I. Project Context

Country Context

1. The Guinea Government has requested assistance to consolidate and foster the recent democratic gains through actions enhancing political and economic stability and a sustainable development path. The World Bank has responded with a program that focuses on improving the country’s governance, including transparency, accountability and rule of law in the public sector. A stand-alone Development Policy Operation (DPO) was approved in April 2011 as part of that program. It will be complemented by this Economic Governance, Technical Assistance and Capacity Building project that supports government’s efforts to restore state functions and institutions after years of dictatorship, institutional neglect, civil and social unrest and international isolation.

2. The proposed project directly supports the governance reform agenda of the first democratically elected government in Guinea’s history. It aims to reduce internal stresses that feed state fragility and to help build the foundation for effective institutions that are crucial for the management of the public financial and human resources and hence for the stability and development of the country. It will focus on two areas where immediate risks and weaknesses have been identified in the mobilization and management of public resources: (i) public finance management, including in the security sector, and (ii) human resource management.

3. The project will provide technical assistance to strengthen institutional capacity and restore confidence in the State which, as highlighted by the conclusion of the 2011 WDR, are critical to develop resilience in a fragile state environment recently emerging from a destructive and traumatic civil strife.

4. Guinea entered uncharted territory in December 2010 with the election of the first democratically elected president in its history. Since it attained independence from France in 1958, Guinea has lived under a succession of autocratic military regimes. Under Sékou Touré, in power from 1958 until his death in 1984, Guinea turned to central planning of the economy, resulting in disastrous development outcomes. Political freedoms were also severely curtailed. Upon Sékou Touré’s death, control was seized by the military in a coup led by Lansana Conté, who remained in power until his death in December 2008. Although the economy was liberalized during the earlier part of Conté’s regime, political freedoms remained limited and the country’s development was constrained by decaying governance and occasional military unrest.

5. In December 2008, a military junta, led by Captain Moussa Dadis Camara seized power by force and continued to restrict political and social freedoms, resorting to extreme violence that culminated on 28 September 2009 in the attack by the security forces of an opposition rally in Conakry. Shortly thereafter, Captain Camara was shot and evacuated from Guinea and replaced as the head of the junta by General Sékou Konaté. General Konaté presided over the transition to civilian rule and organized presidential elections which were generally recognized as free and fair by the international community. Prof. Alpha Condé, a lifetime opponent of the previous régime, assumed power in December 2010 and nominated a new coalition government.

6. Citizen mobilization has been at the heart of the ongoing historical transformation. The country has been led by autocratic rule for over five decades in the context of a complex pattern of social and ethnic allegiance. The state did not function in the public interest, but instead became a source of patronage and private gain. The key stakeholders who benefited from this state of affairs were the Presidential clans, as well as the top echelons of the armed forces. They resisted reforms throughout the past decade until popular pressure, led by the trade unions and civil society organizations, managed to force the appointment of a ‘reform Government’ under Prime Minister Kouyaté in 2007, and the holding of the first ever competitive Presidential election in 2010.

7. This new window of opportunity has thus been possible thanks to the resilience and cohesion of Guinean society which has in spite of enormous tensions allowed the country to avoid the social breakdown and civil war seen elsewhere in the region, and generated a powerful and ultimately successful mobilization for change.

8. Yet experience in fragile states indicates that newly democratic governments face difficulty in establishing a reform agenda and opposition to change can be quite difficult to overcome. In a delicate transition, it is crucial that the government move decisively to demonstrate
tangible results early on and to strengthen its legitimacy through confidence building measures among its citizens who have high expectations regarding the new democratic regime. The executive released in 2011 a Priority Action Plan (PAP) addressing institutional and sectoral dysfunctions and including initial political, social and economic measures to restart the economy and to strengthen the capability of public institutions to manage human, financial and natural resources and engage more openly with the population.

9. The recently revised PRSP confirms the Government focus and commitment to improve economic governance and identifies two main areas that need to be addressed to help stabilize the country and lay the foundation for a sustainable reform process:

(i) Government will have to implement public sector reforms, including eliminating poor governance practices and widespread patronage and corruption in order to restore the authority of state institutions in the areas of public financial and civil service management. The public administration requires significant attention to become an effective agent for the country’s democratization and development, and more specifically for the effective implementation of the poverty reduction strategy.

(ii) Reforming the Security Sector is also critical to rebalancing the national budget in favor of the government’s social and economic development agenda, given that one third of the budget is currently devoted to military expenditures. Such reform is also indispensable to strengthening civilian authority over the security sector and to creating the conditions for political and economic stability and sustainable development over the long term. Following years of financial mismanagement in the security sector, the government has to clarify roles and responsibilities, and reorganize their human resources and financial management in a bid to enhance the sector’s overall transparency and efficiency.

10. To ensure appropriate coordination and follow-up of stakeholders involved in the transition process, the President has created the High Commission to State Reform and Modernization of the Public Sector (HCREMA). This is a transitional institution that reports directly to the President with the mandate to accompany the democratization process and assist with the coordination of government activities and to oversee progress in public sector reforms, including addressing issues such as the role of the State in the economy and the structural changes required in the civil service. Through its convening powers the HCREMA is also expected to foster multi-stakeholder relations by creating a platform for understanding, monitoring and supporting public administration reforms and good governance that foster the development agenda and sustain pro-poor economic growth. The Bank is supporting this institution through the SPF grant for Public Sector Governance and Accountability in Guinea.

II. Sectoral and Institutional Context

I. Strengthening Governance Through Better Management of Public Finances is a Priority to Gain International Support

11. A Public Expenditure and Financial Accountability (PEFA) assessment in 2007 concluded that although Guinea’s overall fiscal discipline was maintained, its ratings in public finance management put it in the bottom league of African countries. Following the December 2008 military coup, fiscal discipline collapsed as a result of the executive’s decision to put aside regular controls over budget commitments and regular hiring processes. In two years, the share of public expenditure rose from 17.5 percent to 29.6 percent of GDP. This was due to rapid increase in the payroll and the signing of a large number of single-source, multi-year contracts for infrastructure and equipment, a large part of it for the military.

12. The first priority of the new Government was to re-establish basic controls over public finances and civil service management, by enforcing compliance with existing rules and regulations. This was particularly important as the new government was eager to re-engage with the Bretton Woods institutions that had suspended operations immediately after the military coup and to reach the Highly Indebted Poor Countries (HIPC) completion point as soon as possible. Three immediate priorities for the first stabilization phase have been identified in coordination with the development partners: i. a reduction of contingent liabilities through the revision of the public contracts undertaken between 2009 through mid-2011; ii. control of budget commitments and cash management; iii. close monitoring of the procedures for new public contracts. These measures have also been included in the set of policies necessary to achieve HIPC completion point expected by mid-2012.

13. While basic budget discipline is being restored, the authorities also want to improve overall performance of the public financial management system and continue implementation of the 2008 comprehensive public financial management reform strategy initiated with the support of the IMF and put on hold until the new government took over in January 2011. In order to support the Government in the second stabilization phase, the Technical and Financial Partners have decided to organize themselves into thematic groups, including the “Macroeconomy/Government Finance/Budget Assistance” group (Table 1). Based on the agreed priority actions of the 2008 IMF Reform Agenda, the Bank will support appropriate institutional reforms and will assist Guinea with: i) the completion of the legal framework for public procurement and the establishment of the new Regulatory Agency for Public Procurement; ii) the development of training modules and formative staff for the implementation of the new Public Financial Management Framework in preparation with the support of the IMF; and iii) and assist with the establishment of a Special Investment Fund and building investment planning and evaluation capacity.

TABLE 1 Donors’ support to Macroeconomic Stability and Public Financial Management Reforms

<table>
<thead>
<tr>
<th>Key actions of the PFM matrix</th>
<th>Donors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Revision of PFM Framework Law and relevant implementation rules and regulations.</td>
<td>IMF</td>
</tr>
<tr>
<td>2. Technical assistance for the revision of Public Accounting, Budget Classification and Chart of Accounts.</td>
<td>IMF</td>
</tr>
<tr>
<td>3. Development of training modules for the implementation of the revised PFM Framework Law and delivery of training to relevant DAF officials.</td>
<td>WB/IMF</td>
</tr>
<tr>
<td>4. Modernization of the procurement regulatory framework including up a Procurement Regulatory Agency.</td>
<td>WB/EU/AfDB</td>
</tr>
<tr>
<td>5. Identification of strategic options to modernize the existing IFMIS and preparation of an action plan.</td>
<td>BAD/IMF</td>
</tr>
<tr>
<td>6. Follow up on audit of public procurement.</td>
<td>WB</td>
</tr>
<tr>
<td>7. Support to the internal and external audit bodies.</td>
<td>WB/AFDB/EU</td>
</tr>
<tr>
<td>8. Review of the revenue mobilization process including mining sector revenue.</td>
<td>AfDB/France</td>
</tr>
<tr>
<td>9. Assist with the establishment of an Investment Fund.</td>
<td>WB/IMF</td>
</tr>
<tr>
<td>10. Build investment planning and evaluation capacity.</td>
<td>WB/AfDB</td>
</tr>
</tbody>
</table>

II. Improving civil servants management is a Government’s priority to implement reforms and gain citizens trust
14. For the new government to be successful, management of the civil service must be substantially improved. Following years of inefficiency, corruption and impunity, there is an entrenched lack of confidence from Guinean citizens towards the public administration that is meant to serve them. Currently, rules are not applied and impunity is pervasive; civil servant motivation is poor owing to low salaries; qualified personnel in key positions are lacking; training is deficient; and personnel management is poor. The Guinean administration is also hampered by an imbalanced geographical distribution of civil servants between rural and urban areas and between Conakry and the rest of the country that does not match the service delivery needs, as illustrated in the education sector.

15. The new government thus considers the public administration reform as a crucial area for the success of its socio-economic development program and ultimately its legitimacy. In December 2011, the Government adopted the “National Program of the State Reform and Public Sector Modernization” that identified priorities in the HR management component: (i) re-establish and modernize human resource management system and controls and rebuild the link between the HR database and the payroll system; (ii) improve the HR management capacity; (iii) rationalize the legal framework for the status of civil servants; and (iv) re-capitalization of civil servants by reviewing the recruitment process, training and/or retraining the existing workforce force and reviewing the wage scale and pension system. In order to carry out such a reform, however, as a priority it will be important to put in place the basis for managing the civil service system, and have a reliable database that will enable the government to assess qualifications and gaps in the system (Box 1).

Box 1: Government Human Resource Management System in Guinea.

At present, the HR management systems of the relevant institutions are not interconnected; the databases are inconsistent; and only partial data verification has been carried out by the MEPS. The HR management system involves three institutions that are not well coordinated. The MEPS is responsible for overall management of the civil service. The Secretariat General of the State is responsible for issuing ID numbers and appointment documents after due verification. The payroll department in the Ministry of Budget is responsible for the wage bill. In addition, the Secretaries General of each line ministry have their own HR department.

The lack of integration between these institutions brings substantial inconsistency between the databases. In November 2011 the HR management system in the MEPS showed 102,400 employees, while the payroll system in the Ministry of Budget registers only 96,000. The difference between the two databases is mainly due to uncontrolled and possibly illegal hiring. In addition, for a large number of employees the recruitment takes place outside the civil service system. A number of staff is hired and managed directly by the line ministries, such as for education and justice with minimal verification of personal data and qualifications. Others are political appointees, generally in ministerial cabinets, or civil servants with ‘special’ status. All these employees remain outside the civil service system. Line ministries send monthly payment request to the payroll department outside of the MEP’s control and this disconnect opens opportunities for abuses.

Moreover, the IT system used by the National Department of Statistics and Information (NDSI) in the MEPS is obsolete and is in the process of being replaced. At present the NDSI runs the HR database on Cobol, in an unsecured environment without any back-up system, inverter or generator, and protection against fire or flood are non-existent. Moreover, data is transferred manually between the MEPS and the Payroll with potential for abuses and falsifications. In order to address the IT problems the MEPS and Budget have recently purchased a new platform based on Oracle and they are gradually transferring data to the new IT system. (In November 2011, the Payroll department had transferred 85% of data from the old system to the new one.) The new IT system will allow integration of all relevant data in a single file that will be managed only by the MEPS and accessed by the Payroll and other authorized users.

In 2011 the MEPS started preparatory work for a civil service reform that includes a biometric identification for civil servants to identify the accurate number of legitimate civil servants including the police, customs, magistrates and forest ranger corps. A separate identification, financed by the EC and French Cooperation, was launched and completed in 2011 for the military service. In 2010, the government created an oversight institution within the MEPS, General Inspectorate of Public Administration (IGAP), to undertake both ex-ante and ex-post controls on civil service management to prevent and correct abuses and irregularities in the management of civil servants. Since its inception in 2010, IGAP has already identified and forced 3,300 employees beyond retirement age to retire and has removed 2,619 double-dipper “employees” from the HR database with disciplinary action.

Once the databases are connected and discrepancies and inaccuracies removed to identify legitimate civil servants the next steps will be to put in place mechanisms and procedures to protect the integrity of the system.

C. RATIONALE FOR BANK INVOLVEMENT

16. This TA operation is part of a broader World Bank re-engagement strategy that was endorsed in March 2011 and that included a rapid Budget Support Operation to help the new government to clear arrears to IDA, open the door to the resumption of disbursements under ongoing projects and restore basic controls over the aggregate budget process and civil service payroll. The EGTACB project continues to support the progress achieved under the Budget Support Operation approved in April 2011 and closed in August 2011, in the management of public finances and human resources. It is also supported by the complementary SPF grant for Public Sector Governance and Accountability in Guinea.

17. The Bank’s strategy, along with most of the donor community, is to maximize the impact of its support at the earliest stage of the transition process, a time when the government most requires external support. The different components of the project have been prepared in close collaboration with key development partners in Guinea who also support the Government reform agenda, including specific activities of the program. As such, there is also a clear division of labor and well-functioning working groups have been established. The WB leads the working group on PFM that coordinates all the donors’ activities in support to this sector (see Table 1), and is an active member of the Working Group on State and Public Administration Reforms led by the AFD and the Working Group on Security Sector Reform led by the UN. The World Bank is currently the only donor contributing to the civil service reform and is expected to lead the work and gradually coordinate future donor efforts in this area.

18. The Bank has also consulted with CSOs during project preparation. They have demonstrated great interest and support for the economic governance objectives of the project and have requested training and support to deepen their understanding and ability to support the changes. In coordination with the WBI and with the financial support of the SPF, the Bank will work with key representatives of civil society, media professionals and local communities to raise citizens’ awareness and engagement.

D. HIGHER LEVEL OBJECTIVES TO WHICH THE PROJECT CONTRIBUTES
19. The new PRSP (2011-2014) articulates the government’s vision for the crisis recovery as well as laying the foundation for sustained growth and development. The PRSP defines the steps to be initiated and is organized around five priority areas: good governance, poverty reduction, infrastructure, economic growth, and security. The Good Governance pillar puts emphasis on the consolidation of peace and democracy, including initiating a process of national reconciliation, a reform and strengthening of the electoral commission, a tightening of the rules for budget execution, procurement, and financial management and rehabilitation of the public administration. It also proposes steps to strengthen the decentralization system and to start the process of reforming the justice system.

20. This project will support the PFM aspects of this pillar and aspects related to rehabilitation of the public administration. It is fully in line with the Governance and Public Sector Capacity foundation of the Africa Region Strategy and consistent with the World Bank’s Interim Strategy Note (ISN) for Guinea for the period 2011-2012. It will contribute to the Good Governance agenda of the ISN of which a core priority is to “assist the Government in restoring civilian rule, improving the effectiveness and accountability of the civil service and state institutions”.

II. PROJECT DEVELOPMENT OBJECTIVE

21. The project development objective is: To re-establish and strengthen basic systems and practices to improve the management of public financial and human resources in Guinea.

22. The project will address selective priorities in areas that are key to the stabilization and development of the country and where major weaknesses have been identified concerning public finance management, including public procurement, and civil service management.

23. The pronounced uncertainty surrounding the country’s transition to democratic governance and representative civilian-rule, and the fluid national and regional situation, require a focus on the basics as well as maximum design flexibility and adaptability during implementation of project activities.

1. Project Beneficiaries: key government ministries include: Economy and Finance, Budget, Employment and Public Administration, and the financial administrations of line ministries including Defense and Interior.

2. PDO Level Results Indicators:
   i. Public contracts procured through open competition;
   ii. Budget preparation occurs according to the new PFM legal framework;
   iii. Public investment proposals prepared according to agreed procedures;
   iv. Discrepancy between MEPS civil service database and the payroll;
   v. Direct project beneficiaries, of which % women.

Key Intermediate Results and Indicators:

IR 1: Improved public financial management including procurement and public investment.
   i. New procurement code and legal texts adopted;
   ii. Publication of regular reports concerning public contracts;
   iii. Budget is presented for legislative approval according to the budget calendar;
   iv. Legal framework governing the Investment Fund adopted;
   v. Public investment projects assessed as required;
   vi. Number of PFM practitioners trained;

IR 2: Improved HR management
   i. Civil servants with official status identified;
   ii. Irregular civil service cases resolved;
   iii. Extant disciplinary cases resolved;
   iv. Strategy for public administration reform adopted;

III. PROJECT DESCRIPTION

E. PROJECT COMPONENTS AND ACTIVITIES

24. In the context of the broader government program, the project will help support the improvement of the Guinean governance environment in two main areas: (i) Management of public financial resources; (ii) Management of public human resources.

Component 1: Strengthening basic expenditure management (US$ 2.6 ml + 1.35ml from the EU delegation)

25. The component activities will take place within the broader context of donor support for the improvement of public financial management in Guinea, as presented in the comprehensive matrix of forty-two priority “actions” for the Public Financial Management (PFM) reform agreed with the IMF in 2008. As can be expected, while these actions address significant issues, some are more important and urgent than others, and the project component is contributing to the actions critical to the implementation of the overall PFM strategy. Moreover, the recent PFM review by the IMF highlights the critical problem of the absence of a timely budget since 2008, and also makes recommendations to address major issues in budget execution, public accounting, and the lack of external and internal controls. The project contributes to the donors’ efforts to help Guinea establish a functional and effective PFM system by focusing on support for the establishment of sound systems and procedures at central government level for annual budget preparation and execution including public investment project preparation and evaluation and public procurement.

Subcomponent 1.1: Continue modernization of the public procurement system (US$ 0.5 +1.35 m)

26. The current public procurement system is still governed by the provisions of Law L/97/016/AN of June 3, 1997 and presents many shortcomings as it lacks separation between procurement functions and oversight and a regulatory agency with adequate mechanism for handling procurement-related appeals or complaints. In an effort to increase the effectiveness of public expenditure, in 2005 the World Bank in cooperation with the African Development Bank and UNDP conducted an analytical review of the public procurement procedures that presented a number of recommendations that served as the basis for an action plan covering three areas of priority: i) combating corruption; ii) strengthening competition and transparency; and iii) enhancing the effectiveness and quality of public expenditure. The Government adopted the
action plan and initiated the reform process with the help of an IDF grant. The reform was put on hold in 2008 and the IDF grant expired in 2009.

27. While the government is making efforts to apply due process to the procurement of new public investments under the existing law, this subcomponent will support the finalization and adoption by the Assembly of the new public procurement code, as well as its implementation procedures. The purpose of the new Procurement Code is to clarify rules for the procurement process, as well as responsibilities for execution, monitoring and audit of procurement that at present are all concentrated under the National Directorate of the Public Procurement in the Ministry of Economy and Finance. The project will also provide training to the procurement specialists on the new code and procedures, and prepare local trainers. Finally, the project will support the establishment of the Public Procurement Regulatory Agency (PPRA) called for in the new code and building capacity of this agency. Bank support for the establishment of the PPRA will be co-financed by the European Union for 12 months. It is envisaged that before the end of 2013 the EU will provide additional financing to continue supporting the PPRA for two additional years.

This subcomponent will finance the following activities:

(i) Finalization and adoption of the code and the legal text of the Procurement Code and preparation of the standardized texts (US$ 0.1 mil);
(ii) Training of a wide range of procurement practitioners on the new procurement code and training of local trainers (US$ 0.32 mil);
(iii) Establish the PPRA to improve transparency and effectiveness of public procurement (US$ 1.335 mil from the EU).

28. The sustainability of any reforms in an institution-intensive area such as public financial management depends crucially on the prior existence or rapid development of local capacity sufficient to implement them. Although fiduciary risk must be mitigated and external expertise will be required in most cases, the long-term goal is to develop the country’s own systems and capacity. Thus, appropriate training of key stakeholders is essential.

29. Initial familiarization with the basic concepts and principles of public financial management is essential, including for the members of the new Parliament expected to be elected during 2012. To this end, short courses on the basics of public financial governance and public administration will be developed and delivered with the support of the associated SPF grant. The audience for these courses will include a mix of executive branch staff, parliamentarians and their key staff, the media, and major civil society stakeholders. The courses will be tailored to Guinean realities and will take into account the lessons of international experience in fragile states as well as the experiences in the sub region.

30. In addition to procurement training (subcomponent 1.1), training will also be required to ensure an orderly budget process under the new PFM regulatory framework that is currently under preparation with technical and financial support from the IMF and the EU. Specialized skill training in various areas of PFM is also necessary. Because it would be impractical to attempt a large-scale training program compressed in a short period, such specialized training must be targeted to the more urgent specific needs and individuals identified by the government, and local trainers prepared. For this purpose, as early as possible after project effectiveness, needs identification and a technical workshop will be organized among the key officials concerned to assess the immediate specialized skill gaps in PFM and the associated training requirements, and define a targeted training program to that end. The training will be provided to staff in the MEF and in the financial and administrative directorates (DAF) of each ministry.

31. This subcomponent will finance the following activities:

Subcomponent 1.3: Setting the basis for efficient and affordable public investments ($0.95 million)

32. In the immediate future, preparation of most major public investment projects is likely to be assisted by the supporting donors. However, developing the Guinean government’s own capacity for investment preparation and appraisal is critical for sustainable recovery and development, as well as for constructive interaction with the donors and protection against enclave-type “preferred” donor-ministry relationships.

33. The subcomponent will provide technical assistance to build capacity of a small and well selected group of experts in the Division of Investment Preparation and Evaluation in the Directorate of the National Public Investments of the Ministry of Economy and Finance. The objective is to build competencies to prepare, evaluate and monitor public investment projects. This support will include training staff, initial logistical and equipment support and advisory support. In consultation with the major line ministries, the division will also (i) develop procedures to prepare and appraise government investment projects based on good practice in comparable countries but also suitable to Guinean realities; and (ii) formulate an action plan to strengthen the capacity of the public investment unit of the major ministries to prepare and monitor investment projects in their sector. The Division will have no role in project selection or final approval, but will have authority to verify and demonstrate that the established preparation and appraisal procedures have been respected. The Division will serve as an incubator of investment preparation and management experience to be eventually transferred to the line ministries.

34. Moreover, the government is mindful of the risks of uncontrolled and wasteful use of extractive resource revenues for governance and development. Accordingly, the 2012 budget law has established the legal basis for the creation of a special investment fund (SIF) to promote the cost-effective and sustainable use of such revenue from the mining sector. At the beginning, the principal source of funds for the SIF will be an allocation equivalent to $250 million from the 2011 exceptional revenue. Development partners or others will also be able to contribute for co-financed projects to the SIF. The SIF will finance investment projects proposed by the Ministry of Economy and Finance on behalf of government departments; such financing and the projects concerned will be subject to the general public financial management rules and be part of the annual budget as approved by parliament.

35. The subcomponent will finance:

(i) Capacity building of the Division of Investment Preparation and Evaluation (US$ 0.87 mil);
(ii) Preparation of the legal texts with governing rules and regulations for the use of the Special Investment Fund (SIF) (US$ 0.08 mil).
Component 2: Improving Human Resource Management (US$ 6.127 ml)

36. Significant and often outside-the-system recruitment combined with a lack of control over the integrity of HR management systems for over 10 years has greatly contributed to weaken public administration capacity. This is a serious concern for the government, which acknowledges the negative impact of poor administration on the delivery of public services and intends to address this problem in a progressive and strategic manner. The objective of the component is to improve management of government human resources through preparation of a public administration reform strategy, verification and consolidation of the regular civil servants database, while ensuring its consistency with the payroll system, and strengthening mechanisms to deal with grievances and disciplinary cases.

Sub-component 2.1: Preparation of the strategy for public administration reform (0.23 ml)

37. In December 2011 the Government adopted the "National Program of State Reform and Public Sector Modernization" that has as main priorities institutional development, public administration reform, and economic and financial governance. In line with the program, this subcomponent will assist the government to develop and adopt a public administration reform strategy. The strategy will indicate the driving principles of the reform and an action plan with a well sequenced set of priorities that will include the revision of the legal framework for the general status of civil servants, a functional review of and recommendations for clarifying the mission of each line ministry, and a review of civil servants hiring procedures, remuneration and retirement systems and recommendations for reform.

38. The subcomponent will finance:

(i) Technical assistance to prepare the Public Administration Reform Strategy.

Sub-component 2.2: Civil service biometric identification (US$ 2.64 mil).

39. The civil servant database remains incomplete and out-of-date. As it also includes ghost workers, double dippers, and those past the legal retirement age. In addition, the MEPS HR registry is not consistent with the payroll database. In order to establish more accurate and effective management of public administration, this subcomponent will support a biometric identification of civil servants to accurately verify their personal data and their qualifications for the position and grade. This exercise will allow establishing a credible HR management database that will serve as the basis for further analytical assessment such as skills mis-match.

40. Recent international experience including from Liberia and the DRC suggests that the identification process requires the following elements to be successful: (i) strong political leadership; (ii) solid preparation and pilot testing before running the identification; (iii) a consolidated methodology; (iv) good coordination within the administration; (v) good capacity of the implementing structure; and (vi) civil servants’ awareness of the process and of the documentation they need to provide to validate the identification findings.

41. In January 2012, the President created an inter-ministerial committee -- the "National Pilot Committee for Review of Financial and Administrative files in the Public Administration" -- responsible to reconcile the MEPS registry for regular civil servants with the Payroll. Under the leadership of the HCREMA, the committee intends to carry out the assessment of the MPES registry and the reconciliation with the payroll prior to the biometric identification operation. By preliminary identification and elimination of the irregular and/or illegal cases and a preliminary reconciliation of the payroll it will be possible to have a more accurate basis for the biometric identification of regular civil servants.

42. Although it is difficult to establish when the biometric identification operation will start, as it will depend on the length of the preparatory phase, it is expected that it will not take longer than twelve months to have all the biometric steps completed.

43. Experience in other countries shows that one of the challenges of the biometric identification is also to prevent mis-use of the data collected. Article 7, L/95/047/CTRN, August 29, 1995, provides sufficient privacy and protection to the civil servants that will be subject to the identification.

44. Based on these lessons, the subcomponent will support the following activities:

(i) Preparation and ministerial endorsement of the identification methodology and action plan;
(ii) Awareness and information campaign through media and workshops to inform the target groups of the procedures, time schedule and required documents;
(iii) Biometric identification preceded by a pilot that will help draw lessons for a more effective identification;
(iv) Specialized training of the operation identification team including identifiers;
(v) Supervising data compilation, verification and treatment process in collaboration with the South African cooperation.

45. The project will also finance an independent identification supervision team to ensure the integrity of the process and the reliability of the identification results.

Sub-component 2.3: Capacity building for HR data management and Control (US$ 1.50 ml)

46. The biometric identification of civil servants is expected to support improvement of the HR management system through a reliable database, free from illegal cases and irregular appointments. These include civil servants with “autonomous” or other “special” status currently not under the control of the MEPS, such as judges and teachers selected and hired directly by the line ministries with little MEPS’ oversight. In addition, experience in Guinea and elsewhere shows that poor control of the civil service registry allows falsification of personal data. For these reasons, it is important to protect and secure maintenance of the updated/verified HR database produced through the identification. Also controlling and cleaning up any fraud and irregularities in the system should be followed by the i biometric process to “identify” existing regular staff. Once the database is established constant monitoring by the responsible authorities is critical to preserve its integrity and to avoid repeating the costly identification process.

47. To this end, this subcomponent will also support capacity building of the newly established General Inspectorate of Public Administration (IGAP) within the MEPS that has an oversight role over this function and assures ex-ante and ex-post controls. The IGAP will be a member of the inter-ministerial committee and is expected to carry out the pre-identification work. This will include support to: (i) prepare the work plan and review the current structure; (ii) equip their office; (iii) train the inspectors and supervisors; (iv) set up the highly secured and protected IT system for controlling fraud and irregular cases, by connecting to the HR data management system in the department for HR data management with; and (v) accompany the process for disciplinary cases and set up the grievance mechanism.
This subcomponent will also support training of staff in the National Department of Statistics and Information (NDSI) as well as the Department of Information and Payroll in the Ministry of Budget in order to enhance their capacity for data cleaning, securing, treatment and exploitation. Also, at present the NDSI manages the HR database in an unsecured IT environment without any back-up system, inverter or generator, and no protection against fire or flood. This project will also finance the equipment necessary for securing the HR database and its back-up system.

Finally, this sub-component will support strengthening the coordination between IGAP/MEPS and the payroll and the Secretary General of State to operate crossed controls. This is particularly important after establishing one single interfaced database system that will be supported by the sub-component 2.4.

Sub-component 2.3 will finance:
(i) Capacity building of the General Inspectorate of Public Administration (IGAP) (US$ 0.9 mil);
(ii) Capacity building and equipment for HR data management in the MEPS and Budget (US$ 0.6 mil)

Sub-component 2.4: Interfacing the HR database with the payroll system (US$ 1.75 mil)

Once the consolidated HR database exists, it will be critical to interconnect it to the Payroll. Currently, two databases in the MEPS and Budget contain different information concerning the number of official civil servants. Moreover, the transfer of the monthly data from the MEPS to the Payroll department is done with an USB key, which creates easy opportunities for data manipulation and fraud. The MEPS and the Ministry of Budget are replacing the existing platform for data management that runs on an old analog system “Cobol” with a new computerized and secured system produced by “ORACLE” and by end of December they had already transferred 85% of data into the new system. Further, the Secretary-General responsible for appointing and registering new civil servants will also need to be connected to the system. Authority to modify the database will remain exclusively with the MEPS.

As line ministries do not have the basic (computerized) HR management system, this sub-component will help the reconciliation and connection between the MEPS HR database with the Payroll. This first step will help to establish a robust central management system that in the future could be extended to the line ministries. Support will include updating the master plan for the interfaced HR management system prepared in 2008 and then connecting the MEPS with the Ministry of Budget and with the Secretariat-General of the Government to permit reconciliation among the various database.

Sub-component 2.3 will finance:
(i) Update the master plan for interfacing the HR management system and the payroll system;
(ii) Interfacing the HR management system in the MPS, the payroll system in the ministry of Budget and registry in the Secretariat General of the government.

Component 3: Project Management (US$ 1.15 mil)

The project will be managed by the Project Coordination Unit established within the Ministry of Finance to implement all donor financed projects related to public finance reforms. This unit was established in 2011 with support from the AfDB to implement their project PARGEF expected to begin in early 2012. Three staff will be added to this unit to manage implementation of the EGTACB. These will include an Accountant, a Procurement Specialist and a M&E Specialist. These staff will be supervised by the Unit Coordinator recruited in November 2011, and their costs will be financed by the project. The coordination unit will report to the Technical Unit for Program Monitoring (Cellule Technique de Suivi des Programmes) created to monitor all donor supported public sector reform programs and is meant to be a permanent structure within the Ministry of Finance.

III. Project Development Objectives

The project development objective is: To re-establish and strengthen basic systems and practices to improve the management of public financial and human resources in Guinea.

The project will address selective priorities in areas that are key to the stabilization and development of the country and where major weaknesses have been identified concerning public finance management, including public procurement, and civil service management.

The pronounced uncertainty surrounding the country’s transition to democratic governance and representative civilian-rule, and the fluid national and regional situation, require a focus on the basics as well as maximum design flexibility and adaptability during implementation of project activities.

Project Beneficiaries: key government ministries include: Economy and Finance, Budget, Employment and Public Administration, and the financial administrations of line ministries including Defense and Interior.

PDO Level Results Indicators:
i. Public contracts procured through open competition;
ii. Budget preparation occurs according to the new PFM legal framework;
iii. Public investment proposals prepared according to agreed procedures;
iv. Discrepancy between MEPS civil service database and the payroll;
v. Direct project beneficiaries, of which % women.

IV. Project Description
Component Name

V. Financing (in USD Million)
<table>
<thead>
<tr>
<th>For Loans/Credits/Others</th>
<th>Amount</th>
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<tr>
<td>BORROWER/RECIPIENT</td>
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<tr>
<td>IDA Grant</td>
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<td>Trust Funds</td>
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<tr>
<td>Total</td>
<td>10.00</td>
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</table>

VI. Implementation
A. INSTITUTIONAL AND IMPLEMENTATION ARRANGEMENTS

54. Given the lessons cited above, the project will emphasize close monitoring and supervision and the need for design flexibility and adaptable implementation arrangements around a solid core of specialists within the implementation unit.

55. The Ministry of Economy and Finance will have overall responsibility for the project via two internal structures. These include: (i) the Project Coordination Unit (Unité de Coordination et d’Execution des Projets, UCEP) established by the Ministry to implement all projects financed by the partners in Guinea that support reforms in public finance; (ii) the Technical Unit for Program Monitoring (Cellule Technique de Suivi des Programmes CTSP). Within this structure the UCEP reports to the CTSP that is responsible for its supervision and to the Minister of Finance. This structure is presented in Annex 3.

56. While the UCEP existed to implement an earlier project (PADIPOC) financed by the AfDB, it was restructured in late 2011 and a new Coordinator and a Finance and Administrative Manager were appointed in November 2011. These two staff will be paid in part by the AfDB and the Bank as they work on both projects (PARCGEF and EGTCB). In addition, a procurement specialist, an M&E specialist, and an accountant will be hired by the UCEP early in 2012 to work exclusively on the Bank project. These staff will form the core of the UCEP. The government and the Bank will share the costs of rent and other operational costs related to the UCEP.

57. Project components will be managed by the line ministries and departments targeted by the project. This will be under the leadership of existing senior managers in each ministry who will appoint a focal point in each department responsible for each of the specific program activities. Departments within the Ministry of Finance and the Ministry of Budget will manage the implementation of the PFM activities of the project, while the Ministry of Labor and Civil Service will manage implementation of the civil service reform activities coordinated by the Secretary General of the ministry and his staff. In addition, an inter-ministerial committee has been established to coordinate activities related to public service reform, including monitoring the manual and biometric identification and related follow-up actions. This committee is chaired by the HCHEMA.

a. RESULTS MONITORING AND EVALUATION

58. As mentioned, the UCEP will include an M&E Specialist responsible to implement the results monitoring plan which includes the method, data source and frequency of reporting for each project indicator. The project monitoring system will use administrative data from the responsible ministries to be provided with support from the focal points to be identified within each of the targeted ministries and departments. In this way the project will help reinforce monitoring capacity within each of the participating ministries. The M&E expert will also produce semi-annual reports with the latest data for each indicator that will be available to project managers, the steering committee, the partners and posted on the project website to be created.

a. SUSTAINABILITY

59. The project provides assistance for the modernization of existing legal frameworks for PFM, public procurement and for capacity building within key public institutions, as well as civil service management. The Bank support is expected to be provided for four years with the possibility of a follow up project that will support the second-generation reforms in public sector and governance.

60. The project also provides suitable professional training in relevant areas to enhance technical skills. Once the professional training modules are piloted and refined, they will be integrated into a broader program to train mid-career civil servants to be supported by the French Cooperation and other donors. The Ministry of Economy and Finance has already created a unit that will assess general training needs of staff and will coordinate donor-supported training programs.

VII. Safeguard Policies (including public consultation)

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
</tr>
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<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
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</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
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<tr>
<td>Forests OP/BP 4.36</td>
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</table>
Pest Management OP 4.09
Physical Cultural Resources OP/BP 4.11
Indigenous Peoples OP/BP 4.10
Involuntary Resettlement OP/BP 4.12
Safety of Dams OP/BP 4.37
Projects on International Waterways OP/BP 7.50
Projects in Disputed Areas OP/BP 7.60

VIII. Contact point

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