



## 1. Project Data

Operation ID P151794	Operation Name Emergency Macroeconomic and Fiscal Suppt	
Country Guinea	Practice Area(Lead) Macro Economics & Fiscal Management	
L/C/TF Number(s) IDA-55550,IDA-D0010	Closing Date (Original) 30-Jun-2015	Total Financing (USD) 50,000,000.00
Bank Approval Date 13-Nov-2014	Closing Date (Actual) 30-Jun-2015	
	IBRD/IDA (USD)	Co-financing (USD)
Original Commitment	50,000,000.00	0.00
Revised Commitment	50,000,000.00	0.00
Actual	49,236,122.00	0.00

Sector(s)  
Central government administration(50%):Health(50%)

Theme(s)  
Health system performance(50%):Public expenditure, financial management and procurement(33%):Administrative and civil service reform(17%)

Prepared by  
Lev Freinkman

Reviewed by  
Robert Mark Lacey

ICR Review Coordinator  
Lourdes N. Pagarán

Group  
IEGEC (Unit 1)

## 2. Project Objectives and Policy Areas

### a. Objectives

Project Portal Project Development Objective

The development objective (PDO) of this Development Policy Operation (DPO), as defined in the Program Document (PD, p. v) for the Emergency Macroeconomic and Fiscal Support Operation (EMFSO), was “to strengthen Government’s ability to manage public funds in response to the Ebola crisis and related macroeconomic and fiscal shocks.”

In light of the broad objective of this operation, IEG is assessing efficacy on the basis of its contribution towards two specific policy objectives:

(i) Build government’s resilience to combat the Ebola crisis, and (ii) Strengthen budget management to improve government capacity to



manage Ebola-related spending. This decomposition of PDO is consistent with the Results Framework Matrix in Program Document (p. 27).

- b. Were the program objectives/key associated outcome targets revised during implementation of the series?

No

- c. Pillars/Policy Areas

The program supported two policy areas:

**1. Building government's resilience to combat Ebola:**

Measures under this policy area focused on strengthening the government's capacity to manage the Ebola crisis, specifically on developing, adopting, and starting implementation of the formalized Ebola response plan, amending the annual budget law to properly reflect the Ebola-associated expenditures, and improving the monitoring and communication functions of the administration as they were related to managing the Ebola pandemic.

**2. Strengthening government capacity for budget management to improve management of Ebola-related spending:**

Measures in this policy area were to contribute to improvements in transparency and effective implementation of the national budget through the adoption and implementation of key amendments to the legal framework for public financial management (PFM) and internal audit, as well as better payroll management.

- d. Comments on Program Cost, Financing, and Dates

The operation was appraised in October 2014, approved by the Board on November 13, 2014, and became effective on December 2, 2014. The original operation amount of US\$50 million equivalent was a combination of IDA Credit (US\$40 million equivalent) and Grant under the Crisis Response Window (CRW, US\$10 million equivalent). The program funds were disbursed in full upon effectiveness. The actual disbursements amounted to US\$49.2 million. The discrepancy was due to US\$ vs SDR exchange rate movements. The operation was implemented within the framework of general budget support and coordinated with other members of the multi-donor budget support group, but there was no formal co-financing from development partners. There was no government's contribution. The original operation closing date, June 30, 2015, remained unchanged.

### 3. Relevance of Objectives & Design

- a. Relevance of Objectives

The objectives of the EMFSO were fully consistent with the key priorities and expected outcomes of the current World Bank Group Country Partnership Strategy (CPS, Fiscal Years 2014-2017) for Guinea. It was aligned with the two out of three strategic areas of engagement outlined in the CPS – improvements in governance and strengthening human capital.

The EMFSO was relevant to the country's conditions as it intended to provide immediate support for the Government's effort to reduce the impact of the Ebola crisis and related macroeconomic and fiscal shocks and strengthen essential elements of the public health system to help contain and subsequently end up the pandemic.

The reforms supported under the EMSFO were also aligned with the objectives of the Government's own longer term development strategy, summarized in its Third Poverty Reduction Support Paper (PRSP3), and its Ebola response plan, which focused on the recent crisis. The operation was also closely aligned with the World Bank's regional Ebola Emergency Response Project (P152359), approved by the Board on September 16, 2014.

Rating



High

b. Relevance of Design

The choice of an emergency, stand-alone operation, was appropriate, given severity of the Ebola crisis that happened in the context of low commodity prices (which further weakened the government's ability to cope with this shock) and elevated global health risks. The operation's reform program was built on the earlier diagnostic of bottlenecks in the national health and PFM systems that helped the Bank to identify several potential quick wins. The operation's design managed to balance the objectives of addressing the Government's immediate financial needs and signaling to the donor community about the remaining fiscal gap, while at the same time strengthening accountability arrangements regarding utilization of such external emergency support. Still, the design was relatively simple and focused. At the same time, the EMFSO laid the foundation for preparation of the new DPO series, which is built on the early Bank-supported reforms in health and PFM areas. The First Macroeconomic and Fiscal Management Operation (FMFMO, P156629) was approved by the World Bank Board in June 2016.

The EMFSO's results chain was generally convincing. It linked the budget and policy support from the Bank to the actions that in the short term would strengthen the government's capabilities to fight Ebola and in the medium term create institutional conditions for more effective utilization of public funds to facilitate post-Ebola recovery. The prior actions selected under the EMFSO in most cases provided for a sufficient institutional and regulatory change, especially in the areas of Ebola response planning, internal audit, and PFM legal framework. Still, two out of six prior actions called not for ultimate decisions, but for submission of draft government resolutions. While this could be explained by the project's compressed preparatory timetable, in such a case it is commonly expected that the operation's outcome indicators would provide for an opportunity to track future developments in these areas and confirm that the earlier drafts would have duly finalized and made effective. This was not done under the Results framework of the EMFSO, which represents a modest shortcoming of the operation's design. The Results framework had some additional weaknesses as detailed in Section 10.

Macroeconomic framework. The operation was designed as part of multi-donor package to support Guinea's macroeconomic stabilization and recovery at the time of severe external shocks. By the time the EMFSO was approved, the country's macroeconomic framework was considered to be on a sustainable adjustment path, despite elevated risks related to the high budget deficit and high dependence on international assistance. In September of 2014, the IMF successfully completed the fourth review of Guinea's economic performance under the Extended Credit Facility (ECF). Overall, the country's monetary, fiscal, and debt policy remained prudent.

According to the IMF, the completion of the 6th and 7th reviews under the ECF-supported program, expected in 2015, had been delayed till March 2016 in view of fiscal concerns, but the Fund program has been currently back on track on the basis of the agreements reached with the government in late 2015. The authorities have taken strong fiscal adjustment measures and reformed the exchange rate mechanism to bring the ECF program back on track.

Rating  
Substantial

## 4. Achievement of Objectives (Efficacy)

### Objective 1

#### Objective

Build government's resilience to combat the Ebola crisis – Substantial

#### Rationale

As of December 29, 2015, Guinea has been declared Ebola-free. This achievement was in large part the result of implementation of the Government's Ebola Response Plan. Adoption of this plan was a prior action for the EMFSO, while its implementation was supported from the operation's proceeds and other donor funding. Furthermore, the Government undertook additional steps to strengthen its capacity in the health sector and reduce the risk of future epidemics. In particular, it has adopted a post Ebola Recovery Plan that contains measures to upgrade the health systems, including adequate funding for salaries of health care workers and for the provision of surveillance and basic information to communities. The allocations on public health in the 2016 Budget Law were increased. In the context of FMFMO



preparation, the Government has committed to increase further the share of its budget allocated to health, from 4% of total expenditure in 2016 to 10% by 2020. This is a significant shift in favor of the health sector that has been traditionally underfinanced in Guinea, accounting for only 1.9 and 2.6% of total expenditure in 2013 and 2014, respectively.

There were nine specific indicators to measure progress under this DPO objective. The targets for all of them were reported in ICR as achieved, while in few cases they were considerably exceeded. This success could be partially attributed to higher than initially expected availability of donor funding, especially in the course of 2014. Moreover, it is worth noting that the EMFSO was implemented within the multi-donor framework of the general budget support, with various donors focused on similar policy areas with a particular emphasis on increased health spending. While generally cross-conditionality was avoided, attribution of several achievements listed below to this particular Bank operation cannot be clearly established.

Integration of Ebola-related spending in the national budget. The target was to integrate into the 2014 regular budget at least US\$150 million of external funds provided by donors to fight Ebola. The EFMSO supported the adoption of an Amended Finance Law (Loi de Finance Rectificative) that introduced budget revisions to take into account expected Ebola-related expenditures. Parliament eventually adopted the Amended Law in late 2014. The authorities had established a special budget account to channel available resources (including grants and concessional loans) into Ebola-related spending. The original target of \$150 million was exceeded – at the end, the 2014 government budget received and spent US\$289 million on Ebola-related activities. This measure improved accountability for utilization of donor support.

National sensitization campaigns in provinces. The target was to undertake the campaign in 33 Guinea's provinces (i.e. in all but one where the risk of Ebola was seen as negligible). It was fully achieved as the national sensitization campaign indeed covered 33 provinces. (ICR reports (p. iii) that it happened in 38 provinces, which reflects double counting as this latter number includes, in addition to provinces, five large communes (which are administrative units that are parts of provinces).)

Setting up new inspection units. The target was to double the number of new inspection units (an increase from four to eight), properly manned and equipped, for better control and screening of population cross-border movements. This target was exceeded as 42 inspection units were ultimately set up by the Government. The ICR does not explain the reasons for such a significant over-achievement.

Setting up new Ebola treatment centers. The target was to increase the number of functioning Ebola centers from two to eleven. This was achieved as twelve fully equipped Ebola centers were made operational. The EFMSO provided additional resources for setting up the nationwide network of Ebola treatment centers, which was one of the top priorities in the Government's Ebola response plan.

Mobilization of additional health workers. The target was to double the number of additional health workers participating in the implementation of Ebola response plan – from 2,500 to 5,000. This was achieved as the number of additional health workers contracted by the Government was reached 8,458. The EMFSO complemented other donors' funding to cover wage bill and training costs of this incremental labor.

Monitoring Ebola-related expenditure at the provincial level. The target was to have monitoring arrangements in at least 20 provinces for actual donor disbursements and spending on Ebola-related activities. This was achieved as the government-led monitoring arrangements covered 26 provinces. The authorities set up a special Ebola coordination unit under the country's president, which was in charge of regular monitoring of expenditure at the provincial level and produced the monitoring reports. Regular meetings between government officials and donor representatives were conducted to verify the data.

Disclosure of actual Ebola-related spending. The target was to publish online at least six times in the course of 2015 the updates on revenues and expenditures for the special budget account ('Income statement') established to channel Ebola-related expenditures. This was achieved: there were six updates in 2015 which were published regularly as new information was collected from donors on additional Ebola-related inflows. The authorities stopped this practice and discontinued the dedicated website towards the middle of 2015 as new inflows decreased and Ebola was on the wane.

Monitoring functional decomposition of Ebola-related expenditure. The target was for the Government to be able to report on functional decomposition (including equipment, services, and medicines) for at least 90% of all donor funds disbursed and utilized for fighting Ebola (against the baseline of 10%). The Government's Ebola Coordination Unit tracked disbursement of these spending regularly. At the end, it is estimated that the 90% target was achieved. This conclusion was made by the Bank team in consultation with the Government counterparts based on the analysis of the representative sample of expenditure reports provided by several major donors.

Increase in funding of the community sensitization campaign. The target was to increase the share of actual spending on the community sensitization campaign from 10% to 25% of the total Ebola-related expenditure. This target was considered by the ICR (p. 14) as being



achieved based on the oral report delivered to the Bank team by the head of the Government's Ebola Coordination Unit. At the same time, according to the Bank team, there has been considerable indirect evidence reported by various independent experts and staff of donor agencies regarding actual widespread effort on the ground to implement the sensitization campaign (dissemination on information on hand washing and avoiding unsafe burial, as well as training of representatives of civil society organizations). In addition, there has been confirmation that most funds spent under the UNICEF program as well as own government money went to support the public sensitization campaign.

Rating  
Substantial

## Objective 2

### Objective

Strengthen budget management to improve government capacity to manage Ebola-related spending -- Modest

### Rationale

The Government was able to advance its modernization of a basic legal and regulatory framework for PFM. It managed to finalize the comprehensive decree on the Governance of Public Finances, which was signed by the President. The decree provides for improvements in three key PFM areas: overall rules for budgetary policy, budget preparation processes, and budget discipline and transparency. The Government has already made some progress in implementing the decree. According to the team, the level of budget discipline has improved in the course of 2015 budget execution. The 2016 Budget preparation and approval happened earlier than in the recent past. The 2015 annual budget was published at the Ministry of Finance website in a timely manner.

The Government has also taken action to strengthen its internal and external audit functions, including through hiring additional staff in the Chamber of Accounts (Cours des Comptes) and General Finance Inspectorate (IGF). The President of the Chamber of Accounts was appointed in January 2016 and this institution made fully operational. As part of the preparation of FMFMO, the Government has completed external audit of recent public investment contracts valued at above US\$5 million.

There were three specific indicators to measure progress under this DPO objective:

Better payroll management. The target was to block from the civil service payroll 11,089 ghost workers identified as missing or non-existent as a result of the biometric census, which was conducted as part of another World Bank project, Economic Governance and Technical Assistance and Capacity Building (EGTACB, P125890). At the end, 9,953 civil servants (90% of the target) were blocked from the payroll. This decision was fully implemented by April 2015, thus creating some additional fiscal space. According to the ICR (p.14), monthly budget savings amount to approximately US\$1.7 million.

Reduction in budget arrears. The target was to reduce the stock of domestic budget arrears from 0.3% of GDP in 2014 to 0.2% of GDP in 2015 through better budgeting and more disciplined execution. The ICR notes (p. 15) based on the Government's monthly monitoring reports, that the Government managed to reduce the arrears stock and achieve this target. However, according to the IMF, just the opposite was the case. In the situation of Ebola-related shocks, budget execution in 2015 was characterized by revenue shortfalls and expenditure slippages that resulted in large additional accumulation (0.6% of GDP) of domestic budget arrears. As a result, in early 2016 the overall stock of budget arrears accumulated in recent years amounted to almost 1% of GDP.

Hiring additional internal audit inspectors. The target was to hire five additional IGF inspectors by end-March of 2015. This was achieved but with the delay of about a year. The Government found this measure to be too politically sensitive for being implemented in the period before the 2015 presidential election. However, the recruitment process for five additional inspectors in IGF was completed in the first half of 2016 in the context of FMFMO preparation.

Rating  
Modest



## 5. Outcome

The outcome rating of the operation is Moderately Satisfactory reflecting high relevance of its objectives and substantial relevance of design, substantial achievement of one of the two operation's objectives, and a modest rating for the second. The operation provided additional and timely financial support to the Government for strengthening its capacity to contain the Ebola epidemics and also helped to mobilize additional donor support to Guinea. At the same time, it helped to introduce monitoring and accountability arrangements that were critical to ensuring effective utilization of international donor support. Moreover, the operation was instrumental in triggering the early steps towards the longer term PFM reforms, which have received additional support under the follow-up DPO programmatic series. However, none of the original targets under the second (PFM) objective of EMFSO were fully achieved at the time of operation's closure. And, several targets under the first objective (Resilience) could not be fully attributed to the Bank's project as similar targets were supported by other development partners under their parallel programs.

- a. Outcome Rating  
Moderately Satisfactory

## 6. Rationale for Risk to Development Outcome Rating

The risk to development outcome of the operation is rated Substantial. Despite recent progress in the area of macroeconomic management, Guinea's macroeconomic and fiscal risks remain elevated as emphasized by the latest (March 2016) ECF review by the IMF. Guinea continues to be a fragile country with weak institutional and technical capacity and legacy of political instability, while being vulnerable to exogenous shocks, as highlighted by the recent (July 2015) Performance and Learning Review (PLR) of the CPS. In short, limited institutional capacity presents a significant risk to sustainability of reforms in health and PFM supported by EMFSO. There is also a risk to sustainability of public finance arising from the persistent populist pressures. Regional sociopolitical and security risks are also elevated.

At the same time, the continuity and intensity of policy dialogue under the ongoing budget/macro support programs with the Bank and Fund represents an important risk mitigation factor. According to the latest (January 2016) Bank-Fund update of the debt sustainability analysis (DSA), Guinea continues to be at a moderate risk of debt distress.

- a. Risk to Development Outcome Rating  
Substantial

## 7. Assessment of Bank Performance

- a. Quality-at-Entry

This was an emergency operation prepared under a compressed schedule (six weeks) reflecting the speed of pandemic and related global health risks. Analytical underpinning of the operation included the Bank's analysis of fiscal gaps resulting from the Ebola crisis as well as findings from the earlier Public Expenditure and Financial Accountability (PEFA, 2013) Assessment. The preparation also capitalized on some important recent technical work done under other Bank projects in Guinea, such as the outcome of the biometric identification under the EGTACB. The operation was prepared and supervised in close cooperation with other members of the multi-donor support group, including IMF, EU, AFDB, and African Development Fund (AFD). Moreover, the Bank was able to increase the original amount of the operation by securing additional financing under the IDA Crisis Response Window.

The risk assessment (PD, pp. 25-26) developed during the project preparation was adequate. A modest weakness of Quality-at-entry relates to the deficiencies of the operation's results framework, especially with respect to the set of monitoring indicators under the policy area 1, as explained in Section 10. In addition, the proposed timetable for hiring five IGF inspectors under the policy area 2 was overoptimistic as it did not reflect political sensitivity of this decision in the pre-election period.

Quality-at-Entry Rating  
Satisfactory



b. Quality of supervision

There was no formal supervision mission and no Implementation and Status Report (ISR) was prepared. This in part could be explained by the high-risk operational environment, with the Bank missions to Guinea suspended or postponed for several months. The quality of available evidence for several results indicators was also affected – the Bank had to rely on the monitoring reports from the Government with a limited opportunity for independent verification. At the same time, the team closely monitored policy developments in both areas supported by this DPO as part of preparation of the follow-up programmatic DPO series. In 2015 the Bank finalized a health Public Expenditure Review (PER), which provided additional insight on the latest developments in this sector that was a critical area of support for the EMFSO. Furthermore, the Bank worked intensively with its development partners to encourage them to share the financial details of their support programs to help the Government comply with its disclosure commitments under the EMFSO.

Quality of Supervision Rating  
Moderately Satisfactory

Overall Bank Performance Rating  
Moderately Satisfactory

## 8. Assessment of Borrower Performance

a. Government Performance

The Government showed strong commitment to the objectives of ending the Ebola crisis and related reforms in fiscal management. The authorities set up a Coordination Unit under the President to strengthen both internal and donor coordination, improve monitoring and raise accountability for utilization of international assistance. In the environment of major health and fiscal crisis, the Government took a political risk as it pushed through unpopular reforms, such as a removal of ghost civil servants from the payroll. Despite some recent delays and slippages, Guinea is back on track with the IMF ECF program. In addition, the authorities made strong longer-term commitment for reforms in the context of their post Ebola recovery plan.

Still, progress in the PFM area of the operation was modest as none out of three specific target was fully achieved at the time of project closure.

Government Performance Rating  
Satisfactory

b. Implementing Agency Performance

The operation's implementing agency was the Ministry of Economy and Finance (MEF), which was effective in playing the leadership role in day-to-day management of the funds to fight Ebola, in introducing adequate accountability arrangements, and in articulation of the post-Ebola recovery plan. The MEF's efforts in the areas of internal and donor coordination as well as of program monitoring were complemented by the activities of the special Ebola coordination unit reporting directly to the President. The quality of the collected monitoring data was satisfactory (ICR, p. 10).

Implementing Agency Performance Rating  
Satisfactory

Overall Borrower Performance Rating  
Satisfactory

## 9. M&E Design, Implementation, & Utilization

a. M&E Design

The core of the results framework was represented by 12 specific indicators reflecting various particular aspects of the operation's results. In





general, these indicators had logical links with the prior actions and two policy objectives. These were mostly output-related indicators, which is understandable in light of the emergency nature of the operation. Baseline data were provided in the Operation Results Framework matrix (PD, p. 27).

However, several results indicators would have benefitted from a more specific and accurate description in the project documentation. For instance, it is not entirely clear from the PD and ICR what exactly “expenditure tracking” means in the project’s context and what the arrangements were used (formats, frequency, responsibility) to report on actual tracking. This was a modest shortcoming as several indicators, especially under the first policy area, did not rely on routinely available data, but had to be generated through an additional data collection effort. At the same time, the results framework had quite a limited number of indicators to reflect the developments under the second policy area (it had just three indicators vs. nine under the first policy area). Additional indicators would have been beneficial: it would have allowed for e.g. tracking the implementation of the new PFM legal framework, supported by the operation.

**b. M&E Implementation**

The M&E implementation was based largely on the data provided by Government agencies. The Ministry of Economy and Finance and the President’s Coordination Unit have been playing a central role in monitoring and reporting. They received additional technical support for M&E from other ongoing Bank projects, primarily under the EGTACB. According to the ICR (p.10), the production of monitoring reports was timely accurate. But the Bank, it seems, had limited opportunities to verify the government’s M&E data.

**c. M&E Utilization**

The ICR reports (p. 10) that the collected M&E data were regularly discussed with the Government to track reform implementation.

M&E Quality Rating  
Substantial

## 10. Other Issues

**a. Environmental and Social Effects**

No safeguard policies were triggered by this DPO.

**b. Fiduciary Compliance**

The ICR admits that the operation had a substantial fiduciary risk due to weak institutional capacity and poor governance in Guinea. This risk did not materialize, however, because the operation design introduced appropriate fiduciary arrangements tailored to existing capacity (ICR, pp. 16, 18, 19). The ICR did not present any additional details.

**c. Unintended impacts (Positive or Negative)**

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**d. Other**

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## 11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Progress towards the second (PFM) objective was modest as none of the original targets in this policy area were fully achieved at the time of operation's closure.
Risk to Development Outcome	Modest	Substantial	Limited institutional capacity presents a significant risk to sustainability of reforms. This is further aggravated by vulnerability to exogenous shocks
Bank Performance	Satisfactory	Moderately Satisfactory	There was no formal supervision mission and no Implementation and Status Report (ISR) was prepared. This prevented the Bank from adequate verification of the Government's M&E data.
Borrower Performance	Satisfactory	Satisfactory	---
Quality of ICR		Modest	---

### Note

When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.

The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

## 12. Lessons

The following lessons are taken from the ICR with some adaptation of language:

- An emergency budget support operation could be an effective tool for re-engagement with the client under difficult circumstances. It is an appropriate instrument to exploit additional opportunities that a major crisis would bring and it could be used to achieve three objectives simultaneously: provide incremental funding to alleviate the impact of severe crisis, send a signal to international community about broader assistance needs of the affected country, and initiate critical longer-term reforms.
- Strong donor coordination and information sharing could be a major driver for effective utilization of funds available to alleviate the crisis as it helps to improve prioritization and strengthen accountability. To make the donor coordination more efficient, the Government has to be strongly committed to it at the very top by allocating sufficient human resources and political capital.

## 13. Assessment Recommended?

No

## 14. Comments on Quality of ICR



The ICR presents a detailed picture of the operational environment for the EFMSO and suggests several useful insights regarding the lessons learned from this operation, but it has several significant shortcomings in its assessment of the operation's outcomes and associated risks. First, the ICR's presentation and assessment of results is not sufficiently accurate. For instance, several original targets presented in the PD (p. 27) are misreported in the ICR, including the target for the agreed number of workers to be removed from the payroll. Four monitoring indicators (indicators 6-9 from the PD) were presented in the ICR (pp. 13-14) as part of the policy area 2, while the PD had them (pp. 16 and 27) under the policy area 1. Second, the quality of presented evidence regarding the achieved results in several instances is weak, without proper references to the sources of the respective data. Moreover, in one case (reduction in budget arrears) the ICR data are in conflict with the well-documented estimates provided by the IMF. Third, the ICR presents insufficient information on actual policy reforms carried out after the Board approval of the EMFSD. It does not discuss the extent of the Government's follow-up on policy actions that had constituted prior actions for the operation. Fourth, the ICR underestimates the risk to the outcomes of this operation, which is significant, given the country's fundamental vulnerabilities.

- a. Quality of ICR Rating  
Modest