Report Number : ICRR0021404

1. Project Data

Project ID	Project Name
P128443	GN-MSME Development Project
Country	**Practice Area(Lead)**
Guinea	Finance, Competitiveness and Innovation

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-H8670	31-Dec-2017	9,515,307.31
Bank Approval Date	**Closing Date (Actual)**	
28-Jun-2013	31-Dec-2017	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	10,000,000.00	0.00
Revised Commitment	9,995,130.12	0.00
Actual	9,515,307.31	0.00

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Public Disclosure Authorized

2. Project Objectives and Components

a. Objectives

According to the Financing Agreement (Page 5), the project development objective (PDO) of the Micro, Small and Medium Enterprise (MSME) Development Project of the Republic of Guinea was "to support the development of MSMEs in various value chains and to improve business processes of Guinea's investment climate". The Project Appraisal Document (PAD) (page 15) cited the same PDO statement, except that it used the term "selected business processes". This ICR Review interprets "selected business processes" to mean the five doing business areas, the reforms of which were to be supported by the project: business registration, investment promotion, business regulation, the credit information system, and the payment system (see Section 2.d).

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

No

c. Will a split evaluation be undertaken?

No

d. Components

The Project had three components:

Establishment of Support Centers for SME Development (US$ 4.2 million original allocation, US$4.0 revised allocation at restructuring, US$3.4 million actual disbursement) involved the creation of Support Centers to provide technical assistance, information, and specialized training to MSMEs in growth sectors including agribusiness, light manufacturing, and support services for mining. The original design envisioned the creation of three Support Centers, one in the capital, Conarky, directed at women-owned or women-run enterprises, and two in the regions. The reduction of the number of Support Centers from three, at appraisal, to two, at restructuring, (see Section 2.e) and to one, during implementation (see Section 4 - Objective 1), accounts for the 20 percent deviation of disbursement from the original allocation.

Support to Investment (US$4.6 million original allocation, US$4.63 revised allocation at restructuring, US$4.2 million actual disbursement) aimed to improve specific elements of the investment climate in Guinea, with a view of facilitating investments in the economy and developing the private sector. The first sub-component, Facilitating Investment (US$2.0 million original allocation, US$1.8 million actual disbursement) aimed to help the Agency for the Promotion of Private Investment (APIP), under the Ministry of Industry and Small and Medium Enterprises (MISME), become the main investment facilitator in the country, including through the creation of one-stop-shops for business registration and the conduct of investment promotion activities. The sub-component also aimed to support the Public-Private Dialogue (PPD), launched earlier in March 2014, as the platform for dialogue between the government and the private sector on reforms to business regulation. The second sub-component, Credit Information System and Payment Systems (US$2.6 million original allocation, US$2.4 million actual disbursement) aimed to improve access to finance and foster bank lending to SMEs by improving the credit information and reporting system and modernizing the payments system at the Central Bank of the Republic of Guinea.

Project Implementation and M&E (US$1.2 million original allocation, US$1.37 million revised allocation at restructuring, US$1.9 million actual disbursement) supported: the creation and operation of a Steering Committee and a Project Implementation Unit (PIU), the conduct of M&E of the project, and the completion of a rigorous impact evaluation of the first component of the project.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The cost of the project was estimated at appraisal at US$10.0 million.

Financing: The project was financed by a credit from the International Development Association (IDA) of SDR 6.7 million (US$10.0 million equivalent, at SDR 0.67 = US$1.00). The credit was fully disbursed (US$9.52 million equivalent; the SDR had depreciated to SDR 0.704 = US$1.00).

Borrower Contribution: There was no borrower contribution.

Dates: The project was approved on June 28, 2013 and became effective on December 6, 2013. The project was restructured, with SDR 1.98 million (US$2.91 million equivalent), or about 30 percent, of the SDR 6.7 million credit disbursed, on February 2, 2016, and closed as scheduled on December 31, 2017.

Restructuring: The restructuring did not revise the project development objective but changed the following:

- the activity in the first component of the project to establish three MSME Support Centers was reduced to two, one at the capital, Conarky, and the other at Mamou, in central Guinea;
- three activities were added to the first component to benefit the MISME: the provision of equipment and equipment for the MISME, the conduct of studies relevant to the project, and training of MISME staff
- financing was slightly re-allocated among the three components, with basically more spending set for project implementation and M&E (see Section 2.d - Components);
- the original set of four outcome and five output indicators was revised, with two outcome indicators re-worded, the threshold and target for a third outcome indicator reduced, and three output indicators added (see Section 9.a - M&E Design); and,
- the composition of the Government's Steering Committee was modified to include the Ministry of Justice; the PIU was restructured to replace two technical advisors (who were moved to the MISME) with two operations officers; a coaching process was introduced to benefit the procurement specialist; and the M&E officer was made responsible for communications (the additional responsibility does not appears to have detracted from the M&E officer's performance with M&E implementation).

3. Relevance of Objectives

Rationale

The project was substantially relevant to the country development priorities at project appraisal. The private sector had not been able to contribute enough to economic growth because of a poor investment climate, a poor legal environment, weak access to finance, low human capital, poor governance, and weak infrastructure. The project aimed to improve selected business processes in the investment climate and support, in particular, the development of MSMEs in selected value chains. However, the design of the project would appear to have been challenging in at least two aspects. The first was recognized at appraisal: according to the PAD (page 14), the institutions selected to implement the project had low capacity, uneven staff quality, and inadequate equipment to operate efficiently. The second emerged during project implementation: according to the ICR (page 13), the outbreak of the Ebola health crisis in 2014 motivated the reduction in the number of planned Support Centers from three to two (see Section 4 - Objective 1) and in the target for the value of investments generated from US$500,000 per investment to US$200,000 (see Section 4 - Objective 2).

The project objectives continue to be relevant to the country development priorities at the closing of the project. Guinea's "2016-20 National Economic and Social Development Plan" advances a four-pillar development strategy: (a) the promotion of good governance in service of sustainable development; (b) sustainable and inclusive economic transformation; (c) inclusive human development; and, (d) sustainable management of natural capital. An outcome of the promotion of good governance (the first pillar) is an "improved business environment". And, a priority action for sustainable and inclusive economic transformation (the third pillar) is the "development of high-valued SMEs" that are integrated into the mining and manufacturing sectors.

The project objectives were aligned with the Bank's country assistance strategy at the closing of the project. The Bank Group's "Country Partnership Framework for the Republic of Guinea for the Period FY2018-FY23" supports nine country development objectives organized around three pillars: (a) Fiscal and Natural Resource Management aims to improve public fiscal and financial management, decentralize service delivery including health and education, and improve the management of mining, natural resources and biodiversity; (b) Human Development aims to improve basic education and improve health and social protection, especially in the rural areas; and, (c) Agricultural Productivity and Economic Growth aims to increase agricultural productivity and access to markets, enhance access to energy and water through improved management of utilities, improve the business environment, and maximize access to job opportunities especially for young people. The project objectives --- to support the development of MSMEs and to improve the investment climate --- are aligned with the third pillar.

Thus, notwithstanding the relevance of the project to the country's development priorities at appraisal and at project closing, the question remains whether the level of ambition of the project may have been set too high at appraisal, relative to the institutional capacity of the project implementing agencies, and then too low at restructuring, in reaction to the Ebola crisis and the subsequent macroeconomic downturn.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

Objective 1
Objective

To support the development of MSMEs in selected value chains.

Rationale

The degree of achievement of the first objective is assessed as substantial.

The targets for the outputs of the project were exceeded:

- The number of firms that benefitted from the Support Center totaled 522, exceeding the target of 200 firms. Following a long delay, the project established the first Support Center in the capital, Conarky, in February 2017, which launched MSME support activities starting with the training of 70 women entrepreneurs. The Support Center, which aimed to provide technical assistance, information, and specialized training in growth sectors including agribusiness, light manufacturing, and mining, provided MSME support services in other regions of the country including Boke, Kindia, Mamou, Kankan, Labe, and Faranah. The project achieved this output with only one Support Center operating, that at Conakry, as the Government was not able to establish the second Support Center in Mamou.
- The percentage of women-owned or women-run businesses among firms that benefitted from assistance provided by the Support Center topped 47.9 percent, exceeding the target of 40 percent. The ICR (page 19) cites seven reports on training and learning for women-managed enterprises as providing evidence that the benefits accruing to enterprises can be attributed to the project interventions. In particular, the Support Center in Conakry aimed to help women-owned and women-run enterprises expand capacity in light manufacturing. Previously, women-owned and women-run enterprises were concentrated in commerce and retail in the informal sector, owing, among others, to poor access to skills development programs.

The target for the single outcome of the project for this objective was exceeded:

- The sales of MSMEs assisted by the Support Center increased by 67.3 percent from Guinea Francs (GNF) 274,840,000 (US$30,356) in the baseline in 2015 to GNF 459,807,320 (US$50,785) in 2017, exceeding the target of 20 percent. The ICR (page 18) claims that the increase in sales can be attributed to the training programs delivered by the project on topics including SME production technologies, finance, accounting, and marketing. The Support Center also linked some SMEs to large firms, resulting in increased sales by the SMEs from contracts with the large firms (the large firms included, among others, Bel Air Mining, the Economic Group of Soumbalako, and the Moroccan Group - Interoil Oleoresins SA).

With the project exceeding the targets for outputs and outcome of the first component, but with only one rather then two Support Centers opened and operational, the question arises whether the project had been extraordinarily effective in meeting its first objective, or whether the targets had been set too low.

Rating
Substantial

Objective 2
Objective

To improve business processes of Guinea's investment climate.

Rationale

The degree of achievement of the second objective is assessed as substantial.

The targets for the outputs of the project were exceeded:

- The number of investor inquiries with the APIP reached 146, exceeding the target of 60 inquiries. The data was based on the list of firms that submitted applications for business licenses with the Agency. With support from the project, the Agency was able to organize an operational staff, and hire a manager for its five regional offices and an executive in charge of investment promotion. The office at the capital, Conarky, was responsible for investment promotion, claims processing, and monitoring of investors, while the regional offices were tasked with the registration of new enterprises.
- The number of measures and recommendations that were proposed by the Public-Private Dialogue and endorsed for implementation reached 31, exceeding the target of 8 measures and recommendations. Although public and private sector consultations had started slowly, the Public-Private Dialogue eventually served as an effective platform for advancing reforms to business regulation in Guinea, with a Secretariat responsible for organizing workshops and consultations between government

and the private sector that would draw up, and deliberate on, reform proposals. Guinea had advanced 22 places in the Bank's Doing Business rankings between 2014 and 2018, although no claim is being made that the improvement is the result of the project interventions.

- The number of businesses registered with, and included in, the Credit Reporting System totaled 180 at the end of 2017, exceeding the target of 150 firms.
- A hundred percent of banks had access to the Automated Clearing House, meeting the target. The creation of the Automated Clearing House provided banks with a better technology for clearing retail and inter-bank transactions. The improvement can be expected to help improve bank operations, upgrade the quality of bank portfolios, and facilitate access by firms to bank credit.
- The number of firms that benefitted from reforms to the business registration process and requirements totaled 24,097, exceeding the target of 300 firms. The Ministry of Industry and Small and Medium Enterprises collaborated with the International Finance Corporation (IFC) to create one-stop-shop business registration units within the APIP. It took the Support Center some time operationalize the one-stop-shop registration services in the capital, Conakry, and in the regions, but the system has worked well since, according to the ICR (page 20).
- The number of SMEs that benefitted from new or enhanced linkages with large firms reached 55, exceeding the target of 30 firms. The ICR (page 21) cites the final report of the Capacity Building Program for SMEs as providing evidence that the Support Center was instrumental to the contracts entered into between SMEs, which were supported by the project, and the large firms, to which they were linked.

The target for the first of three outcomes of the project for this objective was exceeded. There were modest shortcomings with the achievement of the second and third outcomes, however.

- The number of investments generated above US$200,000 reached 20, exceeding the target of 10. It should be noted that the threshold of US$200,000 had been reduced at restructuring from US$500,000, following the Ebola health crisis and the economic crisis in 2014-15 that delayed the implementation of the project.
- The percentage of loans awarded to firms included in the Credit Reporting System reached 57 percent of all loans awarded during the year, greater than the target of 15 percent. A total of 180 SMEs were transferred from the old Credit Risk Registry to the new Credit Reporting System in end-2017, and the loans pertain to the value of their outstanding credit. The creation of the Credit Reporting System reportedly increased the transparency of the financial operations of firms, reduced the transaction costs in obtaining credit, and allowed financial institutions to extend credit and loans to new clients altogether. Nonetheless, it is difficult to attribute the attainment of this target to the creation of the Credit Reporting System alone. For one, the loans reported pertain to the value of the outstanding credit of the 180 SME firms, which, according to the ICR (page 18) does not necessarily reflect new loans to these firms. For another, even if part of the outstanding credit represented new loans, factors other than the creation of the Credit Reporting System, such as an improvement in economic conditions, would have driven new lending to SMEs.

- The value of annual transactions settled in the Real Time Gross Settlement System reached 148.7 percent of GDP, some one percent short of the target of 150 percent. The creation of the Real Time Gross Settlement System provided the technological infrastrcuture for the provision and expansion of credit to firms.

Rating
Substantial

Rationale

Both of the objectives are rated as Substantial.

Overall Efficacy Rating
Substantial

5. Efficiency

The efficiency of the project is assessed as modest.

Economic Efficiency: The PAD estimated the economic rate of return (ERR) of the first component of the project, the Establishment of Support Centers for SME Development (with an allocation of US$4.2 million, out of the total project cost at appraisal of US$10.0 million), at 21 percent. The ICR (pages 49-51) reported the ERR for the same first component (with an actual disbursement of US$3.4 million, out of the revised project cost of US$9.5 million) at 26 percent. Neither the PAD nor the ICR calculated an ERR for the second component of the project, Support to Investment.

In previously assessing the efficacy of the first component of the project, this ICR Review had raised the issue of whether the project had remarkably over-achieved its targets for the first component or whether the results targets were set too low (see Section 4). In assessing the efficiency of the first component, this ICR Review raises the related question of whether the cost of opening and operating a Support Center had been under-estimated all along. The project exceeded its estimated ERR for the first component, but it spent US$3.4 million to open and operate one Support Center, whereas the PAD had originally allocated US$4.2 million to open and operate three Support Centers, and the restructuring paper, US$4.0 million to open and operate two Support Centers (see Section 1.d).

Operational Efficiency: The project fully disbursed the IDA credit. The project was closed on December 31, 2017 as scheduled. However, the project experienced significant delays with implementation until before the project restructuring in February 2016. The Ebola crisis of 2014-15 caused economic stagnation, marked by a pronounced decline in income of 30 percent in rural households in areas affected by the health crisis, a decline in food consumption in the same areas, a doubling of urban unemployment from 8 percent in 2012 to 16 percent in 2015, and a withdrawal from schooling by children from 10 percent of households. Both the health and the economic crisis, coupled with a generally low institutional capacity in the Government, derailed the implementation of the project from end-2013 to early 2016, before the Bank intervened with a restructuring that provided more operational support, technical assistance, and financial resources (reallocated funding for the third component) for project implementation. Arguably, the project achieved its results targets within the last two years of its four-year project life. Theoretically, the project could have achieved its targets sooner or could have exceeded its targets by much more than recorded had it performed more efficiently in the first two years, 2014-15.

Efficiency Rating

Modest

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	21.00	42.00 ☐Not Applicable
ICR Estimate	✓	26.00	35.80 ☐Not Applicable

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

6. Outcome

The outcome of the project is rated as moderately satisfactory. The objectives of the project are susbtantially relevant to the development priorities in Guinea and to the assistance strategy of the Bank Group for Guinea. The project substantially achieved the first objective to support the development of MSMEs in various value chains and the second objective to improve business processes in Guinea's investment climate. The efficiency of the project is assessed as modest with numerous operational problems plaguing the implementation of the project and with the project performing below expectations during the first half of the project life.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

Guinea faces three principal risks to the sustainability of the development outcomes of the project.

Political Risks: Guinea is politically and socially fragile. The political environment is polarized and the risks that political tensions may degenerate into instability are heightened by the current political cycle. The local elections of 2018 were marred by violence and casualties. Meanwhile parliamentary elections are scheduled for 2019, and presidential elections, for 2020. Social tensions are also elevated: violent demonstrations were staged in 2017 and 2018 against the lack of jobs; strikes organized by labor unions often paralyze the capital; and, protests against the shortages in electricity are frequent. Underlying the social tensions is a high incidence of poverty, which affects 60 percent of the population.

Institutional Risks: Despite recent improvements, Guinea's institutional capacity remains weak. The gaps in capacity may derail the implementation of policy and structural reforms going forward, particularly as the reform programs are broadened and deepened. To help mitigate these risks, international institutions have launched initiatives to support the government with technical assistance directed at institutional capacity building. Guinea, for instance, is a pilot country under the International Monetary Fund's (IMF's) Capacity Building Framework for Fragile Countries.

Macroeconomic Risks: According to the IMF's Staff Report on the 2018 Guinea Article IV Consultation, Guinea's growth outlook is favorable. The economy may likely grow at an average annual real rate of 6 percent in the medium term, backed by FDI in mining, infrastructure investment, a stable macroeconomic environment, and structural reforms to support private sector development. However, in addition to political and social risks, adverse economic developments, including delays with mining projects, a decline in commodity prices, and execution constraints in infrastructure could undermine the country's medium-term growth prospects.

8. Assessment of Bank Performance

a. Quality-at-Entry

The quality of Bank performance at entry is assessed as moderately satisfactory.

The Bank drew on extensive analytical and preparatory work to develop and design the project, including: the Guinea Enterprise Survey of 2006; Bank engagement with the Government on private sector development issues since 2007; the Public-Private Investment Climate roundtable of 2011; the Investment Climate Policy Note of 2012; the Public-Private Partnership (PPP) workshop of 2012; and, annual Bank Doing Business reports (since 2003) and associated Bank policy reform missions.

The Bank (both staff and management) maintained a constant dialogue with the Government (both technical staff and officials), including with the MISME, the APIP and the Central Bank of the Republic of Guinea, during project design. The ICR (page 15) reports that the project was redesigned several times before approval, attributing the redesign not only to the complexity of the original project concepts and scope (page 27) but also to tepid commitment by the authorities to the project during preparation (page 15). In which case, the Bank should be doubly credited with overcoming these obstacles and taking the project successfully to Board approval in 2013.

However, there were moderate deficiencies with the quality at entry:

The project remained somewhat ambitious relative to the institutional capacity of the Government, both in terms of the fragile, conflict and violence (FCV) setting in Guinea and the relative inexperience of the Government with Bank projects and procedures.

The Bank should have pressed the Government to identify the locations of, and the facilities for, the Support Centers during project preparation. The decision was put off to the implementation phase, and derailed early progress with the project.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The quality of Bank supervision is rated as moderately satisfactory.

The Bank conducted regular supervision of the project, completing eight supervision missions and filing eight Implementation Status and Results Reports (ISRs) over the four-year life of the project, the average for Bank operations. The project ratings in the ISRs were candid: progress toward achievement of the project objectives was rated moderately unsatisfactory before restructuring, and moderately satisfactory to satisfactory after restructuring. The supervision missions also produced Aide Memoires that were sufficiently detailed and covered recommendations that were agreed upon with the Government. Moreover, the Bank conducted a mid-term review of the project in July 2016, five months after the restructuring, that helped make firm the adjustments to project implementation.

The Bank provided advice to the Government to address project issues as they arose. However, Government responses and action were sometimes slow. Project implementation was decentralized to the MISME, APIP, and CBRG. The implementing agencies had experience with other donors, but barely with the Bank. The project was the MISME's first Bank operation. The capacity of the PIU was also limited.

The Bank committed to a more intense supervision of the project after restructuring. The Bank provided timely on-site support and maintained close communication with key counterparts. The ICR (page 34) reports that the intense supervision was a major factor to turning the project around, meeting all the results indicators, and achieving a satisfactory rating at the closing of the project. For instance, on learning that problems with the buildings to house the proposed Support Centers in Conakry and Mamou had stalled the start of the first project component, the Bank agreed to establish the Support Center in Conakry in a rented office.

There were moderate deficiencies with supervision, however. There were four task team leaders over the four-year life of the project. The turnover, coupled with political and social instability in the country and the limited institutional capacity of the PIU, did not help with the implementation of the project during its first three years --- the operation was a problem project during this time, before the project restructuring.

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The design of the M&E is rated as modest. There were significant deficiencies with the M&E design that needed remedial work at restructuring.

The PAD defined four outcome (PDO-level) and five output (intermediate outcome) indicators to measure the achievement of the project objectives:

- One outcome indicator and two output indicators to measure the achievement of the first objective "to support the development of MSMEs in various value chains".

- Three outcome indicators and three output indicators to measure the achievement of the second objective "to improve selected processes in the investment climate".

At project restructuring, the results indicators were revised as follows:

- For the first objective, the term "Sales" in the outcome indicator "Sales of MSMEs supported by Support Centers, relative to a control group" was replaced with "Increase in sales".
- The terms "entrepreneurs" and "supported by Support Centers" in the output indicator "Number of entrepreneurs supported by Support Centers (of which percentage female)" were replaced with "firms" and "benefitting from Support Centers" respectively.
- Moreover, the parenthetical "of which percentage female" was converted to a second output indicator, "Percent of women-owned or run businesses as a share of firms benefitting from Support Center support".
- For the second objective, the threshold --- US$500,000 --- and the target --- 15 investments --- for the outcome indicator "Number of investor inquiries in targeted sectors leading up to individual investments in Guinea above US$500,000" were changed to US$200,000 and 10 investments respectively --- "Number of investments generated above US$200,000".
- The term "Value of loans" in the outcome indicator "Value of loans to firms and individuals included in the Credit Reporting System in a year as a percent of all lending in the same year" was changed to "Percentage of loans awarded". Moreover, the term "individuals" was deleted.
- The term "adopted" in output indicator "Number of reforms adopted through the Public-Private Dialogue system" was changed to "proposed" in "Number of measures/recommendations proposed by the Private-Public Dialogue process endorsed for implementation".
- A seventh output indicator was added --- "Number of firms that benefit from reformed registration requirements", with a target of 300 firms.
- An eight output indicator was added --- "Number of MSMEs that benefit from new or enhanced linkages with large firms", with a target of 30 MSMEs.

b. M&E Implementation

The PIU at the MISME, headed by a Project Coordinator, coordinated project implementation. The PIU reported to a Steering Committee chaired by the MISME Minister and including representatives from the APIP, the Central Bank of the Republic of Guinea, the Ministry of Finance, other agencies, and the private sector. The PIU had a Project Coordination and Monitoring Unit responsible for M&E.

The Bank supported the PIU with technical assistance including for M&E, which the PIU conducted on an ongoing basis. According to the ICR (pages 30-31), the restructuring revitalized the PIU's capacity and efficiency.

c. M&E Utilization

M&E data were conveyed by the PIU to the Government's Steering Committee and to the Bank and were reported in Bank ISRs and Aide Memoires. According to the ICR (page 31), regular monitoring of, and reporting on, each results indicator supported project management, facilitated consultations between the Bank and the Government, and helped inform decision-making, including with the restructuring of the project (see Section 1.e). The M&E data were also used in rating the project during each supervision mission and in the final ISR.

M&E Quality Rating

Modest

10. Other Issues

a. Safeguards

Environmental Safeguards: The project was classified an environmental assessment Category C, and did not trigger any Bank environmental safeguards policy. Project works were limited to refurbishing any existing buildings made available by the Government for the project and setting up equipment and furniture. These activities had negligible to minimal environmental impacts, and the project was implemented according to national and local laws.

b. Fiduciary Compliance

Financial Management: A financial management assessment was conducted at appraisal at the MISME to determine whether there were adequate financial management arrangements within the MISME to ensure that the project funds were used for the intended purposes. There were minimum financial management requirements for the PIU to become operational. A project implementation manual, including administrative, financial management, and procurement procedures, was completed before project approval. According to the ICR (page 32), an integrated management system was operational during project implementation and was maintained for disbursement, accounting, and financial reporting purposes. Required financial reports were provided on time. The Bank supported and closely supervised the MISME to address the PIU's lack of experience and capacity and to improve the financial performance of the project. Overall, financial management was rated satisfactory.

Procurement: The operational risk associated with procurement was determined at appraisal to be high. Procurement was slow during the first two years of the project because of the lack of experience and initiative on the part of the PIU. Following the restructuring, the PIU accelerated procurement. According to the ICR (page 32), the PIU Coordinator and the MISME Minister met weekly to address problems with project implementation. The procurement process generally complied with Bank procurement rules and procedures, with only minor deficiencies. The implementing agencies demonstrated a capacity to execute procurement activities including, procurement preparation, planning, bidding and contract management. Overall, procurement was rated satisfactory by the project closing date.

c. Unintended impacts (Positive or Negative)

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d. Other

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11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of M&E	Modest	Modest	---
Quality of ICR		Substantial	---

12. Lessons

Three lessons are drawn from the ICR (pages 35-36), with some adaptation.

Political commitment at all levels of government and in all phases of the project life cycle, and not just during project preparation, is vital to the success of an operation. The ICR cites the apparent lack of ownership of the project by the authorities during the project preparation phase such that the project was re-designed several times before approval. But there was also poor commitment by the Government during the mobilization phase, by the MISME and the technical staff of the other implementing agencies during project implementation, and by the Government after project closing as evidenced by the latter's inability to conduct the impact evaluation of the project as required.

Institutional capacity is highly crucial in projects in fragile, conflict and violence (FCV) environments. The Ebola health crisis and the ensuing economic crisis of 2014-15 shifted the Government's attention away from the project and to more pressing national priorities. A more institutional capable government would have been able to devote attention to the project as well. There are other cases of institutional weakness: (a) the APIP, originally under the MISME, was moved to the Office of the President in 2014, distracting from the implementation of the project; (b) the MISME was headed by three different Ministers during the life of the project; and, (c) there was inadequate coordination and communication between the PIU and project stakeholders. The ICR even speculates that the institutional setup for the project would have been strengthened if the Bank chose as the principal counterpart a third-party institution such as the Ministry of Finance to play a neutral role between competing beneficiary institutions.

The authorities must consider financial sustainability of reform measures when planning reform operations. In an environment in which resource availability is uncertain or constrained, the financial sustainability of an intervention has to be carefully considered during project design. The ICR raises questions about the ability of the Government to continue to fund the operation of the Support Center in the medium- to long-term.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The document provides a comprehensive record of the project. The ICR adequately documents the political and economic context of the project in Guinea (page 5), including the rationale for Bank's involvement in the MSME sector in the country (page 6), and the program design (page 8), including the original components, costs and results indicators (pages 9-11) and the revisions to these items (pages 11-15).

The assessment of the program's results is evidence-based. The ICR provides a useful summary of the operations' performance, set within the results framework for the project (pages 21), along with a detailed narrative of the project's performance measured on each of the four outcome and eight output indicators (pages 17-21).

The analysis of the program performance is candid. The ICR rates the efficacy of the project as substantial (page 21), but cites substantial delays with project implementation from the effectivity of the project in end-2013 to its restructuring date in early 2016. The ICR attributes the poor performance in the first two year's of the project's four-year life both to the Ebola and health crisis of 2014-15 (pages 13, 27) and the attendant economic stagnation in those years (page 14), as well as to the weak institutional capacity of the Government (page 15). It also cites moderate deficiencies with quality at entry and minor deficiencies with Bank supervision (page 26).

a. Quality of ICR Rating

Substantial