

Document of
The World Bank
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Report No: PAD2439

INTERNATIONAL DEVELOPMENT ASSOCIATION
PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED GRANT
IN THE AMOUNT OF SDR 10.6 MILLION
(US\$15 MILLION EQUIVALENT)
TO THE
REPUBLIC OF GUINEA-BISSAU
FOR A
SAFETY NETS AND BASIC SERVICES PROJECT
May 17, 2018

Social Protection and Labor Global Practice
Africa Region

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CURRENCY EQUIVALENTS
(Exchange Rate Effective as of December 31, 2017)

| | |
|-----------------|----------------------------|
| Currency Unit = | Guinea Bissau Franc (CFAF) |
| CFAF 547.224 = | US\$1 |
| US\$1= | SDR 1.42413 |

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

| | |
|--------|---|
| CDD | Community- Driven Development |
| CHW | Community Health Worker |
| CPF | Country Partnership Framework |
| DA | Designated Account |
| DAF | Financial and Administrative Director (<i>Director Administrativa y Financiero</i>) |
| DENARP | Second Poverty Reduction Strategy Paper (<i>Segundo Documento de Estratégia Nacional de Redução da Pobreza</i>) |
| DL | Disbursement Letter |
| DP | Development Partner |
| ERR | Economic Rate of Return |
| ESMF | Environmental and Social Management Framework |
| FM | Financial Management |
| GDP | Gross Domestic Product |
| GRM | Grievance Redress Mechanism |
| IFR | Interim Financial Report |
| ILAP | Poverty Assessment Survey (<i>Inquérito Ligeiro de Avaliação da Pobreza</i>) |
| IMF | International Monetary Fund |
| INE | National Institute of Statistics (<i>Instituto Nacional de Estatística</i>) |
| IPHD | International Partnership for Human Development |
| M&E | Monitoring and Evaluation |
| MDG | Millennium Development Goal |
| MEF | Ministry of Economy and Finance |
| MOP | Manual of Procedures |
| MWFSC | Ministry of Women, Family, and Social Cohesion |
| NCB | National Competitive Bidding |
| NGO | Nongovernmental Organization |
| NPF | New Procurement Framework |
| PCU | Project Coordination Unit |
| PIM | Project Implementation Manual |
| PMT | Proxy Means Test |
| PPSD | Project Procurement Strategy for Development |
| PRSP | Poverty Reduction Strategy Paper |

| | |
|--------|---|
| RFQ | Request for Quotations |
| RPF | Resettlement Policy Framework |
| SBD | Standard Bidding Document |
| SPS | Social Protection Strategy |
| STEP | Systematic Tracking of Exchanges in Procurement |
| TA | Technical Assistance |
| UNDP | United Nations Development Program |
| UNICEF | United Nations Children's Fund |
| URP | Regional Office (<i>Unidad Regional del Proyecto</i>) |
| WAEMU | West African Economic and Monetary Union |
| WFP | World Food Programme |

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Task Team Leader(s): Philippe Auffret



BASIC INFORMATION

| | | |
|---|-----------------------------|---|
| Is this a regionally tagged project? No | Country(ies) | Financing Instrument Investment Project Financing |
| <input checked="" type="checkbox"/> Situations of Urgent Need of Assistance or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects | | |
| Approval Date 16-May-2018 | Closing Date 31-Dec-2022 | Environmental Assessment Category B - Partial Assessment |
| Bank/IFC Collaboration No | | |

Proposed Development Objective(s)

The Project Development Objective is to provide poor communities and households with greater access to basic service infrastructure and social safety nets.

Components

| Component Name | Cost (US\$, millions) |
|---|-----------------------|
| Component 1: Community-based micro-projects | 4.00 |
| Component 2: Cash transfer program | 7.50 |
| Component 3: Safety net development | 2.50 |
| Component 4: Project management | 1.00 |

**Organizations**

Borrower : Republic of Guinea-Bissau

Implementing Agency : Project Coordination Unit (PCU)

Safeguards Deferral

Will the review of safeguards be deferred?

☐ Yes ☒ No**PROJECT FINANCING DATA (US\$, Millions)**

| | | | | | |
|--|-------------------------------|-------------------------------------|---|--------------------------------------|---|
| <input type="checkbox"/> Counterpart Funding | <input type="checkbox"/> IBRD | <input type="checkbox"/> IDA Credit | <input checked="" type="checkbox"/> IDA Grant | <input type="checkbox"/> Trust Funds | <input type="checkbox"/> Parallel Financing |
|--|-------------------------------|-------------------------------------|---|--------------------------------------|---|

Total Project Cost:
15.00

Total Financing:
15.00

Financing Gap:
0.00

Of Which Bank Financing (IBRD/IDA):
15.00

Financing (in US\$, millions)

| Financing Source | Amount |
|------------------|--------------|
| IDA-D3170 | 15.00 |
| Total | 15.00 |

Expected Disbursements (in US\$, millions)

| Fiscal Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-------------|------|------|------|------|------|------|
|-------------|------|------|------|------|------|------|



| | | | | | | |
|------------|------|------|------|------|-------|-------|
| Annual | 0.20 | 1.96 | 3.34 | 4.01 | 3.47 | 2.01 |
| Cumulative | 0.20 | 2.16 | 5.51 | 9.52 | 12.99 | 15.00 |

INSTITUTIONAL DATA

Practice Area (Lead)

Social Protection & Labor

Contributing Practice Areas

Education

Fragile, Conflict & Violence

Health, Nutrition & Population

Water

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

| Risk Category | Rating |
|-----------------------------|---------------|
| 1. Political and Governance | ● Substantial |
| 2. Macroeconomic | ● Substantial |



| | |
|---|---------------|
| 3. Sector Strategies and Policies | ● Moderate |
| 4. Technical Design of Project or Program | ● Moderate |
| 5. Institutional Capacity for Implementation and Sustainability | ● Substantial |
| 6. Fiduciary | ● Substantial |
| 7. Environment and Social | ● Moderate |
| 8. Stakeholders | ● Low |
| 9. Other | |
| 10. Overall | ● Substantial |

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project

Yes

No

Environmental Assessment OP/BP 4.01

✓

Natural Habitats OP/BP 4.04

✓

Forests OP/BP 4.36

✓

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

✓

Legal Covenants

Sections and Description



To carry out the audit of the Cash Transfer Program, the Recipient shall recruit, not later than three (3) months after the Effective Date, and thereafter maintain, at all times during CTP implementation, independent auditors with qualifications, experience and terms of reference acceptable to the Association.

Sections and Description

To carry out the audit of the Financial Statements, the Recipient shall recruit, not later than six (6) months after the Effective Date, and thereafter maintain, at all times during Project implementation, an external auditor with qualifications, experience and terms of reference acceptable to the Association.

Sections and Description

Not later than three (3) months after the Effective Date, the Recipient shall update its accounting software to carry out the Project's accounting and financial reporting.

Sections and Description

To facilitate the carrying out of Part C of the Project, the Recipient shall, not later than six months after the Effective Date, execute and thereafter maintain a cooperation agreement with INE, under terms and conditions approved by the Association ("Cooperation Agreement").

Conditions

PROJECT TEAM

Bank Staff

| Name | Role | Specialization | Unit |
|---------------------|---|------------------------|-------|
| Philippe Auffret | Team Leader(ADM Responsible) | Economist | GSP05 |
| Mamata Tiendrebeogo | Procurement Specialist(ADM Responsible) | Procurement | GGOPF |
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| Gernot Brodnig | Social Safeguards Specialist | Social | GSU01 |
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| Lydie Anne Billey | Team Member | Team assistant | GSP07 |
| Medou Lo | Environmental Safeguards Specialist | Environment | GEN07 |
| Mountaga Ndiaye | Team Member | Procurement Specialist | GGOPF |



| | | | |
|-------------------------|--------------|-------------------------------|-----------------|
| Najat Yamouri | Team Member | Citizen Engagement Specialist | GSU01 |
| Sofia De Abreu Ferreira | Counsel | Oounsel | LEGEN |
| Extended Team | | | |
| Name | Title | Organization | Location |
| Daniel Dupety | Consultant | | Paris,France |
| Luc Lapointe | Consultant | | Canada |
| Nicolas Drossos | Consultant | | Washington, |



GUINEA-BISSAU
GUINEA BISSAU: SOCIAL PROTECTION PROJECT

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I. STRATEGIC CONTEXT

A. Country Context

1. Guinea-Bissau is a fragile state with high and increasing levels of poverty, political instability, weak institutions, and low growth. It is a small country on the West African coast located between Senegal and Guinea, with an estimated population of 1.9 million inhabitants in 2017. It is the 12th poorest country in the world, with an estimated gross national income per capita of US\$550 in 2014 and with 67 percent of the population below the US\$1.9 poverty line in 2014. Between 2000 and 2014, real gross domestic product (GDP) growth averaged a mere 0.4 percent per year. In 2015–2016, the economy grew by 4.8 percent per year, mostly fueled by an increase in the international price of cashew. Guinea-Bissau ranks 178 out of 187 countries on the 2016 Human Development Index (United Nations Development Program UNDP).

2. The country is rich in natural resources (fisheries, forestry, and agriculture) and biodiversity with a terrain of mostly low coastal plain with swamps of *Guinean mangroves*. The economy is dominated by agriculture and heavily reliant on the production and export of raw cashew nuts, which also constitutes the main source of income for more than two-thirds of households and virtually all small family farms, as raw cashew nuts account for 90 percent of exports and 45 percent of GDP. More than two-thirds of households rely on this crop for their income, exposing them to international price fluctuations, which is the major source of risk as the climate is fairly stable. Guinea-Bissau is a member of the Economic Community of West African States and the West African Economic and Monetary Union (WAEMU, also known by its French acronym UEMOA).

3. The country is host to a large variety of ethnic groups, languages, and religions. Today, only 14 percent of the population speaks Portuguese, while almost half the population (44 percent) speaks *Crioulo*, a Portuguese-based creole language, and the remainder speak a variety of African languages. The main religions are African traditional religions and Islam, with a Christian minority. With high rates of fertility, the working age population is expected to double by 2040.

4. Guinea-Bissau has a history of political and institutional fragility dating back to its independence from Portugal in 1973. It is one of the most coup-prone and politically unstable countries in the world. Since independence, four successful coups have been recorded in Guinea-Bissau, with another 16 coups attempted, plotted, or alleged. In addition to military coups, frequent government turnover is another manifestation of the country's political instability and fragility. Between 1999 and 2009, Guinea-Bissau experienced a government turnover each year, and in the last 18 months the country has had four governments. The fragility in Guinea-Bissau is mainly a consequence of the unfinished political transformation and disconnect between the state and society, with weak state institutions and a lack of state presence outside Bissau, which has rendered the state illegitimate in the eyes of many of its citizens. Furthermore, military engagement in the political and economic spheres is strong, the justice sector is weak, and the economy is poorly



diversified and captured by elite interests.¹ Harmonized average Country Policy and Institutional Assessment for 2016 is 2.5, a decrease from the country's rating of 2.6 in 2012 and well below the cutoff point of 3.2 for fragile states

5. Fragility is also the result of competition for rents among elites. Weak governance has allowed a 'rentier' economy to develop, effectively diverting many public resources toward private gain. Guinea-Bissau ranks in the bottom 10th percentile on all indicators measuring public sector capacity in the World Bank's Worldwide Governance Indicator. These institutional weaknesses translate into a weak public financial management framework manifested in insufficient internal and external controls, disconnect between the budget and the implementation of Government programs and policies, an outdated tax framework, and ineffective tax management. Public administration is undermined by a large bureaucracy, notably the overrepresentation of the military.

6. The cost of political and institutional fragility is very high. The 2011 World Development Report shows that there is strong correlation between state fragility and low levels of economic development. In the case of Guinea-Bissau, the costs of recent political instability and fragility have been high. In 2015, the International Monetary Fund (IMF) estimated that Guinea-Bissau's GDP per capita could have been 65–90 percent higher had it not been for the country's endemic fragility.² There is also a close link between political developments and outputs; for example, after the 2012 military coup, the economy contracted by 1.8 percent in 2012 and barely recovered in 2013 due to mismanagement of the cashew harvest and suspension of donor funds, which further led to halted public sector investments and increased arrears.

7. The population of Guinea-Bissau has been suffering enormously from the political and institutional fragility. Weak governance and fragility have undermined the country's economic development with public institutions geared toward providing private goods to elites—political and military ones—rather than public goods to citizens. The main consequences of this broken social contract have been high levels of poverty and inequality as the result of the low provision of services, faltering infrastructure, low access to education and health, and high vulnerability to shocks. Access to basic social and economic services remains low. Public spending related to education, health, water, or roads is almost exclusively expended on salaries, with little or no resources devoted to the rehabilitation of existing infrastructure or the construction of new ones. Community-based infrastructures are financed by donors and nongovernmental organizations (NGOs).

8. In Guinea-Bissau, both poverty and extreme poverty are high.³ Nearly 1.2 million people (69.4 percent) were poor in 2010. One-third of the population (33.1 percent) lived in extreme poverty, surviving on under US\$1 per adult equivalent per day (national extreme poverty line). Indicative of the country's persistent poverty trap, both absolute and extreme poverty rose between

¹ United Nations/World Bank Fragility Assessment 2015, UNDP G7+ update of Fragility Assessment 2016.

² Article IV assessment (IMF July 2015).

³ Poverty numbers are based on Poverty Assessment Survey (*Inquérito Ligeiro de Avaliação da Pobreza*, ILAP) 2010, which is the last available household survey.



2002 and 2010 by 3.7 and 11.5 percentage points, respectively. The country's limited economic growth during the period had no measurable or sustained poverty-reducing benefits. Inequality is also high and has worsened over time. The Gini coefficient for Guinea-Bissau (0.50 in 2010) is very high, which indicates a large level of inequality.

9. Poverty is especially severe outside Bissau. Regional poverty rates vary from 51 percent in Bissau to 83.5 percent in Gabu and 80.5 in Cacheu. The poorest sectors (Guinea-Bissau is divided into 39 sectors, which are the administrative levels below those of the regions) are Caicine (in the region of Tombali) with poverty and extreme poverty rates of 91.3 percent and 67.2 percent, respectively; Fulacunda (in the region of Quinara); and Pirana (in the region of Gabu). There is also a broad spatial variation in poverty rate within regions. The higher levels of poverty seen outside Bissau are further compounded by multiple deprivations in non-monetary dimensions, such as limited access to basic and social services, low human capital, and woefully inadequate levels of public infrastructure.

B. Sectoral and Institutional Context

10. In 2011, the Government of Guinea-Bissau prepared a second Poverty Reduction Strategy Paper (PRSP) (*Segundo Documento de Estratégia Nacional de Redução da Pobreza* [DENARP II]) for 2011–2015 in broad consultation with stakeholders and development partners (DPs), including the World Bank. The PRSP describes the country's macroeconomic, structural, and social policies in support of growth and poverty reduction, including those related to human development and social protection. It further laid out its development strategy for 2015–2025 in the document *Terra Ranka* (which translates to 'Fresh Start'). A strategic and operational plan for 2015–2020, aiming at operationalizing *Terra Ranka*, was presented at a donor's conference held in Brussels in March 2015. It includes social protection objectives under the axis of human development. *Terra Ranka* currently guides the Government's action toward reducing poverty and inequalities. Its implementation is ongoing, and priorities focus on increasing access to basic services with the objective of reducing poverty and reaching the Sustainable Development Goals by 2030.

11. *Terra Ranka* identified five main pillars to build Guinea-Bissau. The development of a safety net figures prominently in the 'human development' axis whose key objective is to generate "a large-scale reduction of poverty, through the creation of a safety net and real empowerment opportunities for the most vulnerable."⁴ The strategy aims at "establishing a national social development plan, with a social protection component introduced along the lines of the 'Bolsa Familia' cash transfer program in Brazil, and to empower the most vulnerable population groups to increase their access to basic services including water and sanitation, and education." Under its peace and Government axis, the strategy also seeks to promote citizens' participation in their own development.

12. The Government's commitment to improving access to basic services has been translated into several other sector policies and programs, among which are the 2008–2017 Health Sector

⁴ Republic of Guinea-Bissau. March 2015. *Guinea-Bissau 2025: Strategic and Operational Plan for 2015–2020 "Terra Ranka"*.



Development Plan (*Segundo Plan Nacional de Desenvolvimento Sanitario* 2008–2017), the 2015–2019 Nutrition Strategic Plan (*Plan Estratégico Nacional de Nutrição* 2015–2019), the 2010–2020 Water and Sanitation Development Plan (*Plan Director da Agua y Saneamento* 2010–2020), and the 2017–2025 Education Sector Plan (*Carta Política do Sector Educativo* 2017–2025). These policies are complemented by a 2012–2015 National Gender Policy (*Política Nacional para Promoção da Igualdade y Equidade de Género* 2012–2015), which includes a National Strategy for the Abandonment of Female Genital Mutilation. These strategies are endorsed by donors who support their implementation.

13. Despite the commitment of the Government to expand provision of basic services, important challenges remain. Guinea-Bissau did not achieve many of the Millennium Development Goals (MDGs). Less than six in ten households have access to potable drinking water (the situation in rural areas is worse). There are about 17,000 inhabitants per basic health care center on average in Guinea-Bissau in 2017. The maternal mortality rate (900 deaths per 100,000 live births) is one of the highest in the world due to costs (including informal charges), low quality (high mortality within providers), and a lack of access to all-season roads. In education, the primary completion rate is 64 percent, much below the MDG of universal primary completion. Gender analyses show that there are gender gaps in terms of income, opportunity, legal rights, literacy and education, reproductive and maternal health, freedom from violence and harmful traditional practices (such as female genital mutilation⁵ and early and forced marriage), and changes in patriarchal norms and customs.⁶ In particular, society expects women to be responsible for water collection from sources outside the house.⁷ The Government is committed to gender equality but faces daunting development challenges in every sector, weak institutions, and lack of resources.

14. The Central Government lacks the resources and capacity to scale up basic service delivery rapidly. Cognizant of this situation, the Government requested a Japan Policy and Human Resources Development grant from IDA in 2005 to create a Project Coordination Unit (PCU) within the Ministry of Economy and Finance (MEF) to improve access to basic social services through the implementation of micro-projects at the level of communities following a community-driven development (CDD) approach. Since its creation in 2005, the PCU has implemented several projects including: (a) the Participatory Rural Development Project (P117861) financed from a State and Peace Building Fund Grant, and (b) the Rural Community Development Project (P090712) financed from three successive IDA grants. The objectives of these projects were to increase access to basic services in rural areas of Guinea-Bissau. These community-driven interventions have been successful in increasing the delivery of basic social services at the community level. Furthermore, in 2014, the Rural Community Development Project was restructured to prevent the Ebola crisis from spreading from neighboring Guinea.

⁵ FGM affects 45% of women in Guinea Bissau and may reach 96.3% in the region of Gabú and 86.8% in the region of Bafatá. See <http://www.refworld.org/country,,,GNB,,5a17e47e4,0.html> and <https://www.unfpa.org/data/fgm/GW>.

⁶ See African Development Bank. Guinea-Bissau Country Gender Profile 2015.

<https://www.afdb.org/en/documents/document/guinea-bissau-country-gender-profile-2015-85067/>.

⁷ See African Development Bank. Guinea-Bissau Country Gender Profile 2015.

<https://www.afdb.org/en/documents/document/guinea-bissau-country-gender-profile-2015-85067/>



15. As already indicated, social safety nets are an increasing priority for the Government, and important progress has been made in the social protection sector in recent years. A new activity was included in the Rural Community Development Project in 2016 to initiate the building blocks of a safety net system and pilot a cash transfer program. These activities are pursued in partnership with the United Nations Children’s Fund (UNICEF) and World Food Program (WFP), which also introduced a program of cash transfers targeted toward families affected by HIV/AIDS. In addition, the Government is currently developing a social protection strategy (SPS) with the technical and financial support of donors (especially the World Bank, UNICEF, and WFP). The Ministry of Women and Social Cohesion has signaled its ownership of these programs by leading a forum on social protection held in November 2017 and following up on an implementation plan. It is expected that the safety net program could eventually be institutionalized at the Ministry of Women and Social Cohesion once the conditions permit in collaboration with the Ministry of Finance where the PCU is located.

C. Higher Level Objectives to which the Project Contributes

16. A new Country Partnership Framework (CPF) (Report No. 114815-GW) outlining the World Bank Group’s support to Guinea-Bissau for 2018–2021 was endorsed by the Board on June 13, 2017. This CPF has benefited from the findings of the 2016 Systematic Country Diagnostic (Report No. 106725-GW) that examined the main constraints and opportunities to accelerate inclusive and sustainable growth and reduce poverty and the 2015 Fragility Assessment. It also incorporates feedback from consultations with the Government, private sector, civil society, and DPs. It is the first full country strategy since 1997. The CPF supports the 10-year National Development Plan 2015–2025, *Terra Ranka*, which was developed by the Government that was elected in 2014.

17. The CPF shows that Guinea-Bissau is subject to important vulnerabilities, including an unstable political environment and dependence on the internationally set price of cashew. The ‘Adaptive Social Protection’ model embedded in the proposed Project provides for safety nets that can be scaled up in case of crisis (whether natural disaster or price shock). The scale-up can be either in terms of the amount transferred to households (which can be increased) or the number of households (or geographic areas) covered (which can also be increased). This could be done either through (a) a reallocation from Component 1 or 3 to Component 2 or (b) an additional financing that could be rapidly processed to add resources to Component 2. The proposed project does not include a contingent emergency response component as the activities financed under the proposed project could address the existing vulnerabilities without the need to include additional or new activities.

18. The CPF proposes a selective program focused on (a) increased access to quality basic services and (b) expanded economic opportunities and enhanced resilience. It also pays particular attention to the two cross-cutting themes of gender and governance. The proposed project falls under both of the CPF’s focus areas. Under Focus Area 1 “Increased access to and quality basic services,” the proposed project would contribute to Objective 1 “Increased access to and quality of primary education” and Objective 2 “Increased access to and quality of maternal and child



health services.” Under Focus Area 2 “Expanded economic opportunities and enhanced resilience Increased access to and quality basic services,” the proposed project would contribute to Objective 3 “Improved logistics for market access” and Objective 5 “Strengthened social safety nets.” The project is also in line with the 2011 SPS for Africa, which has “Vulnerability and resilience” as its second pillar.

19. The Government’s development strategy (*Terra Ranka*) (2015–2025) and the Government’s PRSP (DENARP II) highlights the importance of social protection programs under their pillars on human capital development. The Strategic Plan Guinea-Bissau 2025 ‘*Sol Na Iardi*’ also includes social protection objectives under the axis of human development. It calls for increased construction of schools, water points, and other basic services infrastructure, as well as increased coverage of school feeding and cash transfer programs for the poor and vulnerable.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

20. The Project Development Objective is to provide poor communities and households with greater access to basic service infrastructure and social safety nets.

B. Project Beneficiaries

21. All components of the project would seek to benefit the poorest communities and households in three regions of Guinea-Bissau (Gabu, Cacheu, and Oio). Resources allocated to the community-based micro-projects component would be allocated in priority to those regions that have not been covered under the Rural Community-Driven Development Project (P090712) proportionally to regions according to the size of their population with incomes under the poverty line. Beneficiary communities would be targeted based on an index measuring their poverty and/or access to basic service infrastructure, depending on data availability. Resources allocated to the cash transfer component would target households using a scoring method that built upon the outcome of a multivariate analysis of poverty based on the 2011 Poverty Assessment Survey (*Inquérito Ligeiro de Avaliação da Pobreza* or ILAP II). Women are a particular focus during the consultation process, leading to the development of community development plans, which enhances their participation in the selection of micro-projects. Also, women would be primary beneficiaries from the water points financed under the project. The rehabilitation of feeder roads would also enhance their access to health care centers.

22. In total, it is expected that about 60,000 individuals would benefit from the project.

C. PDO-Level Results Indicators

23. The project's performance in achieving its development objective would be measured through the following key outcome indicators:



- Direct project beneficiaries (number), of which female beneficiaries (percentage) (corporate)
- Beneficiaries of social safety net programs (number), of which female beneficiaries (number) (corporate)
- Improvement in stunting in children <2 years in households benefitting from the cash transfer program
- People provided with access to improved water sources (number) (corporate)
- People with access to an all-season road rehabilitated by the project (number)

III. PROJECT DESCRIPTION

A. Project Components

24. The project would focus on continuing and strengthening the community infrastructure and safety net program started under the Rural Community-Driven Development Project (P090712). The project seeks to help Guinea-Bissau make a step forward in how it supports safety nets and access to basic services for poor and vulnerable households. The project would further develop an identification system for targeting poor and vulnerable households that was initiated in July 2016 as part of the second additional financing to the Rural Community-Driven Development Project. The project would allow the storage of household information in a national social registry expected to be used across multiple programs. The project would also support country capacity by strengthening the Project Coordination Unit (PCU). Finally, the project would support the provision of basic social services through the implementation of a CDD approach to community development.

25. The project is designed to build upon the Rural Community-Driven Development Project (P090712) while further developing the social protection agenda. The project would include three main types of interventions: (a) community-based micro-projects, which include the development of community development plans; (b) a cash transfer program with accompanying measures (including, *inter alia*, measures related to education and health, hygiene, cooking, nutrition, child stimulation, life skills, HIV/AIDS, family planning, awareness/information campaigns against female genital mutilation and forced marriage and pilot right-based initiatives); and (c) safety net development, including an impact evaluation. The first transfers made to households under the pilot cash transfer program financed by the Rural Community-Driven Development Project are expected to take place in February 2018 and outcomes are expected to be visible shortly afterward. The accompanying measures related to education and health and nutrition would be defined in collaboration with the upcoming IDA-financed education and health projects to maximize the synergies across projects. The project scales down the relative size of the micro-project component for the following reasons: (a) funds to finance micro-projects remain available under the Rural Community-Driven Development Project (which closes in September 2019) and (b) the rehabilitation and construction of schools (which represented a large share of micro-projects under the Rural Community-Driven Development Project) would only be considered on an exceptional basis (in collaboration with the education project under preparation) pending a broader



improvement of the overall education sector. On the other hand, the proposed project scales up cash transfers.

Component 1: Community-based micro-projects (US\$4.0 million)

26. The objective of this component would be to support the rehabilitation and construction of basic infrastructure in targeted communities, to increase access to basic socioeconomic services. Eligible community micro-projects would include the construction and rehabilitation of water points and primary schools and the rehabilitation of rural feeder roads. These types of micro-projects have been systematically selected by communities since 2009 during the implementation of the Rural Community-Driven Development Project. However, the project would not finance the construction of new roads as there is a high demand for rehabilitation. The project would also not finance the rehabilitation of paddy fields (*bolanha*) whose demand has been low. Micro-projects would include physical infrastructure and accompanying support to ensure operability and quality of service such as school desks and chairs and other similar items. This component includes strong citizen engagement mechanisms that are integrated in the project design to enhance accountability and increase transparency. Communities are consulted during the process of elaboration of the community development plan, and they are the ones who eventually select the micro-projects that are implemented. This component also includes a citizens' feedback mechanism.

27. The number of micro-projects financed under the project is extremely difficult to determine as the type of micro-projects selected by the communities would only be known during implementation, and there is a large difference between the cost of a feeder road and that of a water point. Assuming an average value of about US\$100,000 per micro-project, the component is expected to finance 40 basic infrastructure micro-projects in three regions of the country (Gabu, Cacheu, and Oio). These regions have been selected because of their high level of poverty (see Para. 9) and the possibility of synergies with other projects financed by IDA for maximum impact (see also Para. 42). Implementation of activities at the community/village level would be based on the principles of the CDD approach, in which targeted communities would select their subprojects, participate in their construction, and supervise their implementation.

28. Targeting would remain identical to that of the Rural Community-Driven Development Project. It would follow a two-step process. First, project resources would be divided among the three regions of Gabu, Cacheu, and Oio according to each region's contribution to national poverty. Second, to target beneficiary communities in the absence of poverty data at the village level, the PCU would continue working with the National Institute of Statistics (*Instituto Nacional de Estatística*, INE) to create a composite index measuring the lack of access to basic services (or a similar indicator, depending on data availability). Villages (*tabancas*) would be ranked in the order of their lack of access to basic social infrastructure and selected up to the limit of available resources for each region and a transparent process of consultation with authorities at the local level. The component would also finance the costs associated with the preparation of community development plans by communities. Within communities, women participate about 50 percent in the discussions and hold a role in the organizing committee at the level of the community.



Component 2: Cash transfer program (US\$7.5 million)

29. The main objective of this component is to support (a) increased access to safety nets (cash transfers) among the poorest households in selected communities of Guinea-Bissau and (b) the implementation of accompanying measures to enhance households' ability to benefit from the transfers.

Subcomponent 2.1: Cash transfers (US\$7.0 million)

30. This subcomponent aims to increase income and consumption of targeted households and thus increase their ability to cope with shocks. Resources would be distributed geographically following the same two-step process as under Component 1, that is, (a) dividing resources among the three targeted regions of Gabu, Cacheu, and Oio according to each region's contribution to national poverty⁸ and (b) selecting communities based on an index of access to socioeconomic infrastructure (or a similar indicator, depending on data availability). Once villages (*tabancas*) are selected, the methodology to target beneficiary households would follow the three-pronged approach to targeting currently implemented under the Rural Community-Driven Development Project. First, the PCU would contract the INE to conduct a consumption and income survey of households in the selected communities. Second, households would be ranked using a scoring method based on several key household characteristics (housing characteristics, water and sanitation, and a few selected assets). Third, interviews with selected households would be conducted to validate the ranking.⁹ The scoring method would be explained to communities for transparency and ownership.¹⁰

31. The proposed project is expected to make transfers of CFAF 70,000 (approximately €107 or US\$126) per household per quarter to approximately 6,500 households (about 50,000 individuals) over two years for a total amount of approximately US\$7.0 million.¹¹ These transfers represent about 25 percent of the 2010 food poverty line for a household of 10 persons.¹²

⁸ A new household survey (ILAP3) financed by the WAEMU is expected to be conducted by the INE in 2017–2018. This survey would have two rounds: March–May 2018 for the first round and September–November 2018 for the second round.

⁹ The team investigated whether targeting could benefit from community inputs whereby communities themselves participate in the identification of its poorest members. However, this option was not selected. Habitat in Guinea-Bissau is spread (in part because water is largely available everywhere) and the appropriate concept of 'communities' is that of '*tabancas*', which consist essentially of a small number of houses shared by relatives. Communities are 'constructed' as a group of '*tabancas*' for the purpose of the project and may not correspond to the concept of 'communities' as usually understood in West Africa where villages are settlements around a water point. In this context, field workers have reported that communities' participation in the selection of its poorest members would not be feasible. However, community targeting would be tested during the early phase of project implementation and may eventually be used if proven feasible.

¹⁰ The pilot cash transfer program implemented under the Rural Community-Driven Development Project sought to implement a proxy means test (PMT) targeting method. However, the PMT method did not prove satisfactory and a simpler scoring method (based on a few household characteristics) has been preferred and is being tested.

¹¹ This assumes that the CFAF to euro exchange rate is fixed at CFAF 656/€1 and that the U.S. dollar to euro exchange rate is US\$1.1/€1. The number of beneficiaries may need to be adjusted if these exchange rates vary during project implementation.

¹² The food poverty line from ILAP2 is CFAF 302 per day. Calculation is as follows: $(\text{CFAF } 70,000 \times 4 \text{ quarterly payments}) / (302 \times 365 \text{ days per year} \times 10 \text{ persons per household}) = 25.4 \text{ percent}$. The Rural Community-Driven Development Project pilot program is currently testing three different levels of transfers: CFAF 8,000 (about €12), CFAF 10,000 (about €15), and CFAF 12,000 (about €18) per person per quarter (up to 7 persons per household) to approximately 1,600 households during two years (which corresponds to eight payments).



32. While the cash transfer program would not specifically target households with pregnant women and small children, it is expected that they would largely benefit from the program. First, the presence of small children is correlated with poverty so that households with small children are more likely to be eligible for the cash transfers. In addition to the quarterly transfers to beneficiary households, all mothers from the selected communities would have the opportunity to participate in learning activities related to child stimulation, nutrition, and protection (see below).

Subcomponent 2.2: Accompanying measures (US\$0.5 million)

33. Cash transfers are most effective when they are accompanied by accompanying measures aiming at building the capacity of beneficiary households. This subcomponent would support carrying out training for beneficiary communities or households. It would take advantage of the existing network of Community Health Workers (CHWs)¹³ and social workers. Each community would benefit from several accompanying measures. Before the first transfer is made, accompanying measures would include (a) information and communication to all households living in the community about the cash transfer program including the scoring method and the grievance redress mechanism (GRM) (see below) and (b) training to households to explain how best to use the cash transfers. After the first cash transfer is made, accompanying measures delivered to the whole community could include awareness sessions on nutrition, cooking, child stimulation, healthy behavior, family planning, HIV/AIDS, and female genital mutilation, among others. Some measures are primarily focused on women or primary caregivers for children.

34. At the inception of the cash transfer program, all households from the community would be asked to sign a document agreeing to participate in the program. This document would explain the requirements expected from the participants including the participation in selected sessions/training. However, these conditions would be ‘soft’ to the extent that they would not stop future cash transfers. Accompanying measures would also include the following:

- (a) Families (minimally the adults responsible for food preparation and for child care) attend quarterly health days organized by CHWs. At these days, CHWs would monitor growth (wasting, stunting, mid-upper arm circumference or MUAC, obesity) and deliver education units to groups of parents on healthy child nutrition and general family nutrition.
- (b) Families with children identified as being at risk of malnutrition would also attend monthly meeting with CHWs where supplementary growth monitoring and additional education would be given to groups of parents until the child is no longer at risk. Advice would include traditional remedies for preventing/treating malnutrition that parents can make up themselves out of local products.
- (c) Any family with a malnourished child who is acutely sick would be recommended to go to the regional malnutrition clinic. CHWs would be encouraged to keep a stock of

¹³ Community Health Workers are members of the community who are recruited and trained in health prevention and promotion to provide services within their community.



inexpensive shelf-stable supplementary foods suitable for treating dangerously malnourished children, which the parents would buy if necessary. A local NGO would be hired to train and supervise CHWs for these activities and provide materials to measure growth and deliver education units. CHWs would be paid a per diem for these activities. They would also record attendance on paper forms to be collected by the NGO for delivery to the PCU for integration into the evaluation database.

Component 3: Safety net development (US\$2.5 million)

35. The main objective of this component is to support (a) the development of safety net systems including the development of a social registry and (b) the design and implementation a rigorous impact evaluation.

Subcomponent 3.1: Support for safety net systems (US\$1.0 million)

36. Guinea-Bissau is in the early stages of developing a social safety net system. A targeting methodology is currently being developed under the Rural Community-Driven Development Project. The subcomponent would provide technical assistance (TA) for the elaboration of a national targeting strategy, which could be used for a number of social programs including cash transfer programs.

37. The subcomponent would also provide TA and equipment for the development of a Social Registry of beneficiaries.¹⁴ The development of a Social Registry of beneficiaries started in 2015 as part of the implementation of a rapid social response Multi-Donor Trust Fund (P153602). The Rural Community-Driven Development Project contracted selected NGOs (*Ayuda, Intercambio y Desarrollo* or AIDA, *Céu e Terra*, and so on) to establish and feed the registry while providing selected health- and education-related services to poor and vulnerable households. Approximately, 6,200 individuals (2,250 families) were included in the Social Registry as of end-July 2017. The software would be updated to incorporate the information of the new social datasheet prepared as part of the implementation of the Rural Community-Driven Development Project. The hardware would be progressively upgraded to incorporate all the elements of a Social Registry. This work would be closely coordinated with other relevant government-, NGO-, and donor-financed programs including those currently implemented by the WFP and the NGO AIDA.

38. The subcomponent would also support a basic information system including modules to track payments and to prepare reporting information on cash payments. A module for monitoring cash transfers to each beneficiary and attendance at the accompanying measures would then be linked to the Social Registry. Importantly, the subcomponent would support the extension of the

¹⁴ The Social Registry is an information system for the creation and maintenance of data (biographical, socioeconomic, demographic, and so on) on households and individuals potentially eligible to benefit from social protection or other programs. Any data integrated into the Social Registry are pre-checked at several levels: intrinsic validity, coherence with other data already integrated into the Social Registry, and completeness. All personal data would be secure and encrypted to ensure privacy. The Social Registry would uniquely identify households and their members. The unique identifiers would be shared with social program implementing agencies including the PCU to link them with their own management information systems. The Social Registry is a platform for coordinating and managing social protection programs.



GRM established under the Rural Community-Driven Development Project. The subcomponent would also establish (a) a strong monitoring and evaluation (M&E) program with spot-checks including beneficiaries' surveys, as well as a process assessment of the cash transfers, and (b) any additional studies that may be deemed useful if funds and time allow. Finally, the subcomponent would continue supporting AIDA to feed the Social Registry while providing selected health-related services to poor and vulnerable households.

Subcomponent 3.2: Impact evaluation (US\$1.5 million)

39. The Rural Community-Driven Development Project includes an impact evaluation to assess (a) the impact of cash transfers on households' consumption and expenditures, as well as on health and education indicators, particularly for small children, and (b) the impact of different transfer amounts (see above). This impact evaluation is currently carried out by the PCU with support from the INE, IDA, Tufts University, and the International Partnership for Human Development (IPHD), a local NGO specialized in the collection of health and education indicators. The impact evaluation would consist of (a) a baseline, (b) a first impact evaluation after four cash transfers, (c) a second impact evaluation after eight cash transfers, and (d) a final impact evaluation one year after the last cash transfer to assess the long-term impacts of the program. The proposed project would continue this impact evaluation and expand it to new communities. Lessons from the impact evaluation would inform the design and implementation of future phases of the cash transfer program. It would include a qualitative element that would also support citizens' engagement by feeding back personal experiences to improve the design of the project.

Component 4: Project management (US\$1.0 million)

40. This component would cover the implementation cost of the project, which includes staff-related costs, equipment, vehicles, fuel, office space at national and regional levels, and communications costs, and operating costs related to the procurement, supervision, auditing, and evaluation of project activities.

B. Project Cost and Financing

41. Total project cost is US\$15 million financed by an IDA grant. Table 1 summarizes the costs by component.

**Table 1. Project Costs by Component (US\$, millions)**

| Project Components | Project Cost | IDA Financing |
|--|--------------|---------------|
| Component 1: Community-based micro-projects | 4.0 | 4.0 |
| Component 2: Cash transfer program | 7.5 | 7.5 |
| Subcomponent 2.1: Cash transfers | 7.0 | 7.0 |
| Subcomponent 2.2: Accompanying measures | 0.5 | 0.5 |
| Component 3: Safety net development | 2.5 | 2.5 |
| Subcomponent 3.1: Support for safety net systems | 1.0 | 1.0 |
| Subcomponent 3.2: Impact evaluation | 1.5 | 1.5 |
| Component 4: Project management | 1.0 | 1.0 |
| Total Project Costs | 15.0 | 15.0 |

C. Lessons Learned and Reflected in the Project Design

42. A number of lessons learned from the implementation of the Rural Community-Driven Development Project have informed the design of the current project:

- (a) **Streamlining the project.** The Rural Community-Driven Development Project has been complex to manage, because of the high number of activities included in its design. The large number of discrete complex activities progressively included in the project (payment of salaries of teachers and health workers, Ebola prevention activities) represented a significant tax on the PCU's management and capacity. For this reason, the proposed project focuses on the main activities of the Rural Community-Driven Development Project: cash transfers and community-based micro-projects.
- (b) **Targeting of beneficiary communities for the infrastructure component.** Targeting of beneficiary communities under the Rural Community-Driven Development Project remained less than ideal due to a lack of data. Geographic targeting under the Rural Community-Driven Development Project allocated the funds available to eligible regions according to their level of poverty as determined by ILAP 2010. Regional Planning Committees (*Gabinetes de Planificao Regional*) indicated which sectors were the poorest sectors in their regions while the Sectoral Direction Counsels (*Consejos Directivos Sectoriales*) identified the poorest communities (*tabancas*) within their sectors using a special index created for the project to record the availability of basic social services. The poverty data from ILAP 2010 are only representative at the level of the regions. However, ILAP 2010 does not permit identification of the poorest administrative sectors or the poorest communities within each sector. In the proposed project, this challenge would be overcome by targeting eligible communities up front, on the basis of the new household survey (ILAP 3) to be conducted in 2019 financed by the WAEMU and a special index to measure access to basic social services to be created for the project.



- (c) **Targeting of beneficiaries of cash transfers.** Cash transfers under the Rural Community-Driven Development Project were done on a pilot basis. To pilot the program in different environments, it was decided to pilot the program in a poor peri-urban area of Bissau and in 254 communities (*tabancas*) from two regions (Cacheu and Gabu) from three sectors (Sao Domingo, Gabu, and Piche) selected according to their poverty level as well as their access to financial services. The proposed cash transfer program would scale up this pilot program and target the poorest households in the poorest sectors, using a combination of the new household survey (ILAP 3) for communities and a special index to measure access to basic social services for households.
- (d) **Synergies across components and with other projects.** To the extent possible, the cash transfer program would focus on the same communities as those who benefit from the community-based micro-projects (Component 1). This would have two positive consequences: (a) it would enhance the impact on given households and (b) it would provide scope to use the same delivery channels for both activities (for example, PCU staff would be able to work on both activities) and lower the PCU's management costs. Enhancing synergies across projects would also improve the impacts on the ground. There would be synergies between the project, including the accompanying measures embedded in the cash transfer program and the upcoming rural road, education, and health projects. Also, the feeder roads financed under the project are expected to connect to the secondary roads financed under the upcoming rural road project and increase access to health centers while the construction of new schools would be done on an exception basis in coordination with the upcoming education project (see below).
- (e) **Managing incentives for civil servants involved in the implementation of the project.** In the Rural Community-Driven Development Project, public servants or regions and sectors were marginally involved in the project. CHWs would be involved in the impact evaluation of the cash transfer program (Subcomponent 2.4). Public servants are not eligible for compensation (salaries) under IDA funds. However, the project would finance per diems to compensate and incentivize civil servants involved in the implementation of activities.

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

43. The project would use the existing and well-established institutional arrangements in place for the implementation of the Rural Community-Driven Development Project. The PCU, the implementing agency of the project, was established in 2009 within the Ministry of Economy and Regional Integration, which is now the MEF. Since its creation, the PCU has worked continuously with communities to construct and rehabilitate basic infrastructure and, more recently, implement



a cash transfer program. The PCU is currently the only entity in Guinea-Bissau with the reputation, management, staffing, administrative capacity, and decentralized structure necessary to implement the proposed project.

44. The PCU National Coordinator (*Coordenador Nacional*) would remain responsible for day-to-day project implementation. He would be assisted at the national level by a Financial and Administrative Director (*Director administrativa y financiero*, DAF) who heads the financial management (FM) unit supported by an Accountant, a Procurement Specialist, an M&E Specialist, and an Environmental and Social Specialist. The PCU would adjust its current institutional structure to account for a decrease in activities under Component 1 and an increase in the activities under Component 2 and Component 3. It would rationalize its regional offices (*Unidad Regional del Proyecto*, URP), each headed by a Regional Coordinator and staffed with development agents to adjust to the project's activities. The implementation of the cash transfer program may require the recruitment of an Information Specialist and an Internal Auditor to strengthen the existing fiduciary team. The recruitment of the PCU staff would follow procedures acceptable to IDA and would require a 'no objection' from IDA. The salary structure of the PCU's full-time consultants would remain the same as that currently used for the Rural Community-Driven Development Project.

45. The PCU currently has three URPs. Each URP comprises a Regional Coordinator and development agents with a profile of social workers or engineers. With this basic structure, each URP would be at the forefront of the implementation of the project at the local level. Once the geographical targeting of beneficiary communities for micro-projects (Component 1) and cash transfers (Component 2) is completed, the URPs would be responsible for facilitating the implementation of Component 1 activities using a CDD approach. In practice, regarding Component 1, URPs would (a) work closely with Regional Planning Committees (*Gabinetes Regional de Planificação*) and Sectoral Direction Counsels (*Consejos Directivos Sectoriales*) to identify the poorest communities (*tabancas*) and ensure the consistency of micro-projects with sector policies and standards, (b) assist communities to elaborate their development plan including a prioritized list of micro-projects, (c) coordinate with the PCU to contract a consulting firm (*bureau d'étude*) to design and supervise the work and a construction firm to build it, (d) supervise the *bureau d'étude* and construction firm during micro-project implementation, and (e) follow up on complaints made through the GRM. Regarding Component 2, URPs would (a) elaborate the index of access to socioeconomic infrastructure in selected areas, (b) support and supervise the INE during the implementation of the consumption and income surveys, (c) support the PCU to validate the ranking, (d) inform all households about the cash transfer program including the scoring method and GRM, (e) provide selected training to communities and beneficiary households, (f) support the impact evaluation, and (g) follow up on complaints made through the GRM.

46. The Procedures Manuals (together called the Project Implementation Manual [PIM]) used for the implementation of the Rural Community-Driven Development Project would continue to be used for the proposed project. The PIM includes the following manuals: (a) Administrative Manual (*Manuel de gestion administrative*), (b) Financial Manual (*Manuel de gestion financière*),



(c) Procurement Manual (*Manuel de passation des marchés*), (d) Operations Manual (*Manuel des opérations*), (e) M&E Manual (*Manuel de suivi-évaluation*), and (f) Cash Transfer Manual (*Manuel de transferts monétaires*). Safeguard frameworks complement these manuals (see below).

B. Results Monitoring and Evaluation

47. The Results Monitoring Framework assesses progress toward the PDO through key indicators, focusing on improving the welfare of selected vulnerable households and increasing community access to basic social services. In addition, intermediate indicators would monitor the progress of each component over the lifetime of the project. The project would finance a gender assessment aiming at informing improvements of the design of the project to narrow the gender gap. The M&E arrangements would be identical to those used during the implementation of the Rural Community-Driven Development Project. They would be centralized at the level of the PCU, which would establish a dedicated M&E system for the project. The PCU M&E Specialist would collect a specific set of data from the URPs on a quarterly basis, and the M&E Specialist would randomly visit sites and beneficiaries of the cash transfers to verify the accuracy of the data. Monitoring would occur at each stage of project implementation, to identify arising problems and issues and to promptly adopt corrective measures.

48. The project would conduct midterm and end-of-project evaluations to gauge progress toward the PDO, assess the impact of the project on beneficiaries, and assess the quality of the works carried out, as well as the overall project efficiency. These evaluations would include technical audits of infrastructure built under Component 1 and process evaluations of the cash transfers subcomponent.

C. Sustainability

49. After almost 10 years of implementation of community development projects, the Government's vision still seeks to increase access to basic services through a community-development approach. However, the two technical audits of micro-projects financed under the Rural Community-Driven Development Project and completed in March 2014 and September 2016 as well as a study to assess the sustainability of water points show that sustainability remains an issue. Following up on the recommendations from these reports, the PCU worked closely with the sector ministries to define more appropriate technical norms for water points, schools, and feeder roads to increase their sustainability. These recommendations are already integrated into the PCU's current design of micro-projects.

50. The cash transfers subcomponent would provide support to poor households to increase their income and consumption and improve their ability to cope with shocks. Empirical evidence indicates that cash transfers have a significant long-term sustained development impact, leading, for example, to increased spending on health, education, and food security, as well as to economic investment. In a review of existing independent evaluations of cash transfer programs (Bastagli et



al. 2016)¹⁵, 71 percent of programs had a statistically significant positive impact on household expenditure, whereas 60 percent of cash transfer programs examined had a statistically significant positive impact on poverty—with poverty headcount reductions ranging from 4 percent in Zambia to 9 percent in Mexico.

D. Role of Ministries, Local Administration, DPs, and NGOs

51. **MEF.** The bulk of project implementation would be carried out by the PCU which is located at the MEF.

52. **The Ministry of Women, Family, and Social Cohesion (MWFSC)** is an important actor that could be further engaged in project implementation. It would be closely involved in the implementation of Subcomponent 3.1. In particular, it is expected that the MWFSC be involved in the elaboration of a national targeting strategy and the development of the Social Registry. The Social Registry may eventually be transferred from the PCU to the MWFSC as soon as conditions permit. The MWFSC currently implements a cash transfer program for people with disabilities; about 800 beneficiaries benefit from a quarterly cash transfer of CFAF 10,000 (about US\$16.7). The project would seek to include the beneficiaries into the Social Registry.

53. **The Ministries of Health and Education** would be closely involved in the implementation of the impact evaluation through its representatives at the school and health center levels. It is expected that these ministries would work closely with the PCU and the implementing NGOs would take a larger role in implementation of the accompanying measures under Subcomponent 2.2. The project would also provide capacity building to selected CHWs and teachers involved in the impact evaluation.

54. **Other relevant sectoral ministries** (for example, education, transport, and water and sanitation) would be involved during project implementation at the national and at the regional levels to ensure that micro-projects are consistent with sectoral policies and standards. As part of the implementation of the Rural Community-Driven Development Project, the PCU has been working with the Ministry of Education to define standards for school construction and the Ministry of Public Works to incorporate changes in the technical specifications for rural roads to increase their sustainability.

55. **Local administration.** As already noted, URPs would work closely with Regional Planning Committees (*Gabinetes de Planificao Regional*) and Sectoral Direction Counsels (*Consejos Directivos Sectoriales*) to ensure the consistency of micro-projects with sector policies and standards.

56. **UNICEF Guinea-Bissau** would be a partner for the cash transfer Subcomponent under the proposed project, particularly with regard to the informational activities around early childhood development. A memorandum of understanding signed between UNICEF Guinea-Bissau and the

¹⁵ Bastagli, Francesca, Jessica Hagen-Zanger, Luke Harman, Valentina Barca, Georgina Sturge and Tanja Schmidt. 2016. “Cash Transfers: What Does the Evidence Say?” Overseas Development Institute.



PCU would be established to clarify roles and responsibilities. UNICEF may also participate in the impact evaluation.

57. **The WFP in Guinea-Bissau** (*Programme alimentaire mondial*) would also be a key partner for the development of the Social Registry. Since December 2016, the WFP Guinea-Bissau has been sending monthly cash transfers of CFAF 33,000 (€50) to more than 250 families affected by HIV/AIDS. The project would seek to include these households in the Social Registry. The WFP may also participate in the impact evaluation.

58. **National NGOs** would remain important implementation partners. A number of qualified NGOs would be contracted to provide selected accompanying measures (Subcomponent 2.2) during project implementation. Also, local and international NGOs are expected to be involved in the impact evaluation. Performance of each NGO would be assessed at the end of each contract against clear performance criteria, before a new contract is signed.

V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

59. The overall risk level is judged to be Substantial. Risks rated Substantial include the political and governance and macroeconomic risks and risks related to the institutional capacity for implementation and sustainability.

60. **Macroeconomic risk.** The macroeconomic framework remains fragile and depends heavily on the price of cashew on the international market. In this context, the development of a safety net is critical to increase resilience to a drop-in cashew prices. Also, there are considerable weaknesses in public financial management. Public spending on the social sectors including new basic social service and safety nets is likely to remain very low. However, the economy is expected to continue to grow over the medium term, with the construction of a foreign-financed phosphate project expected to help support the recovery of the tertiary sector and maintain stronger GDP growth.

61. **Political and governance.** Political instability and weak governance represent important risks for project implementation. In particular, the organization of parliamentary elections scheduled to take place in mid-2018 is facing some challenges while presidential elections are scheduled one year later. Political instability and weak governance cannot be mitigated by the project. However, the fact that the recent political crises have been resolved without violence and in adherence to the constitution bodes well for the future. Also, the fact that the PCU functions as an autonomous agency with administrative and financial independence with oversight from its board, which includes representatives from the Government, private sector, civil society, and beneficiaries, limits the impact of an unstable political environment. Importantly, all individual contracts for PCU staff require 'no objection' from IDA.



62. **Implementation capacity.** The PCU has been implementing IDA-financed projects since 2009. Therefore, it is attuned to IDA projects and has knowledge of IDA procedures. However, the PCU's experience with cash transfers is still limited (it started in July 2016 as a new activity financed under the second additional financing to the Rural Community-Driven Development Project. This risk would be mitigated by the recruitment of consultants with experience implementing cash transfers, enhanced implementation support, TA, and training in IDA procedures. There is also a risk that the household survey (ILAP 3) expected to be finalized in 2018 would be delayed.

63. **Fiduciary.** Fiduciary risk is Substantial. Country FM issues and weak accountability mechanisms can lead to collusive behaviors between actors (construction firms, *bureaux d'études*, and the PCU itself) which may undermine the fair and transparent implementation of microprojects. Weaknesses in the control system and poor coordination resulting from various stakeholders involved in the project can weaken the fiduciary environment and delay implementation of activities. As a mitigation measure, independent auditors would be recruited to reinforce the internal control framework and ensure close monitoring of activities at the community level. Also, the procurement risk is High due to a lack of knowledge and experience with the use of the NPF and the increase of the post review thresholds since July 2016.

VI. APPRAISAL SUMMARY

A. Economic and Financial Analysis

64. The project is expected to make an important contribution toward providing poor communities and households with greater access to basic social services and social safety nets.

65. The community-based basic social infrastructure to be supported under Component 1 would address important deficits in basic services infrastructure (primary schools, water points, feeder roads, and market infrastructure). While the exact micro-projects to be selected are not known in advance as they would depend on community priorities only known during the implementation of the project, similar investments financed under the Rural Community-Driven Development Project provide evidence that the CDD approach is a cost-effective means of constructing such basic infrastructure. According to the technical audit conducted in September 2016, primary schools built under the Rural Community-Driven Development Project cost less than those built through other approaches; unit costs of school work average CFAF 87,000 per m² compared to CFAF 96,000 per m² reported by the Ministry of Education for the same type of schools. However, the costs of basic infrastructures remain high compared to other countries in the CFAF zone due to high costs of materials. The PCU works with the sector ministries to set standards that are expected to decrease these costs without adversely affecting the quality of the work.

66. The community-based approach also supports greater allocative efficiency in public expenditure. As in the Rural Community-Driven Development Project, the proposed project would empower communities to allocate scarce resources across sectors through the promotion of



participatory decision making at the local level and the elaboration of community development plans. Broad-based participation and citizen engagement creates local ownership, which, combined with other complementary activities that the project provides (such as capacity building), makes micro-projects more sustainable.

67. Importantly, the project would increase the presence of the state at the local level. It would increase the voice of citizens in setting their development priorities and would build a bridge between poor and disenfranchised communities and the state.

68. An economic analysis of the community-based social infrastructure investments conducted in August 2016 for the Rural Community-Driven Development Project concluded that (a) water points have a very high economic rate of return (ERR) (54 percent); (b) feeder roads have a much lower ERR (−7 percent) as they are overdesigned, which leads to high costs of maintenance; and (c) schools also have a low ERR (−7 percent) due to broader challenges with the education sector, including the lack of complementary inputs for education (absence of teachers, unavailability of books). The design of the proposed project would incorporate these findings. First, priority would be given to communities who select water points as their preferred investments. Second, feeder roads would be considered to the extent that they provide easier access to health centers. Also, the norms and standards for the design of feeder roads would be downsized to increase cost-effectiveness. However, schools would only be rehabilitated or built selectively on an exceptional basis in conjunction with the Quality for Education for All in Guinea-Bissau Project, which is under preparation. This latter project aims to improve the teaching and learning environment in primary schools in Guinea-Bissau.

69. The cash transfer program does not lend itself to traditional cost-benefit analysis. Although the costs are known (consisting primarily of cash payments to beneficiaries), the benefits of alleviating immediate hardships within the targeted vulnerable households (including immediate food insecurity) are not readily quantifiable. At approximately US\$500 per household per year, the cash transfer amount represents about 25 percent of food consumption by the poor. Once the National Statistics Office has conducted a survey of all households in the selected communities, overhead implementation costs would be limited; the fees paid to payment agencies would hover around 5 percent of the total amount of cash transferred. Consequently, the ERR from the proposed cash transfer program is likely to be extremely high.

70. The cash transfers subcomponent would provide support to poor households to increase their income and consumption and improve their ability to cope with shocks. Empirical evidence indicates that cash transfers have a significant development impact, leading, for example, to increased spending on health, education, and food security, as well as to economic investment. Bastagli et al. (2016) report that studies find that cash transfers have positive impacts on educational attendance (52 percent) and health service use (60 percent). About 40 percent found positive impacts on saving, 71 percent found statistically significant increases in livestock assets, 21 percent found increases in work participation, and 86 percent found decreases in domestic violence. Obviously, the design of the programs evaluated varied greatly and not all programs aimed to have an impact on every dimension examined. However, fears that cash transfer recipients



misuse the transfers have proven largely unfounded. Evans and Popova (2014) examined data on 19 programs and found almost without exception no significant evidence of increased spending on temptation goods such as alcohol and tobacco.¹⁶

71. Finally, the operating ratio of the PCU would continue to be monitored during project implementation. It is currently relatively low at 17 percent for the implementation of the Rural Community-Driven Development Project.¹⁷ It is expected to decrease below 10 percent for the proposed project as the size of the micro-project component (which demands relatively more staff in the PCU and URPs) would decrease while the size of the cash transfer component (which demands relatively less staff) would increase. Staffing of the PCU and URPs would need to be progressively adjusted and downsized to adjust to the activities of the proposed project.

B. Technical

72. The proposed technical design of the project is the most appropriate to support the borrower's objectives of improving the welfare of selected vulnerable households and increasing access to basic social services in poor communities of Guinea-Bissau. The use of a CDD approach for small basic services infrastructure follows international best practice, especially in fragile states where the Government's implementation capacity is weak. In the absence of local elected authorities, the approach provides a valuable means for local communities to express their needs. Furthermore, the CDD approach is very appropriate as the implementation capacities of deconcentrated bodies of central ministries are expected to remain low in the medium term, and delegation of execution to local governments is not envisaged. The project has a great potential to promote greater civic participation, voice, and accountability at the local level.

73. The technical and engineering standards adopted for the micro-projects would benefit from the PCU's cumulative experience over almost 10 years in the technical design of such works under the Rural Community-Driven Development Project. The proposed project would continue promoting the use of simple, appropriate, and environmentally sound technologies and investments to allow for ease in operations and maintenance of micro-projects.

C. Financial Management

74. An FM assessment of the implementing entity (PCU)—which has been successfully implementing the Rural Community-Driven Development Project since 2009—was carried out in October 2017. The objective of the assessment was to determine whether the PCU maintains acceptable FM arrangements to manage the proposed project and to ensure that the IDA project proceeds would be used only for the intended purposes, with due attention to economy and efficiency. The FM assessment was carried out in accordance with the Financial Management

¹⁶ Evans and Anna Popova, "Cash Transfers and Temptation Goods," *Economic Development and Cultural Change* 65, no. 2 (January 2017): 189-221.

¹⁷ However, the large payments of salaries to teachers and health workers in 2014 increased disbursements, which automatically lowered the operating ratio.



Practices Manual issued by the Financial Management Board on March 1, 2010, and retrofitted on February 4, 2015.

75. The FM arrangements for this project would be based on the existing arrangements in place under the Rural Community-Driven Development Project (P090712). The overall performance of the PCU's FM is Satisfactory. Staffing has remained adequate and proper books of accounts and supporting documents have been kept in respect of all expenditures. The PCU is familiar with the World Bank FM requirements. The unaudited interim financial reports (IFRs) for the ongoing projects are also submitted on time and acceptable to IDA. However, the external auditor has issued an unqualified (clean) opinion on the Financial Statements of IDA Grant H5130, Trust Fund A2392, and a qualified (exception) for IDA Grant H9080. The auditor's reason for qualification includes not having access to supporting documentation related to expenditures incurred by the World Health Organization.

76. FM satisfies the World Bank's minimum requirements under the Bank Policy and Directive on Investment Project Financing effective in 2017. To strengthen the internal control environment and accommodate the project in the existing FM system, the following dated covenants would apply: (a) recruitment of independent auditors for the cash transfers by three months after effectiveness, (b) recruitment of an external auditor for the project by six months after effectiveness, and (c) updating the accounting software to carry out the project's accounting and financial reporting by three months after effectiveness.

D. Procurement

77. Procurement activities under the project would be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers: 'Procurement in Investment Project Financing, Goods, Works, Non-Consulting, and Consulting Services', dated July 1, 2016, and revised in November 2017; 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', revised as of July 1, 2016; and the provisions stipulated in the Legal Agreement.

78. A procurement capacity assessment of the PCU was carried out as part of the preparation of the proposed operation. The details of this assessment are found in annex 1. The assessment found that most of the PCU has more than a decade of experience in implementing World Bank-financed projects. Over time, improvements have been made in procurement planning, preparation of bidding documents and Request for Proposals, evaluation of bids/proposals, award and publication of contracts, contract management, and procurement record keeping, among other things. The PCU also has staff with the capacity to implement the proposed project.

79. IDA would provide oversight of procurement activities through prior reviews, which would be based on the risk level assessed during appraisal and would be updated annually. Based on the risk rating, the borrower would seek IDA's prior review for contracts of values detailed in table 2. In addition, the PCU would (a) appoint an independent procurement auditor to have the



procurement activities of the project audited annually and (b) submit the procurement audit report to IDA for its review.

80. **Brief summary of the Project Procurement Strategy for Development (PPSD).** The project would use the existing and already well-established institutional arrangements for the implementation of the Rural Community-Driven Development Project, which is under implementation. Since its creation in 2009, the PCU has worked continuously with communities to build and rehabilitate essential basic infrastructure such as water points, schools, and feeder roads in rural areas. In 2016, a pilot cash transfer program was introduced as part of the Rural Community-Driven Development Project's second additional financing. The PCU's responsibility would include contracting for the execution of the works, the acquisition of the goods and the selection of the Consultants (especially for the studies), and the supervision of the works. The PCU would also be responsible for selecting and contracting the payment agencies, which would be responsible for transferring the funds to the targeted populations in the selected regions of the country and implementing a system for monitoring the impact of these transfers. Local NGOs would be recruited to train communities in the context of cash transfers. TA would be needed for the development of the Social Registry and for measuring the impact of the program. Other contracts would include the recruitment of technical and financial auditors.

Table 2. Prior Review and Procurement Approaches and Methods Thresholds (US\$, millions)

| Category | Prior Review | | | | | |
|--|--------------|--------------------|---------------|------|------------------------------------|--|
| | | Open International | Open National | RFQ | Short List of National Consultants | |
| | | | | | Consulting Services | Engineering and Construction Supervision |
| Works | ≥5.0 | ≥7.0 | <7.0 | ≤0.2 | n.a. | n.a. |
| Goods, IT, and non-consulting services | ≥1.5 | ≥1.0 | <1.0 | ≤0.1 | n.a. | n.a. |
| Consultants (firms) | ≥0.5 | n.a. | n.a. | n.a. | 0.2 | 0.3 |
| Individual Consultants | ≥0.2 | n.a. | n.a. | n.a. | n.a. | n.a. |

Note: RFQ = Request for Quotations.

81. The borrower has prepared the PPSD, which forms the basis for a Procurement Plan for the first 18 months of the project implementation and provides the basis for the selection methods.¹⁸ This plan was agreed between the borrower and the project team. Once the project is approved, it would be available at the PCU offices. It would also be available on the project's database and on the World Bank's external website. The Procurement Plan would be updated by the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

¹⁸ The PPSD and Procurement Plan cover all sources of financing to the Government's PSNP.

**Table 3. List of Major Contracts for Works, Goods, Non-Consulting Services, and Consulting Assignments**

| Contract Title, Description, and Category | Estimated Cost (Risk Rating) | Bank Oversight | Procurement Approach/ Competition | Selection Method | Evaluation Method |
|---|---|---|---|---------------------------------|---|
| Micro-projects (construction of primary schools, feeder roads, markets, water points) | US\$3.5 million (Substantial) | Post review | Multiple small contracts with contractors | NCB Open Competition | Most advantageous bid |
| Micro-projects (selection of consultants to design and supervise contractors' work) | US\$0.5 million (Substantial) | Post review | Multiple small contracts with supervising entities/consultants | CQS | Most advantageous proposal |
| Service delivery of cash transfers | US\$210,000 (Substantial) to pay service providers (payment agencies) to transfer approximately US\$7.0 million to beneficiary households (around 3% of amount transferred) | Post review | Multiple small contracts with payment agencies National/open, single envelope | Request for Bid | Most advantageous proposal (the lowest bid compliant with the minimum requirements) |
| Impact evaluation | US\$1.5 million (Substantial) | Prior review (TORs only) | Multiple small contracts with NGOs and consulting firms (Direct Contracting and CQS) and IC (comparison of CVs) | CQS, Direct Contracting, and IC | Most advantageous proposal |
| Development of a Social Registry of beneficiaries and modules to track payments (consultant services) | US\$120,000 (Substantial) | Prior review (TORs and technical specifications only) | Multiple small contracts with consulting firms (Direct Contracting and CQS) and ICs (comparison of CVs) | CQS, Direct Contracting, and IC | Most advantageous proposal |
| Financial audits | US\$60,000 (High) | Review of the TORs | Limited | CQS | Most advantageous proposal |

Note: TOR = Terms of reference; CQS = Selection Based on the Consultants' Qualifications; IC = Individual Consultant; CV = Curriculum vitae.



E. Social (including Safeguards)

82. The social impacts of the community micro-projects are expected to be positive, as the implementation approach aims at building self-reliance and strengthening social capital at the community level in addition to providing better access to a range of social services. This is ensured by the approach to initially work with communities to help them develop their own community development plan (a list of activities prioritized by the communities for their development) and to identify the community micro-projects that the project would eventually finance. Experience with micro-project implementation under the Rural Community-Driven Development Project suggests the risk of negative impacts on local populations would be marginal. The social impacts of the cash transfers subcomponent are also expected to be positive as these resources would allow poor and vulnerable households to get access to basic social services and improve their productive activities. The project is targeting poor and underserved families.

83. The proposed project would contribute to narrow the gender gap. It would pursue the community-driven approach that gives equal voice to men and women in the prioritization of community-based micro-projects. Indeed, this approach organizes communities in groups of men and women to discuss their needs and identify a list of development priorities and gives equal weight to both groups. Women report that water points are often selected because the approach provides them with substantial decision power.

84. Under Component 1, the community micro-projects would support the rehabilitation and construction of socioeconomic infrastructure such as schools and water points and the rehabilitation of feeder roads (the screening process would not allow the project to finance new rural feeder roads or the rehabilitation of paddy fields). The project triggers OP 4.12 (Involuntary Resettlement) as these activities could lead to involuntary taking of land resulting in limited restriction of access to assets or sources of livelihood and could also entail some limited acquisition of land and/or losses of assets. The selection of communities would be determined during project implementation. In preparation for the project, the PCU has updated the Resettlement Policy Framework (RPF) of the Rural Community-Driven Development Project that builds on almost 10 years of experience implementing similar micro-projects. The RPF has been disclosed in Guinea-Bissau on January 11, 2018, and in the World Bank InfoShop on January 10, 2018. During project implementation, the policy framework would provide the road map for preparing Resettlement Action Plans as necessary.

85. Consultations and the GRM are two citizen engagement mechanisms that are integrated into the project design to enhance accountability and increase transparency. Consultations are the building block for the various activities at the community level and would help integrate citizens' feedback. Project implementation may generate complaints and grievances, some of which would be captured through the PCU or through the regular M&E system. However, an inclusive and accessible GRM would help the project implementation team respond better to beneficiaries, increase beneficiaries' trust, and improve the M&E system. To ensure that grievances are voiced by the beneficiaries and resolved on time, the PCU at the national or local level as well as qualified NGOs that would provide selected accompanying measures (Subcomponent 2.2) during project



implementation would register complaints when voiced by beneficiaries and would transfer them to the PCU to be addressed on time.

F. Environment (including Safeguards)

86. The environmental category of the project is B, and OP/BP 4.01 (Environmental Assessment) is triggered. The micro-project component would finance the rehabilitation and construction of small-scale infrastructure at the community level including schools, water points, and the rehabilitation of feeder roads (the screening process would not allow the project to finance the construction of new feeder roads or the rehabilitation of paddy fields). These interventions could trigger small-scale and site-specific environmental impacts that are manageable. At this stage of project preparation, the locations of the micro-projects are not known. The cash transfers subcomponent would not have any environmental impact.

87. In preparation for the project, the PCU has updated the Environmental and Social Management Framework (ESMF) of the Rural Community-Driven Development Project that builds on almost 10 years of experience implementing similar micro-projects. The ESMF has been disclosed in Guinea-Bissau on January 11, 2018, and in the World Bank InfoShop on January 10, 2018. During implementation, environmental screening and risk mitigation tools would be used and the policy framework would provide the road map for preparing Environment Action Plans as necessary.

G. Other Safeguard Policies

88. OP/BP 4.11 (Physical Cultural Resources) is triggered because of limited digging that could occur during the works necessary for the implementation of micro-projects. The ESMF states that if cultural resources are found during civil works, a 'chance find procedure' would apply. The impacts would be screened for and managed in accordance with the ESMF and its checklist.

H. World Bank Grievance Redress

89. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Guinea-Bissau

Guinea Bissau: Safety Nets and Basic Services Project

Project Development Objectives

The Project Development Objective is to provide poor communities and households with greater access to basic service infrastructure and social safety nets.

Project Development Objective Indicators

| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|---|------|-----------------|----------|------------|-----------|---|------------------------------------|
| Name: Direct project beneficiaries | | Number | 0.00 | 60000.00 | Quarterly | Management Information System | PCU |
| of which female beneficiaries | | Percentage | 0.00 | 50.00 | | Management Information System | PCU |
| Description: Direct beneficiaries are people who directly derive benefits from the Project (i.e., members of households who benefit from cash transfers, children who benefit from a school built or rehabilitated by the Project, persons who benefit from an improved water source, people with access to a feeder road rehabilitated by the Project). | | | | | | | |
| Name: Beneficiaries of social safety net programs | ✓ | Number | 0.00 | 50000.00 | Quarterly | Management Information System (This indicator | PCU |



| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|---|------|-----------------|----------|------------|-----------|---|------------------------------------|
| | | | | | | measures the number of individuals who belong to the households who receive cash transfers under the Project) | |
| Beneficiaries of social safety net programs - Female | ✓ | Number | 0.00 | 25000.00 | | | |
| Description: | | | | | | | |
| Name: Improvement in stunting in children <2 years in households benefitting from the cash transfer program | | Percentage | 0.00 | 10.00 | Yearly | Households surveys (baseline survey, survey after 4 cash transfers, survey after 8 cash transfers and a last survey one year after the last transfer) | PCU |
| <p>Description: This indicator will compare stunting in children <2 years from the households that benefit from the cash transfer program (treatment group) compared to that in households that do not benefit from the program (control group). The indicator will report the difference in stunting between the latter and the former. Stunting is a huge issue in Guinea-Bissau. A paper published in 2017 "A Randomized Controlled Trial of Two Ready-to-Use Supplementary Foods Demonstrates Benefit of the Higher Dairy Supplement for Reduced Wasting in Mothers, and Differential Impact in Infants and Children Associated With Maternal Supplement Response" reports a mean baseline z-score for height in infants and toddlers of -1.8, so about 40% were clinically stunted. The target is for stunting to be 10% lower in the group of treatment compared to the group of control.</p> | | | | | | | |



| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|--|------|-----------------|----------|------------|-----------|-------------------------------|------------------------------------|
| Name: People provided with access to improved water sources | ✓ | Number | 0.00 | 15000.00 | Quarterly | Management Information System | PCU |

Description: This indicator measures the cumulative number of people who benefited from improved water supply services that have been constructed through operations supported by the World Bank.

| | | | | | | | |
|--|--|--------|------|---------|-----------|-------------------------------|-----|
| Name: People with access to an all-season road rehabilitated by the Project | | Number | 0.00 | 7000.00 | Quarterly | Management Information System | PCU |
|--|--|--------|------|---------|-----------|-------------------------------|-----|

Description: This indicator measures the number of individuals who live in communities who benefit from a feeder road financed under the Project.

Intermediate Results Indicators

| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|--|------|-----------------|----------|------------|-----------|-------------------------------|------------------------------------|
| Name: Percentage of individuals participating in their community development plan on average (Voice and Accountability) | | Percentage | 0.00 | 60.00 | Quarterly | Management Information System | PCU |

Description: This indicator reports the percentage of adults who participate in the development plan of their community. This indicator is an average over the



| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|--|------|-----------------|----------|------------|--|-------------------------------|------------------------------------|
| communities. | | | | | | | |
| Name: Percentage of women participating in their community development plan on average (Voice and Accountability) | | Percentage | 0.00 | 60.00 | Quarterly | Management Information System | PCU |
| Description: This indicator reports the percentage of women who participate in the development plan of their community. This indicator is an average over the communities. | | | | | | | |
| Name: Percentage of individuals satisfied with the participation process (Voice and Accountability) | | Amount(US D) | 0.00 | 60.00 | One beneficiary assessment expected to be conducted in early 2022. | Beneficiary assessment | PCU |
| Description: This indicator reports the percentage of adults who report that they have been satisfied with the participatory process leading to the establishment of the development plan of their community. | | | | | | | |
| Name: Community-based micro-projects completed | | Number | 0.00 | 40.00 | Quarterly | Management Information System | PCU |
| Description: | | | | | | | |



| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|--|------|-----------------|----------|------------|------------------------------------|---|------------------------------------|
| Name: Improvement in school enrollment in children 6-14 in households benefiting from the cash transfer program | | Percentage | 0.00 | 10.00 | Quarterly | Households surveys (baseline survey, survey after 4 cash transfers, survey after 8 cash transfers and a last survey one year after the last transfer) | PCU |
| Description: This indicator will compare school registration in children 6-14 in households benefiting from the cash transfer program (treatment group) compared to that in households that do not benefit from the program (control group). The indicator will report the difference in school attendance between the former and the latter. The target is for school registration to be 10% higher in the group of treatment compared to the control group. | | | | | | | |
| Name: Community-based micro-projects functional and properly maintained two years after completion (percentage of micro-projects completed) | | Percentage | 0.00 | 75.00 | Once during project implementation | Technical audit | PCU |
| Description: | | | | | | | |
| Name: Total amount of cash transferred to households | | Amount(US D) | 0.00 | 6650000.00 | Quarterly | Management information System | PCU |
| Description: | | | | | | | |



| Indicator Name | Core | Unit of Measure | Baseline | End Target | Frequency | Data Source/Methodology | Responsibility for Data Collection |
|--|------|-----------------|----------|------------|-----------|------------------------------|------------------------------------|
| Name: Cash transfer payments received within 10 days of scheduled date | | Percentage | 0.00 | 80.00 | | | |
| Description: | | | | | | | |
| Name: Operating ratio | | Percentage | 0.00 | 15.00 | Quarterly | Financial Information System | PCU |
| Description: The operating ratio is defined as the ratio of the sum of cumulative operating costs (travel expenditures and other travel-related allowances, equipment rental and maintenance, vehicle operation, maintenance and repair, office rental and maintenance, materials and supplies, and utilities) and cumulative consultant fees of PCU's full time consultants since the beginning of the Project, divided by cumulative disbursements since the beginning of the Project. | | | | | | | |



Target Values

Project Development Objective Indicators

| Indicator Name | End Target |
|---|------------|
| Direct project beneficiaries | 60000.00 |
| of which female beneficiaries | 50.00 |
| Beneficiaries of social safety net programs | 50000.00 |
| Beneficiaries of social safety net programs - Female | 25000.00 |
| Improvement in stunting in children <2 years in households benefitting from the cash transfer program | 10.00 |
| People provided with access to improved water sources | 15000.00 |
| People with access to an all-season road rehabilitated by the Project | 7000.00 |

Intermediate Results Indicators

| Indicator Name | End Target |
|---|------------|
| Percentage of individuals participating in their community development plan on average (Voice and Accountability) | 60.00 |
| Percentage of women participating in their community development plan on average (Voice and Accountability) | 60.00 |
| Percentage of individuals satisfied with the participation process (Voice and Accountability) | 60.00 |



| Indicator Name | End Target |
|---|------------|
| Community-based micro-projects completed | 40.00 |
| Improvement in school enrollment in children 6-14 in households benefiting from the cash transfer program | 10.00 |
| Community-based micro-projects functional and properly maintained two years after completion (percentage of micro-projects completed) | 75.00 |
| Total amount of cash transferred to households | 6650000.00 |
| Cash transfer payments received within 10 days of scheduled date | 80.00 |
| Operating ratio | 15.00 |



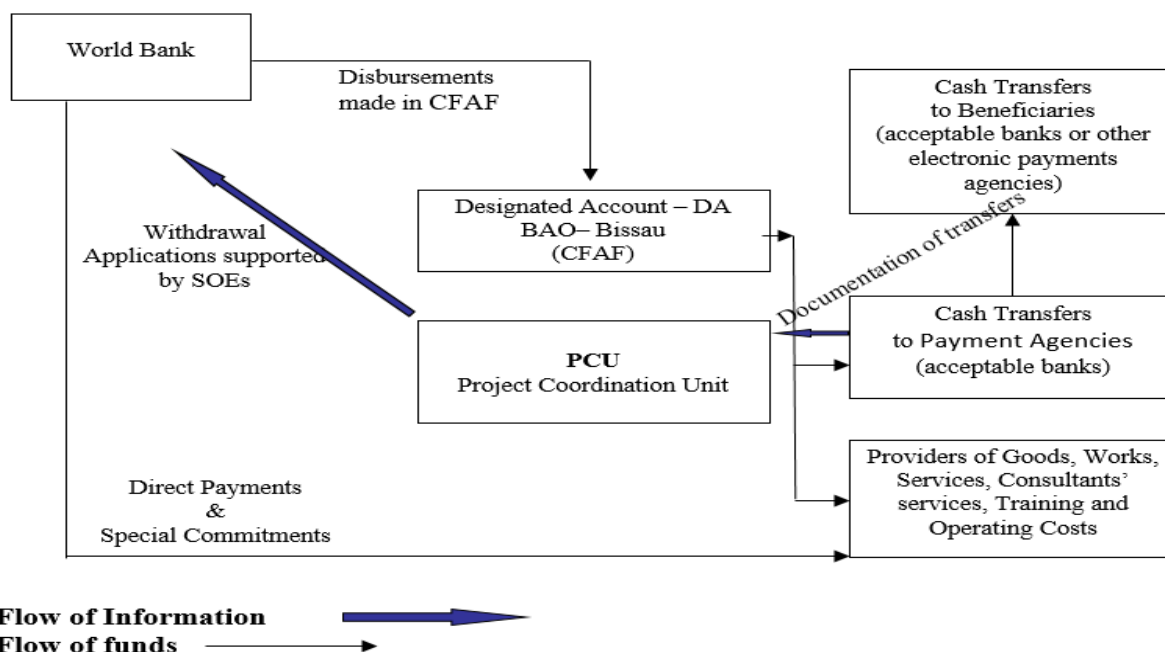
ANNEX 1: IMPLEMENTATION ARRANGEMENTS

Guinea Bissau: Social Protection Project

Financial Management and Disbursement Arrangements

1. The FM arrangements for the proposed project would be based on the existing arrangements in place under the Rural Community-Driven Development Project. The FM staff would include a DAF and an accountant with adequate and relevant experience with World Bank procedures. The FM staff would be responsible for collecting and controlling invoices, maintaining the books, entering data in the accounting software, managing the project's bank account, keeping the books of account, and preparing the financial reports as well as the withdrawal and direct payments applications.
2. **Budgeting.** The project budgeting process is defined in the PIM. The budget would be reviewed and adopted by the National Steering Committee, before the beginning of each fiscal year. Annual draft budgets would be submitted to IDA for no-objection before adoption and implementation. Any changes in the budget and work plans would be approved by the Steering Committee and receive a World Bank no-objection opinion. The Steering Committee would also (a) discuss and review the quarterly budget execution report and (b) monitor and assess the implementation progress and results of the project.
3. **Funds flow and disbursement arrangements.** Flow of funds arrangements are shown in figure 1.1.

Figure 1.1. Funds Flow and Disbursement Arrangements



Note: SOE = State-owned Enterprise.



4. **Designated Account.** A Designated Account (DA) would be opened at a commercial bank acceptable to IDA. Its ceiling would be determined in the Disbursement Letter (DL) based on the disbursement forecast for the first four months. The PCU Coordinator and the FM Specialist would be jointly the signatories of the DA. The account would be set up to fund eligible expenditures based on the approved annual budget and work program. Disbursements would comply with specific procedures included in the PIM prepared for this project.

5. **Disbursement methods and processes.** Disbursements under the project would be transaction based. In addition to making advances to the DA, other disbursement methods would be available for use under the project, such as reimbursement, direct payment, and special commitment. Further instructions on disbursement and details on the operations of the withdrawal applications and direct payments would be outlined in the DL.

6. Table 1.1 specifies the categories of eligible expenditures to be financed out of the proceeds of the grant, the amounts under each category, and the percentage of expenditures to be financed for eligible expenditures in each category.

Table 1.1. Expenditure Categories

| Category | Amount of the Financing Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|--|---|---|
| (1) Goods, works, consulting services, Training and Operating Costs under Parts A, B.2, C and D of the Project | 5650000 | 100% |
| (2) Cash Transfers and Administrative Fees (under CT Contracts) under part B.1 of the Project | 4950000 | 100% |
| Total Amount | 10600000 | |

7. **Cash transfers.** For the implementation of the Rural Community-Driven Development Project, IDA has approved a Cash Transfer Manual that is an integral part of the PIM. Cash transfers would be implemented following this Cash Transfer Manual. The PCU would contract payment agencies with FM capacity and solvability satisfactory to IDA to handle cash transfers to beneficiaries. Cash transfers would be implemented in conformity with the clauses of the contracts (cash transfer contracts) between the PCU and the payment agencies. A model of the cash transfer contract between the PCU and the payment agencies is annexed to the Cash Transfer Manual.

8. Copies of proofs of all cash transfer payments would be sent by the payment agencies to the PCU on a monthly basis. Cash transfers to the final beneficiaries would be documented and considered as eligible expenditures after reception of satisfactory documentation from the payment agencies.

9. **Accounting and reporting.** SYSCOHADA is the WAEMU accounting system applicable in Guinea-Bissau. Project accounts would be maintained on a cash basis, supported with



appropriate records and procedures to track commitments and to safeguard assets. Annual financial statements would be prepared by the PCU in accordance with SYSCOHADA, considering IDA requirements and specificities related to external-financed investment projects. Accounting and control procedures are documented in the PIM. The PCU would prepare quarterly unaudited IFRs reflecting operations of the DA and submit them to the World Bank, within 45 days after the end of each calendar quarter. The IFR format would comprise the following: (a) report on the sources and use of funds by disbursement category and by component, on a cumulative basis (project-to-date, year-to-date) and for the period, showing budgeted amounts versus actual expenditures, including a variance analysis, and (b) forecast of sources and uses of funds. The current PCU's accounting software would be customized to accommodate the bookkeeping of the project.

10. **Internal control and independent auditing arrangements.** The PIM describes the FM and disbursement arrangements, including the internal control mechanism, budgeting process, assets' safeguards, and clarify roles and responsibilities of all stakeholders. Independent auditors would be recruited by the PCU to conduct periodical ex post reviews of project activities including cash transfers and micro-projects.

11. **Annual financial audit.** An external auditor with qualifications and experience acceptable to IDA would be recruited to carry out annual audits of the project's financial statements. The external auditor would express an opinion on the annual financial statements and perform the audit in compliance with International Standards on Auditing. The auditor would be required to prepare a Management Letter detailing observations and comments, providing recommendations for improvements in the accounting system and the internal control environment. The external auditor would especially review, each year, a reasonable sample of cash transfers and micro-projects to ensure that payments were completed pursuant to the agreed procedures described in the Cash Transfer Manual.

12. The audit report on the annual project financial statements and activities of the DA would be submitted to IDA within six months after the end of each project fiscal year.

13. **Implementation support plan.** Based on the outcome of the FM risk assessment, the following implementation support plan is proposed. The objective of the implementation support plan is to ensure that the project maintains a satisfactory FM system throughout the project's life.

**Table 1.2. Implementation Support Plan**

| FM Activity | Frequency |
|---|--|
| Desk reviews | |
| IFRs review | Quarterly |
| Audit report review of the project | Annually |
| Review of other relevant information such as interim internal control systems reports | Continuous as they become available |
| On-site visits | |
| Review of overall operation of the FM system | Twice per year (implementation support mission) |
| Monitoring of actions taken on issues highlighted in audit reports, auditors' management letters, internal audit, and other reports | As needed |
| Transaction reviews (if needed) | As needed |
| Capacity-building support | |
| FM training sessions | During implementation and as and when needed |

Procurement

Applicable Procurement Regulations

14. Procurement under the proposed project would be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers: 'Procurement in Investment Project Financing, Goods, Works, Non-Consulting and Consulting Services', dated July 1, 2016, revised in November 2017; 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants', revised as of July 1, 2016; and the provisions stipulated in the Legal Agreement.

15. The main procurement activities under this project would include (a) construction and rehabilitation of schools and water points and the rehabilitation of rural feeder roads, (b) delivery of a cash transfer program to poor households in selected communities of Guinea-Bissau including accompanying measures, (c) the development of a safety net system including an impact evaluation of the cash transfer programs, and (d) the implementation cost of the project, which includes staff-related costs, equipment, vehicles, fuel, office space at the national and regional level, communications and operating costs related to the procurement, supervision, auditing, and evaluation of project activities.

16. Standard Procurement Documents issued by the World Bank to be used by borrowers for IPF-financed projects include the General Procurement Notice, Specific Procurement Notice, Request for Expression of Interest, Request for Proposals, and Request for Bids documents. These documents would be used for works, goods, consulting services, and non-consulting services to be procured through international open competitive bids and for consulting services contracts. In addition, the implementing agencies would use Standard Bid Evaluation Forms for procurement



of goods, works, and non-consulting contracts and the Sample Form of Evaluation Report for selection of consultants. Procurement requirements should be simple especially in a context of low government capacity.

National Procurement Procedures and Legislative Framework

17. Guinea-Bissau has developed and adopted the WAEMU Directives on the management of public finance, one of which relates to procurement. Guinea-Bissau has accordingly developed a new Code of Public Procurement (Decreto Lei No. 2/2012 dated August 20, 2012) and is using for national competitive bidding (NCB) the French version of the bidding documents developed for WAEMU markets because they were never translated in Portuguese, the official language. The regulations creating the regulatory authority and separating the function of control from regulation have been developed and adopted, but they are not operational in terms of organization and staffing. There are significant delays in the implementation of procurement reforms, the absence of efficient dispute mechanisms, no human resources strategy, and no procurement audits. As such, government systems are not being used for implementation of World Bank-financed projects in Guinea-Bissau.

18. The project would be implemented by the already established PCU for the Rural Community-Driven Development Project (P090712). The PCU has almost 10 years of experience overseeing the implementation of World Bank-financed projects in Guinea-Bissau. The PCU would have the responsibility of supporting the fiduciary and administrative work and facilitate the communication and coordination among the various ministries involved in project implementation. Specifically, it would oversee (a) preparing and managing of the procurement process; (b) providing technical support to the implementation of project activities; (c) managing project resources, ensuring that financial and disbursements are made in accordance with the agreed procedures and practices; and (d) preparing quarterly and annual financial statements of the project.

19. When approaching the national market, as mentioned in the Procurement Plan, the country's own procurement procedures may be used. The World Bank has reviewed the Standard Bidding Documents (SBDs) for procurement of goods and works under NCB and has found them acceptable in terms of consistency with the World Bank's procurement principles. Hence, national open competitive bids shall follow the procedure set forth in Public Procurement Directive provided that such procedure shall be subject to the following requirements as provided in section 5 paragraph 5.4 of the Procurement Regulations for IPF Borrowers (July 1, 2016).

- Open advertising of the procurement opportunity at the national level.
- The procurement is open to eligible firms from any country.
- The Request for Bids/Request for Proposals document shall require bidders/proposers to submit bids/proposals to present a signed acceptance at the time of bidding to be incorporated in any resulting contracts, confirming application of and compliance with the World Bank's Anticorruption Guidelines, including without limitation to the World Bank's right to sanction and the World Bank's inspection and audit rights.



- Contracts have an appropriate allocation of responsibilities, risks, and liabilities.
- Publication of contract award information.
- Rights for the World Bank to review procurement documentation and activities.
- An effective complaint and handling mechanism.
- Maintenance of records of the procurement process.

20. Other national procurement arrangements (other than national open competitive procurement) that may be applied by the borrower (such as Limited/Restricted Competitive Bidding, RFQ, Shopping, Local Bidding, and Direct Contracting) are consistent with the World Bank's core procurement principles and ensure that the World Bank's Anticorruption Guidelines and Sanctions Framework and contractual remedies set out in its Legal Agreement apply.

Procurement Oversight and Monitoring Arrangements

21. Mandatory thresholds for prior review for the proposed project based on procurement risk levels of the project are provided in table 1.3. Based on the risk level of the project, procurement above the applicable thresholds provided in the table shall be subject to prior review and shall be included in the Procurement Plan. Such procurement activities shall use the World Bank's Standard Procurement Documents. For contracts to be awarded using Direct Selection, the borrower shall submit to IDA, for its review and 'no-objection', a sufficiently detailed justification, before inviting the firm to negotiations. For post-review contracts, the PCU shall select and appoint an independent procurement/technical auditor based on TORs acceptable to IDA to determine whether the procurement activities carried out by the PCU for post-review contracts comply with the requirements of the Legal Agreement.

22. Based on the initial risk rating, the PCU of the proposed project shall seek IDA's prior review for equivalent value of contracts as detailed in table 1.3.

Table 1.3. Thresholds for Procurement Approaches and Methods (US\$, millions)

| Category | Prior Review | | | | | |
|--|--------------|--------------------|---------------|------|------------------------------------|--|
| | | Open International | Open National | RFQ | Short List of National Consultants | |
| | | | | | Consulting Services | Engineering and Construction Supervision |
| Works | ≥5.0 | ≥7.0 | <7.0 | ≤0.2 | n.a. | n.a. |
| Goods, IT, and non-consulting services | ≥1.5 | ≥1.0 | <1.0 | ≤0.1 | n.a. | n.a. |
| Consultants (Firms) | ≥0.5 | n.a. | n.a. | n.a. | 0.2 | 0.3 |
| Individual Consultants | ≥0.2 | n.a. | n.a. | n.a. | n.a. | n.a. |



Assessment of the Agency's Capacity to Implement Procurement

23. A simplified procurement capacity assessment of the implementing agencies was updated by the World Bank using the template attached to 'Situations of Urgent Need of Assistance or Capacity Constraints - Simplified Procurement Procedures'. Based on this assessment and the procurement environment of this project and other external factors such as political instability, the procurement risk factor is high. The assessment covered only the PCU at the central level because there are no procurement activities outside Bissau. The assessment reviewed the organizational structure for implementing the proposed project and staff responsible for procurement in the PCU. The assessment also considered the legal aspects and procurement practices, procurement cycle management, organization and functions, record keeping, planning, and the procurement environment. Procurement systems of the PCU were assessed to determine to what extent planning, bidding, evaluation, contract award, and contract administration arrangements and practices provide a reasonable assurance that the project would achieve intended results through its procurement processes and procedures. In addition, the fiduciary systems assessment also considers how project systems would handle the risks of fraud and corruption, including by providing complaint mechanism, and how such risks are managed and/or mitigated.

24. The PCU has developed valuable experience in the execution of the planning, processing, and contract management of project procurement activities under the Rural Community-Driven Development Project. Through time, reasonable improvements have been made in procurement planning, preparation of bidding documents and Request for Proposals, evaluation of bids/proposals, award and publication of contracts, contract management, and procurement record keeping, among other things. Although it is undermined by the weak national procurement environment, the PCU has made an effort to build the capacity of staff.

25. Procurement oversight is an area that needs improvement. Internal control is weak because there is currently no internal auditor in procurement as the emphasis is on financial audits only. Moreover, the proposed project is to be carried out using the New Procurement Framework (NPF). Capacity-building effort to familiarize the procurement and related staff with the Procurement Regulations for IPF Borrowers needs to be considered and included in the design of the project.

26. Key issues and associated mitigation measures that have been discussed and agreed upon are shown in table 1.4.

**Table 1.4. Summary of Findings and Actions (risk mitigation matrix)**

| No. | Issue/Risk | Severity and Impact on Project | Mitigation Measures | Responsible and Time Frame (all actions to be taken within the first year of the loan approval) |
|-----|--|--------------------------------|--|---|
| 1 | Current Manual of Procedures (MOP) and SBD for NCB need to be updated | Moderate | The MOP and SBD for NCB need to be updated to incorporate the provisions of the NPF. | PCU |
| 2 | Scarcity of qualified procurement staff at the national level | High | Recruitment and deployment of a Procurement Assistant | PCU |
| 3 | Very slow and frequently disrupted Internet access does not always allow PCU to use STEP for World Bank's no-objection | Substantial | Technically and on the short term, there are no mitigation measures except using a dedicated computer at the country office to enter the data in STEP. | PCU, World Bank country office |
| 4 | Frequent rotation of key staff and political uncertainty affect project implementation | Substantial | Planned procurement of goods and services by avoiding last minute requests | PCU |
| 5 | Delays in preparation of TORs/specifications for planned procurement activities, delay in implementation of planned procurement activities | Substantial | Develop accountability framework with defined business standard and engage beneficiary technical departments as early as possible. Involve qualified technical experts (consultants) to support preparation of technical specifications and functional requirements of bidding documents and TORs. | PCU |
| 6 | Lack of knowledge/experience with the use of the NPF | Substantial | Regular quality training in World Bank's procurement procedures; induction of regular procurement capacity enhancement training for staff on the World Bank's NPF | PCU |

Note: STEP = Systematic Tracking of Exchanges in Procurement.

Procurement Plan

27. The borrower has prepared the PPSD which formed the basis for a Procurement Plan for the first 18 months of the project life and which also provides the basis for the procurement methods. This plan was agreed between the borrower and the project team and would be available at the PCU. It would also be available in the project's database and on the World Bank's external website. The Procurement Plan would be updated by the project team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.



Procurement Arrangement and Value for Money

28. The procurement arrangements provided under the project are aimed at meeting the objective of attaining value for money in the procurement of goods and services under the project. Although the main investment intervention under the project is for the microprojects and service delivery of cash transfers through payment agencies, the current arrangements have been tested and represent the best value for money given the local market conditions and accessibility to the beneficiaries in remote rural areas.

Procurement Risk Analysis

29. The PPSD prepared for the project contains a risk analysis and the procurement risks were identified. Based on the identified risks, measures are proposed to be put in place to mitigate the risks associated with the procurement of micro-projects, goods, and services. The market for some critical inputs of the project is not considered competitive because there are a limited number of qualified local NGOs to carry out training for beneficiary communities receiving cash transfers. The risk associated with the cash transfers is limited because payment agencies (local banks and phone operators) would be paid after the transfer to selected beneficiaries. Their role would be limited to the transfer of money only and after the evaluation of the pilot program currently under execution.

30. The PCU has experience in implementing World Bank-financed projects such as the Rural Community-Driven Development Project (P090712). However, there is still a risk in properly implementing procurement activities as per the agreed procedures due to political instability. Thus, to handle the procurement processing and contract management activities under the project and to avoid disruptions in the procurement process, the PCU would recruit and deploy a Procurement Assistant. In addition, to address the risk related to capacity challenges, procurement and related staff would also be provided with quality training on World Bank procurement procedures and NPF.

Procurement Arrangements

31. Procurement arrangements for the high or substantial risk contracts within the project are provided in Table 3 on page 32. The Procurement Plan for the project is agreed with the client and is provided in the PPSD.