

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA1074**

**Date ISDS Prepared/Updated:** 05-Feb-2015

**Date ISDS Approved/Disclosed:** 09-Feb-2015

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Guinea-Bissau	<b>Project ID:</b>	P150827
<b>Project Name:</b>	Public Sector Strengthening Project (P150827)		
<b>Task Team Leader(s):</b>	Eric Brintet		
<b>Estimated Appraisal Date:</b>	23-Jan-2015	<b>Estimated Board Date:</b>	19-Mar-2015
<b>Managing Unit:</b>	GGODR	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Central government administration (60%), General public administration sector (40%)		
<b>Theme(s):</b>	Public expenditure, financial management and procurement (60%), Other accountability/anti-corruption (40%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	5.00	Total Bank Financing:	5.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			2.75
IDA Grant			2.25
Total			5.00
<b>Environmental Category:</b>	C - Not Required		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The Project Development Objective (PDO) is “to assist the Government to re-establish basic systems for public financial management.”

### 3. Project Description

The project components below have been extensively discussed both with the Government and with the main donors. The project is designed to respond to a few quick-wins. The Bank has, therefore, taken a strategic decision to be selective and focus on areas that can demonstrate quick impact and establish the basic PFM foundations.

Component 1: Performance, Control and Transparency of the Government's Revenues (US\$ 2.40 million). The objective of this component is to progressively improve the technical capacity of the authorities to handle revenue processes in an effective, efficient and transparent manner. Key to realizing Guinea-Bissau's development objectives is the establishment of adequate procedural and control systems that will contribute to increasing tax and customs revenue collection, as well as the efficiency, effectiveness and transparency of revenue administration.

Sub-component 1.1: Technical Assistance to Tax Collection (US\$ 0.81 million). This sub-component will help the Government strengthen tax laws and administration to widen the tax base and increase revenue. Improved business processes could, for example, increase total tax revenue without increasing the tax rate by collecting actual tax payables more efficiently. It will provide technical assistance for a better organization and simplification of business taxation by reducing the cost of compliance and improving tax administration for micro and small businesses. Priority will be given to establish a simple and transparent system that could fit the needs of such a small country where private sector is still in its infancy. Technical assistance will include improving the information system and making it more compatible and interfaced with Treasury. It will include:

- A long-term international technical assistant for a planned duration of 2.5 years;
- Purchase of office equipment and renovation of tax offices;
- Purchase of one service 4x4 car for tax inspection purposes.

Sub-component 1.2: Technical Assistance to Customs Administration (US\$ 0.81 million). This sub-component will help the Government strengthen Customs laws and administration for more predictable taxation and increased revenue. It will provide technical assistance for a better organization and simplification of custom duties. Priority will be given to establish a simple and transparent system that could fit the needs of such a small country and encourage foreign private investment. Streamlining of the current information system SYDONIA++ and interface with Treasury will also be considered. It will include:

- A long-term international technical assistant for a planned duration of 2.5 years;
- Purchase of office equipment and renovation of Customs offices;
- Purchase of one service 4x4 car for inspection and liaison purposes.

In both the customs and tax administration, the key role of the Technical assistant will be to help the authorities identify critical changes in incentives that could result in changed behaviors on the part of tax and customs officials. It is understood that without these behavioral changes, the hardware and software investments made will not yield their intended benefits.

Sub-component 1.3: Treasury Single Account (TSA), Debt and Statistics (US\$ 0.78 million). This sub-component will assist the reform of the Treasury Directorate and help the Government enforce the TSA in order to make sure that all receipts (including small internally generated revenues from Education, Health and other sector institutions) are collected by Treasury officials and transferred without delay to the TSA. Support will also be provided to the new Treasury Committee to facilitate cash forecasts and cash management and avoid additional borrowing costs for the Government.

Taking into account all Treasury missions, including payment of expenditures, it will also help rebuild statistics systems of the Macro-Fiscal Forecast Directorate and use Treasury statistics to improve the central government's table of financial operations tableau des opérations financières de l'Etat (TOFE) and publish economic and public financial data for civil society. It will include:

- A long-term international technical assistant for a planned duration of 2.5 years;
- Purchase of office equipment and renovation of Treasury and Prevision offices;
- Purchase of printing and publishing equipment.

Like in the area of revenues, the Technical Assistant's key role will be to advise the authorities on critical behavioral changes needed for these reforms to succeed.

Component 2: Expenditure Control, Procurement, Accounting and Reporting (US\$ 1.1 million). The objective of this component is to strengthen controls needed for fiscal discipline and promote transparency and accountability in public expenditures.

Sub-component 2.1: Budget and Internal Control TA through Operationalization of the Integrated FMIS (US\$ 0.42 million). This sub-component will provide, in close coordination with the long-term technical assistant paid by the European Union (EU), short-term technical assistance to restore the use of SIGFIP for all budgetary expenditures. It will also help the Government design procedures for the interfacing of SIGFIP with all other systems in the MoF (Accounting, Payroll, Debt Management, Taxes and Customs) and with the Central Bank. Once the central level is back online, the roll-out of SIGFIP to line ministries will be implemented, in order to facilitate the progressive and measured devolution of budget authority to line ministries. This will be based on an assessment of the quality of internal controls within each line ministry and agency.

Specific assistance to the human resources and payroll system will be assured by the EU within their TA program. Both institutions will capitalize on the achievements of the Bank's Community Driven Development Project, which succeeded in paying salaries for the first six months of 2014 to 7,200 teachers and 1,920 health workers. It will be extended progressively to defense and security forces that are currently not covered within the scope of the payroll application. In the area of expenditure, the technical approach will be complemented by an improved understanding of the changes in incentives and approached needed to bring about changes in behaviors. A series of workshops will be held with key stakeholders in budget execution reforms in order to bring underlying issues to light.

Sub-component 2.2: Procurement and Public Investment Management (US\$ 0.36 million). The procurement system in Guinea-Bissau had benefitted from effective TA in the pre-coup period. The institutions created at this time (Public Procurement Regulatory Agency, Procurement Directorate and Central Purchasing Unit) are still officially in place, but understaffed, with very weak capacity and a limited equipment (e.g. without access to Internet). Hence, to date, they are not functioning effectively. This sub-component will be based on the outcomes of existing PFM and Procurement ESWs, in particular on the recommendations of the "Boosting Budget Execution and Procurement for Development Impact in WAEMU member Countries". This sub-component will include re-equipment of procurement institutions, development and deployment of a National Capacity Building strategy, design of new procedures manuals and national standard bidding documents for the procuring organizations, creation of electronic tools to monitor procurement transactions and statistics, and design procurement performance review mechanism. It will also pave the way for the future design of a consistent public investment management system.

Sub-component 2.3: Power generation and IT hardware (US\$ 0.32 million). Beyond technical

assistance, the purchase and installation of hardware and equipment is necessary to restore PFM basic functions. All institutions are dramatically lacking computers and other information technology (IT) equipment. Connections between services are inexistent or very poor. Although a World Bank Water and Electricity project (P148797) is ongoing, it will not generate reliable energy until several months. This is the reason why generators are necessary to avoid disruption in the services of the MoF. This sub component will also provide the necessary building renovation to accommodate this hardware and equipment. It will include:

- Three generators 200 kva and accessories;
- IT hardware and remote connections;
- IT-related building renovations.

Component 3: Public Financial Management Reform Coordination and Project Management (US\$ 1.50 million). The objective of this component is to provide a mechanism for a structured approach to PFM reform and institutional capacity strengthening.

Sub-component 3.1: PFM Reform Oversight and Implementation Structure (US\$ 0.87 million). This sub-component will pay for the salary of the reform coordinator, head of the RCU and recruit and pay an international consultant as deputy coordinator. This balanced team will assure capacity building and national ownership of the reforms.

Sub-component 3.2: Project Management (US\$ 0.57 million. Subordinated to the RCU, a project management team will be financed by the project. It will include:

- One Admin and Financial Officer
- One Accountant
- One Procurement Assistant who will be supported by a Short Term Procurement consultant
- Four Support staff.
- This sub-component will also finance operating costs covering including:
- Travel
- Office equipment (provisional)
- Operating expenditures
- Service vehicle
- External audit of the whole project

Sub-component 3.3: PFM and Procurement Education and Training Program (US\$ 0.06 million). Beyond the availability of good laws, systems and institutional structures, PFM improvement requires capability at the level of individual PFM and Procurement practitioners. The PFM and Procurement Education and Training Program will be designed with the assistance of a TA mission and will be implemented later if additional resources are available.

#### **4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The project will not have adverse social or environmental impact. Some renovation (essentially painting, plastering) of existing buildings may be taking place under the project, but there will be no need to take land, and no extension or new construction is expected. National requirements will be followed for managing these activities.

#### **5. Environmental and Social Safeguards Specialists**

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	No	Some renovation (essentially painting, plastering) of existing buildings may be taking place under the project, but no extension or new construction is expected, and national requirements will be followed for managing these activities.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	There are no indigenous peoples in the project area.
Involuntary Resettlement OP/BP 4.12	No	There will be no need to take land or restrict access to land for the project.
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

## II. Key Safeguard Policy Issues and Their Management

### A. Summary of Key Safeguard Issues

<b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</b>
None.
<b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b>
None.
<b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</b>
No reasonable alternatives are identifiable from an environmental management perspective.
<b>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</b>
This project does not warrant a separate dialog on safeguards, as the anticipated impacts are negligible.
<b>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</b>
N/A.

**B. Disclosure Requirements**

**If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.**

**If in-country disclosure of any of the above documents is not expected, please explain why:**

N/A

**C. Compliance Monitoring Indicators at the Corporate Level**

<b>The World Bank Policy on Disclosure of Information</b>			
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ ]	No [ ]	NA [ × ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ ]	No [ ]	NA [ × ]
<b>All Safeguard Policies</b>			
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ ]	No [ ]	NA [ × ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ ]	No [ ]	NA [ × ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ ]	No [ ]	NA [ × ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ ]	No [ ]	NA [ × ]

**III. APPROVALS**

Task Team Leader(s):	Name: Eric Brintet	
<b>Approved By</b>		
Practice Manager/ Manager:	Name: Renaud Seligmann (PMGR)	Date: 09-Feb-2015