



March 5, 2019

**Closing Date: Friday, March 22, 2019
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

Guinea - Guinea Support to Local Governance Project

1. Attached is the President's Memorandum and Recommendation on a proposed grant to Guinea for a Guinea Support to Local Governance Project.
2. This operation is being processed on an absence-of-objection basis. An Executive Director may submit a written statement, request a discussion, request an extension of the closing date, or register an abstention or opposition on this proposal via BOS. In the absence of any such request, or objection from a majority of voting Executive Directors on the Closing Date noted above, the recommendation in the President's memorandum will be deemed approved and so recorded, along with any abstention or opposition, in a subsequent set of minutes.
3. The Executive Directors last discussed the joint IDA/IFC/MIGA Country Partnership Framework for Guinea on June 7, 2018 (IDA/R2018-0131[IFC/R2018-0140, MIGA/R2018-0043). The Chair Summary was distributed as (IDA/SU2018-0011[IFC/SU2018-0011, MIGA/SU2018-0011).
4. A detailed report entitled "Project Appraisal Document: Guinea - Guinea Support to Local Governance Project" is being distributed separately (IDA/R2019-0046/1).
5. Draft Legal Agreements for projects are available on request from the Corporate Secretariat's Board Resource Center by sending an email to BRC@worldbank.org.
6. Questions on these documents should be referred to Mr. Nicolas Perrin (ext. 33666) or Mr. Abel Paul Basile Bove (ext. 33569).

Distribution:

Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC, and MIGA

**MEMORANDUM AND RECOMMENDATION OF
THE PRESIDENT OF THE
INTERNATIONAL DEVELOPMENT ASSOCIATION
TO THE EXECUTIVE DIRECTORS
ON A PROPOSED GRANT
TO THE REPUBLIC OF GUINEA FOR THE
GUINEA SUPPORT TO LOCAL GOVERNANCE PROJECT**

1. I submit for your approval a proposed grant to the Republic of Guinea (RoG) in the amount of SDR 28.6 million (US\$40 million equivalent) for the Guinea Support to Local Governance Project (D445-GN)

2. Project Objectives and Description. The project development objective is to improve local government capacity in managing their public financial resources in a transparent and participatory manner, and in mitigating local conflicts. By doing so, the ultimate objectives to which the project expects to contribute are (a) improved local service delivery and (b) increased trust between state and citizens. This project combines both Investment Project Financing (IPFs) and Disbursement-Linked Indicators (DLIs). The project is built around four components that will: (i) support the operationalization of the National Local Development Fund (FNDL) through DLIs; (ii) harness digitization and implementation of the inclusive and accountable decentralization process; (iii) support project management and the National Agency for Local Government Financing (ANAFIC); and (iv) provide for a Contingent Emergency Response Component (CERC) in case of natural disaster or other emergency.

3. Strategic Context. The proposed project is fully aligned with the Country Partnership Framework (FY18-23) as well as the Internal Development Association (IDA) 2018 Risk Mitigation Regime (RMR) for Guinea, which emphasize sustaining development outcomes by strengthening citizen engagement, local capacity and local planning processes. Building on the successful achievements of the on-going Third Village Community Support Project (PACV3, P156422), the project will both support the scaling up of Local Government (LG) financing and the mainstreaming of citizen engagement at local level through the operationalization of the newly created FNDL. Also, in line with RMR's objectives, the project will strengthen the capacity of local actors to manage conflicts through a national early warning and response system. Ultimately, the project will play a unique and critical role in improving trust between the state and citizens.

4. Key Issues. The project aims to address the four key challenges identified to implement decentralization in Guinea, namely: (i) low level of financial transfers from the central government to LGs so far, (ii) roles, responsibilities and standards for deconcentrated services, central government and LGs; (iii) low technical and managerial capacity and experience of LGs in managing resources and (iv) low level of accountability framework for LGs. The project also seeks to streamline citizen engagement tools as well as conflict prevention and resolution mechanism, to increase citizens' inclusion in decision-making processes, especially those who are most marginalized, excluded and vulnerable. The project will play a unique and critical role in building trust between the state and citizens, by continuing to support participatory and inclusive local development processes but also by materializing local investments through direct financial and technical support, to all LGs. The project is catalytic for the broader decentralization and deconcentration reform agenda in Guinea by accompanying the institutionalization of the transfer

of competences and resources to local level authorities through the operationalization of the FNDL and ANAFIC.

5. Risks. The **overall risk** for the proposed project is rated **substantial**, though the project is expected to benefit from the new impetus on decentralization reform and to build on the design and implementation capacity of the on-going PACV3. **Political and governance risks** are **high**. The country is characterized by a challenging governance and fragile political environment. Those risks are mitigated by the new impetus given to the decentralization and deconcentration reforms which are expected to address weaknesses in the delivery of services and reinforce the social contract. The Government of Guinea (GoG) has committed to transfer budget to LG by creating in 2018 the ANAFIC and the FNDL aiming at implementing the mining revenue-sharing arrangement provided for in the Mining Code. The WB is also currently supporting the Ministry of Plan in improving macro-fiscal reporting in 2019-2020 through the Economic Governance Technical Assistance and Capacity Building Project (P125890). The **macroeconomic risk** is substantial. The Ebola outbreak in 2014-16 and decline in global commodity prices have highlighted the vulnerability of the country's economy to shocks. The country's engagement in macroeconomic stabilization programs, the Post-Ebola Priority Action Plan and budget support including with development partners, particularly the International Monetary Fund, the World Bank, the European Union, and the African Development Bank, provide adequate safeguards against extreme deterioration of the macroeconomic situation. **Fiduciary risks** are **substantial** reflecting the continued challenges with World Bank fiduciary procedures. To mitigate those risks, the existing Procurement specialist for PACV3 will be transferred to this project and one procurement analyst will be recruited by region to support local communities. The ANAFIC will also recruit a Financial Management Specialist, an accountant, an internal and external auditor. A Project Implementation Manual will also be prepared by the client. **Safeguards risks** have been rated **substantial** as by financing feasibility studies for LG's physical investments. These impacts may be limited in scale due to the relatively small investment budget of LGs. To mitigate this risk, Environmental Assessment (OP/BP 4.01) policy has been triggered. An Environmental and Social Management Framework (ESMF) has been prepared and published, and the project will support the development and implementation of ANAFIC environmental and social management system.

6. Recommendation. I am satisfied that the proposed grant would comply with the Articles of Agreement of the Association and recommend that the Executive Directors approve it.

Kristalina I. Georgieva
Interim President

Washington, D.C.
March 1, 2019

Regional Vice President:	Hafez M. H. Ghanem
Country Director:	Soukeyna Kane
Senior Global Practice Director:	Ede Jorge Ijjasz-Vasquez
Practice Manager:	Aly Zulficar Rahim
Task Team Leaders:	Nicolas Perrin, Abel Paul Basile Bove