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Report No.: 20520

**PERFORMANCE AUDIT REPORT**

**REPUBLIC OF GUINEA**

**SECOND WATER SUPPLY PROJECT  
(Credit 1985-GUI)**

June 12, 2000

*Sector and Thematic Evaluations Group  
Operations Evaluation Department*

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## Currency Equivalents (annual averages as per International Finance Statistics)

*Currency Name:* Guinean Francs (GNF)

1989	USD 1.00	GNF 620
1990	USD 1.00	GNF 680
1991	USD 1.00	GNF 803
1992	USD 1.00	GNF 922
1993	USD 1.00	GNF 972
1994	USD 1.00	GNF 981
1995	USD 1.00	GNF 998
1996	USD 1.00	GNF 1039
1997	USD 1.00	GNF 1145
1998	USD 1.00	GNF 1230

## Abbreviations and Acronyms

AfDB	African Development Bank
BADEA	Arab Bank for Economic Development in Africa/Banque Arabe pour le Développement Economique en Afrique
CCCE	Caisse centrale de coopération économique
CGE	Compagnie générale des eaux
DEG	Entreprise nationale de distribution d'eau de Guinée
EIB	European Investment Bank
MRNE	Ministère des ressources naturelles et de l'environnement
ICR	Implementation Completion Report
SAR	Staff Appraisal Report
SAUR	Société d'aménagement urbain et rural
SEEG	Société d'exploitation des eaux en Guinée
SONEG	Société nationale des eaux en Guinée
UNDP	United Nations Development Program
WSS	Water supply and sanitation

## Fiscal Year

Government: January 1 - December 31

Director-General, Operations Evaluation	:	Mr. Robert Picciotto
Director, Operations Evaluation Dept.	:	Mr. Gregory Ingram
Acting Manager, Sector and Thematic Evaluations Group	:	Mr. Ridley Nelson (Acting)
Task Manager	:	Mr. Klas Ringskog

The World Bank  
Washington, D.C. 20433  
U.S.A.

Office of the Director-General  
Operations Evaluation

June 12, 2000

**MEMORANDUM TO THE EXECUTIVE DIRECTORS AND THE PRESIDENT**

**SUBJECT: Performance Audit Report on Guinea  
Second Water Supply Project (Credit 1985-GUI)**

The Guinea Second Water Supply Project (Credit 1985-GUI) was approved on May 3, 1989, and was partly financed with an IDA credit in the amount of SDR 29.3 million (US\$40.0 million equivalent). The IDA credit was closed on October 31, 1997, one year behind schedule, at which time a balance of SDR 102,000 (US\$139,000) was canceled. Cofinancing was provided by the African Development Bank, the *Caisse centrale de coopération économique*, the European Investment Bank, and the Japan International Cooperation Agency.

Guinea is one of the least-developed countries in the world and the coverage and quality of water supply services have been low. IDA had initially extended a credit for the Conakry Water Supply and Sanitation Project. This project helped increase the quantity of water for Conakry and improved drainage conditions. However, the most important component, institutional strengthening, was not achieved and results were unsatisfactory. It became clear that only deep reforms of the sector's institutions would improve water supply service in a sustainable fashion.

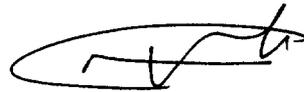
The Second Water Supply Project was designed with such objectives in mind. The legal, institutional, technical and financial frameworks were all reformed and professional know-how was injected via private sector participation. A government-owned asset holding company, Société nationale des eaux en Guinée (SONEG) was set up to implement the project and supervise a lease contract with the private operator, Société d'exploitation des eaux en Guinée (SEEG). A novel formula was designed where the IDA credit and the government budget financed a share of operating costs during the early years of the project on a sliding scale. The consumer tariff was gradually raised in line with improvements in service and eventually the operating subsidies could be phased out altogether.

The project was successful in ending water rationing in Conakry and in increasing the population's service coverage from 40% to 67%. More importantly, the project was instrumental in creating and strengthening SONEG, which is gradually expanding the number of centers in the interior that is receiving service provided by SEEG. Staff productivity in SEEG has roughly doubled over the project period, but unaccounted-for-water has remained stubbornly high at 47% due to high losses in an aged network that is now receiving water at higher pressure because of project investments. The coverage and quality of service is expected to further improve as a consequence of the Third Water Supply and Sanitation Project for which an IDA credit of SDR 18 million (US\$25 million equivalent) was approved on March 3, 1997. The government is now negotiating with SEEG a possible renewed lease contract that would shift more investment responsibility to the private operator.

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OED rates the outcome of the project as satisfactory, its institutional development impact as substantial and sustainability as likely. Bank performance is rated as highly satisfactory and borrower performance as satisfactory. The ratings agree with those in the Implementation Completion Report.

The project was a pioneer for Bank group lending with significant private sector participation in the water supply sector and its experience contains a number of relevant lessons. First, it demonstrates that private sector participation is a viable option even in very poor countries if the government provides strong and sustained political support throughout the process. Second, the project teaches that major reforms should best be implemented before the private operator assumes responsibility for operations. The contract should specify how the contract would evolve over time. The contract should also provide the government with ready access to the information and data gained by the operator during the course of the contract. This will minimize the comparative advantages of the incumbent operator in case the government wishes to proceed to public competitive bidding at the conclusion of the initial contract. Third, financing should be provided to low-income consumers to enable them to connect to the system at an affordable cost in order to take advantage of any unused production capacity. Rapidly expanding connection rates are important not only to improve the health of the population but also to strengthen the financial viability of operations.

A handwritten signature in black ink, consisting of a large, stylized initial 'V' or 'W' followed by a series of loops and a final flourish.

Attachment

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<p>This report was prepared by Klas Ringskog and edited by William Hurlbut. Helen Phillip provided administrative support.</p>
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## Principal Ratings

	<i>ICR</i>	<i>ES</i>	<i>Audit</i>
Outcome	Satisfactory	Satisfactory	Satisfactory
Sustainability	Likely	Likely	Likely
Institutional Development	Substantial	Substantial	Substantial
Borrower Performance	Satisfactory	Satisfactory	Satisfactory
Bank Performance	Highly Satisfactory	Highly Satisfactory	Highly Satisfactory

## Key Staff Responsible

	<i>Task Manager</i>	<i>Division Chief</i>	<i>Country Director</i>
Appraisal	Alain Locussol	Alfredo Soto	Ismail Serageldin
Midterm	Yao Badjo	Alberto Harth	Mamadou Dia
Completion	Yao Badjo	Letitia Obeng	Mamadou Dia



## **Preface**

This is a Performance Audit Report (PAR) on the Second Water Supply Project in the Republic of Guinea (Cr. 1985-GUI) for which an IDA credit in the amount of SDR29.3 million (US\$40 million equivalent) was approved on May 3, 1989. The credit closed on October 31, 1997, one year behind schedule, at which time a balance of SDR 102,000 (US\$139,000) was canceled. The Basic Data Sheet is shown in Annex A.

The PAR was prepared by Klas Ringskog, Principal Evaluation Officer, Operations Evaluation Department (OED). The PAR is based on the ICR, the President's Report, relevant legal documents, and the Staff Appraisal Report (SAR). In addition, the analysis draws upon the discussions with the borrower, views of the private water supply operator, a review of relevant project files and other background material collected during the audit mission in May 2000.

The ICR provides an accurate account of the achievements the project. The PAR builds on this information and elaborates on the project's institutional development and on the sustainability of the reforms under the project, and draws the pertinent lessons.

Copies of the draft PAR was sent to the relevant government officials for their views and comments. No comments were received.



## 1. Background

Guinea has an area of 245,000 square kilometers and is located on the West Coast of Africa where it is bordered to the north by Guinea-Bissau, Senegal, and Mali, to the east by Côte d'Ivoire and to the south by Liberia and Sierra Leone. Its 1998 population was estimated at about 7 million, growing at 2.6 percent annually, and of whom about 31 percent were classified as urban. Guinea has substantial mineral resources, ample agricultural land, and rich fisheries. However, past mismanagement of resources has slowed growth and the GNP per capita was estimated at US\$530 in 1998. Much of the population is extremely poor and the United Nations classifies Guinea as one of the "least developed" countries. Its social indicators are low: 1998 under-five child mortality was 184 per thousand live births, maternal mortality was close to 1 percent, and life expectancy was just 47 years. Only 37 percent of children are enrolled in primary education.

Deep economic and financial reforms were launched in 1985 and received support from IDA, IMF, and a number of donors in the form of structural adjustment credits and individual project financing. The water supply sector was identified as priority in view of its low coverage and unsafe quality. The former private water provider, la Compagnie Africaine de Service Public, had been nationalized in 1961 and replaced by a public sector service provider, DEG. The World Bank had extended an IDA credit under the First Conakry Water Supply and Sanitation Project that was implemented over the 1976–85 period. The first IDA credit resulted in completed works but little in terms of institutional development and sustainability. In the mid-1980s only 10 of the 33 urban centers had piped water systems, with coverage on the order of 12 percent and with intermittent and unsafe service.

During preparation of a second water supply project, the Bank commissioned a study that proposed private sector participation through the creation of a private company, Société d'Exploitation des Eaux en Guinée (SEEG), to operate systems that would be constructed and owned by a public asset holding and project management company, la Société Nationale des Eaux de Guinée (SONEG). Based on this report, SONEG was created under the Ministry of Natural Resources and Energy (MRNE) with which it has a performance contract (*contrat plan*) that specifies targets to achieve and its authority to act. The Second Water Supply Project became the pioneer project for the Bank's effort to sustain private sector participation (PSP). Subsequently, in 1997, the Bank Group approved a Third Water Supply and Sanitation Project that is now being implemented.

## 2. The Project

The Second Water Supply Project had four objectives:

- Strengthening the planning and management capabilities of the agency responsible for sector development, SONEG
- Rehabilitating the technical, commercial and financing operations of the sector through a lease contract between SONEG and SEEG
- Expanding the Conakry water supply system, to generate additional revenues, with the side objective of allowing further development in less profitable secondary centers
- Gradually revising water rates to meet long-term marginal cost.

In order to achieve its objectives the project financed five components:

- A management support program to SONEG including (i) technical assistance to the General Manager and to the Department of Studies and New Works; (ii) services of a consultant for regular revision of water rates and of a legal counsel; (iii) training of higher-level staff; and (iv) office space, equipment, and vehicles
- Rehabilitation of sector operations through a lease contract between SONEG and SEEG
- A rehabilitation program of existing facilities including the supply and installation of equipment for the plants, small-diameter pipes, domestic connections, and water meters
- Expansion of the Conakry system including, *inter alia*, the supply and installation of material and equipment for (i) partial doubling of the Grandes Chutes-Yessoulou-Conakry transmission line; (ii) expansion of the Yessoulou treatment plant; (iii) building of additional distribution storage capacity; (iv) extension of the water distribution network; and (v) services of an engineering consultant for the preparation of detailed designs, tender documents, and construction supervision
- Consultant services for the preparation of urban water supply studies in secondary centers; and a retraining program for laid-off staff in the former water company, DEG.

### **ICR Findings**

The Implementation Completion Report dated March 30, 1998, presents a good analysis of what happened and of the project accomplishments and shortfalls. In summary, the main goal of creating a legal, institutional, technical, and financial framework that would constitute the basis for future development of the urban water supply sector was largely achieved. Specific project objectives were achieved and most components were completed with some delays but within reasonable budget constraints. Credit covenants were also generally complied with. The ICR noted that the project had been designed in such a manner that major steps of institutional reform were taken before credit effectiveness. The early commitments in favor of reform and the deepened technical assistance helped SONEG grow into a much stronger water supply agency than its predecessor, DEG, had been. Procurement was initially delayed but eventually all major project components were completed, albeit with some delays, and some ended up costing less than appraisal estimates. The resulting savings were used to build additional storage and lay more distribution pipe.

In summary, the ICR rated the project outcome satisfactory, the institutional development substantial, the sustainability likely, the Bank performance highly satisfactory, and the borrower performance satisfactory.

### **The OED Review of the ICR**

In its review, OED concurred with all of the ICR ratings. OED agreed with several of the project-specific lessons that the ICR pinpointed such as the need for a strong regulatory and oversight function to protect consumers and to control private sector operations, and concluded that short-term and long-term incentive structures should be carefully crafted to meet precisely articulated objectives to maximize the efficiency of the private sector operations. OED noted that the project represented an example of “good practice” of the Bank by obtaining a firm commitment from the borrower for crucial restructuring of the sector prior to project appraisal and credit effectiveness.

OED recommended an audit since the project is a model of high-quality project preparation as well as the first example of large-scale privatization in the water supply sector. In the opinion of OED, an audit would give an opportunity for an in-depth look at issues relevant to the lessons noted and on how effectively to improve sector finances.

### 3. The Audit Findings

The project audit reaffirms, without exception, the positive ratings of the ICR and of the previous OED review of the ICR. The added perspective of analyzing the project more than two and a half years after the final Bank supervision mission in October 1997 allows additional insight and lessons. This is particularly relevant in view of the difficulties of moving beyond the completion of the private operator lease contract that expired in October 1999 and was extended for a period of three months until early January 2000. At present, SEEG continues operating the systems without any formal contract while awaiting the outcome of the negotiations on an extension. These and other aspects will be analyzed using OED's standard evaluation methodology.

#### Project Outcome

The project outcome rating is the composite of ratings for the (i) relevance; (ii) efficacy; and (iii) efficiency of the project. The *relevance* of the project was self-evident at the time of preparation: only about 40 percent of Conakry's population had access to water through their own or their neighbor's connection and water was available only about one third of the time. In addition, its bacteriological quality could not be assured since the absence of a sanitary excreta disposal resulted in infiltration of polluted groundwater into the empty water pipe. Water- and sanitation-related disease was and remains a serious health hazard as evidenced by a cholera epidemic in 1994.

The efficacy of the project was satisfactory as the performance indicators in Table 1 confirm.

**Table 1. The Evolution of the Conakry Performance Indicators**

<i>Service Coverage and Quality</i>	<b>1989</b>	<b>1993</b>	<b>1997</b>	<b>1999</b>
Share of households connected to piped water	40%	40%	67%	67%
Share of households connected to sewerage	0%	0%	0%	0%
Share of households with continuous water supply	33%	33%	100%	100%
Share of water supplied that is disinfected	33%	33%	100%	100%
<i>Efficiency of Service</i>				
Accounted Water (Metered consumption/metered production)	N.A.	46%	49%	47%
Employees per thousand water supply accounts (SEEG)	21	19	14	10
<i>Sustainability of Service</i>				
Working Ratio (Cash operating costs/Cash operating income)	91%	155%	99%	85%
Share of wastewater that is treated	0%	0%	0%	0%

Source: SONEG and SEEG, N.A.=Not Available

The *efficacy* of the project is satisfactory since the share of Conakry's population with access to water from house connections rose from 40 percent to 67 percent and since the served population has received continuous and disinfected potable water since 1994.

The *efficiency* of the project measures the relation between project costs and benefits. It can also be measured by analyzing whether the project investments and operations represented the least-

cost solution to meeting previously unmet demand. The project investments performed satisfactorily since Conakry suffered from acute shortages and an unreliable supply prior to the project. Consequently, the project costs concentrated on the production, treatment and transmission components with relatively fewer funds invested in distribution as Table 2 shows. Furthermore, experience from studies elsewhere suggests the disinfected water supplies have produced high levels of health benefits – although difficult to quantify in an economic cost/benefit analysis.

**Table 2. Allocation of Project Cost by Component, 1992–97**

Raw water intake and pumping	1%
Raw water transmission line	32%
Water treatment plant	8%
Treated water transmission line	26%
Treated water storage	3%
Primary distribution network	11%
Secondary distribution network	8%
Tertiary distribution network	11%
Total Investment Cost, All Financiers	100%

It is striking that financing constraints did not allow distribution investments – particularly in tertiary distribution and house connections – to meet existing demand. A rule of thumb is that about 60 percent of total water supply system costs will be for distribution. However, the project (including financing from the African Development Bank for the raw water transmission line, from the French bilateral CCCE for the treated water transmission line, and from the European Investment Bank for primary and secondary distribution) only has about 30 percent for distribution works. This relative underinvestment is being partially corrected in the Third Water Supply and Sanitation Project that the World Bank approved in 1997.

The efficiency of operations is gauged by the accounted water, or the measured water consumption as a share of measured water production. This share has remained constant, at around 47 percent, which is disappointingly low. SEEG has commissioned studies on the reasons for the stubbornly low accounted water and reached the conclusion that the major share, or 46 percentage points of the total 53 percent unaccounted water is explained by physical leakage in the distribution system. If this estimate is correct, unaccounted water will remain high until additional financing is provided to replace leaky sections of the distribution pipe. Under the past lease contract, SEEG was not obliged to finance such investments, nor did it have a financial incentive for doing so since Conakry's water supply works by gravity and is relatively cheap. As long as water supply surpasses water consumption by a comfortable margin, any operator will have little incentive for replacing aged pipe, given that the opportunity cost of the lost water is likely to be lower than the pipe replacement cost. With the wisdom of hindsight it might have been cost-effective to include more equipment to reduce pressure, which reached 9 bars immediately following the commissioning of the treatment plant and transmission lines in late 1993 as compared to no pressure during the hours of previous rationing.

In summary, the audit rates project outcome satisfactory particularly given that the project reforms and institutional development were achieved despite a historically difficult and risky country environment.

## **Institutional Development**

The degree and success of the sector reforms are the most significant accomplishments of the project. As a consequence, the audit reaffirms the rating that the institutional development has been substantial. The creation and continuous strengthening of SONEG as the sector water supply agency is a major shift. SONEG has been accountable to reach certain targets through rolling three-years contra plan with the overseeing ministry. Similarly, the success under the project to attract two foreign private operators, SAUR and Compagnie Generale des Eaux, is also remarkable since the lease contract obliges the private operator, SEEG, to accept the commercial collections risk among quite poor consumers.

The sector reforms in 1989 did not include the creation of an independent regulator but resorted to contract regulation that is exercised by SONEG, which signed the 10-year lease contract with SEEG. It is doubtful that a special regulatory body would have been justified at the early stages of sector reform, but the issue may have to be revisited after a decade of private sector operations. The need for regulation applies with equal force whether the operator is a private or public water company.

The major achievements of SEEG are shown by the steadily improving staff productivity, which roughly doubled over the 10-year lease. With the increase of customers and towns served, the number of staff has also increased to close to 500, of whom three are expatriates. SEEG has developed management information and commercial systems that are key for the commercial success of the operations. The lease contract that expired at the end of 1999 did not specify that such data and systems will become the property of SONEG, which is a powerful argument in favor of trying to reach agreement with SEEG on a continued contract. As of the time of the audit, negotiations on a contract renewal were ongoing.

## **Sustainability**

The audit rates sustainability of benefits from water consumption and of the institutional development as likely, but the rating is conditioned on continued private sector participation. There are several reasons for this qualified rating. First, SEEG's performance contrasts with the previous public operator's inferior performance. Second, only through a contract with a private operator will the risks and their allocation be clearly identified. Third, the previously noted failure of the past contract to make all operating and commercial data shared property between SEEG and SONEG implies that it would be time-consuming to re-create the database.

The sustainability of the achievements of the project depends to a great degree on financial sustainability. Given the relatively small consumer base of about 50,000 water supply clients and the low average levels of consumer income and consumption it is not surprising that SEEG's financial operations appear somewhat weak. The working ratio has been noted to be on the order of 85 percent to 99 percent over the 1989-99 period but with spikes as high as 155 percent in 1993, as a reaction to higher tariffs and more rigorous metering. Such working ratios show that operational cash flows are relatively fragile and could turn into deficits if control slackens.

Tariffs are relatively high in relation to household income in Guinea. The absolute tariff levels rose substantially over the first half of the 10-year lease period as Table 3 illustrates.

**Table 3. Water Supply Tariffs in Current and Constant Prices and Collection Ratios**  
(Guinean francs and US\$ per cubic meter)

<i>Year</i>	<i>Current Tariff</i>	<i>Constant Tariff</i>	<i>USD</i>	<i>Collections ratio</i>
1989	150	214	0.24	89%
1990	151	181	0.22	88%
1991	240	240	0.30	44%
1992	418	359	0.45	39%
1993	696	558	0.72	42%
1994	880	677	0.90	84%
1995	880	641	0.88	84%
1996	880	623	0.85	64%
1997	880	611	0.77	75%
1998	880	582	0.71	79%
1999	880	556	0.63	80%

The interaction between tariff levels and collections ratio is clear: in the wake of sharply higher tariffs and more rigorous billings and collections the collections percentage initially dropped but later recovered. The roughly doubled tariff over the 1989–93 period resulted in the collections percentage dropping from a high of 89 percent to 42 percent in 1993, explained by the fact that consumers resisted paying the higher tariff since service did not improve appreciably in the early years. Subsequently, the tariff increased still further to reach a high of US\$0.90 per cubic meter, but the collections percentage doubled, made possible by the fact that Conakry received safe and continuous water supply from the year 1994 onwards. Since then the collections percentage seems to have stabilized at around 80 percent. The fact remains that SEEG has to make a considerable effort in collecting the water bills, in part through disconnecting customers with overdue bills. At any one time, about 30 percent of connections are inactive, most of them because of disconnections.

The variation in working ratio between 0.85 and 0.99 in later years indicates that SEEG's short-term operating financial sustainability is at hand. However, over the longer-term the tariff policy requires that the tariff should cover SEEG's and SONEG's operating costs and debt service and contribute 10 percent of new capital investment. However, the difficulty of expanding the customer base (due to insufficient financing of tertiary distribution works) jointly with the low consumer incomes are squeezing the surplus that the tariff generates to finance a share of investment as Table 4 shows.

**Table 4. Components of the SEEG Tariff, 1989–99**  
(Guinean francs per cubic meter, current prices)

<i>Year</i>	<i>SEEG O&amp;M</i>	<i>SONEG costs</i>	<i>Debt service</i>	<i>Investment share</i>
1989	86	11	0	53
1990	105	11	0	35
1991	114	15	27	84
1992	165	30	63	160
1993	223	32	163	63
1994	353	38	278	211
1995	460	36	250	134
1996	510	37	235	98
1997	615	35	170	60
1998	615	35	178	52
1999	615	35	185	45

With the gradual build-up of debt service, the remaining surplus that can be used to finance a share of new investments and replacement of the aging system is being squeezed. The consequences are negative since it restricts the investment in tertiary distribution that will enable new connections to be made and therefore increase sales.

Recognizing the need to mobilize funding and executing more distribution investments SONEG and SEEG have been negotiating since 1998 a renewed but modified lease contract that would shift the responsibility for financing tertiary distribution from SONEG to SEEG. SEEG has agreed, but the negotiations are still inconclusive since there is disagreement on the level of the compensation (*tarif exploitant*) to be paid to SEEG. This seems to be the only outstanding issue as of May 2000. Assuming the impasse is overcome, sustainability is likely over the foreseeable future. Failure to reach agreement will likely lead to a competitive public bid to contract for another lease. The whole bidding procedure might take two years and would introduce considerable uncertainty to the sustainability and future development of the water supply sector. The difficulties of reaching an agreement underlines the importance of specifying in private sector contracts the procedures for renewing existing contracts or bidding anew.

### **Bank Performance**

The audit reaffirms the rating of “highly satisfactory” for the Bank’s performance. The decision to undertake deep sector reforms and to attract a private lease contractor was brave at the time. Once taken, the project was well prepared and appraised. Subsequently, the supervision of the Bank was satisfactory.

### **Borrower Performance**

The audit also reaffirms the rating of “satisfactory” of the borrower’s performance. The government recognized that private sector participation offered the quickest and most efficient way of improving poor water supply service and has subsequently supported PSP. The recent difficulties in concluding the negotiations with SEEG and renew the contract do not put in doubt the government’s firm decision to continue relying on private operators for the actual operations and maintenance.

## **4. Lessons**

The Second Water Supply Project teaches a number of lessons about the possibilities and policies in favor of private sector participation in the water supply sector:

- Private sector participation is a real option even in very poor countries if the government provides strong and sustained political support throughout the preparation, contracting, and operating stages. Incentives are possible that will make private operators assume considerable risk, such as the collections risk, even in countries and cities that would appear to highly risky.
- Major reforms are best implemented before the private operator is contracted and assumes the responsibility for operations and maintenance.
- Private sector participation should be considered a long-term public-private collaboration that should evolve with time and with changing circumstances. In particular, the access to service for consumers at all income levels should be facilitated through the financing of the

distribution investments and of the house connections themselves in order to widen the consumer base. As risks diminish with greater knowledge of the system, with the consumers learning to accept higher tariffs in return for better service, and with the application of sector policies, the private partner should be encouraged to assume greater risk whenever contracts come up for re-negotiation.

- The renewal of contracts presents special risks that would motivate spelling out in the agreements the procedures and conditions under which the contract can be renewed with the incumbent operator.
- If the government and the incumbent private operator fail to reach agreement on a renewed contract, the ensuing public bidding process for a successor private operator should be a “level-playing field” for all potential operators and the government. *Inter alia*, this would require that the government be the owner of all databases generated during the private operator contract in order to eliminate the potential information asymmetry and reduce the incumbent’s competitive edge vis-à-vis its competitors.

## Basic Data Sheet

### GUINEA: SECOND WATER SUPPLY PROJECT (CREDIT 1985-GUI)

#### Key Project Data (Amounts in US\$ million)

	<i>Appraisal estimate</i>	<i>Actual or current estimate</i>	<i>Actual as % of Appraisal estimate</i>
Total project costs	102.6	118.0	115.0
Loan amount	40.0	41.0	102.5
Cofinancing	50.9	62.7	123.1
Economic rate of return	11%	10%	

#### Cumulative Estimated and Actual Disbursements

	<i>FY90</i>	<i>FY91</i>	<i>FY92</i>	<i>FY93</i>	<i>FY94</i>	<i>FY95</i>	<i>FY96</i>	<i>FY97</i>	<i>FY98</i>
Appraisal estimate	2.40	7.20	14.40	23.60	31.60	36.80	39.60	40.00	40.00
Actual (US\$M)	2.91	8.06	12.64	22.28	28.50	32.48	36.42	39.65	41.00
Actual as % of appraisal	121	112	88	94	90	88	92	99	

Date of final disbursement: November 19, 1997

#### Project Dates

	<i>Original</i>	<i>Actual</i>
Identification		July 9, 1984
Preparation		1985-June 1987
Pre-Appraisal		February 1988
Appraisal	May 1985	March 1988
Negotiations		October 1988
Board Presentation	May 1988	February 21, 1989
Signing		May 3, 1989
Effectiveness	Subject to Borrower Meeting Several Conditions	October 5, 1989
Project Completion	October 31, 1996	July 31, 1998
Closing date	October 31, 1996	October 31, 1997

#### Staff Inputs (staff weeks)

	<i>Actual Weeks</i>	<i>Actual US\$000</i>
Through appraisal	51.7	124.9
Appraisal-Board	59.1	148.7
Board-Effectiveness	6.1	15.7
Supervision	140.6	440.9
Completion	10.5	31.3
Total	268.0	716.5

## Annex A

## Mission Data

	Date (month/year)	No. of persons	Staff days in field	Specialization represented <sup>a</sup>	Performance rating <sup>b</sup>		Types of Problems
					Implementation Status	Development objectives	
Preparation	12/85	2	12	EN,FA			
Preparation	3/86	1	7	FA			
Preparation	7/86	3	11	EN,FA,CON			
Preparation	2/87	3	8	EN,FA,CON			
Preparation	6/87	2	11	EN,FA			
Appraisal	3/88	4	22	EN,FA,EC,CP			
Supervision 1	10/89	2	15	FA,EN	1	1	PP
Supervision 2	5/90	1	7	EN	1	1	PP
Supervision 3	10/90	1	11	EN	2	1	PP,PMP,TA
Supervision 4	1/91	1	8	FA	2	1	PP,TA
Supervision 5	7/91	1	5	FA	2	1	PP,PMP,TA,CC
Supervision 6	6/92	2	9	FA,EN	2	1	PMP,AF,PP,TA,FP
Supervision 7	10/92	1	6	EN	2	1	CC,AF,PP,TA,FP
Supervision 8	1/93	2	5	FA,EN	1	1	CC,TA
Supervision 9	6/93	1	10	EN	2	1	CC,PP,TA,FP
Supervision 10	3/94	1	6	EN	2	1	CC,PMP,PP,TA,FP
Supervision 11	7/94	1		FA	S	S	CC,PMP,PP,TA,FP
Supervision 12	10/94	3	10	EN,FA,OP	S	S	CC,PMP,AF,PP,TA,FP
Supervision 13	2/95	2	20	EN,FA	S	S	CC,PMP,AF,PP,TA,FP
Supervision 14	7/95	5	4	EN,FA,OP,EN	S	S	CC,PMP,AF,PP,TA,FP
Supervision 15	11/95	1	5	EN	HS	S	CC,PMP,AF,TA,FP
Supervision 16	4/96	1	5	EN	HS	S	CC,TA
Supervision 17	9/96	1	8	EN	HS	S	CC,TA,FP
Supervision 18	6/97	3	10	EN	S	S	PMP
Last Mission	10/97	1	7	EN	S	S	

<sup>a</sup> AR=Architect; CON=Consultant; EC=Economist; EN=Engineer; FA=Financial Analyst; OA=Operation Assistant; OP=Operations Officer; PO=Project Officer; TTL=Task Team Leader; CP=Community Participation specialist

<sup>b</sup> 1=Minor or No Problems; 2=Moderate Problems; 3=Major Problems; S=Satisfactory; HS=Highly Satisfactory.

**Other Project Data**

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*FOLLOW-ON OPERATIONS*

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<i>Operation</i>	<i>Credit no.</i>	<i>Amount (US\$ million)</i>	<i>Board date</i>
Third Water Supply and Sanitation Project	N0170	25	4/17/97

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