1. Country and Sector Background

Guinea-Bissau is one of the poorest countries in the world, with two out of every three people living below the poverty line (US$2/day), and one out of every five living in extreme poverty. It is estimated that rural areas – essentially all of the country outside of the capital city of Bissau – are home to some 80 percent of the 764,672 people estimated to be living below the poverty line. Of the key drivers of poverty highlighted in the 2007 Poverty Reduction Strategy Paper (PRSP), such as the 1998 conflict and ongoing political instability\(^1\), many are specific to the rural areas, including: (i) a vacuum of local government, and subsequent lack of social services and basic infrastructure outside of Bissau and (ii) a lack of growth in (and diversity from) key economic sectors (e.g., agriculture, livestock and fishing) that support a majority of the population.

The lack of effective local government is one of the principle challenges to stimulating local development in rural areas. A recent study on the delivery of social services, “Guinea Bissau – Meeting the Demand of the Poor and Vulnerable – The Road to Better Social Service Delivery”, confirmed that social service delivery, specifically education, health and social protection, is chronically underfunded and poorly managed and highlights the critical role non-government stakeholders (NGOs, communities, etc.) need to play in improving delivery of these services in the short to medium term.

\(^1\) According to the 2006/2007 World Bank Integrated Poverty and Social Assessment, GDP per capita would be an estimated 42 to 43 percent higher today if the 1998-1999 war had not occurred, and an estimated one in three persons in poverty today might not be if the conflict had not taken place.
There is limited delivery of social services and basic infrastructure throughout much of the country, as highlighted by the following: (i) the net school enrollment rate is 53.5 percent for boys and 36.3 percent for girls; (ii) the adult illiteracy rate is 63.3 percent; (iii) only 38 percent of children suffering from simple malaria and 29 percent with cases of serious malaria are treated properly; (iv) infant mortality is 122 per 1,000; and (v) 95 percent of people in the country journey an average of 30 minutes for access to drinking water. Outside of Bissau, agriculture is the engine of the country’s economy and the source of 42 percent of the revenue of the poorest quintile of the population. Due to post-war stagnation of the economy, there are currently few economic opportunities for the rural population outside of the agriculture sector, or even outside of planting and processing cashews (this crop alone provides work for 82 percent of the rural workforce).

2. Objectives

The Project Development Objective is to enable rural communities in three regions to plan, implement, use and maintain priority basic social and economic infrastructures and services.

To achieve this PDO, rural communities will be assisted to identify, implement and manage their priority investments through a transparent and participatory process.

3. Rationale for Bank Involvement

The proposed project builds upon previous positive experiences with World Bank-financed CDD activities in Guinea-Bissau. It will adapt and expand an initiative already piloted by the Government, with the support of the World Bank, in the Coastal and Biodiversity Management Project (CBMP). The CBMP includes a CDD-component that targets communities living in and around five parks and protected areas.

The proposed project also takes advantage of the World Bank’s extensive experience with rural community based/driver development projects in Africa and elsewhere. These projects, which have increased from 2% of the Bank’s portfolio in 1989 to 25% in 2003, address decentralized, participatory development and local governance issues in a wide variety of settings, and include considerable CDD experience in post-conflict and fragile states such as Sierra Leone, Liberia, Angola and others. This wide ranging CDD experience leaves the Bank well placed to assist Guinea Bissau in the adaptation to and application of CDD approaches in the Guinea Bissau context.

The proposed CDD operation is a key element of the overall World Bank assistance strategy for Guinea Bissau (CAS under preparation). The IDA allocation for Guinea Bissau is limited, severely restricting the number of interventions. Given this, an open menu CDD operation is the ideal complement to the broader macro economic stabilization and institutional strengthening efforts. Its cross sectoral and demand driven nature enables it to tailor the delivery of diverse social and economic infrastructure to the needs of individual beneficiary populations, in contrast with more pre-defined and sectorally constrained operations.

The World Bank supported CDD operation fits within the Government’s strategy to test and develop a framework for participatory local development. There are several other donors active
in the local development arena, including UNDP, African Development Bank, and IFAD, each of which is testing a slightly different approach to local development planning and intervening at a slightly different level. Together these programs will test various frameworks for local governance and development planning, with the lessons learned being shared with a view to developing a common decentralization/local governance and CDD approach in the future. The World Bank supported project will contribute to this learning effort through its unique approach of directly involving and empowering beneficiary communities in local development planning.

4. Description

The project will include three components: a) Institutional Strengthening and Capacity Development; b) Local Investment Fund; and c) Project Coordination and Monitoring & Evaluation. The components will be implemented over four years in three regions (Cacheu, Bafata, and Oio).

Component 1: Institutional Strengthening and Capacity Development (total estimated cost USD 1.49 million). This component will support capacity development of institutions at regional, administrative sector and community level, to plan and carry out investments in a participatory and transparent manner. Capacity building activities will include: a) support to the local investment cycle: such as the development and implementation of a communication strategy, training of key local institutions on roles and responsibilities, development and training of key staff and stakeholders inter alia on participatory tools and safeguard concerns; and b) the promotion of dialogue and consultation among local stakeholders and institutions, through workshops, exchange visits and training sessions with a view to supporting a culture of transparency and accountability and giving a voice to all categories of citizens.

Component 2: Local Investment Fund (total estimated cost USD 2.82 million). This component will improve basic social and economic infrastructures and services in the three regions covered by the project. The component will finance micro-projects identified by the communities themselves through a participatory process, and included as part of their participatory LDPs. During the initial 18 months of project implementation efforts will focus on two administrative sectors per region, testing and refining processes and procedures prior to scaling up to full regional coverage. Beneficiary communities will be selected every year within the sectors of the three targeted regions according to pre-established criteria (defined in the Project Implementation Manual). Beneficiary communities will then undertake a participatory planning process and subsequently design and implement micro-projects according to the following main steps: a) an information and communication campaign; b) the preparation, with support from facilitators, of a local development plan (LDP); c) after endorsement of the plans by local government, design of micro-project and preparation of request for financing; d) technical appraisal of micro-projects and signing of a financing agreement; e) implementation of micro-project under the responsibilities of grupos promotores and comites de gestao; and f) monitoring and evaluation. There will not be a menu of eligible micro-projects, but a simple negative list of activities that may not be financed by the project. Examples of possible micro-projects include: support to community productive and economic activities, construction or rehabilitation of productive infrastructure, construction or rehabilitation of community schools; equipment for schools; construction or rehabilitation of community health posts or health
centers; equipment of health posts; community feeder roads; training and capacity building (alphabetization, etc); information and awareness sessions (nutrition, HIV, etc); etc.

**Component 3: Project coordination and Monitoring & Evaluation** (total estimated cost USD 1.1 million). This component will finance a Project Coordination Unit within the Ministry of Economy and Regional Integration, which will be responsible for all operational and fiduciary management of the project, and for monitoring and evaluation of project activities. The PCU staff includes a Project Coordinator, a Financial Management Officer, a part-time Procurement Specialist, a part-time Monitoring and Evaluation Specialist, and administrative staff. Procurement activities, which are not expected to be large nor frequent after the start up of the project, will be carried out through sharing staff time with other WB financed projects in the country. The component will also finance the development and implementation of a participatory monitoring and evaluation system, in particular the set up of a management information system (MIS) and the associated data gathering plan and tools. These tools will include baseline surveys, an evaluation of project processes 18 months into implementation, two independent beneficiary assessments, annual technical audits, and annual independent safeguard compliance reviews. The PCU will produce regular project progress reports, and quarterly financial management reports.

**Scope and targeting of intervention:** The proposed project will intervene in three regions out of eight, identified by the government according to the following criteria: relative ease of access (communications and roads are fairly good), dynamism of both civil society and local governments and potential for success, level of poverty, and existence of other donor funded projects. The regions selected by the government are Cacheu, Oio and Bafata.

Based on a maximum contribution of US$20,000 by the project towards the cost of implementing community action plans, it is expected that the project will finance at a minimum 120 micro-projects (assuming that 1 micro-project is the minimum number per community local development plan) during the entire life of the project.

**Estimated number of beneficiaries:** Given the demand-driven nature of the project it is not yet possible to estimate accurately the number of beneficiaries. It is expected that the project will intervene in a minimum of 120 communities, benefitting between 57,600 and 192,000 individuals, based on the assumption that a given beneficiary community comprises between 60 and 200 households, with an average of 8 people per household. This represents approximately one third of the population in each of the project regions.

5. **Financing**

<table>
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<th>Source</th>
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<td><strong>Total</strong></td>
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6. **Implementation**
The general coordination of the project will be the responsibility of the Ministry of Economy and Regional Integration (MERI). Guidance and strategic advice will be provided by a National Steering Committee (NSC). This committee will endorse annual work plans and budgets, will review progress reports, audit recommendations and supervision reports.

A Project Coordination Unit will be hosted by MERI and will be responsible for the day-to-day coordination of the project. It will be composed of contractual staff, including a Project Coordinator, a Financial Management Officer, a part-time Procurement Specialist, a part-time Monitoring and Evaluation Specialist and administrative staff. With regard to environmental and social safeguard compliance, the Monitoring and Evaluation Specialist will work in close collaboration with the government’s Cell for Environmental Impact Evaluation (CAIA), the agency mandated to oversee the application of the country’s environmental impact legislation.

Contracted Regional Advisors (RA) located in the regional capitals are the face of the project vis-à-vis regional authorities. The regional government will make an office available to them, which will be equipped and have an operating budget provided by the project. RAs, working closely with the Regional Directors for Planning, will play a key role in the implementation of the project in their region. They will support and build the capacity of stakeholders and institutions within the region. They will in particular: (i) continuously train, support and supervise Facilitators; (ii) coordinate all project capacity-building activities in the region; (iii) ensure quality control at all the steps of the annual investment cycle, and in particular guarantee that micro-projects are fully appraised and properly designed; (iv) co-sign financing agreements with communities on behalf of the project coordinator, and monitor and ensure that the agreements are respected by all parties; (v) produce progress reports; (vi) support and contribute to the strengthening of the Regional Planning Commissions and the Conselhos Directivos Sectoriais; vii) ensure the coordination and coherence of project activities with other projects and development initiatives in the region.

The project will contract, on a full-time basis, six individuals (Facilitators) per region with experience in participatory community development to serve as Facilitators. The regional office will serve as their base, however, the bulk of their work will be in the field with the communities. The Facilitators will be one of the keys to success of the project, as they will be the main contact point of the communities with the project. They will support: (i) communities during the participatory planning process, (ii) grupos promotores in the design, implementation and procurement under their micro-projects, and (iii) Comités de Gestão Comunitários in oversight of the LDP implementation and financial management of managing the micro-projects. Additionally, they will play a significant role in local level data gathering and related project monitoring and evaluation.

The Conselhos Directivos Sectoriais will be responsible for selection of beneficiary communities within the administrative sector on a yearly basis, reviewing local development plans produced by communities and ensuring that the plans are coordinated with other development activities in the sector, and ensuring the collaboration and support of all stakeholders in the sector in the implementation of the micro-projects.

The deconcentrated services of ministries at local level (delegacias) are expected to play an important role during project implementation. They will be involved in both participatory
planning with the facilitators, in reviewing and appraising micro-project designs, and in monitoring progress of micro-project implementation. They will receive training in participatory tools and safeguard issues, and the project will also finance some operational costs for staff to be able to actively participate in project activities.

**Comités de Gestão Comunitários (CGC)** will be selected by communities to represent them and will take responsibility for the implementation of the LDPs and for all financial management and payments. The composition of these Comités will have to meet a number of pre defined criteria and include women’s representatives, youth representatives, etc (criteria to be defined in the Project Implementation Manual). They will be accountable to the community and will inform the community about progress of the plans and financial transactions in regular community meetings.

Micro-projects will be implemented by community groups called **Grupo Promotores**. They will be identified by the community and may be created for the purpose of the micro-project, or may be an existing formal or informal group, association or CBO with a particular interest or expertise. The Grupos Promotores will be entrusted by the community and be responsible for designing and implementing micro-project that will have been previously included in the LDP of the community. They will be responsible in particular for all procurement to be done to implement the micro-project. They will be accountable to the **Comité de Gestão Comunitário** and the community.

### 7. Sustainability

Although there are no democratically elected local governments at present in Guinea Bissau, nor well functioning and accountable local institutions representing and serving the interests of communities, the project will strive to involve the existing local fora and institutions that have some legitimacy, build on their strengths and develop their capacity. The Project will give an increasing role to the **Conselhos Directivos Sectoriais**, and will rely to the extent possible on the deconcentrated services of the ministries at the local level to support communities.

At the community level, the project will seek to build upon and strengthen the capacity of community institutions. Emphasis will be on strengthening existing institutional structures although establishment of new institutional structures may be encouraged if appropriate. Targeted training in procurement and financial management as well as in assorted technical areas will be provided. The delivery of ongoing, continuous support to community representatives serving on the **Comités de Gestão Comunitários** and **Grupos Promotores** and on-the-job skill building will be core elements of the Regional Advisors and Facilitators terms of reference.

With respect to the long-term institutional sustainability beyond the horizon of the project, the government together with its donor partners has established a group to discuss and review the local development initiatives, including CDD, which are currently being implemented. It is anticipated that one the outputs of this group will be to define a national framework for CDD that would put in place a more systematic approach to tackling poverty alleviation issues at the local level.
The realizations financed by the project will follow national policies and quality standards. The participation of the technical staff of the ministries at local level will be guaranteed at all steps of the local investment cycle to ensure compliance with national norms, thus promoting sound design and physical sustainability. Beneficiary participation at all stages of LDP preparation and the micro-project cycle, together with a minimum 15 percent community counterpart contribution will foster local ownership and hence enhance the likelihood that investments will be maintained. In addition, plans of operation and maintenance (O&M) will be developed and will be part of the micro-project proposals submitted by communities, and financial sustainability will be one of the technical appraisal criteria used to review the proposals.

8. Lessons Learned from Past Operations in the Country/Sector

Project design takes into account lessons derived from FIAL, other CDD operations, and the Independent Evaluation Group’s 2005 review of Community-Based and Community Driven Development projects. The following are among the relevant lessons that have been taken into account in project design.

The findings of the pilot phase of FIAL emphasized the importance of:

- Putting in place a well designed communication strategy that differentially targets key stakeholders (central, regional, local government; international, national, local NGOs, CBOs, private sector and civil society) and ensures the transparent flow of information. This is particularly important at the community level as it is central to ensuring direct and indirect beneficiary ownership and satisfaction.
- Encouraging the active participation of all key regional and local actors (community members, local associations, local/regional government, NGOs and other development partners) in preparation of the LDP as well as in the design, implementation and monitoring and evaluation of micro-projects.
- Ensuring that the design of LDPs and individual micro-projects takes an integrated view of the resources available at the community level (human, financial, institutional) and aims to maximize their joint contribution to attain the community’s short, medium and long term development vision and objectives.
- Building capacity of and empowering community beneficiaries on a continual “on-the-job” basis (i.e., not limiting these activities to specific courses) which extends beyond the specific micro-project cycle. Beneficiary capacity should be tracked so as to know when the communities have fully developed the capacity to manage and sustain their investments on their own.
- Building upon and strengthening existing community institutional structures and partnerships whenever possible.
- Taking into account the constraints imposed by Guinea Bissau’s rainy seasons in project planning and implementation.

Additional lessons drawn from broader CDD portfolio and the IEG review include:

- Standardizing, to the extent possible, micro-project documents, technical designs and unit costs so as to simplify the micro-project design and evaluation processes, improve micro-project quality, facilitate procurement of goods and works and prevent over-design.
• Facilitating micro-project safeguard and fiduciary compliance through the development of simple tools for environmental and social screening of micro-projects and simple guidelines for community based procurement and financial management and the provision of continuous support and supervision.
• Recognizing the critical contribution of supervision and monitoring, including a combination of internal monitoring by project and government staff, regular supervision by Bank staff, independent external monitoring by consultants and by NGOs and media, and community self-assessments. The monitoring system should be designed as a learning system, drawing on insights derived from monitoring to address project design and implementation issues.

9. Safeguard Policies (including public consultation)

<table>
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<td>Projects on International Waterways <em>(OP/BP 7.50)</em></td>
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10. List of Factual Technical Documents

• INEP. 2007. Estudo Quantitativo e Qualitativo sobre as ONGs e Outras Entidades Implicados no Desenvolvimento Comunitario na Guine-Bissau.

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas.
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