Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 14-Feb-2019 | Report No: PIDISDSA25849
## BASIC INFORMATION

### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
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<tbody>
<tr>
<td>Guinea</td>
<td>P167884</td>
<td>Guinea Support to Local Governance Project</td>
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<table>
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<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
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<table>
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<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
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<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Ministry of Territorial Administration and Decentralization</td>
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### Proposed Development Objective(s)

To improve local government capacity in managing their public financial resources in a transparent and participatory manner, and in mitigating local conflicts.

### Components

- Supporting the operationalization of the FNDL
- Building institutions and capacity for inclusive and accountable local governance
- Project management and support to the ANAFIC
- Contingent Emergency Response

## PROJECT FINANCING DATA (US$, Millions)

### SUMMARY

<table>
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<th>Total Project Cost</th>
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<td>Total Financing</td>
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<td>of which IBRD/IDA</td>
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<tr>
<td>Financing Gap</td>
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</table>

### DETAILS

**World Bank Group Financing**

| International Development Association (IDA) | 40.00 |
**B. Introduction and Context**

**Country Context**

1. **Despite abundant natural resources, Guinea is one of the poorest countries in the world.** Annual per capita gross domestic product (GDP) of only US$531 (2015). Poverty stagnated at around 55 percent between 2002 and 2012. A series of external shocks, including the Ebola crisis and the sharp decline of commodity prices, has further exacerbated the poverty rate, which was close to 58 percent in 2014. Furthermore, economic inclusion is hindered by the lack of job opportunities, limited access to rural infrastructure and services, especially for poor households, low agricultural productivity, and low human capital.

2. **The Ebola Virus Disease outbreak of 2013–2015 exacerbated the continued vulnerability of Guinean society and institutions and required a strong response from the government.** The disease infected over 3,800 Guineans and resulted in 2,536 dead. The human impact was aggravated by economic repercussions, in particular the continued fall in global commodity prices. The Government of Guinea (GoG) developed a post-Ebola recovery plan for 2015–2017 and has adopted the 2016–2020 National Economic and Social Development Plan (*Plan National de Développement Economique et Social*, PNDES). The overall objective of the PNDES is to promote strong and high-quality growth to improve the well-being of Guineans and initiate the structural transformation of the economy, while putting the country on the path of sustainable development.

3. **The economy is now recovering, led by sectors that were less affected by the Ebola epidemic, although per capita GDP growth is slower.** Real GDP growth reached 6.7 percent in 2017, supported by positive supply shocks in the mining sector, buoyant exports of bauxite and gold, a dynamic construction sector and good agricultural performance. Per capita GDP growth reached an estimated 4 percent, up from 0.8 percent in 2015. Inflation in 2017 is expected to remain moderate at 8.5 percent. Available data on imports suggests aggregate demand is also recovering.

4. **Though Guinea is not on the World Bank’s harmonized list of fragile situations because it does not host a**

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peacekeeping or political peace-building mission and has a 2017 CPIA of 3.2,\(^2\) Guinea is a fragile country vulnerable to internal and external shocks. The International Development Association (IDA 2018) has classified Guinea as an "exceptional FCV [fragility, conflict, and violence] risk mitigation regime," along with Niger, Nepal, and Tajikistan. Guinea has therefore been granted access to the IDA18 Risk Mitigation Regime (RMR), which is designed to provide eligible countries enhanced support to reduce risks of FCV. It aims to provide a dedicated financing mechanism to incentivize investments for prevention, and provide countries with additional financing of up to one-third of their indicative IDA18 allocation. The overall objective of the RMR in Guinea is to support Guinea’s efforts to reduce the structural drivers of fragility and conflict that were identified in the 2017 Risks and Resilience Assessment (RRA), while supporting quick wins in a context of instability driven by social discontent.

5. **Guinea faces a complicated set of interrelated drivers of FCV that need to be understood in terms of intersecting factors and not in isolation from each other.** Four key drivers of fragility have emerged from the 2017 RRA: (i) weaknesses in the delivery of services that undermine state legitimacy. Indeed, poor service delivery (whether in health, education, security, electricity or water provision) and the population’s concomitant lack of support for state institutions constitute a key driver of fragility. Moreover, unregulated and rapid urbanization are also contributing factors that increase risks of political instability and social unrest; (ii) exposure to external shocks and high food prices. More than 80 percent of the country’s foreign exchange derives from mining exports, mainly bauxite and iron ore, as well as gold and diamonds. The decline of global commodity prices, coinciding with Guinea’s Ebola epidemic (2013–2016), had a severe impact on the economy. Besides, although affordability has improved in recent years, Guinea’s foodstuff remains costly and economic downturns have an immediate effect on the poor; (iii) youth exclusion and underemployment. Youth face a barely functioning education system and exceedingly high levels of structural unemployment and underemployment. Urban young men are playing a key role in Guinea’s protests, and certain violence-prone and politicized youth milieus continue to pose a critical risk to political stability; (iv) the political instrumentalization of identity in a context of important social fault lines. Guinea’s main political parties tend to be organized along ethnic and regional lines, and the political instrumentalization of identity exacerbates political conflicts. While ethnicity is socially unproblematic in everyday life, Guinea’s experience with multiparty politics in recent years has been marked by worrying degrees of identity-based and political tensions.

6. **Such fragility can be exacerbated by weak social inclusion more broadly, including on gender.** Indeed, gender inequality, in addition to youth exclusion, is a pressing concern if Guinea is to achieve its population dividend. Women face severe constraints in accessing resources, markets, services, and socio-political spaces (such as representation and participation in local development processes). The causes of gender gaps are multiple and include the limited investments in human capital, the lack of opportunities for income generating activities, and the limited access to good quality infrastructure and financial resources in rural areas. A number of sociocultural constraints also hinder women’s potential to participate in economic activities. In their communities, women do not have the same level of decision-making power as men and have less opportunities to actively participate in decision-making bodies, resulting in women’s reduced ability to shape the country’s socio-economic development and lower per capita incomes, rendering them vulnerable to sexual and economic exploitation and social exclusion.

\(^2\) However, it is worth noting that with a 2017 CPIA of 3.2, Guinea is right at the threshold of the Bank’s Fragile and Conflict Affected Situations (FCS) definition – and has gone below a 3.2 score in eight out of the past ten years.
Sectoral and Institutional Context

The decentralization process in Guinea

7. Poor service delivery outcomes in key social sectors (education and health) are a manifestation of the inequitable and inefficient allocation of public resources, and poor financial management of existing limited public funds. Recent sector Public Expenditure Reviews (PERs), undertaken by the Bank in the health and education sectors (2015) and for the country (2017), highlight significant weaknesses in public financial management (PFM). Neither differences in population nor the poverty profiles of the regions can explain the wide disparity in public health expenditures across administrative regions.

8. A new impetus to the decentralization process has been given, embodied by the creation of the National Agency for Local Governments Financing (Agence Nationale de Financement des Collectivités Locales, ANAFIC) and the Local Development Fund (Fond National de Développement Local, FNDL).

9. Current support from international partners is focusing on the pre-requisites and the building blocks of decentralization, but needs to be stepped up to have an impact on service delivery. The 2016-2020 third phase of the Village Community Support project (PACV3), co-financed by the French Development Agency (AFD) and the World Bank (US$15 million), aims to strengthen the LG financing system and improve local service delivery in rural communtes. Beyond promoting participatory approaches to local development and building the capacity of local councils, PACV3 supports the creation of the FNDL and the implementation of the funding provisions of the Mining Code.

10. The limited implementation of the decentralization reforms has created a divergence between policy and de facto reality on budget planning, allocation, and execution for basic services and infrastructure. Significant legislation was passed in 2006 providing a framework for increased decentralization (Code des Collectivités Locales), however transfers of resources and responsibilities to the local councils has been very limited.

11. The 2006 Code establishes the basis for an intergovernmental transfer system that has been refined with additional texts in 2017-2018. The law mainly relies on a general block grant for recurrent spending. The design is such that it should strictly compensate for the increase in the LG’s responsibilities.

12. Challenges related to the capacity to undertake decentralized functions remain at the lower levels of government. Past analytical work (World Bank, 2008) identified four factors that constrain LGs performance: (i) administrative parallelism or the parallel presence of deconcentrated and devolved levels of government (leading to redundancies, unnecessary complexity, and the blurring of lines of accountability); (ii) the inefficient distribution of roles and responsibilities between deconcentrated and devolved levels; (iii) oversight relationships (tutelle) that compromise LG autonomy and downward accountability to citizens; and (iv) weak coordination of actors in service delivery and development planning. Synergies between deconcentration and decentralization in terms of development planning and execution have been planned for in 2017-2018 and need to be rolled out, especially for social services (education and health).

13. The proposed project is catalytic for the broader decentralization and deconcentration reform agenda in Guinea. It will foremost support the on-going decentralization reform, as part of a multipronged approach (PACV3 and ASA on citizen engagement), together with other partners (AFD and European Union), by accompanying the transfer of competences and resources to local level authorities through the
operationalization of the FNDL and ANAFIC. It will directly build on the experience of the PACV3 and is closely coordinated with the AFD project (PANAFIC), approved on September 26, 2018, that will support the operationalization of ANAFIC through equipment and staffing. Urbanization is also a challenge in Guinea, that the recently created ANAFIC will have to contribute to tackle.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
The development objective of the Project is to improve local government capacity in managing their public financial resources and in mitigating local conflicts

Key Results

14. The following PDO-level indicators will measure progress towards achievement of the PDO and the key results:
   - LGs investment budget execution rate (percentage)
   - Direct project beneficiaries (number), of which female (percentage)
   - Citizens that feel their needs have been taken into account during the participatory investment planning process at the LGs level (percentage)
   - Percentage of reported risks of conflicts for which action groups have provided a non-violent response, as part of the EWRS in place

D. Project Description

15. Component 1: Supporting the operationalization of the FNDL (US$20.0 million). The aim of this component is to provide incentives to improve the availability and management of resources at the local level of government by supporting reforms, to strengthen: the availability of resources transferred to LGs, and; the accountability mechanisms for LGs’ use of public resources, using Disbursement-Linked Indicators. The necessary technical assistance and capacity-building activities associated with the FNDL successful operationalization will be provided through the component 2.

16. Component 2: Building institutions and capacity for inclusive and accountable local governance (US$15.0 million). The component aims to support the implementation of the inclusive and accountable decentralization process through the following three complementary sub-components.

17. Sub-component 2.1: Strengthening and digitalizing LGs Public Finance Management (US$5.0m). The sub-component will: (i) support the operationalization of the FNDL and ANAFIC, through technical assistance, studies and equipment; (ii) support the implementation of the Integrated Financial Management Information System (IFMIS) software SIM_BA in all LGs; and (iii) strengthen the capacity of LGs in PFM and institutions in charge of LGs’ financial oversight. This sub-component will also support the operational costs associated with the revision of LDPs, through a participatory approach facilitated by local development agents (ADL). It will also finance some urban planning studies, to progressively improve the planning process for investments financed by the FNDL in urban LGs.

18. Sub-component 2.2: Support to decentralization implementation. (US$5.0m). This sub-component will contribute to strengthening the decentralization process and legal framework through studies, technical assistance, and capacity-building, including: (i) LG revenue mobilization; (ii) local development coordination and
to the monitoring of Investment Budget execution; (iii) local civil service management; (iv) urban development, and; (v) cross-cutting topics such as on gender and social inclusion, and on climate and disaster risk management in the context of local development. It will also provide TA to enhance management and harmonization of database, and the TA and support required to define, implement and assess the LG performance pilot.

19. **Sub-component 2.3: Citizen Engagement and Community-based Early Warning and Response System (EWRS) (US$ 5.0m).** This sub-component will support scale-up and improvement of citizen engagement and EWRS pilot activities that have been piloted under the PACV3, with strong emphasis on ICT. Furthermore, all relevant training and monitoring activities under the sub-component will be conducted with an emphasis on social inclusion, including gender, youth, elders, and people with disabilities. Finally, the sub-component will contract out a NGO or a CSO to conduct third-party monitoring of the project’s Citizen Engagement activities, EWRS, and gender and social inclusion aspects, in the second and in the fourth year of the project.

20. **Component 3: Project management and support to the ANAFIC (US$5.0 million).** At the national level, the project will be managed by a Project Implementation Unit (PIU), embedded within ANAFIC. This component will therefore finance costs of the PIU’s core management functions. The project will strengthen the communication activities of PACV3. In addition to the project management, the component will provide support to the operationalization of the ANAFIC.

21. **Component 4: Contingent Emergency Response Component (CERC) (US$0.0).** This zero-budget sub-component establishes a disaster contingency fund that could be triggered in the event of a natural disaster through formal declaration of a national emergency, or upon a formal request from GoG.

**E. Implementation**

**Institutional and Implementation Arrangements**

22. **The project will be managed by a Project Implementation Unit (PIU), embedded within ANAFIC.** The PACV3 National Coordination Unit (Cellule Nationale de coordination – CNC) will provide the technical, managerial and fiduciary support to the ANAFIC PIU, building its capacity, while progressively withdrawing from fiduciary and technical responsibilities. The objective will be to support the transfer of the current PACV team into the ANAFIC. PACV3 (2016-2020), PANAFIC (2018-2023), and LGSP (2019-2023) will provide support to ANAFIC in a complemental and collaborative manner, by covering different key technical and financial aspects for ANAFIC to become fully operational.

**F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)**

The project will be nation-wide in scope as ANAFIC expects to cover 340 municipalities. In the environmental and social screening of the selected physical investments which are subject to feasibility studies to financed through project resources, relevant subproject location and salient physical characteristics will be described and measures taken to avoid and mitigate adverse impacts.
G. Environmental and Social Safeguards Specialists on the Team

Kristyna Bishop, Social Specialist
Emeran Serge M. Menang Evouna, Environmental Specialist
Gina Cosentino, Social Specialist

<table>
<thead>
<tr>
<th>SAFEGUARD POLICIES THAT MIGHT APPLY</th>
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<tbody>
<tr>
<td><strong>Safeguard Policies</strong></td>
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<tr>
<td>Environmental Assessment OP/BP 4.01</td>
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<tr>
<td><strong>Policy</strong></td>
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<td>--------------------------------------------------------------------------</td>
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<tr>
<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
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<td>Natural Habitats OP/BP 4.04</td>
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<td>Projects in Disputed Areas OP/BP 7.60</td>
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### KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

#### A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   The development objective of the Project is to improve local government capacity in managing their public financial resources to strengthen service delivery and improve the quality of basic services and mitigate local conflicts. The project will not directly finance physical investments but will finance technical feasibility studies related to local government Annual Investment Plans. Despite this lack of direct financing of civil works, it was agreed to assign an Environmental Category B to the project. The project activities are not expected to generate direct adverse impacts. No direct large scale, significant and/or irreversible impacts are expected from the project.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

   The Project will finance feasibility studies of selected physical investments that will not be financed through IDA resources, the project may generate indirect adverse impacts. These impacts will be limited in scale due to relatively small funds that ANAFIC will allocate in each municipality. To address these indirect risks and adverse impact, the project will undertake a robust environmental and social screening of the activities that will be proposed by municipalities to be part of the feasibility study funding. In addition the project resources will support the development and implementation of ANAFIC Environmental and Social management System.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

   The environmental and social screening of the annual investment plans of the municipalities will limit or exclude all investments that are able to generate large scale adverse environmental and social impacts.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

   Safeguards instruments: Environmental Assessment (OP/BP 4.01) policy will be triggered to ensure full social compliance during the preparation of the feasibility studies related to local government plans. An Environmental and Social Management Framework (ESMF) will be prepared and subsequently reviewed and cleared by the Bank and disclosed in-country and on the Bank website prior to appraisal. In addition, the Project will prepare the TORs for the feasibility studies and both the TORs and the final feasibility study will be subject to no objection by the World Bank. The ESMF will clearly define the environmental and social screening process to guide the selection of the subprojects that will be integrated in local government Annual investment plans on which feasibility studies to be financed with the project resources under Sub-component 1.2: Financing Local Government’s Investment budget feasibility studies.
The ESMF will include the relevant social issues and risks so that they are duly considered in the feasibility studies and in a manner that is consistent with the risks and impacts covered by the Operational Policies for investment lending. Relevant safeguard instruments will be prepared in line with World Bank policies and principles, and with appropriate consultation and disclosure requirements. The ESMF will be prepared, reviewed and disclosed in-country and in the Bank website prior appraisal.

ANAFIC environmental and social management system enhancement: To ensure sustainability, project resources will support the development and implementation of ANAFIC environmental and social management system (internal E&S policy, environmental and social procedures and tools, and human resources).

Local Governments environmental and social capacity building: Project resources will support local government capacity building through ANAFIC that will be defined after an in-depth needs assessment. The feasibility studies will ensure that all retained investments are climate resilient. The local development plans will be revised and/or prepared to ensure that all selected activities are environmental and socially sound, and consider, among other things, social inclusion, gender, and vulnerable or disadvantaged individuals and groups. The Project will also enhance community ownership for monitoring the quality.

Environmental and social indicator compliance for DLI approach: The PIU will report periodically on the environmental and social compliance of the project activities including the level of greening the local development plans and inclusion of the environmental and social instruments in the feasibility studies. The environmental and social compliance will be an indicator to be evaluated prior each tranche release. The weighting of the environmental and social compliance will be high, and the adherence to the guidelines will be checked and paid for.

Operational manual: The PIU will ensure that DLI incorporate environmental and social compliance indicators that will be well described in the operational manual.

Safeguards institutional arrangement: To deal with all environmental and social commitment including the monitoring and implementation of the capacity building plan, ANAFIC unit will include an Environmental and Social Specialist, as well as a Gender and Citizen Engagement Specialist. The Environmental and Social Specialist will work closely with the relevant ministries, local governments and coordinate with the ministry of Environment, NGOs and local administrative authorities.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The key stakeholder of the project are the following: ANAFIC, local governments to be financed by ANAFIC; ministry of Environment, NGOs; local communities associations and collectivities (including women's groups, elders, youth); local administrative authorities; MATD, Ministry of Finance, Ministry of Budget. The PIU will prepare a consultation plan that will be implemented during the project implementation period. The environmental and social screening of the annual investment plans will be disclosed and relevant safeguards instruments will also be publicly disclosed.
B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>Date of receipt by the Bank</th>
<th>Date of submission for disclosure</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
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<tr>
<td></td>
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<td>14-Feb-2019</td>
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"In country" Disclosure
Guinea
14-Feb-2019

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
No
All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

**CONTACT POINT**

**World Bank**

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Senior Social Development Specialist

Abel Paul Basile Bove  
Senior Governance Specialist

**Borrower/Client/Recipient**

Ministry of Finance

**Implementing Agencies**

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APPROVAL

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