



Striving for sustainability and equity

Guinea: Smallholder Development Project in the Forest Region

Despite its agricultural potential at the beginning of the 1990s, the forest region of Guinea had a food production deficit. Nationalisation policies between 1958 and 1984 had resulted in individualist, predatory subsistence farming. Later, with liberalisation, IFAD sought to provide sustainable technical and organisational solutions to rural development problems. In seven years, the project achieved an increase in agricultural production although expected results in terms of environmental conservation and reaching the most disadvantaged were disappointing. The second phase of the project, beyond ensuring the participation of the poorest, needs to guarantee that long-term benefits will actually reach all intended target groups.

Key insights from the evaluation include:

- **Environmental conservation** should be linked to agricultural development and generate income. In terms of capital, land is fundamental and new solutions are needed to allow more equal access to land with high potential (valley bottoms) and to improve conservation of the hillsides.
- **Financial Services Associations (FSAs)** have reduced rural people's dependence on moneylenders who charge exorbitant interest rates. FSAs – microfinance institutions – meet a real need: they are accessible in rural areas, able to respond rapidly to demand, are locally-managed, and provide small loans for short periods of time. However, the funding of rural development and agricultural investment in particular, requires a wider range of financial products than FSAs are currently able to offer.
- **Village-based natural resource management** (*Gestion de Terroir Villageois* or GTV) allowed for a more consistent and wider involvement of primary stakeholders in local development and should be continued and expanded. It remains to be seen, however, whether collective decision-making will allow the voices of the most disadvantaged to be heard and their specific interests taken into account. ▶

Main results

Through the project 15,000 farmers received technical support to strengthen capacity in management and training. The project facilitated the creation of 55 rural financial institutions which attracted 4,770 members (40 percent of whom are women). The financial institutions succeeded in mobilising USD 37,000 in savings which were then redistributed through 9,000 loans and used for agricultural purposes, business, trade, family needs and housing. The Financial Services Associations are not intended to supply all the financial services required by rural residents, but to work alongside other institutions, such as the *Crédit rural de Guinée*, which already have a strong foothold in the country. The issue of refinancing, however, needs to be considered within the context of a new, broader programme for rural financial institutions. Although 3,500 additional tonnes of paddy are produced each year from the valley bottoms and preservation of the hillsides was achieved to some extent, the concept of village-based natural resource management needs to develop into a well-run system whilst agriculture and environmental issues need to become firmly integrated into its overall framework.

► Land rights and profitability

With the aim of developing (ensuring irrigation, drainage and road access) 3,700 hectares of valley bottoms for rice farming, the project anticipated increased food production, sustainable access to the valley bottoms for the poorest farmers and environmental protection resulting from decreased pressure on the hillsides. The infrastructural development did lead to an increase in rice production. However, the necessary finance was only available to farmers' groups rather than individuals and although valley bottom landowners agreed that the farmers' groups could develop and farm their properties the landowners only granted such rights for the duration of the project. Access to better quality land in the valley bottoms for the poorest farmers was therefore limited and required significant effort on their part. Moreover, cultivation of the valley bottoms did not lead to decreased pressure on the hillsides because farmers' strategy is to diversify their production sites and maximise total income by farming the valley bottoms *and* the hillsides, thereby increasing their income and demarcating their territory for legal purposes. Profitability and land were two key factors partially explaining the strategies of the various stakeholders. In the future it will be essential to gain a deeper understanding of these issues and to develop new approaches that respect the long-term interests of each category of farmer.

What role for FSAs?

Focusing on the promotion of village financial services, each FSA is self-financed (there is no contribution of capital from IFAD), self-administered and autonomous (each FSA has independent internal bylaws). This microfinance system allows members to take out small loans (averaging USD 20) over a very short term (one to three months). The rate of capital turnover, the lack of automatic targeting of the loans, the free setting of interest and remuneration rates inspired nearly 5,000 people to join the 55 finance associations (comprising 10 FSAs and 45 AVECs or village-level credit and savings associations – precursors of FSAs) created by the project. The availability of fast, flexible, local credit was the main attraction rather than the opportunity to save. Originally set to local usury rates, the FSA made it possible, in some areas, to lower these rates by a third in less than a year (15 to 10 percent a month). The economic impact was hard to determine due to a weak monitoring and evaluation system, yet it is certain that the changes are positive for FSA members. Future project activities, however, need to ensure that the poorest people can benefit fully from the financial services. Research also needs to continue to examine the possibility of local commercial banks refinancing the FSAs.

Project data

Project area	Forest Region of Guinea
Total project cost	USD 9.3 million
IFAD loan	USD 7.7 million
Government/beneficiary contribution	USD 1.6 million
Cooperating institution	United Nations Office for Project Services
Project dates	February 1994 to June 2002

Participation of the poorest

Initially, in order to mobilise farmers, the project adopted a group approach which consisted of gathering together around common interests producers who would promote village-level integrated rural development. However, following elitism and weak representation of the poorest small farmers and the growing importance of decentralisation in Guinea, a new village-based natural resource management approach (*Gestion de Terroir Villageois* or GTV) was launched in 1998. The GTV approach takes into account all stakeholders and encourages the full participation and involvement of the entire village population in identifying local development priorities and their implementation. Linked to decentralisation bodies, the GTV approach ensures access to information and to decision-making processes for a greater number of people. However, whether this approach will meet the expectations of the poorest community members remains to be seen. Although implementation did encounter problems, overall this approach has had many positive effects such as the reinforcement of social cohesion, a decrease in intra- and inter-*terroir* conflicts, a sense of community ownership, and better integration of women and young people into the decision-making and management processes. The next step is to ensure that the GTV concept evolves into a true collaborative management of land and natural resources and that the agricultural and environmental dimensions are specifically integrated into GTV plans ■

Further information

République de Guinée: *Projet de développement des petits exploitants en Guinée forestière*, Report N° 1231-GU, January 2002, Office of Evaluation, International Fund for Agricultural Development, Via del Serafico 107, 00142 Rome, Italy. The *Profile* (also in French) and the full report are both online at www.ifad.org/evaluation. Email l.daniel@ifad.org or telephone +39 06 5459 2526 for further information.