2. Project Objectives and Components:

   a. Objectives:

   The project is the second Phase of a two-Phase Program supported by two Adjustable Program Grants (APGs). According to the Project Appraisal Document (PAD, page 6), the Program objective is to "(a) improve the living conditions of Conakry’s urban population through the provision of basic services, and (b) create an enabling environment for sustained programming, financing and management of priority investments and services in major urban centers."

   According to the Financing Agreement (page 5), the project’s development objective is "to improve the provision of infrastructure and services in Conakry and selected secondary cities and the financial and organizational management of Municipalities in support of the Recipient’s decentralization process."

   The PAD (page 8) describes the project development objectives as "(a) to improve the provision of infrastructure and services in Conakry and secondary cities; and (b) to improve the financial and organizational management of municipalities in support of the decentralization process."

   A level 2 restructuring took place effective December 29, 2011. Although the development objectives remained unchanged, the outcome targets were significantly changed. Along with all Bank activities in Guinea, the project had been suspended following the coup d’état of December, 2008. It was reactivated in February, 2011. The major change at the December 2011 restructuring was the dropping of planned activities related to the solid waste component. These activities were intended to build upon a successful system for solid waste collection and disposal, based on contracts with small and medium enterprises, that had been established as a result of earlier Bank interventions in the sector. This system virtually collapsed during the suspension period, due to changes in political leadership and the wish of the new Governor of Conakry to control the system’s operation. The project’s results framework was substantially revised. The two original outcome targets -- (i) percentage of the population of Conakry with access to solid waste services; and (ii) increase in municipal own revenues for Conakry -- were dropped. They were replaced by four new indicators: (iii) number of direct project beneficiaries; (iv) number of people in urban...
areas provided with access to all-season roads within a 500 meter range; (v) number of local governments having established effective management to operate commercial infrastructure; and (vi) number of local governments generating budget reports on time. In addition, seven intermediate targets were dropped, and 15 new ones introduced.

This Review carries out a split evaluation of the project prior to and following the restructuring. At the time of the restructuring, US$5.91 million (43.8%) of the final disbursed amount of the IDA Grant (US$13.5 million) had been disbursed. This percentage will be used for weighting purposes to calculate the overall outcome.

b. Were the project objectives/key associated outcome targets revised during implementation?
Yes

If yes, did the Board approve the revised objectives/key associated outcome targets?

C. Components:

There were four components:

(1) Municipal Contract for the City of Conakry (Estimated cost at appraisal: US$ 6.5 million; Restructuring US$6.8 million; Actual: US$ 6.0 million). Comprised: Improved access to urban infrastructure and services to residents in the City of Conakry and its municipalities (Kaloum, Matoto, Ratoma, Dixinn, and Matam) through Public Investment Programs (PIPs) and Municipal Adjustment Programs (MAPs). Subcomponents: support for the solid waste management system of Conakry; secondary roads improvement; and prioritization of investments identified in urban investment plans.

At the December 2011 restructuring, the investments related to solid waste management were dropped. Retained investments were: (i) neighborhood upgrading, but reduced extent of road rehabilitation under the project from 16 km to 7.6 km, and (ii) administrative, socio-public, commercial, and environmental facilities.


At the December 2011 Restructuring, the number and scope of secondary cities' Municipal Contracts were scaled down: 20 of the originally planned 40 sub-projects were retained, with each city benefiting from at least one sub-project investment, and the Municipal Adjustment Programs were refocused on activities that could be be completed before project closure.

(3) Institutional Strengthening (Estimated at Appraisal: US$ 2.8 million; Restructuring: US$2.6 million; Actual US$ 2.7 million). Comprised: project management support, dissemination and communication activities, audits, and safeguard implementation support. It also supported city level institutional strengthening, (e.g. street addressing, improvement of local resources through technical support and expansion of fiscal registers and tax base, dissemination of budgetary and accounting manuals for municipalities, support the computerization of municipal financial statements, and updating the financial ratio guidebook for tax base identification and tax collection).

At the December 2011 restructuring, the following activities were dropped: (i) street addressing in all communes of Conakry except three; (ii) improvement of fiscal registers in all communes of Conakry except three; (iii) defining roles and monitoring of tax collections; (iv) urban planning and management; and (v) a proposed study on intergovernmental transfers and shared taxes. The restructured component focused on critical activities with a potential impact on municipal budget management and with a likelihood of completion before project closure: training of municipal staff; provision of information technology (IT); support to National Directorate of Decentralization; and updating the Financial Ratio Guidebook.

(4) Emergency Urban Labor-Intensive Public Works Program (Estimate at Restructuring: US$ 2.5 million; Actual US$ 2.5 million). This program was added in 2008 after a US$2.5 million Grant was obtained from the Global Food Crisis Response Program. It was treated as Additional Financing and formally integrated into the project at the time of the December 2011 Restructuring. It comprised road maintenance, drainage clearing, and urban works programs to provide employment and income to households in the poorest areas of Conakry.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates:

Project Cost. Total actual project cost, according to Annex 1 of the ICR, was US$16.36 million (including a front-end fee of US$0.96 million, compared to an appraisal estimate of US$15 million and an estimate at Restructuring of US$17.5 million, the latter including the Additional Financing for the Labor Intensive Public Works Program. The three original components, which were substantially revised at the Restructuring, cost US$1.2 million (8.6%) less than the appraisal estimate.

Financing. Of the original IDA Grant of US$15 million, US$13.5 million was disbursed. The Additional Financing Grant from the Global Food Crisis Response Program was almost fully disbursed (US$2.49 million out of US$2.5 million). There were no other sources of external financing.

Recipient Contribution. At appraisal, the Government of Guinea, the Governorate of Conakry and its five municipalities, and the ten secondary cities involved were expected to contribute US$1 million. Their actual
contribute    to  the  IDA  fund.  The  ICR  does not explain this significant difference.

Dates: Together with the rest of the Bank program in Guinea, the project was suspended following the coup d’État of December 23, 2008. At the time of suspension, just over 20% of the IDA Grant had been disbursed. The Bank re-engaged in January 2011, following the election of a democratic Government the previous month. The project was reactivated in February 2011. At the December 2011 restructuring, the closing date was extended by 18 months from December 31, 2011, to June 30, 2013, due to the need to redefine project scope and indicators after the period of suspension, and to take account of a new Government policy for solid waste management.

3. Relevance of Objectives & Design:

a. Relevance of Objectives:
Substantial.
The project’s objectives remain relevant to the World Bank Group’s strategy in Guinea as set out in the Country Partnership Strategy (CPS) for the Fiscal Years (FY) 2014-2017. The CPS (page 7) emphasizes that the incidence of urban poverty doubled between 1995 and 2012, while the poverty rate in Conakry tripled over the same period. The urban poor are highly vulnerable to fluctuations in the price of food, and suffer from severe limitations in the availability of basic services, notably drinking water. Augmenting the flow of resources to local governments, together with appropriate capacity building at all levels of government, is "critical to improving urban infrastructure and basic service delivery" (CPS, page 11). Supporting labor-intensive public works programs in urban areas is one of the ways in which the World Bank Group’s "twin goals of reducing extreme poverty and boosting shared prosperity will be pursued through existing and new investment and technical assistance instruments" (CPS, page 20).

The project’s objectives also reflected the priorities of the World Bank Group’s Country Assistance Strategy for the FY 2003-2006 period and the Interim Strategy Note for FY2011-2012. The re-activation of the project in 2011 confirmed the relevance of the project in the post-crisis environment.

The project’s objectives are not, however, directly to be found among the priorities of the Government of Guinea as stated in its Third National Poverty Reduction Strategy Paper (PRSP III) of May 2013. There "the vision is to use Guinea’s large mining rents to alleviate poverty and develop a competitive, employment-generating private sector… A massive public investment program that prioritizes energy, transport and agriculture is envisaged to increase productive private employment and reduce spatial inequalities, while programs for education and health are targeted to benefit the poor” (CPS, page 3).

b. Relevance of Design:
Substantial.
The results framework at appraisal convincingly linked inputs, outputs and intermediate and final outcome. The causal chain between funding, outputs and outcomes is clear, albeit challenging due to the breadth of the covered institutional development subjects. Considerable care went into the design of the Municipal Contracts (MCs). They were agreed following a participatory process involving close consultation with mayors, members of city councils, private operators, stakeholder groups, and neighborhood leaders. While consultations were proceeding, municipal audits were to be carried out by local consultants under the supervision of the Project Coordination Unit (PCU). Baseline information was gathered on existing assets, and service and poverty levels, on which Priority Investment Programs (PIPs) were based. Financial and organizational audits assessed the financial situation, management structure and capacity of the municipalities, which formed the basis for the Municipal Adjustment Programs (MAPs).

Design put a strong emphasis on attempting to ensure there were sufficient resources to meet commitments arising out of the project, such as asset maintenance and a 10% counterpart funding of the PIPs. For maintenance, there was to be a yearly budget commitment of at least 3% of each municipality’s current revenues from the previous year. The MCs specified the procedures for mobilization of the necessary resources and management skills to carry out the designated functions. Counterpart funding was to be a prerequisite for project support of PIPs and MAPs.

Design was balanced in terms of infrastructure investments and institutional strengthening activities aimed at sustaining outcomes. The first and second components related to service delivery and implementation of municipal contracts were complementary to the institutional strengthening activities under the third component, which was to institutionalize the measures needed to enhance the implementation of MCs through the improvement of local governments’ ability to deliver services, provide effective management and oversight, and gradually increase the collection of their own resources. However, design was ambitious and complex, especially in light of the country context, involving several stakeholders at both national and local levels.

4. Achievement of Objectives (Efficacy):

1. Prior to Restructuring
1.1 To improve the provision of infrastructure and services in Conakry and selected secondary cities in support of the Recipient’s decentralization process. Modest.

**Outputs**

Further improvements to the solid waste management system in Conakry planned under the project did not take place, due to changes in government policy, and many of the gains realized under previous operations were lost. In 2011, the Government opted for the full privatization of the solid waste management system. By project closure, the privatization was still not fully effective.

- 5.6 kilometers of non-rural roads were rehabilitated.
- 50 kilometers of urban drains were cleaned.
- 3,700 temporary jobs were created, involving wage payments of GNF4.2 billion.

**Outcomes**

As a result of the changes in policy regarding solid waste management services, and the consequent lack of further improvements under the project, there was: (i) a decline in the rate of access to solid waste management services and in garbage collection (62% of waste produced in 2011, compared to a baseline of 80%, and an original target of 90%), (ii) a fall in the proportion of waste collected by SMEs (from 56% in 2005 to 19% in 2010); (iii) increases in illegal dumping throughout the city, (iv) lower volumes of waste transferred to the landfill (25% of total waste produced in 2011, compared to a baseline of 80% and an original target of 90%), and (v) issues with the management of the landfill.

81,000 people in urban areas were provided with access to all season roads within a 500 meter range.

1.2 To improve the financial and organizational management of municipalities in support of the Recipient’s decentralization process. Negligible.

None of the activities related to this objective appear to have been taken prior to the restructuring. There are, therefore, no outputs or outcomes.

2. Post-Restructuring

2.1 To improve the provision of infrastructure and services in Conakry and selected secondary cities in support of the Recipient’s decentralization process. Substantial.

**Outputs**

The following activities under the Priority Investment Programs (PIPs) in Conakry municipalities were financed by the project, after restructuring: (i) three town halls were renovated and one extended (no target); (ii) 12 classrooms were constructed in three municipalities (target 18); and (iii) one health center was constructed in one municipality, and a youth center in another (no targets). Due to the lack of financial resources resulting from higher than anticipated construction costs, five sub-projects included in the PIPs were not financed (six class rooms in four municipalities, and a sports field).

A further 1.8 kilometers of roads were rehabilitated in Conakry municipalities, bringing the total to 7.4 kilometers, slightly below the target (revised at restructuring) of 7.6 kilometers. The original target was 16 kilometers, but practically all available financial resources had been used on the 5.6 kilometers completed before suspension. The following activities under the Priority Investment Programs (PIPs) in secondary city municipalities were financed by the project after restructuring: (i) 18 "investments" were built, rehabilitated or maintained to benefit the inhabitants of poor neighborhoods (original target 40, revised target 20); (ii) 83 classrooms were equipped with ten boreholes (no original target, target twelve at restructuring) for drinking water and lighting systems in five cities; (iii) a center for training for girls was built in one municipality (no target); (iv) ten community water points were constructed, mostly in schools (target thirteen at restructuring, no original target); (v) four bus stations with 350 parking spaces were built (as per target at restructuring, no original target); and (vi) two markets totaling 420 stands were established, 49% of the target at restructuring (no original target).

4,328 temporary jobs (that is, two-three months in duration) were created, 82% of the target of 5,300 established at the restructuring. GNF6.1 billion (approximately US$85,400), 88% of the target of GNF7 billion (US$98,000) in wages were distributed to the temporary workers. They were mainly occupied in cleaning and rehabilitating neighborhood drains – 71 kilometers of drains were improved, exceeding the target of 55 kilometers.

**Outcomes**

The ICR states that, in total, 318,483 people benefited from improved access to urban services because of the project; 52% of them were women. This exceeds the target set at restructuring of 249,000 people (51% women) by 28%. According to the ICR (footnote, page 41), “direct project beneficiaries include all persons benefiting from project interventions, including those counted under access to roads, water, and sanitation in the results framework, plus beneficiaries benefiting from other investments in secondary cities and not separately accounted for in the results framework, such as health centers, schools, and market infrastructure. Direct project beneficiaries further include the beneficiaries of the Labor Intensive Public Works Program financed by the Global Food Crisis Response Program Grant.” The total estimated number of project beneficiaries includes a further 29,000 beneficiaries from urban road rehabilitation, and 4,400 with access to sources of improved water.

6,640 people (mostly in schools) were provided with access to public sanitation facilities (92% of the target of 72,000 established at restructuring; there was no original target).

It is estimated that the improvement in school facilities in the secondary cities would enable local enrollment to increase by 4,050 students, 90% of the target. It is not confirmed that this was, in fact, achieved.

5,800 school staff and children have access to drinking water thanks to the boreholes drilled under the project, this is
To improve the financial and organizational management of municipalities in support of the Recipient’s decentralization process. Substantial.

The following actions were carried out in the Conakry municipalities under the Municipal Adjustment Programs (MAPs): (i) street addressing and investigation for tax purposes in three municipalities (in accordance with the revised target at restructuring; the original target was five); (ii) specific training programs in computer science and local finance; (iii) supplies of furniture and office equipment (computers and copiers, etc.) to the Town Halls in five Conakry municipalities, the Health Center in one municipality and the Youth Center in another; (iv) ten motorcycles were supplied to the municipalities; and (v) the Governorate of Conakry, the Secondary Roads Unit, and the Land Management Directorate were provided with computer equipment and three motorcycles.

Outcomes

The Governorate of Conakry and five Conakry municipalities developed annual routine maintenance programs in 2012 and 2013. Three municipalities of Conakry put in place, and were using at closure, improved fiscal registers (original target five, revised to three at restructuring). The database and processing system for municipal accounting, financial, and budgetary information were installed at the National Directorate of Decentralization and in concerned communes and municipalities.

Contracts for the management of infrastructure were established in five municipalities of Conakry in accordance with the target set at restructuring, but only in the second quarter of 2013.

Eight communes in the secondary cities prepared quarterly budget reports in 2013 (meeting the target set at appraisal), although some communes released them late.

Progress towards achievement of Program goals.

This was the second of two operations in an APG-supported two-Phase Program, which aimed to (a) improve the living conditions of Conakry’s urban population through the provision of basic services, and (b) create an enabling environment for sustained programming, financing and management of priority investments and services in major urban centers.

Little evidence is presented concerning the achievement of the first of these goals, and there is no information on the living standards of Conakry’s urban population. With regard to the second APL objective, the institutional strengthening supported by the project can reasonably be expected to have enhanced the enabling environment for management of priority urban investments and improved service delivery.
5. Efficiency:

No ex-ante economic analysis was conducted. An ex-post analysis was performed based on the restructured project. The analysis covered the entire project cost. Two categories of benefits were considered - health-related benefits from improved drinking water and access to sanitation, and benefits from enhanced mobilization due to all-season roads (reduced commuting time, increased commercial activities, less vulnerability to flooding, improved access to services, and lower transportation costs). Also taken into account were higher land values in project areas, and increased productivity as a result of improved mobility and reduced risk of flooding. The analysis resulted in an estimated 23% economic rate of return.

Excluding the Emergency Urban Labor-Intensive Public Works Program, added in 2008, actual project costs were US$13.86 million, compared to an appraisal estimate of US$15 million. The appraisal estimate included US$1.56 million which had been allocated, according to the PAD, for the solid waste management improvements that did not take place. Without this, the project cost US$0.42 million more than the appraisal estimate. Yet a number of activities were dropped, particularly in the area of institutional strengthening. Several others delivered outputs below the target revised at restructuring. The all-season roads sub-component had exhausted the allocated resources at appraisal before the suspension of the project, but only 5.6 kilometers out of a planned 16 had been completed. In summary, most activities suffered from cost overruns.

The project took 18 months longer to implement than expected (mainly due to a period of suspension), and many critical activities were only completed during the last 6-8 months - for example, the implementation of the Municipal Contracts was adversely affected by delays in delivery of local government staff training, Information Technology equipment, infrastructure, budget reports, and designation of market and bus station management. Delays also resulted from untimely provision of counterpart funding (see Section 9 below).

Efficiency is rated modest.

a. If available, enter the Economic Rate of Return (ERR)/Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

<table>
<thead>
<tr>
<th>Rate Available?</th>
<th>Point Value</th>
<th>Coverage/Scope*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appraisal</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>ICR estimate</td>
<td>Yes</td>
<td>23%</td>
</tr>
</tbody>
</table>

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome:

Relevance of objectives and design is rated substantial. Prior to the restructuring, the efficacy of the first objective - “improve the provision of infrastructure and services in Conakry and selected secondary cities” - is rated modest. The planned enhancements in solid waste collection and management services did not take place, and standards declined. Modest progress was made with other planned improvements. Efficacy of the second objective - “to improve organizational and financial management of municipalities” - is rated negligible, since virtually no activities took place, and no outcomes are recorded. After restructuring, efficacy of both objectives is rated substantial. There is evidence of improved provision of infrastructure services in both the Conakry municipalities and those in secondary cities, and also of enhanced management of both the communes themselves and of the infrastructure. Efficiency is rated modest - many key outputs were not only short of what had been planned, but were only completed in the last six to eight months of the implementation period; despite the shortfalls, project cost (excluding the emergency labor intensive public works program and the projected cost of the solid waste management enhancements) exceeded appraisal estimates. Outcome prior to restructuring is rated moderately unsatisfactory, while post restructuring is assessed as moderately satisfactory. Applying the weighting indicated by the percentage of total Grant disbursements paid out at restructuring (43.8%), yields an overall outcome assessment of moderately satisfactory.

a. Outcome Rating: Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating:

Overall, the risks to development outcome are assessed as high.

- The late completion of critical activities - both physical investments and institutional development activities - gives rise to concern about sustainability of outcomes. Staff training, Information Technology equipment delivery, infrastructure handover, submission of budget reports, delegation of market and bus station management only
took place to a large extent during the last six-to-eight months of implementation.

- Operations and maintenance were being budgeted in most beneficiary municipalities at project closure. However, there is no firm basis for believing that the amounts budgeted would be sufficient for routine maintenance needs, and they may not be sustained once project support is withdrawn.

- While the project has been supported by the Government and local authorities, continued consolidation of decentralization is uncertain, and the 2006 Local Government Act remains largely unimplemented. The institutional development framework in cities is still not fully consolidated – for example, it is not clear whether the Municipal Contracts approach will continue to be applied following the end of the project. Uncertainty exists with regard to secured funding for continued capital expenditures. Regarding the solid waste sub-component, that was dropped from the project, the Government of Guinea opted for full privatization of the service, with uneven results to date.

**a. Risk to Development Outcome Rating:** High

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**8. Assessment of Bank Performance:**

**a. Quality at entry:**

Project design was informed by lessons from the previous phase and other projects, and by a number of studies financed by a Project Preparation Facility. The lessons included: (i) the use of municipal audits can be a crucial building block for Municipal Contracts, with audits providing baseline information on the spatial, organizational and financial attributes of Guinean municipalities, as well as their priority needs; (ii) there needs to be an annual budget commitment for maintenance (estimated, in this case, to be at least 3% of current revenues); (iii) reliance on the private sector for service delivery (for example, garbage collection) can be beneficial provided certain enabling measures remain in place (for example, clear contractual and zoning arrangements, refraining from micro-management of the SMEs, a guarantee fund, appropriate technical assistance, supporting infrastructure, and respect for the “rules of the game” by all parties); and (iv) reliable delivery of counterpart funding is strongly linked to municipalities' sense of “ownership” of the Municipal Contracts.

The overall implementation risk was rated high in view of (i) the (correctly) perceived weakness of Government commitment to decentralization and in particular to the application of the 2006 Local Government Law; (ii) capacity constraints on the effective implementation of Municipal Adjustment Programs; (iii) likely delays in delivering counterpart funding; (iv) probable issues in procurement processing; and (v) limited private sector capacity to deliver infrastructure services. Mitigating measures were effective in addressing those risks within the control of the project team (for example, reporting requirements and compliance with safeguards and fiduciary policies), “but were insufficient to address the wider country risks and lack of continuous momentum with regards to the decentralization reform agenda” (ICR, page 8). The country risk proved more significant than was envisaged, though this could not have been predicted at appraisal. The change in policy with regard to solid waste management was not foreseen, though that also stemmed from political changes difficult to identify at appraisal.

Project costs were underestimated, due to high general inflation, which hit construction materials especially hard. This would have been impossible to predict at appraisal.

M&E design and provision for safeguards and fiduciary compliance were adequate.

There were some moderate shortcomings. No economic analysis was carried out. Although some investments were to be demand-driven, others - such as the solid waste management and all-season road improvement plans, were firm. Given the lesson concerning audits as the basis for Municipal Contracts, a more substantial analysis of the municipal finances of participating cities would have been useful. Implementation arrangements were complex and challenging, especially given the country context (PAD, pages 13-14). Involved were the Central Government; the Governorate of Conakry; five municipalities in Conakry and ten more in secondary cities; and a Steering Committee (including representatives of three Government Ministries, the Governorate of Conakry, all participating municipalities, the Project Coordinating Unit [PCU], SMEs and NGOs, and the newly created Association of Guinean Mayors).

**Quality-at-Entry Rating:** Moderately Satisfactory

**b. Quality of supervision:**

After the December 2008 coup d’état, the Bank suspended all activities in the country. The project was reactivated in February 2011, and subsequently restructured at the end of 2011 (ICR p. 2). The supervision team was faced with many difficulties in a volatile, low skill environment, particularly after the suspension. The
restructuring process (which replaced the mid-term review) required almost a year from project reactivation. Good reporting by most of the municipalities allowed timely progress reviews and actions. The Bank team applied flexibility, and contributed to bringing a challenging project, involving numerous implementing entities, to completion, even though what was to have been one of its key achievements (consolidation and extension of the solid waste management reforms attained under Phase 1) had to be dropped. The difficult issue of adequate and timely counterpart funding was addressed with largely satisfactory results, and the team was able to make some progress towards establishing a system aimed at ensuring better provision for operation and maintenance.

It is difficult to reconcile the satisfactory and moderately satisfactory ratings of both progress towards Development Objectives and Implementation Progress in the three Implementation Status Reports filed in 2009 and 2010, during which time the project was suspended.

Although there were weaknesses in M&E implementation, these reflected the acutely difficult operating environment.

Quality of Supervision Rating: Satisfactory
Overall Bank Performance Rating: Moderately Satisfactory

9. Assessment of Borrower Performance:

a. Government Performance:

The Government was faced with a difficult and volatile situation prior to suspension, and after reactivation made special efforts to maximize the positive impact of the project, especially during the last six to eight months of the implementation period. The Central Government assisted municipalities in meeting the latters' counterpart funding obligations, albeit at a late stage, and intervened to resolve some key issues.

There were however, avoidable delays in collecting data for M&E purposes, and hiring construction supervision firms in Conakry. While Municipal Contracts were quickly signed by the local authorities, there was significant tardiness in obtaining the signatures of the relevant national ministries.

Following re-activation, the Government was slow to re-engage operationally with the Bank, a factor that contributed to the bunching of activities in the last weeks of the implementation period.

There was inadequate supervision and guidance of the Solid Waste Transfer Public Unit (SPTD), which contributed to a situation leading to a strategic change by the government on this subject and cancellation of the related sub-component.

The risk of delay in providing counterpart funding was rated high (PAD p. 17), and materialized throughout the project implementation. While ten communes and municipalities contributed their counterpart funds in full, the state covered 24% of funds owed by two municipalities and three communes by the end 2012 through the National Development Budget.

The “full privatization” solution to the issues in solid waste management displays symptoms of not been clearly thought-through.

Government Performance Rating Moderately Unsatisfactory

b. Implementing Agency Performance:

The project was implemented by the Project Coordination Unit (PCU) and by three groups of implementing agencies - Central Government Ministries, Agencies' operational units, and the municipalities.

The PCU was faced with substantial staffing and budget challenges during and after the two year suspension period. Despite this, and the extremely difficult operating environment, the Unit managed to ensure that the majority of activities under the restructured project were carried out, albeit with procurement- and M&E-difficulties which contributed to the bunching of activities during the last six months of implementation. However, significant delays occurred with procurement, M&E, counterpart funding, resettlement related to roads, and completion of works. Priority Investment Program activities were cancelled in two cities due to contracting deadlines not being met, and were short of target in others. The PCU's performance is rated
moderately satisfactory.

- The main Central Government implementing agency was the Ministry of Construction, Urban Planning and Housing (Ministère des Travaux Publics, l'Urbanisme, et de l'Habitat - MTPUH). The Ministry must bear some of the responsibility for the undermining of the solid waste management component. This process had already started prior to the suspension through reduced funding for the Public Solid Waste Transfer Service (Service Public de Transfert des Déchets - SPTD), and withdrawal of guarantee funds for the small and medium-sized enterprises. MTPUH accelerated implementation following re-activation, by dispatching staff to supervise the construction of works, albeit with some delay. Also involved in implementation was the Ministry of Interior and National Security (Ministère de l'Intérieur et de la Sécurité Nationale - MISN). It showed relatively strong commitment to the project prior to suspension, but after re-activation was slow in endorsing the revised Municipal Contracts. Central Government implementing agency performance is rated moderately unsatisfactory.

- The performance of the Agencies’ operational units working with the PCU and the municipalities was variable. The Directorates of Primary and Secondary Roads and the National tax Directorate were largely pro-active in implementing the project activities under their auspices. However, the performance of SPTD was weak and contributed to the cancelation of the solid waste management component. The performance of the operational units as a group is rated moderately satisfactory.

- The performance of the municipalities was undermined by significant capacity weaknesses, although within their limitations they mostly made noteworthy attempts to formulate and implement the Priority Investment Programs, the Municipal Adjustment Programs, and the Municipal Contracts. With two exceptions, the municipalities fulfilled their counterpart funding obligations, although with delays and with the support of the central authorities. The local governments managed to progress in activities related to improved budget reporting and formulating contracts for the management of infrastructure. Funding as agreed under the project was provided for the annual maintenance programs. On balance the municipalities’ performance is rated moderately satisfactory.

Overall implementing agency performance is assessed as moderately satisfactory.

**Implementing Agency Performance Rating**: Moderately Satisfactory

**Overall Borrower Performance Rating**: Moderately Satisfactory

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10. M&E Design, Implementation, & Utilization:

a. M&E Design:

   The PCU was made responsible for managing M&E, a task it had also performed under Phase 1. The arrangements were outlined in the PCU’s Project Administrative, Financial and Accounting Manual, and included description of monitoring tools developed under Phase 1. In managing M&E, the PCU was expected to coordinate with the different implementing agencies whose performance is discussed in Section 9b above.

Two overall outcome indicators were specified in the PAD (Annex 3): the percentage of Conakry’s population with access to solid waste management (SWM) services through the project; and the increase in municipal revenues. It is unclear why access to SWM services, which accounted for 23% of the cost of Component 1, and just over 10% of total project cost, should have been singled out as an outcome indicator.

In addition, the following “intermediate” indicators were specific to each component:

- **Component 1 (Conakry)**: percentage of solid waste generated collected by SMES; percentage of solid waste generated transferred by SPTD to the landfill; kilometers of secondary roads built, rehabilitated, and maintained; increase in municipalities’ own revenues; and share of revenues allocated and spent on routine maintenance.

- **Component 2 (secondary cities)**: number of “investments” built, rehabilitated and maintained to benefit poor neighborhoods; increase in municipalities’ own revenues; and share of revenues allocated and spent on routine maintenance.

- **Component 3 (institutional strengthening)**: number of municipalities of Conakry with improved fiscal registers in place and in use; increase of tax rolls issued during project lifetime; and increase in municipal tax revenues collected during the project’s lifetime.

- **Component 4 (labor intensive public works, added in 2008)**: number of temporary jobs created (two-to-three months); wages distributed to workers; and length of drains cleaned and neighborhood streets rehabilitated. There were baseline value and targets for these indicators, where appropriate, although the quality of the baseline data was questionable in some instances.
b. M&E Implementation:

Inevitably, M&E implementation was affected by the difficult environment of reduced security and high risk. However, the Municipal Contracts were reviewed on an annual basis, and amended after the project restructuring. Until the December 2008 coup d’état, the Government and PCU provided the Bank with quarterly progress monitoring reports, quarterly financial management reports, annual information about progress on key sector performance indicators, audited annual financial statements and such other information as the Bank required.

At the level 2 restructuring in December 2011, the two outcome indicators established at appraisal were replaced by new indicators since solid waste activities were dropped from the project and increases in municipal revenues could not be attributed to the project due to the suspension. The new indicators were: number of people with improved access to urban and social services (no quantitative measure for “improved access”); number of people in urban areas provided with access to all-season roads within a 500 meter range; number of local governments generating budget reports on time; number of local governments having established effective management systems to operate commercial infrastructure; number of direct project beneficiaries; and number of female beneficiaries.

Formal reporting was reinstated after re-activation in February 2011, and the new indicators began to be used forthwith, although they were not formalized until the restructuring of December, 2011. However, there were important shortcomings in M&E management with regard to timely collection and analysis of the data required to assess project performance, notably in the area of asset maintenance. The ICR (page 10) notes that special efforts had to be made prior to the ICR mission to ensure the availability of information necessary to evaluate the project.

c. M&E Utilization:

The ICR contains no information on M&E utilization. However, it is likely that delays in collecting and analyzing data on indicators weakened the system’s usefulness.

M&E Quality Rating: Modest

11. Other Issues

a. Safeguards:

The project was classified as Category “B” for purposes of environmental assessment. In addition to Environmental Assessment (OP 4.01), the Involuntary Resettlement safeguard (OP 4.12) was triggered. The PAD (page 21) reports that since “the actual sites and potential localized negative impacts of the future investments could not be identified prior to appraisal, and to ensure that the proposed project addresses potential adverse environmental and social impacts properly, the Borrower has prepared an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF).” The ESMF and RPF were discussed at consultations and disclosed in-country and in Infoshop on December 29, 2006.

Concerning OP 4.12, the ICR reports that, due to capacity constraints in the PCU and in the Ministry of Environment, Water and Forests (MEEF), a consultant was retained to assist in the preparation of Resettlement Action Plans (RAPs) needed on the last section (1.7 kilometers) of the urban road rehabilitation program. According to the ICR, the RAP “was compliant with Bank safeguards policies; the document was certified by the MEEF by end 2012, and the affected households were resettled and compensated.” The ICR notes that delays in the process significantly delayed delivery of the project output (all-season roads). In the secondary cities, “some delays were noted with regard to land acquisition…, but all issues were resolved as part of the preparation of each sub project.”

The ICR provides little information on the actions taken regarding OP 4.01, and does not state whether or not that safeguard policy was complied with. There is a general statement to the effect that “the rating of safeguards [in Implementation Status Reports] was Satisfactory before project suspension, Moderately Unsatisfactory during Bank reengagement, and mostly Moderately Satisfactory after project restructuring until the end of the project.”

b. Fiduciary Compliance:

Financial Management. The ICR (page 11) reports that “overall, the project had an adequate financial management system that generally provided, with reasonable assurance, accurate and timely information that funds were being used for intended purposes.” According to Implementation Status Reports, Implementation Status Reports, financial management “arrangements [were] found to be “Satisfactory before project suspension and Moderately Satisfactory from November 2009 until the project end (downgrading a result of country circumstances).” The ICR states (page 10) that the PCU provided the Bank with annually audited financial statements, but does not indicate whether there were any qualifications in the auditor’s opinions. The summary of the Borrower’s ICR (ICR, page 60) states that “Audit
Obligations were met during project implementation. The PCU project accounts were audited for each fiscal year by an independent firm hired for this purpose. The audit reports were regularly provided to the Bank in a timely manner, with the exception of 2012 when the transmission of the report encountered a slight delay due to the change of staff.

Procurement. Although significant procurement training was provided, timely management of procurement remained a challenge for PCU staff, as evidenced in delays. Procurement was rated Moderately Satisfactory in Implementation Status Reports after project suspension until project closure. There were no reported cases of misprocurement.

c. Unintended Impacts (positive or negative):

d. Other:

<table>
<thead>
<tr>
<th>12. Ratings:</th>
<th>ICR</th>
<th>IEG Review</th>
<th>Reason for Disagreement/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcome:</strong></td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td></td>
</tr>
<tr>
<td><strong>Risk to Development Outcome:</strong></td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td><strong>Bank Performance:</strong></td>
<td>Satisfactory</td>
<td>Moderately Satisfactory</td>
<td>There were a moderate shortcomings in Quality at Entry, including the lack of an economic or financial analysis at appraisal, and complex and challenging implementation arrangements in a difficult country context.</td>
</tr>
<tr>
<td><strong>Borrower Performance:</strong></td>
<td>Moderately Satisfactory</td>
<td>Moderately Satisfactory</td>
<td></td>
</tr>
<tr>
<td><strong>Quality of ICR:</strong></td>
<td>Satisfactory</td>
<td></td>
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</tbody>
</table>

**NOTES:**
- When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
- The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

**13. Lessons:**
The first three of the following lessons are taken from the ICR with some adaptation of language. The fourth is drawn by IEG:

*Sustaining and deepening reforms at national and local levels, especially in a fragile state context, requires identification of a clear reform target.* The project aimed at deepening decentralization reforms. However, the lack of a clear reform agenda with related targets, combined with disruptions in the institutional and political setting to render the reform agenda largely open and unresolved at project closure.

*Fragile states are frequently affected by erosion in the purchasing power of the local currency,* and if this is not taken sufficiently into account through adequate contingencies, project implementation and outcomes are likely to be adversely affected.

*High risk projects with multiple stakeholder involvement in pursuit of a reform agenda require effective and visible political backing at a central level.* The lack of such guidance in this case resulted in a weak link between project activities and decentralization reform, and in insufficient coordination and strategic direction of the project, in particular during the most difficult phases of transition (such as before and after Bank re-engagement).

*Sustaining project dialogue with a client during a period of suspension (anticipated to be temporary) is critical to allow reasonable recovery following the suspension.* In this case, regular contact was maintained by the supervision team.

**14. Assessment Recommended?**

☐ Yes ☐ No
15. Comments on Quality of ICR:

The ICR is well written, concise and comprehensive, with considerable detailed information made available in annexes. The extensive tabular presentation of outputs and outcomes in Annex 2 is especially helpful. The ex-post economic analysis is thorough and takes account of price distortions. There are some shortcomings. Discussion of safeguards compliance (especially the environmental safeguard) is sparse and there is no clear statement of compliance or otherwise. Discussion of external audits is partial and largely confined to the Borrower’s ICR. Estimated and actual project costs in Annex 1 are based on the Grant amount, and there is no explanation of the substantial difference between estimated and actual counterpart contributions.

a. Quality of ICR Rating: Satisfactory