Public Disclosure Authorized

Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 10-Oct-2018 | Report No: PIDISDSC25153

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BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Guinea	P167884		Guinea Support to Local Governance Project (P167884)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	Feb 18, 2019	Mar 28, 2019	Social, Urban, Rural and Resilience Global Practice
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Finance	Ministry of Territorial Administration and Decentralization	

Proposed Development Objective(s)

The development objective of the Project is to improve local government capacity in managing their public financial resources to provide basic services and mitigate local conflicts

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	40.00
Total Financing	40.00
of which IBRD/IDA	40.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	40.00
IDA Grant	40.00

Environmental Assessment Category	Concept Review Decision

B - Partial Assessment	Track I-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Despite abundant natural resources, Guinea is one of the poorest countries in the world**. Annual per capita gross domestic product (GDP) of only US$531 (2015). Poverty stagnated at around 55 percent between 2002 and 2012. A series of external shocks, including the Ebola crisis and the sharp decline of commodity prices, has further exacerbated the poverty rate, which was close to 58 percent in 2014.[1] Using the 2012 poverty assessment survey and the GNPC 2014, the 'Guinea: Poverty and Vulnerability, World Bank 2017' report has mapped out the poverty incidence in the country and then disaggregated it by the five communes of Conakry including (a) Kaloum (33.9 percent); (b) Matam (36.2 percent); (c) Matoto (37.3 percent); (d) Ratoma (34 percent); and (e) Dixinn (35.7 percent). Furthermore, economic inclusion is hindered by the lack of job opportunities, limited access to rural infrastructure and services, especially for poor households, low agricultural productivity, and low human capital. Home to a population of 12.6 million (2015), Guinea is currently ranked 183rd out of 188 countries in the Human Development Index.

2. **The Ebola Virus Disease outbreak of 2013–2015 exacerbated the continued vulnerability of Guinean society and institutions and required a strong response from the government.** The disease infected over 3,800 Guineans and resulted in 2,536 dead. The human impact was aggravated by economic repercussions, in particular the continued fall in global commodity prices. The Government of Guinea (GoG) developed a post-Ebola recovery plan for 2015–2017 and has adopted the 2016–2020 National Economic and Social Development Plan (*Plan National de Développement Economique et Social*, PNDES). The overall objective of the PNDES is to promote strong and high-quality growth to improve the well-being of Guineans and initiate the structural transformation of the economy, while putting the country on the path of sustainable development. The PNDES strategy is based on four development pillars: (a) promotion of good governance for sustainable development; (b) sustainable and inclusive economic transformation; (c) development of inclusive human capital; and (d) sustainable management of natural capital.

3. **The economy is now recovering, led by sectors that were less affected by the Ebola epidemic, although per capita GDP growth is slower**. Real GDP growth reached 6.7 percent in 2017, supported by positive supply shocks in the mining sector, buoyant exports of bauxite and gold, a dynamic construction sector and good agricultural performance. Per capita GDP growth reached an estimated 4 percent, up from 0.8 percent in 2015. Inflation in 2017 is expected to remain moderate at 8.5 percent. Available data on imports suggests aggregate demand is also recovering.

4. **Though Guinea is not on the World Bank's harmonized list of fragile situations because it does not host a peacekeeping or political peace-building mission and has a 2017 CPIA of 3.2,[2] Guinea is a fragile country vulnerable to internal and external shocks.** The International Development Association (IDA 2018) has classified Guinea as an "exceptional FCV [fragility, conflict, and violence] risk mitigation regime," along with Niger, Nepal, and Tajikistan. Guinea has therefore been granted access to the IDA18 Risk Mitigation Regime (RMR), which is designed to provide eligible countries enhanced support to reduce risks of FCV. It aims to provide a dedicated financing mechanism to incentivize investments in prevention, and provide countries with additional financing of up to one-third of their indicative IDA18 allocation. The overall objective of the RMR in Guinea is to support Guinea's efforts to reduce the structural drivers of fragility and conflict that were identified in the 2017 Risks and Resilience Assessment (RRA), while supporting quick wins in a context of instability driven by social discontent.

5. **Guinea faces a complicated set of interrelated drivers of FCV that need to be understood in terms of intersecting factors and not in isolation from each other.** Four key drivers of fragility have emerged from the 2017 RRA: (i) weaknesses in the delivery of services that undermine state legitimacy. Indeed, poor service delivery (whether in health, education, security, electricity or water provision) and the population's concomitant lack of support for state institutions constitute a key driver of fragility. Moreover, unregulated and rapid urbanization are also contributing factors that increase risks of political instability and social unrest; (ii) exposure to external shocks and high food

prices. More than 80 percent of the country's foreign exchange derives from mining exports, mainly bauxite and iron ore, as well as gold and diamonds. The decline of global commodity prices, coinciding with Guinea's Ebola epidemic (2013–2016), had a severe impact on the economy. Besides, although affordability has improved in recent years, Guinea's foodstuff remains costly and economic downturns have an immediate effect on the poor; (iii) youth exclusion and underemployment. Youth face a barely functioning education system and exceedingly high levels of structural unemployment and underemployment. Urban young men are playing a key role in Guinea's protests, and certain violence-prone and politicized youth milieus continue to pose a critical risk to political stability; (iv) the political instrumentalization of identity in a context of important social fault lines. Guinea's main political parties tend to be organized along ethnic and regional lines, and the political instrumentalization of identity exacerbates political conflicts. While ethnicity is socially unproblematic in everyday life, Guinea's experience with multiparty politics in recent years has been marked by worrying degrees of identity-based and political tensions.

Sectoral and Institutional Context

The decentralization process in Guinea

6. **Poor service delivery outcomes in key social sectors (education and health) are a manifestation of the inequitable and inefficient allocation of public resources, and poor financial management of existing limited public funds**. Recent sector Public Expenditure Reviews (PERs), undertaken by the Bank in the health and education sectors (2015) and for the country (2017), highlight significant weaknesses in public financial management (PFM). Neither differences in population nor the poverty profiles of the regions can explain the wide disparity in public health expenditures across administrative regions. The 2015 Health PER notes that decentralization in the health sector remains largely theoretical, since transfer of funds and responsibilities are delayed by capacity constraints at localities, especially in financial and human resources management. The 2015 Education PER similarly notes that at the local level, Regional Education Inspectorate (IRE) and Prefectural Direction of Education (DPE) heads completely lack the autonomy to manage resources. In fact, the rate of budget execution has declined since 2008 in spite of a policy towards decentralization.[3]

7. **A new impetus to the decentralization process has been given, embodied by the creation of the National Agency for Local Governments Financing (*Agence Nationale de Financement des Collectivités Locales*, ANAFIC) and the Local Development Fund (*Fond National de Développement Local*, FNDL).** The 2012 National Policy Letter on Decentralization and Local Development (LPN / DDL) provides a clear roadmap for decentralization and local development.[4] While the 2006 Local Government Code provides a sound legal framework for decentralization, the National Assembly adopted its revision in February 2017 to ensure coherence with the 2010 Constitution and detail further some aspects.[5] In addition, the 2013-amended Mining Code provides for the creation of the FNDL,

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[1] Country Partnership Framework (2018-2022).

[2] However, it is worth noting that with a 2017 CPIA of 3.2, Guinea is right at the threshold of the Bank's Fragile and Conflict Affected Situations (FCS) definition – and has gone below a 3.2 score in eight out of the past ten years.

[3] Even though more than 80 percent of Guinea's education budget is allocated to decentralized expenditures, regional and prefectural governments have no real access to these funds, as they are executed by central levels. Spending is often delayed because central agencies are reluctant to delegate resource management responsibilities to regional and local government entities. Even if spending authority is delegated, officials at lower levels of government have little control over spending as this activity is fully under the control of budget offices that do not report to the education ministries (World Bank, 2015).

[4] It is divided into five areas: (i) territorial development; (ii) deconcentration and decentralization; (iii) capacity building for decentralized stakeholders; (iv) fiscal decentralization, with the decision on a minimum percentage of the state budget to be allocated to municipal budgets, revision of local taxation and the establishment of a local development funding mechanism; and (v) piloting of decentralization.

[5] The Code provides important responsibilities to the rural communes for the management of local budget and technical sectors (33 areas of competency that include among others: land-use planning, economic development, social, educational, development of natural resources, etc). The revised code also provides for the creation of regions, redefines the modalities of control by the State and the principles of free administration by the local entities.

replenished by tax revenues from mining companies, including the 15 percent mining tax for local councils.[6] The draft 2019 Finance Act also includes a budget allocation for ANAFIC. Finally, the independent Electoral Council (CENI) is going forward with the organization of local elections at the behest of the President and in line with the October 2016 political agreement with the opposition. Local elections took place in February 2018.

8. **Current support from international partners is focusing on the pre-requisites and the building blocks of decentralization, but needs to be stepped up to have an impact on service delivery.** The 2016-2020 third phase of the Village Community Support project (PACV3), co-financed by the French Development Agency (AFD) and the World Bank (US$15 million), aims to strengthen the local government financing system and improve local service delivery in rural communes. Beyond promoting participatory approaches to local development and building the capacity of local councils, PACV3 supports the creation of the FNDL and the implementation of the funding provisions of the Mining Code. The Second Macroeconomic and Fiscal Management DPL (US$60 million, P161796) scheduled for approval by the Board on July 31, 2018 included prior action on the creation of the FNDL and expects the following related results by end of 2018: (i) 114 local councils received transfers from the FNDL and 148 local councils established appropriate governance framework for managing FNDL's resources.

9. **The limited implementation of the decentralization reforms has created a divergence between policy and *de facto* reality on budget planning, allocation, and execution for basic services and infrastructure**. Significant legislation was passed in 2006 providing a framework for increased decentralization (*Code des Collectivités Locales*), however transfers of resources and responsibilities to the local councils has been very limited. Central transfers (1.2 percent of the national budget in 2014 and 0.5 percent in 2017, with an execution rate of 46 percent and 56 percent, respectively)[7] currently cover recurrent expenditures alone and local tax revenue mobilization is about US$2 per capita and per year (est. from 2009).[8] Currently, the main impediment to the rollout of the decentralization reform is the validation of February 2018 election results for local governments (LGs), announced for October 5, 2018.

10. **The 2006 Code establishes the basis for an intergovernmental transfer system that has been refined with additional texts in 2017-2018.** The Law mainly relies on a general block grant for recurrent spending. The design is such that it should strictly compensate for the increase in the local government's responsibilities. There is no engagement on local governments on capital investments, even though the 2006 Code provides the necessary legislation for LGs to also receive an exceptional grant for investment spending, in accordance with the local development plan. Guinea created the FNDL, through the 2016 Finance Act. To manage this Fund, a public administrative body (*Établissement Public Administratif,* EPA), the ANAFIC was created in 2017 by Decree.[9] A General Director, a Deputy General Director and a Finance Controller have been named. The amount of the FNDL is estimated at GNF 286.52 billion for 2019, and GNF 479.56 billion in 2020. This is due to the start of production of mining projects, such as the expansion project of CBG and SMB, the re-launch of ACG in Fria and the start of production of the ALUFER, COBAD and GAC projects.[10] The ANAFIC and FNDL are planned to be operational by 2019.The allocation formula for the FNDL has been drafted and should be adopted by end of 2018. The 2011 mining code, amended in

[6] The Mining Code provides: (i) the mandatory signature of a local development agreement between a mining company and neighboring local communities, which regulates mining companies' financial contribution to local development; (ii) the creation of a Local Development Fund replenished by tax revenues from mining companies; (iii) the introduction of the direct payment of annual taxes calculated according to mining companies' exploitation area and new tax revenue to each municipality concerned; and (iv) the allocation of a 15 percent mining tax to the financing of a local development fund targeting all rural communes (CRs) in the country according to a distribution key yet to be defined.
[7] Evaluation de la gestion des investissements publics (PIMA).
[8] Country Partnership Framework (2018-2022).
[9] Décret ANAFIC D/2017/298/PRG/SGG
[10] Source: Etude sur les ressources disponibles pour le FNDL et sur le coût de fonctionnement de l'ANAFIC, version provisoire, avril 2018.

2013,[11] the 2016 Finance Act and the Decree that created ANAFIC state that 15 percent of mining revenues should be allocated to local governments.

11. **Synergies between deconcentration and decentralization in terms of development planning and execution have been planned for in 2017-2018 and need to be rolled out, especially for social services (education and health).** Investment funds programmed in the national budget for *commune urbaine* (CUs) and *communauté rurale de développement* (CRDs) are spent at the deconcentrated level. Under the PACV3, CRDs have demonstrated their ability to manage investment funds effectively, and to collaborate with deconcentrated services for their planning (Local Development Plans, LDPs) and budgeting (Annual Investment Plans, *Plans Annuel d'investissement,* AIP). In parallel, the Government prepared with key ministries[12] the Plan 2D (deconcentration and decentralization) in 2017-2018 which will need to be rolled out in 2019-2021.

12. **Challenges related to capacity to undertake decentralized functions remain at the lower levels of government**. CRDs do not, in general, have qualified financial management staff. The personnel of technical ministries serving in the countryside are recruited and paid by the central government in Conakry. Civil servants tend to be concentrated in Conakry because living conditions are less favorable in rural areas and human resource management not yet conducive for human resource allocation and retention outside Conakry.

13. **Addressing challenges in the current administrative structures that affect local government performance and accountability will be a core focus of the Bank's support to decentralization**. Past analytical work (World Bank, 2008) identified four factors that constrain local government performance: (i) administrative parallelism or the parallel presence of deconcentrated and devolved levels of government (leading to redundancies, unnecessary complexity, and the blurring of lines of accountability); (ii) the inefficient distribution of roles and responsibilities between deconcentrated and devolved levels; (iii) oversight relationships (*tutelle*) that compromise local government autonomy and downward accountability to citizens; and (iv) weak coordination of actors in service delivery and development planning.

14. **The proposed project is catalytic for the broader decentralization (and deconcentration) reform agenda in Guinea**. It will foremost support the on-going decentralization reform, as part of a multipronged approach (PACV3, DPL and ASA), together with other partners (AFD and European Union), by accompanying the transfer of competences and resources to local level authorities through the operationalization of the FNDL and ANAFIC. It will directly build on the experience of the PACV3 and is closely coordinated with AFD project PANAFIC, approved on September 26, 2018, that will support the operationalization of ANAFIC through equipment and staffing, and current DPL preparation.

15. **Third Village Community Support Project ("PACV3" P156422):** In the country's context of fragility and insufficient capacity for effective decentralization, the PACV3, which constitutes the third phase of a three-phases program, plays a unique and critical role in rebuilding trust between the state and citizens. It does so by supporting participatory, inclusive local development processes, and by materializing local investments through direct financial and technical support to all 304 rural communes in Guinea. Over 1,500 micro-projects (schools, markets, health posts, etc.) have been completed according to each commune's development plan, developed through an inclusive, participatory process, which brought citizens and local governments together and strengthened their relationship. The PACV3 has a set of participatory, and CE mechanisms in their activities and technical assistance to the local governments, raising awareness among the rural population of their role in local development.

[11] Loi L/2013/053 du 8 avril 2013
[12] Security, Education, Health, etc.

Relationship to CPF

16. **The proposed project is aligned with the World Bank's twin-goals of ending extreme poverty and promoting shared prosperity.** Interventions under the project remain consistent with the strategic area of the World Bank Group's Country Partnership Strategy (FY14-17), which pursues the objectives of: (i) overcoming fragility and laying the foundation for long-term stability; (ii) laying the foundation for good governance; (iii) promoting diversified and inclusive growth; and (iv) strengthening human capital. The proposed project is also aligned with the newly drafted Country Partnership Strategy (FY18-21), in particular its first Pillar on "Fiscal and Natural Resource Management", which seeks to achieve "improved public fiscal and financial management" (CPF Objective 1) and "decentralization of service delivery, including health and education, and better engagement of citizens" (CPF Objective 2). In addition, the proposed project is directly linked to the CPF's emphasis on sustaining development outcomes by strengthening citizen engagement, local capacity and local planning processes in its operation, and will be part of a new Advisory Services and Analytics (ASA) program on mainstreaming the citizen engagement approach.

17. **The project is also aligned with the Government's** "Program for State Reform and Administration Modernization" (PREMA), implemented under the leadership of the Ministry of the Public Service, State Reform and Modernization of the Administration (MFPREMA). The PREMA task team in MFPREMA is in charge of the facilitation and coordination of public sector reforms and creation of a platform for participation and collaboration with civil society. Furthermore, the proposed project is aligned with the first pillar of the 2016-2020 PNDES that aims to promote good governance for sustainable development, and in particular with the second priority area on state efficiency that seeks to promote good administrative and local governance. This priority area has five expected outcomes: (i) the quality of services delivered by the public administration is improved; (ii) accountability and transparency are strengthened both at central and local levels; (iii) the efficiency of local authorities in the provision of public services is improved; (iv) local development management is strengthened; and (v) participation and grassroots democracy are enhanced.

18. **The project is aligned with RMR's objectives.** In Guinea's context of fragility and building on PACV3's achievements, the project will play a unique and critical role in rebuilding trust between the state and citizens, by continuing to support participatory and inclusive local development processes, which bring together citizens and local governments and strengthen their relationship, but also by materializing local investments through direct financial and technical support, to all communes (local councils) in Guinea. The project will support activities designed to increase civic engagement and the inclusion of citizens in decision-making to reinforce the social contract. In line with RMR's objectives, the project will strengthen the capacity of local actors to manage conflicts through improved early warning and response system, building on local platforms (at local government level and community-level) and citizen engagement mechanisms.

C. Proposed Development Objective(s)

The development objective of the Project is to improve local government capacity in managing their public financial resources to provide basic services and mitigate local conflicts

Key Results (From PCN)

19. **The following PDO indicators will be considered and refined during project preparation:**

- LG's budget execution rate (percentage)
- FNDL publishing its annual audit report
- Percentage of actual transfer compared to planned transfers of FNDL to LGs
- Funds from FNDL are executed by CRs (percentage)
- LGs annual financial reporting sent to the Chamber of Accounts in time

- Direct project beneficiaries (number), of which female (percentage)
- Beneficiaries that feel project investments reflected their needs (percentage), of which female (percentage)
- Percentage of reported risks of conflicts addressed by action groups through the pilot EWRS put in place in selected communes
- Number of communes using participatory budgeting, monitoring and evaluation systems

D. Concept Description

20. **IDA's Local Governance Support Project (LGSP) is a companion project to the PAANAFIC**, the project financed by the French Development Agency (AFD), supporting the operationalization of the ANAFIC (EUR 10m), with effectiveness planned for October 2018. The two parallel financing will be managed by the same Coordination Unit (CU) and implementation will be closely coordinated.

21. **LGSP will have four components:** (1) Financing Decentralization through several specific financing windows; (2) Building institutions and capacity for inclusive and accountable local governance; (3) Project management and enhanced Citizen Engagement; and (4) Contingent Emergency Response Component (CERC).

22. **Component 1: Financing Decentralization (US$30.0 million)**. The aim of this component is to strengthen the transfers of resources to Local Governments (LGs) for public investment.

    a. *Sub-component 1.1: Matching FNDL Grants* (US$15.0m): the project will match the core financing of the FNDL (i.e the allocation of the 15 percent of mining revenue allocated to the FNDL) with IDA financing. IDA matching financing will flow through the FNDL to LGs to finance public investment, and, as such, will be managed by ANAFIC and LGs. Budget allocation from the FNDL to LGs follows the allocation formulae determined in the decree[13]. Modalities of the matching will be detailed during pre-appraisal. Result-Based financing for this sub-component will be considered, with Disbursement-Linked Indicators (DLIs), whereby IDA financing would be disbursed to the FNDL conditional to the completion of specific target indicators to be determined during appraisal. For example, the DLI could be the percentage of actual transfers of the 15 percent mining revenue to LGs in the previous fiscal year. Eligible expenditures could hence include ANAFIC's salaries and operating expenses, and LGs' public investment project financed by the FNDL.

    b. *Sub-component 1.2: Innovative LGs Grant Windows* (US$10.0m): the project will finance specific windows allocating grants to LGs for different purposes: (i) a LGs Performance Window will provide grants to the most performing LGs in terms of local governance through a competitive process. Criteria will be determined during pre-appraisal and will include public finance management and citizens engagement; (ii) a Sustainable Urban Development Window (focusing on urban-specific infrastructure challenges, like water and sanitation, trash, electricity, urban mobility; demand- and competitive-based mechanism) and/or a Social Inclusion Window (focusing on socio-economic infrastructure, targeting marginalized groups, like youth, minority or poor; demand- and competitive-based mechanism) and/or a Priority Window (allocating additional financing to LGs with highest poverty rates; formulae-based allocation).

    c. *Sub-component 1.3: LGs Investment Project Appraisal Fund* (US$5.0m): the project will finance the LGs investment project appraisal fund, managed by ANAFIC, and aiming at financing all necessary studies to ensure the investment projects, financed by ANAFIC, are technically, socially, economically, institutionally, environmentally, and financially sound. Modalities for the management of this fund will be detailed in ANAFIC Project Implementation Manual (PIM).

[13] The FNDL allocation formulae is being confirmed.

23. The Grants will be managed by the LGs under the supervision and control of the ANAFIC, in coordination with the relevant technical deconcentrated services, and overseen by communities through participatory monitoring. The Grants will finance: (i) social infrastructure, including health, education, water and sanitation; and (ii) economic or productive investments, such as the construction/rehabilitation of rural markets, communities' storage facilities, rural roads, small bridges, culverts, and small-scale irrigation schemes communities. Investments will be identified in consultation with communities in Local Development Plans (LDPs).[14] LGs will be responsible for all phases of the subproject, including preparation of the proposal, contracting, implementation, and operation and maintenance. Each sup-project will be carried out, pursuant to a Sub-Project Grant Agreement, to be concluded between ANAFIC, on behalf of the Borrower, and the selected LGs,[15] under terms and conditions described in the PIM. The ANAFIC PIM will include the lessons and procedures from PACV3, which has financed similar investments over the past decades, throughout the territory.[16]

24. **Component 2: Building institutions and capacity for inclusive and accountable local governance (US$7.0 million).** The objective of the component is to support the implementation of the decentralization process by building the institutions financing LGs and ensuring citizen engagement in local governance. The component will provide technical assistance to build capacities at national, regional and local levels, support the operationalization of the FNDL and ANAFIC, and strengthen participatory mechanisms at LGs level. Decentralization reforms, including fiscal transfers to LGs, will also be supported by the Bank through its policy dialogue with the GoG in the context of budget support.

   a. *Sub-component 2.1: Strengthening LGs Public Finance.* The sub-component will: (i) support the operationalization of the FNDL and ANAFIC, through technical assistance, studies and equipment; (ii) support the implementation of the Integrated Financial Management Information System (IFMIS) software SIM_BA in all LGs; and (iii) strengthen the capacity of LGs in PFM (planning, accounting and financial reporting, procurement, revenue mobilization) and institutions in charge of LGs' financial oversight (MATD; *Direction du Trésor*; *Cour des Comptes*). This sub-component will also support the operational costs associated with the revision of LDPs, through a participatory approach facilitated by local development agents (ADL).

   b. *Sub-component 2.2: Strengthening Decentralization.* This sub-component will contribute to strengthening the decentralization process and legal framework through studies, technical assistance, and capacity-building, on: (i) LG revenue mobilization; (ii) local development coordination with regional and district services and sectoral ministries, including through updating the Local Development Database[17], coordinating and contributing to sectoral MDTFs, monitoring Investment Budget execution; and (iii) local civil service management (*fonction publique territoriale*).

   c. *Sub-component 2.3: Citizen Engagement.* The sub-component will contribute to the scaling up and mainstreaming of participatory approaches, piloted under PACV3: participatory budgeting, beneficiary oversight of LGs budget and investment project execution, community operations and maintenance, grievance-redress mechanism (GRM), and social audit on LG service delivery. The use of Information and Communication Technologies (ICT) to engage citizens directly will be considered during appraisal (e.g. extending the use of the GRM Call Center for beneficiary surveys, or using SMS platform for GRM, participatory

[14] The PIM will specify that: (a) Sub-projects must be included in the CRs' local development plan and its corresponding annual investment program; (b) they can be initiated by the selected Communes in collaboration with ANAFIC; (c) they must be economically, financially and technically viable; and (d) they must be in compliance with standards defined in the applicable laws and sectoral policies of GoG relating to health, safety, and environmental protection.

[15] Sub-Project Grant Agreement defines *inter alia* all the obligations recipient LGs have towards ANAFIC and GoG

[16] The PIM as well as the template Sub-Project Agreement have to be satisfactory to IDA.

[17] The local development database will include geo-tagged data on local-level investments made and their function.

budgeting or community oversight). The sub-component will finance studies and capacity-building activities to LGs, district and regional staff and to the central government (MATD; ANAFIC).

d. *Sub-component 2.4: Early Warning and Response System.* A community-based Early Warning and Response System (EWRS) will be implemented through this sub-component with a strong focus on prevention and local resolution. The project will build on the pilot implemented by the PACV3 to reach national coverage. Early warning systems allow stakeholders to anticipate FCV trends and better understand the rapidly changing dynamics of situations. If these systems are clearly linked to response mechanisms, it can be a useful tool for the management and prevention of conflicts, including the generation of local responses to avoid the escalation of violence. The EWRS will (i) ensure real-time monitoring and analysis of specific indicators to monitor potential risk on a diverse range of local conflicts, and (ii) set up a response mechanism adapted to identified risk. Activities will include capacity building of community and district, regional and central level of government aiming at (i) strengthening local systems and capacities for peace; (ii) supporting the inclusion of conflict prevention issues into the local planning process; (iii) consolidating existing redress mechanisms; (iv) supporting the creation of action groups for conflict prevention and management at the local level, as planned by MATD; and (v) supporting social cohesion activities to foster communities' resilience, for example through the organization of events revitalizing collective memory and promoting social cohesion, as well as supporting exchange activities between communes to create a link of interdependence.

25. **Component 3: Project Coordination and Management (US$3.0 million).** The project will be managed by a Project Implementation Unit (PIU), embedded within ANAFIC. The ANAFIC will prepare its annual work plans and budgets, in a manner that enables the tracking of what is financed by each donor, especially IDA and AFD. The ANAFIC will develop a M&E framework for its annual activity that will include the results framework of IDA and AFD, building on the experience and tools created by PACV3.

26. **This component will also support the Communication strategy and action plan for different purposes**: (i) ensure access to information on ANAFIC activities and FNDL implementation; and (ii) capitalize and disseminate knowledge and lessons learnt from LGSP-financed activities, in particular with regards to participatory approaches, gender dimension and conflict prevention/resolution. To carry out these activities, a position for (a) communication, (b) citizen engagement and (c) gender specialists will be created inside the ANAFIC.

27. **Component 4: Contingent Emergency Response Component (CERC) (US$0.0)**. This zero-budget sub-component establishes a disaster contingency fund that could be triggered in the event of a natural disaster through formal declaration of a national emergency, or upon a formal request from GoG. In such a case, funds from the unallocated expenditure category or from other project components could be re-allocated to finance emergency response expenditures to meet emergency needs. In order to ensure the proper implementation of this component, the Borrower shall prepare and furnish to IDA an operations manual that describes in detail the implementation arrangements for the IRM and that is satisfactory to IDA.

28. **Project financing.** The financing instrument is Investment Project Financing (IPF), consisting of an IDA grant equivalent to US$40 million. The Bank support is planned for five years. The project will be financed 100 percent from the IDA grant.

SAFEGUARDS

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

The project intends to cover all 304 rural communes in Guinea and to take advantage of the lessons learned from Third

Village Support Project (PACV3). Component 1 (Financing Decentralization) is expected to have some environmental footprint as it will finance: (i) basic social infrastructures, including health, education, water and sanitation; and (ii) economic or productive investments, such as the construction/rehabilitation of rural markets, communities' storage facilities, rural roads, small bridges, culverts, and small-scale irrigation schemes communities. The final list of investments to be financed will be agreed after consultation with main beneficiaries (communities) and this will be reflected in the Local Community Development Plans.

The proposed project is categorized as B because Component 1 is expected to generate potential social and environmental risks and impacts that will be limited in scale, most of them will be site specific within the targeted protected areas, few if any of them will be irreversible and in most cases mitigation measures can be designed more readily.

At this stage of project preparation, OP/BP 4.01- Environmental Assessment, OP/BP 4.11- Cultural heritage and OP/BP 4.12- Involuntary Resettlement are triggered. An Environmental and Social Management Framework (ESMF) will be prepared prior project appraisal with a chapter on ''Chance finds'' management procedures. The ESMF will clearly exclude all subprojects that could affect negatively Natural habitats or critical natural habitats. Sections regarding GBV risks and mitigation measures and measures to mitigate potential social conflict between pastoralists and farmers will also be included in the updated ESMF. OP 4.10 is TBD pending the outcome of the social assessment.

The RPF from the Third Village Support project will be updated to reflect lessons learned and to provide guidance regarding how to manage the specific impacts of the activities to be financed by this project. In order to provide these inputs, a social assessment will be undertaken by the borrower and the results will be used to update the RPF as well as the project design. The RPF will include guidance regarding the preparation of RAPs if necessary during implementation. It will be disclosed prior to appraisal per the requirements of the policy.

All safeguards instruments will consider a strong analysis on Gender, GBV and OHS and relevant mitigation measures proposed.

B. Borrower's Institutional Capacity for Safeguard Policies

The environmental policy framework is rooted in the provisions of the Constitution through. Art19 (3) that states: "the People has the right to the preservation of his heritage, culture and of its environment ". The Environment code was published on May 28, 1987. In November 8, 1989 the government published a Decree regulating Impact Studies.

In Guinea, the Environmental and Social Assessment and ESIA review process is under the responsibility of the Ministry of the Environment through the Guinean Bureau of Studies and Environmental Assessment (BGEEE). In general, Human and logistical resources within the Ministry of Environment remain limited.

BGEEE implements its mandate through five main phases: (i) validation of the terms of reference;(ii) the admissibility review; (iii) the receipt of the ESIA draft reports submitted to the Minister for the Environment; (Iv) review and judgment on the environmental acceptability of the project by the BGEEE; and (V) Environmental monitoring of the project.

The Environmental and Social Impact reports review requires the participation of other relevant ministries. Since March 2013, the Government adopted a General Environmental Assessment Guide that defines the methodology and procedure for conducting environmental and social impact assessments. This guide is under revision. Few other sectoral guidelines are under preparation and the current project will provide additional resource to prepare additional sectoral guidelines. As of July 2018, BGEEE staff number was 85 on which 32 were recruited during the last 12 months by the government. This new staff are unskilled.

The BGEEE received from one of the World bank financing project one four-wheel vehicle, noise, air quality, water, soil analysis kits. They received also several trainings able to strengthen their capacity on ESMPs monitoring. Despite the logistic and training support received from the World bank mining technical Assistance project, the capacity of BGEEE to ensure an effective ESMPs monitoring remains very limited. Archiving is done through incoming and outgoing mails.

ANAFIC that will host the PIU has never implemented a World Bank financed project. At least one skilled environmental specialist and one Social Development Specialist will be hired to ensure the safeguards implementation. The two full time safeguards staff will work closely with BGEEE to ensure environmental and social safeguards compliance during the project lifespan. Capacity building

C. Environmental and Social Safeguards Specialists on the Team

Kristyna Bishop, Social Specialist
Emeran Serge M. Menang Evouna, Environmental Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The proposed project is categorized as B under this OP because activities under component1 are expected to generate potential social and environmental risks and impacts that will be limited is scale, most of them will be site specific within the targeted protected areas, few if nay of them will be irreversible and in most cases mitigation measures can be designed more readily. As the exact location of the activities are not yet known, an ESMF will be prepared, reviewed and disclosed in the country and the World bank website prior appraisal to guide the way that potential negative environmental and social impacts of future projects will be identified and mitigated during the project implementation. The ESMF will also reflect measures regarding GBV (code of conduct, GRM, etc.) and how to minimize potential social conflict. During the development of the ESMF physical cultural resources will be taken into consideration and baselines defined. The ESMF will include clear procedures that will be required for identification, protection of cultural property from theft, and treatment of discovered artifacts, and will be included in standard bidding documents. The ESMF will also provide procedures for handling "chance finds" during implementation project activities. As In the meantime, if specific sites activities are defined during the project preparation, ESIAs/EMPs

		will be prepared, reviewed and disclosed in country and on the World Bank website per the requirements of the policy.
Performance Standards for Private Sector Activities OP/BP 4.03	No	This policy is not triggered as the activities are not intended to involve private sector as described under this policy.
Natural Habitats OP/BP 4.04	No	This policy is not triggered as the project activities are not expected to have negative impacts in natural habitats. The ESMF will propose a negative list. All activities that could threaten natural habitats will be excluded.
Forests OP/BP 4.36	No	This policy is not triggered as the project activities are not expected to affect negatively on the health and quality of forests. The project will avoid financing any activity that should have any negative impact in the natural forests.
Pest Management OP 4.09	No	This policy is not triggered as the project will not expect to increase the use of chemical pesticides which could have negative environmental and health impacts.
Physical Cultural Resources OP/BP 4.11	Yes	This policy is triggered as activities under component1 may induce heart movement or excavations. During the development of the ESMF physical cultural resources will be taken into consideration and baselines defined. The ESMF will include clear procedures that will be required for identification, protection of cultural property from theft, and treatment of discovered artifacts, and will be included in standard bidding documents. The ESMF will also provide procedures for handling with “chance finds” during implementation project activities.
Indigenous Peoples OP/BP 4.10	No	A social assessment to determine if Indigenous peoples are present in the project area, specifically in Cameroon, will be carried out during preparation. If necessary, an IPPF will be prepared prior to appraisal and disclosed per the requirements of the policy.
Involuntary Resettlement OP/BP 4.12	Yes	This policy is triggered as some of the activities to be financed under Component 1 may have negative impacts on personal property and livelihoods. These impacts are expected to be short term and relatively minor and it is not expected that any land acquisition will be required. A social assessment will be undertaken by the borrower in order to identify lessons learned from the implementation of the RPF under the Third Village Support project and to update

		it for this project given the similarity of the activities and implementation arrangements. The updated RPF will be disclosed prior to appraisal per the requirements of the policy.
Safety of Dams OP/BP 4.37	No	This policy is not triggered as the project activities will not involve the construction of a dam or being dependent upon an existing dam.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered as the project does not anticipating to finance new or rehabilitate irrigation schemes that could impact international waterways.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as the project does not anticipate any disputes in the targeted area.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Jan 30, 2019

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

The Terms of reference for consultants in charge of safeguard-related studies will be completed in October, 2018 and consultants will be hired by November 30, 2018.

Environmental and Social Management Framework (ESMF), Social Assessment and Resettlement Policy Framework (RPF) will be delivered by January, 2019.

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