,441	1,102	4,000	1,695	2,043	1,800		2,500	2,000	2,050	2,455	
	Grant				14.4	26.9	4,441	1,102	4,000	1,695	2,043	1,800		2,500	2,000	2,050	2,455	
	Loan				-	-	-	-	-	-	-	-		-	-	-	-	
Population																		
6750205	Mother-Child Health & Family Planning	G	84	89		0.45	-	-	-	-	-	75	9/85	-	75	150	150	
Appropriation	Total					0.45	-	-	-	-	-	75		-	75	150	150	
	Grant					0.45	-	-	-	-	-	75		-	75	150	150	
	Loan					-	-	-	-	-	-	-		-	-	-	-	
Health																		
6750205	Mother-Child Health & Family Planning	G	84	89		2.55	-	-	-	-	-	425	9/85	-	425	600	1,100	
Appropriation	Total					2.55	-	-	-	-	-	425		-	425	600	1,100	
	Grant					2.55	-	-	-	-	-	425		-	425	600	1,100	
	Loan					-	-	-	-	-	-	-		-	-	-	-	
Selected Development Activities																		
6750208	Renewable Energy Technology (OPG) (U)	G	83	83		0.3	-	-	-	305	150	-		-	-	-	-	
Appropriation	Total					0.3	-	-	-	305	150	-		-	-	-	-	
	Grant					0.3	-	-	-	305	150	-		-	-	-	-	
	Loan					-	-	-	-	-	-	-		-	-	-	-	
Country	Total				14.4	30.2	4,441	1,102	4,000	2,000	2,193	2,300		2,500	2,500	2,800	3,705	
	Grant				14.4	30.2	4,441	1,102	4,000	2,000	2,193	2,300		2,500	2,500	2,800	3,705	
	Loan				-	-	-	-	-	-	-	-		-	-	-	-	

Guinea - New Project Narrative

Project 675-0206 - Mother Child Health and Family Planning

Proposed Funding ($000):	Health Account	Population Account
FY 84	425	75

Project Purpose: To reduce morbidity and mortality and improve health status among children aged 0-7 years and women of child-bearing age through primary health care services and assistance in birth spacing.

Project Description: This project is based on the pilot accelerated impact project for mother-child health financed in FY 80 and launched in FY 81. The AIP is one of two pilot projects centered in Middle Guinea and planned for expansion into full-scale projects covering a large part of the region during the planning period. The projects aim at increasing productivity through improvements in family health and erosion control and fuelwood generation (community forestry).

Maternal and child health is an important if not the fundamental component of comprehensive health care and family health. The importance of the group "mothers and children" is clear: the estimated 1,080,000 women of child-bearing age in Guinea and 1,230,000 children aged 0-7 years represent 42.8 percent of the population of approximately 5.4 million. The annual population growth rate for Guinea is 2.9 percent. The infant mortality rate is 156/1000. Frequently found problems among young children are undernutrition, measles, malaria and other parasites, gastro-intestinal disorders and respiratory infections, most of which are preventable. Anemia is widespread among children and mothers. Women of child-bearing age are almost constantly in a state of nutritional stress from closely spaced pregnancies, prolonged lactation and heavy physical labor; this in turn affects the health of their babies.

The GOG has underway substantial efforts to train professional and paramedical staff and has made a good start in assigning medical and paramedical personnel to rural areas and secondary cities. The country has 47 hospitals of various categories and thousands of rural health posts. However, many of the personnel are inadequately trained, particularly in preventive health care, and the facilities are frequently poorly equipped and housed in run-down structures. The system for distribution of medicines to

rural areas through "cold chains" needs improvement. Health education needs strengthening. Family planning services are almost non-existent, although the GOG--despite a pro-natalist policy--has expressed interest in birth spacing for health reasons.

The project will address these problems in Middle Guinea by (1) providing continuing education for various levels of MCH workers including those at rural health posts and traditional birth attendants; (2) planning, implementing and evaluating community health/nutrition education programs; (3) developing a baseline data collection system; (4) helping implement the Expanded Program of Immunization (EPI); and (5) promoting birth spacing as an integral part of mother-child and family health. The project will be carried out through the Maternal-Child Health Service of the Ministry of Social Affairs.

Issues: Based on initial experience with the pilot project, there are no issues apparent at this time.

Guinea - New Project Narrative

Project 675-0208 - Renewable Energy Technology (VITA OPG)

Proposed Funding ($000): Selected Development Activities Account

FY 83 305 (LOP)

Project Purpose: To further develop Guinean research and development capabilities, to establish a basis for the adoption of three appropriate energy technologies by private artisans, women and small-scale entrepreneurs, to reduce the use of fossil fuels and to help slow the desertification problem in Guinea.

Project Description: There have been substantial policy level discussions regarding the development of alternative energy technologies, but little relevant practical experimentation in Guinea. By developing, field-testing and disseminating specific technologies in rural areas, Guinean planning will attain more realistic levels and steps will be taken toward resolving rural energy-related problems.

To accomplish its objectives, Volunteers in Technical Assistance (VITA) will provide a 2-year technical advisor and shorter-term specialists to the National Center for Productivity (CNP). The CNP serves as an information and training link between government ministries and the Guinean people.

VITA has formulated a research, testing and dissemination plan to fit the characteritics of each technology. For biogas generation and utilization, a biogas technician will complete experimental work already underway, and install three small biogas systems in three different socio-economic environments.

For Cinva-Ram construction, which will help provide low-cost housing in Guinea, production capability will be developed at a pilot industrial testing center, where private artisans and government personnel will be trained in use and maintenance of Cinva-Ram machines.

For improved wood and charcoal stoves, VITA proposes to set up a similar testing center at a rural branch of the Guinean National Women's Committee, which is an active and politically powerful organization. Once successful prototypes are developed, the women themselves will design a dessemination plan appropriate to their needs.

In addition to the above-mentioned activities, an institution-building aspect of the project will be provision of material and technical support to the CNP's Appropriate Technology Documentation Center.

As a means of encouraging artisans and small-scale entrepreneurs, VITA and the CNP will oversee a Rural Energy Fund, financed from PL 480 Title I counterpart funds, that will promote increased production, sales and utilization of renewable technologies. The fund, totaling 1 million sylis ($457,000 at the official rate), will assist projects that have a self-help component, promote women's participation, and target the lower socio-economic groups in rural areas.

Beneficiaries can be divided into three target groups; (1) policy makers, who will gain needed information on viable energy options for Guinea, (2) at least seven Guinean engineers, who will receive on-the-job training and field testing experience, increasing their professional capabilities, (3) the people in rural areas whose living conditions will improve from the introduction of new improved energy technologies.

If the project can be approved in time and funds are available, AID/Guinea would like to see the OPG launched in FY 82. In that event, the $305,000 proposed for FY 83 would be rebudgeted for Agricultural Research, Training and Extension, allowing for increased forward funding of that project.

TABLE V - FY 1984 PROPOSED PROGRAM RANKING

Country/Office: Guinea

RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING ($000) INCR	PROGRAM FUNDING ($000) CUM
	New and Continuing Projects					
1	675-0204 Agricultural Research, Training and Extension	O	G	ARDN	1,800	1,800
2	PL 480 Title I				(7,000)	1,800
3	675-0206 Mother-Child Health and Family Planning	N	G	HE	425	2,225
4	675-0206 Mother-Child Health and Family Planning	N	G	PN	75	2,300

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Proposed Program Ranking Narrative

The centerpiece of the AID program in Guinea is the Agricultural Research, Training and Extension project. The PL 480 Title I program provides direct support in terms of food, trade-off for GOG purchase of inputs (see Title I narrative) and generation of local currency for project support. The MCH-FP project supports the agriculture-centered strategy in terms of seeking improved human productivity and well being.

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TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	256.2		161.2	3.5	288		195	4.0
F.N. DIRECT HIRE	28			3.0	33			3.0
CONTRACT PERSONNEL	140			XXXXX	120			XXXXX
HOUSING EXPENSES	124			6.0	157			5.0
OFFICE OPERATIONS	151.4		18.4	XXXXX	195		25	XXXXX
TOTAL	699.6		179.6	XXXXX	793		220	XXXXX
RECONCILIATION	179.6			XXXXX	220			XXXXX
MISSION ALLOWANCE	520			XXXXX	573			XXXXX

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TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	290		195	4.0	290		195	4.0
F.N. DIRECT HIRE	35			3.0	35			3.0
CONTRACT PERSONNEL	100			XXXXX	140			XXXXX
HOUSING EXPENSES	76			5.0	76			5.0
OFFICE OPERATIONS	188		30	XXXXX	200		30	XXXXX
TOTAL	689		225	XXXXX	741		225	XXXXX
RECONCILIATION	225			XXXXX	225			XXXXX
MISSION ALLOWANCE	464			XXXXX	516			XXXXX

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TABLE VIII

	FY 1984 PROPOSED			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	290		195	
F.N. DIRECT HIRE	35			
CONTRACT PERSONNEL	140			XXXXX
HOUSING EXPENSES	76			
OFFICE OPERATIONS	200		30	XXXXX
TOTAL	741		225	XXXXX
RECONCILIATION	225	XXXXX	XXXXX	XXXXX
MISSION ALLOWANCE	516	XXXXX	XXXXX	XXXXX

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PL 480 Title I Narrative

PL 480 is Guinea's prime source of concessional food assistance. Guinea has been a recipient of Title I aid for 20 years, at a total value of 97.0 million dollars. This year's Title I dollar value is $5.0 million, down from $7.0 million in FY 81. In past years, the commodity composition has varied: last year Guinea received vegetable oil and wheat flour in addition to rice. This year, given the lower dollar value, the GOG has requested that the entire sum be used to purchase rice, Guinea's staple food.

There are no perceived problems with storage or distribution. The GOG has adequate warehousing at the port of Conakry and a well-developed distribution system to urban areas, the key Title I target zone. The food is distributed through local centers as part of a monthly rationing system in which Guineans pay a low price for rice and other staples.

PL 480 Title I does not embody a substantial disincentive to local food production. It is used to feed the urban sector and hardly touches the rural sector, whose depressed productivity is caused by a complex web of structural problems. Moreover, the urban food deficit far exceeds Title I levels.

PL 480 Title I is an integrated element of AID's strategy as described in section 2 of the country program rationale (CPR), forming a component of strategy objectives 1 and 2. By helping to feed the growing urban population, now 22 percent of the total, the commodities ease the pressure on the small farmer, who, due to the agricultural and economic conditions described in the CPR analysis section, cannot produce much more than his subsistence needs. Title I food helps prevent overexploitation of soil and water resources, and supports the small farmer during the transition to a sustained increase in agricultural productivitiy. By the same token, PL 480 Title I purchases free some of the foreign exchange that Guinea would have to spend importing food--hard currency that can be used for petroleum, manufactured goods, debt service, etc.

In addition to the direct benefits of PL 480 food, proceeds of its sale are deposited in a counterpart fund for application to self-help rural development projects. Counterpart sylis are used to finance the local procurement and training costs of AID-assisted projects, as well as of selected projects of other donors. AID/Conakry is helping the GOG identify projects which meet Title I self-help criteria,

and which contribute to the progress of agriculture and of the rural poor.

For example, in 1981-82, counterpart funds were allocated to two EEC-FED-assisted projects in water points and well development and expansion of irrigation. Several other potential counterpart projects are included in the FY 82 Title I agreement. For example, the mission is encouraging an agricultural input plan involving counterpart funding of production credit for 3,000 private rice farmers in the Gueckedou area. The World Bank is providing these farmers with technical and material assistance.

This year's Title I agreement binds the GOG to specific self-help projects and benchmark measures. In addition to the above projects, the GOG agrees this year to provide adequate support for the implementation of two women's vegetable production and marketing cooperatives, applied research on crop diseases, fertilizers and planting techniques as well as appropriate technology research. Many of these projects will receive counterpart fund support.

Increasing agricultural productivity is a primary GOG development goal, but the current strategy emphasizing relatively large-scale, state-organized farms has not shown promising results. As noted in the analysis section of the CPR, steps toward economic reform are now being considered by the GOG. These reforms should gradually improve incentives for small farmers and other entrepreneurs, both small and large. The World Bank efforts to assist in structural reform are endorsed in the FY 83 PL 480 Title I agreement.

In the future, a stable PL 480 Title I program will continue to be an important tool for pursuing the development strategy of AID and other donors--both in terms of support for policy reforms and of the need to mobilize local currency resources for development project operations. The mission therefore proposes to maintain the 1982 Title I level through 1983, then increase the level in subsequent years as a form of structural adjustment assistance aimed at spurring agricultural development. The USG would offer to increase its normal Title I allocation by a given amount which would reduce by an approximately equivalent amount the GOG's need to import food on commercial terms. In return, the GOG would utilize this "saved" foreign exchange to import specific inputs designated for use in agricultural development programs emphasizing the small farmer. The inputs would be tied to projects that promised a respectable increase in agricultural outputs, thereby reducing further the need for commercial food imports and providing incentive to the GOG to continue the purchase of inputs.

In 1984, the food/inputs trade-off would be $2 million out of the proposed $7 million program. In 1985 and 1986 the program level would remain steady while the food/inputs trade-off portion increased to, say,

$3.5 million. In 1987, the program level would begin to decline on the basis of agricultural progress in Guinea, while the trade-off level would remain steady.

The food/inputs trade-off program would be innovative both for Title I in Guinea and for the country's import pattern; at present Guinea imports extremely small quantities of inputs such as fertilizer. The trade-off program would have to be coordinated with any structural adjustment assistance from international agencies.

Country/Office Guinea

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TABLE XI

P.L. 480 TITLE I/III REQUIREMENTS
(Dollars in Millions, Tonnage in Thousands)

COMMODITIES	FY 1982						Estimated FY 1983						Projected FY 1984					
	Agreement		Shipments		Carry into FY 1983		Agreement		Shipments		Carry into FY 1984		Agreement		Shipments		Carry into FY 1985	
	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT	$	MT
Title I																		
Rice	5.0	17	5.0	17	-	-	5.0	11.4	5.0	11.4	-	-	7.0	17.8	7.0	17.8	-	-
Total	5.0	17	5.0	17	-	-	5.0	11.4	5.0	11.4	-	-	7.0	17.8	7.0	17.8	-	-
Of which Title III																		
Total																		

COMMENT: 1) The quality of FY 82 rice is 20 percent broken, for maximum tonnage.

2) In FY 84, a $2 million increase is proposed whereby Guinea would purchase agricultural inputs with an approximately equivalent amount of its own foreign exchange which would otherwise have been spent for commercial food imports. See PL 480 narrative.

Non-Bilateral Activities - Guinea

Project Title and Number	Start	Terminate	Principal AID Office	Anticipated LOP cost in Guinea ($000)	Priority
Mother-Child Health Care A.I.P.* Project AMIS (698-0410.31)	1980	1984	AAO/Conakry	460	High
Community Forestry A.I.P.* (698-0410.35)	1981	1985	AAO/Conakry	460	High
African Manpower Development II Project (698-0433.21)	1979	Cont'g	AAO/Conakry	175-200 per year	High
Semi-Arid Food Grain Research and Development (SAFGRAD) (698-0393)	1977	1984	USAID/Ouagadougou	200	Medium
Support to Regional Organizations OMVG (698-0413.11)	1981	1983	USAID/Banjul and Dakar	Not known at this post	Medium
Gambia River Basin Development-Aerial Photography (625-0012)	1981	1986	USAID/Banjul and Dakar	Not known at this post	Medium
Niger River Basin Planning (625-0915 and 625-0944)	1976	1986	USAID/Niamey	Uncertain	Medium
Strengthening Health Delivery Systems (SHDS) (698-0398)	1977	1983	REDSO/WA	Not known at this post	Medium

* Funding in first year only