

Document of
The World Bank

Report No: ICR00003644

IMPLEMENTATION COMPLETION AND RESULTS REPORT
(IDA-55550 and IDA-D0010)

ON A

CREDIT

IN THE AMOUNT OF SDR 27.0 MILLION

(US\$40 MILLION EQUIVALENT)

AND A

CRISIS RESPONSE WINDOW GRANT

IN THE AMOUNT OF SDR 6.8 MILLION

(US\$10 MILLION EQUIVALENT)

TO

THE REPUBLIC OF GUINEA

FOR AN

EMERGENCY MACROECONOMIC AND FISCAL SUPPORT OPERATION

June 23, 2016

Macroeconomics and Fiscal Management
Africa Region
AFCF2 Country Department

REPUBLIC OF GUINEA

CURRENCY EQUIVALENTS

(Exchange Rate Effective as of April 30, 2016)

Currency Unit = Guinean Francs (GNF)
GNF 7,552 = US\$1
SDR 0.70555199 = US\$1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CDC	Center for Disease Control and Prevention
CPS	Country Partnership Strategy
DPO	Development Policy Operation
ECF	Extended Credit Facility
EMFSO	Emergency Macroeconomic and Fiscal Support Operation
FEC	<i>Facilité Élargie de Crédit</i> (Extended Credit Facility)
GDP	Gross Domestic Product
ICRR	Implementation Completion and Results Report
IGF	<i>Inspection Générale des Finances</i> (General Inspectorate of Finance)
IDA	International Development Association
IMF	International Monetary Fund
M&E	Monitoring and Evaluation
MEF	Ministry of Economy and Finance
NGO	Nongovernmental Organization
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PDO	Program Development Objective
UN	United Nations
WHO	World Health Organization

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REPUBLIC OF GUINEA

Emergency Macroeconomic and Fiscal Support Operation

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REPUBLIC OF GUINEA

Emergency Macroeconomic and Fiscal Support Operation

DATA SHEET

A. Basic Information			
Country:	Guinea	Program Name:	Emergency Macroeconomic and Fiscal Support Grant
Program ID:	P151794	L/C/TF Number(s):	IDA-55550, IDA-D0010
ICR Date:	06/23/2016	ICR Type:	Core ICR
Lending Instrument:	Development Policy Lending	Borrower:	GOVERNMENT OF GUINEA
Original Total Commitment:	XDR 33.80 million	Disbursed Amount:	XDR 33.80 million
Revised Amount:	XDR 33.80 million		
Implementing Agencies: Ministry of Economy and Finance			
Cofinancers and Other External Partners:			

B. Key Dates				
Process	Date	Process	Original Date	Revised / Actual Date(s)
Concept Review:	10/08/2014	Effectiveness:		12/02/2014
Appraisal:	10/22/2014	Restructuring(s):		
Approval:	11/13/2014	Mid-term Review:		
		Closing:	06/30/2015	06/30/2015

C. Ratings Summary	
C.1 Performance Rating by ICR	
Outcomes:	Satisfactory
Risk to Development Outcome:	Moderate
Bank Performance:	Satisfactory
Borrower Performance:	Satisfactory

C.2 Detailed Ratings of Bank and Borrower Performance (by ICR)			
Bank	Ratings	Borrower	Ratings
Quality at Entry:	Satisfactory	Government:	Satisfactory
Quality of Supervision:	Satisfactory	Implementing Agency/Agencies:	Satisfactory

Overall Bank Performance:	Satisfactory	Overall Borrower Performance:	Satisfactory
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C.3 Quality at Entry and Implementation Performance Indicators			
Implementation Performance	Indicators	QAG Assessments (if any)	Rating:
Potential Problem Program at any time (Yes/No):	No	Quality at Entry (QEA):	None
Problem Program at any time (Yes/No):	No	Quality of Supervision (QSA):	None
DO rating before Closing/Inactive status:			

D. Sector and Theme Codes		
	Original	Actual
Sector Code (as % of total Bank financing)		
Central government administration	50	50
Health	50	50
Theme Code (as % of total Bank financing)		
Administrative and civil service reform	17	17
Health system performance	50	50
Public expenditure, financial management and procurement	33	33

E. Bank Staff		
Positions	At ICR	At Approval
Vice President:	Makhtar Diop	Makhtar Diop
Country Director:	Pierre Frank Laporte	Ousmane Diagana
Practice Manager/Manager:	Yaye Seynabou Sakho	Miria A. Pigato
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F. Results Framework Analysis

Program Development Objectives

The development objective is to strengthen Government's ability to manage public funds in response to the Ebola crisis and related macroeconomic and fiscal shocks. The policies and reform measures supported by this operation are aligned with the government's Ebola response plan. The

operation was built around two pillars, comprising 6 policy areas, including two interlinked policy areas.

Pillar 1: Build government’s resilience to combat Ebola: (a) strengthen the government’s capacity to continue to manage the Ebola crisis and (b) improve the monitoring and communication functions of the administration for managing the Ebola crisis.

Pillar 2: Strengthen budget management to improve government capacity to manage Ebola spending: (a) increase transparency and effective implementation of the budget and (b) improve overall public finance performance and governance.

Revised Program Development Objectives (if any, as approved by original approving authority)

The PDO remained consistent during the operation.

(a) PDO Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
Indicator 1:	Overall spending in national budget on Ebola (US\$, millions)			
Value (Quantitative or Qualitative)	134	150		289
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The overall Ebola-related spending in the national budget by end 2015 was significantly higher than the original target. The spending in the budget reached US\$150 million due to strong commitment from authorities.			
Indicator 2:	National campaign activities completed in provinces			
Value (Quantitative or Qualitative)	18	38		38
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The initial target for national campaigns at the provincial level was met. An elaborate sensitization program on the dangers of the malady and its prevention was conducted.			
Indicator 3:	Inspection units manned with necessary equipment and set up at the airport of Conakry and borders			
Value (Quantitative or Qualitative)	4	8		42
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The number of inspection units with necessary equipment set up at the airport of Conakry and borders was multiplied tenfold. This lead to better surveillance and monitoring.			
Indicator 4:	Number of Ebola treatment centers			
Value	2	12		12

(Quantitative or Qualitative)				
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The number of Ebola treatment centers was multiplied sixfold. This helped treat Ebola victims and also reduce the impact of the pandemic.			
Indicator 5:	Number of health workers mobilized and trained			
Value (Quantitative or Qualitative)	2,500	5,000		8,458
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The number of health workers mobilized and trained for Ebola response was multiplied more than threefold, helping the fight against Ebola.			
Indicator 6:	Number of districts tracked (in expenditure)			
Value (Quantitative or Qualitative)	2	20		26
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The number of districts tracked for Ebola spending and financial resource flows was multiplied more than twelvefold with strong government monitoring of the spending patterns and destinations.			
Indicator 7:	Publication frequency of income statement			
Value (Quantitative or Qualitative)	1	6		6
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. A report was published on the website and information was regularly updated about the crisis.			
Indicator 8:	Percent of funds tracked by the Ministry of Finance			
Value (Quantitative or Qualitative)	10	90		90
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The percent of Ebola-tracked funds was multiplied ninefold as government monitoring increased during the crisis.			
Indicator 9:	Percent of Ebola funds spent on community sensitization			
Value (Quantitative or Qualitative)	10	25		25
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. The government made a strong effort to include dissemination of Ebola-related information via media, cell phone, and Government communications.			
Indicator 10:	Number of ghost workers blocked from the civil service payroll			
Value	5,000	9,953		9,953

(Quantitative or Qualitative)				
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. Thousands of ghost workers, identified from the biometric census, were removed from the payroll.			
Indicator 11:	Budgetary Arrears (% of GDP)			
Value (Quantitative or Qualitative)	0.3	0.2		0.1
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Achieved. Internal arrears diminished due to the Development Policy Operation as the government ensured that it has paid its commitments as part of World Bank-International Monetary Fund macro surveillance.			
Indicator 12:	Number of internal audit inspectors			
Value (Quantitative or Qualitative)	1	5		1
Date achieved	11/30/2014	12/30/2015		12/30/2015
Comments (incl. % achievement)	Partially achieved. The five internal audit inspectors were nominated but they were not appointed for the General Inspectorate of Finances, <i>Inspection Générale des Finances</i> (IGF). It was challenging to implement such a measure before the presidential election period. However, the authorities have shown commitment by implementing this measure in the context of the first of a series of two programmatic DPOs scheduled for Board approval on June 17, 2016.			

(b) Intermediate Outcome Indicator(s)

Indicator	Baseline Value	Original Target Values (from approval documents)	Formally Revised Target Values	Actual Value Achieved at Completion or Target Years
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Not Applicable

G. Ratings of Program Performance in ISRs

No.	Date ISR Archived	DO	IP	Actual Disbursements (US\$, millions)
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H. Restructuring

Not Applicable

1. Program Context, Development Objectives and Design

1. This Implementation Completion and Results (ICR) Report assesses the achievements of the expected results of the Emergency Macroeconomic and Fiscal Support Operation (EMFSO) to the Republic of Guinea. The Development Policy Operation (DPO) intended to support the Government of Guinea to strengthen the Government's ability to manage public funds in response to the Ebola crisis and related macroeconomic and fiscal shocks. The IDA Credit of US\$40 million and the IDA Crisis Response Window Grant of US\$10 million were approved by the World Bank's Board of Directors on November 13, 2014, and disbursed upon loan effectiveness on December 2, 2014.

1.1 Context at Appraisal

2. This operation was part of the World Bank's assistance to Guinea following the Ebola crisis that severely hit the country, as well as Liberia and Sierra Leone, the other two countries most affected by the epidemic. Guinea, a fragile economy, was in the middle of a delicate transition toward greater political and macroeconomic stability. After years of instability, political isolation, and military rule, Guinea made considerable progress in restoring normalcy over the last four years. Guinea adopted a new constitution in April 2010, held presidential elections in June 2010, and was fully reintegrated into the international community. Macroeconomic stability was restored through prudent monetary and fiscal policies and debt sustainability dramatically improved after the country reached the enhanced Heavily Indebted Poor Countries completion point in September 2012. Economic growth increased, averaging close to 3 percent from 2010 to 2014. Building on its vast endowment of natural resources (including both mining and hydropower), Guinea embarked on a path of political stability and long-term development.

3. In 2014, the Ebola epidemic struck the three fragile economies of Guinea, Sierra Leone, and Liberia, with a horrible human toll, and damaged the countries' economies and their futures. One of the worst epidemics in history to hit West Africa, Ebola has left death and destruction in its wake. As of end April 2016, about 2,536 people had died from Ebola in Guinea, including 115 health care workers. Experts fear that there were many additional suspected cases and strong possibilities of undercounting and underreporting. Cases spread to the neighboring West African countries of Senegal, Nigeria, and Mali and led to a generalized fear of the threat of further contagion.

4. The Ebola epidemic had a significant negative impact on the Guinean economy, undermining its progress in both 2014 and 2015 and threatening macroeconomic stability. Ebola led to lower-than-projected economic performance, with economic growth revised downward from 4.5 percent to 1.1 percent of the gross domestic product (GDP) in 2014. Economic growth was 0.1 percent in 2015. Ebola's adverse economic effects strained the country's health care system and generated huge fiscal pressures as revenues contracted and expenditures increased. Fiscal deficit rose to close to 10 percent of GDP in 2015 (Table 1). Ebola has taken a major toll on families and communities, especially in the country's southeast. Many of the victims were health care workers, who died because of insufficient protective equipment. On December 29, 2015, the World Health Organization (WHO) declared Guinea Ebola-free. The country was about to celebrate the end of its 90-day heightened surveillance period at the end of March, when in early

March 2016, two new cases were found in the forest region of Guinea. The Government deployed an effective response with the support of United Nations (UN) agencies and other nongovernmental organizations (NGOs), which helped keep the disease under control. Since end of April 2016, no new case has been registered in the country.

5. **The DPO was a stand-alone single tranche operation designed to support the Government's Ebola response plan while contributing to addressing the fiscal gap.** The operation built upon previous reforms in the health and public financial management (PFM) sectors. The emergency operation sought to address the government's immediate financial needs, while making sure that aid flows in the context of the Ebola crisis were used transparently and reached intended recipients. Thus, though it was an emergency operation, the team seized the opportunity to push for PFM reforms that helped to improve transparency and contribute to effective use of aid flows and government resources. The DPO sought to achieve the twin goals of addressing the government's immediate financial needs and improving transparency by: (a) supporting the implementation of the Government's Ebola response plan, including a clear monitoring framework, and (b) strengthening PFM systems to enhance public sector performance. Moreover, a stand-alone single tranche approach was chosen because the Guinean state was in an emergency situation with a spreading pandemic so there was not enough time to negotiate a programmatic operation. In addition, there was strong corporate pressure for a quick disbursing operation to help deal with the crisis. The relevance for a programmatic approach for DPOs for Guinea is recognized, and this principle has been followed for the design of the subsequent DPO series.

6. **The emergency operation was fully compatible with the Bank's assistance to Guinea as defined in the FY2014–17 Country Partnership Strategy (CPS).** The World Bank Group CPS for FY2014–17, discussed by the World Bank Board on October 3, 2013, supports Guinea to implement a long-term development agenda of reducing extreme poverty and enhancing shared prosperity. It addresses the twin goals by supporting improved governance systems and fostering accelerated, equitable and diversified growth in Guinea and accompanying improvements in human capital. The CPS aimed at helping the country address long-term challenges of building a credible governance system to enable private sector investments, ensuring the transparent management of mineral resources, strengthening the efficiency of the energy and agriculture sectors, and improving human capital.

7. **The operation also benefited from ongoing International Monetary Fund (IMF) support.** In September 2014, the IMF successfully completed the fourth review of Guinea's economic performance under the Extended Credit Facility (ECF), enabling the immediate disbursement of about US\$28.1 million, bringing total disbursements under the arrangement to US\$140.6 million. The fifth review was completed in February 2015, but the sixth and seventh reviews were delayed due to central bank guarantees for public investment contracts that breached the fiscal parameters of the program, but the program finally went to the Board on March 14, 2016. The IMF agreed with the government on a fully financed budget for 2016, the inscription in the budget of all public investment, including those funded by guarantees, and a plan to reimburse the central bank during 2016–2018. The ECF program is now scheduled for completion in October 2016 with the eighth review. The Bank team participated in the IMF discussions with the authorities during all reviews under the ECF-supported program.

Table 1. Guinea Macroeconomic Indicators 2013–2018

	2013	2014	2015	2016	2017	2018
			Est.		Proj.	
	(annual change in percent)					
National accounts						
GDP at constant prices	2.3	1.1	0.1	4.0	5.4	5.9
GDP deflator	6.3	9.8	6.6	8.2	9.7	6.1
GDP at current prices	8.7	11.0	6.7	12.6	15.6	12.3
Consumer prices						
Annual average	11.9	9.7	8.2	7.9	8.0	6.7
End of period	10.5	9.0	7.3	8.5	7.5	6.0
External sector						
Exports, (f.o.b.; in US\$ terms)	-31.6	4.8	-4.4	5.6	5.4	6.7
Imports (f.o.b.; in US\$ terms)	-0.7	11.4	-13.0	-14.0	29.8	14.3
Money and credit						
Net foreign assets 1/	-0.3	-8.3	-11.0	6.2	...	...
Net domestic assets 1/	14.4	20.6	31.2	4.8	...	...
Net claims on government 1/	10.2	7.5	17.2	-0.9	...	...
Credit to non-government sector 1/	9.7	13.7	10.8	5.7	...	...
Reserve money	15.7	14.5	2.6	8.1	...	...
Broad money	14.1	12.3	20.3	11.0	...	...
	(In percent of GDP)					
Central government finances						
Total revenue and grants	19.8	22.3	19.4	24.4	24.6	25.1
Revenue	18.4	18.2	17.9	20.4	20.4	20.7
Grants	1.5	4.1	1.5	4.0	4.2	4.4
Total expenditure and net lending	25.1	26.5	28.5	25.7	25.0	26.0
Current expenditure	16.2	17.9	18.5	16.0	15.4	15.1
Capital expenditure and net lending	8.9	8.6	10.0	9.7	9.6	10.9
Overall budget balance						
Including grants	-5.3	-4.2	-8.9	-1.3	-0.4	-0.9
Excluding grants	-6.8	-8.4	-10.3	-5.3	-4.6	-5.3
Financing						
Domestic borrowing	2.3	2.2	5.5	-0.6	-1.3	-1.0
External borrowing	2.8	2.0	3.4	1.8	1.5	1.5
National accounts						
Gross capital formation	21.0	9.3	10.1	20.6	33.7	41.5
Savings	-0.1	-16.4	-12.3	7.6	9.0	11.5
Current account balance						
Including official transfers	-26.8	-25.7	-22.4	-13.1	-24.7	-30.0
Excluding official transfers	-27.3	-27.4	-22.6	-14.5	-26.1	-31.4
Overall balance of payments	0.5	-0.9	-5.2	1.6	0.5	2.2
Gross official reserves (in months of imports) 2/	3.6	3.6	2.4	3.0	3.0	3.0
External public debt (in percent of GDP)	25.3	26.2	27.8	27.1	24.8	...
Total public debt	39.3	41.0	46.5	43.2	38.1	...
Nominal GDP	43,048	46,995	50,147	56,448	65,250	73,281
Source: International Monetary Fund; and Bank staff estimates and projections.						
1/ In percent of the broad money stock at the beginning of the period.						
2/ In months of the following year's imports excluding imports for large foreign-financed mining projects.						

8. **The operation was the result of close collaboration with other donors and complemented other World Bank interventions in Guinea in the context of the Ebola crisis.** The conclusion of the 4th review under the ECF program provided strong support for an adequate macroeconomic framework for the Bank's DPO. Likewise, during the preparation of this

emergency operation, the Bank team collaborated closely with other donors during the discussions on the key issues, notably public finance reform. There was strong collaboration at the strategic level with WHO, CDC, and others on the Ebola health side in the design of the Bank operation. Moreover, the Bank’s portfolio in Guinea amounted to US\$314 million by mid-2015, mainly due to US\$153 million in new Ebola-related support, including US\$50 million for the emergency DPO.

1.2 Original Program Development Objectives and Key Indicators

9. **The program development objective (PDO) was to strengthen the Government’s ability to manage public funds in response to the Ebola crisis and related macroeconomic and fiscal shocks.** The policies and reform measures supported by this operation were aligned with the Government’s Ebola response plan. The operation was built around two pillars and comprised six policy areas, including two interlinked policy areas.

Pillar 1: Build Government’s resilience to combat Ebola: (a) strengthen the Government’s capacity to continue to manage the Ebola crisis and (b) improve the monitoring and communication functions of the administration for managing the Ebola crisis.

Pillar 2: Strengthen budget management to improve Government capacity to manage Ebola spending: (a) increase transparency and effective implementation of the budget and (b) improve overall public finance performance and governance.

Table 2. Prior Actions and Result Indicators

EMFSO Prior Actions	Outcome Indicators
Pillar 1. Build Government’s resilience to combat Ebola	
1. Submission of the draft Amended Finance Law (<i>Loi de Finance Rectificative</i>) to Parliament for 2014.	1. Overall spending in national budget on Ebola (US\$, millions) Baseline (November 2014): US\$134 million Target (March 2015): US\$150 million
2. Adoption of Ebola response plan by the Government which consists of: (a) publication of operational plan for Ebola surveillance and containment; (b) continued national sensitization campaign of the inter-ministerial National Committee for Ebola Reporting; (c) setting up of Ebola treatment units and deployment of health inspection units at major airports and borders; and (d) bimonthly monitoring of food prices in regional markets’ affected areas, particularly Macenta and Gueckedou.	2. National campaign activities completed in provinces. (number of provinces) Baseline (November 2014): 18 Target (March 2015): 38 3. Inspection units manned with necessary equipment and set up at the airport of Conakry and borders Baseline (November 2014): 4 Target (March 2015): 8 4. Number of Ebola treatment centers Baseline (November 2014): 2 Target (March 2015): 12 5. Number of health workers mobilized and trained Baseline (November 2014): 2,500 Target (March 2015): 5,000
3. The Government has published online the statement of income and expenditure on Ebola, indicating all sources of funds received and spent by the budget (domestic and external).	6. Number of districts tracked (in expenditure) Baseline (November 2014): 2 Target (March 2015): 20 7. Publication frequency of income statement

EMFSO Prior Actions	Outcome Indicators
	Baseline (November 2014): 1 Target (March 2015): 6 8. Percent of funds tracked Baseline (November 2014): 10 Target (March 2015): 90 9. Percent of Ebola funds spent on community sensitization Baseline (November 2014): 10 Target (March 2015): 25
Pillar 2. Strengthen budget management to improve Government capacity to manage Ebola spending	
4. The Government has prepared a draft decree on the Governance of Public Finance and submitted to the president for issuance in 2014.	10. Budgetary Arrears (% of GDP) Baseline (November 2014): 0.3 Target (March 2015): 0.2
5. The Government has issued the joint decree (<i>arrêts conjoint</i>) on the legal framework for financial inspections.	11. Number of internal audit inspectors Baseline (November 2014): 1 Target (March 2015): 5
6. The Government has issued the ministerial decision to block the monthly salary payments of the civil servants who are on the payroll but not registered as part of the biometric census.	12. Number of ghost workers with salary payments blocked Baseline (November 2014): 5,000 Target (March 2015): 9,953

1.3 Revised PDO and Key Indicators, and Reasons/Justification

10. Not Applicable.

1.4 Original Policy Areas Supported by the Program

Pillar 1. Build Government's resilience to combat Ebola

11. **Pillar 1 comprised three policy areas with the objective to strengthen resilience to combat the Ebola pandemic.** In this regard, the first reform was the adoption of an Amended Finance Law that included a new budget that took into account the new Ebola expenditures. The initial 2014 Budget Law did not factor in Ebola expenditures because the epidemic outbreak only started in spring of 2014. This was remediated by the new Finance Law submitted to Parliament in October 2014. The second reform was to ensure that the Government adopts a formalized Ebola response plan. Indeed, there was no formally adopted plan to address the broad spectrum of Government response to the epidemic. Finally, the third policy reform focused on transparency of Ebola spending by making all income and expenditure documents publicly available. Though budgetary completeness and transparency have improved, as noted in the 2013 Public Expenditure and Financial Accountability (PEFA) Assessment, the public did not have access to key fiscal information. Budget documents submitted to the National Assembly did not conform to international best practices, and there was limited published information on external grant assistance.

Pillar 2. Strengthen budget management to improve Government capacity to manage Ebola spending

12. **Pillar 2 also had three policy components with the objective to improve PFM and governance in civil service.** To better manage spending on Ebola, the operation supported two

PFM-related reforms. The first PFM-related reform was a proposed decree related to the Governance of Public Finance to provide a legal framework to ensure strong budget management, discipline, and transparency. Guinea's public finance has suffered from constraints and problems which have reduced the ability to manage public resources: (a) Guinea's public expenditures were unstable due to excessive spending that was not matched by available revenue, (b) the budget process was cumbersome with delays in the budget calendar (including the submission to Parliament of the Finance Law), and (c) the limited administrative capacity for budget execution is spread over several ministries and other public agencies. The second PFM-related reform supported by the operation was the adoption of a joint decree by the minister of finance and the minister of public service to provide the legal framework for finance inspectors, important elements for internal control, and good management of Ebola spending. The 2013 PEFA assessment highlighted the fact that the internal audit function, as defined by international standards, was not effective. Until recently, only the head of the IGF was officially appointed, while the other inspectors did not have clarity on their legal status which reduced motivation. This reduced the effectiveness of IGF as an internal audit body. The nomination of four new inspectors was an opportunity to start constituting a core qualified group of IGF workforce, a prerequisite for revamping the country's internal audit system.

13. **The third policy area under Pillar 2 was related to civil service, with the objective to create fiscal space to mobilize additional resources for fighting Ebola.** This was done by issuing a ministerial decision to block monthly salary payments of the civil servants who are on the payroll but not registered as part of the biometric census. A pressing issue for Guinea had been the significant number of ghost workers, whose payment was depriving the Government of sources of additional domestic financing to spend on core activities in the fight against Ebola. Within ten years, the official number of civil servants doubled from 51,433 in 2001 to 106,572 in 2012, including many ghost workers. Moreover, the 2013 PEFA Assessment indicated that the Government's database for personnel management was not fully integrated with the payroll.

1.5 Revised Policy Areas

14. Not Applicable.

1.6 Other significant changes

15. **A change was to use the financing from IDA's Crisis Response Window to increase the amount of the operation.** While this financing was not available in the initial stages of preparation, the team was able to secure it in September 2014. The World Bank Group's IDA Crisis Response Window, which is designed to help low-income IDA countries respond to exceptionally severe crises in a timely, transparent, and predictable way, allocated a US\$10 million grant for this operation.

2. Key Factors Affecting Implementation and Outcomes

2.1 Program Performance

16. **The program performed well and all the prior actions, except for the nomination and appointment of five internal auditors/inspectors for the General Inspectorate of Finance Inspection Générale des Finances (IGF), were met.** One of the key successes of the operation

was to strengthen the Government's Ebola response. As part of the reform process, this operation supported key reforms in this area. The first was an Amended Finance Law (*Loi de Finance Rectificative*) that ensured a new budget that took into account the new Ebola expenditures. The second was to ensure the formalization of the Ebola response by the adoption of a plan by the Government. Finally, the third action related to the publication of all financial flows (income and expenditure) relating to Ebola spending.

17. **The operation performed well with regard to its results indicators.** The operation perhaps underestimated the strength of the international response to Ebola with close to US\$300 million spent on the battle, which was almost double what was anticipated by the operation. Moreover, with the support of the international community, the Government set up as many Ebola treatment centers (8) as was envisaged and large inspection units around the borders (42 compared to 8 targeted). After initially not responding strongly to the disease, the authorities moved very quickly. Significant funds were set for community mobilization and the Government achieved these targets. The inflows of Ebola funds were tracked by the authorities and incorporated in the budget, although there were some challenges in obtaining precise numbers from several donors on the decomposition of their interventions. However, more than 90 percent of the money was tracked, and updates of the flow were sent to the donors and shared by the authorities.

18. **Combined with other donor support, the operation contributed to the authority's success in the battle against Ebola.** The Government's plan to end the Ebola epidemic in Guinea by the end of 2015 was materialized owing to a rapid response plan, strong inflow of international grant and humanitarian aid, and enhancements in the Government's monitoring capacity. On December 29, 2015, the WHO declared Guinea an Ebola-free country. This is no minor accomplishment in the face of one of the worst pandemics in the last century. As in the cases of Liberia and Sierra Leone, after being declared Ebola-free, and before meeting the 90-day heightened surveillance period, two new cases were found in the forest region of Guinea in early March 2016.¹ However, the Government deployed an effective response with the support of UN agencies and other NGOs, which helped keep the disease under control. Since the end of April 2016, no new case has been registered in the country.

19. **As part of the reform process, this operation helped consolidate PFM reforms to better manage spending on Ebola.** Several measures were successfully implemented. The first was a proposed decree issued on the Governance of Public Finance to provide a legal framework to ensure strong budget management, discipline, and transparency. The second was a joint decree by the minister of finance and minister of public service to provide the legal framework for finance inspectors. The third was civil service reform to freeze fiscal space to finance the battle against Ebola. Also, the completion of a biometric survey of the civil service helped improve productivity in the public administration, including for health workers, and in the management of recruitment, careers, and the wage bill. These three measures provided the institutional framework to allow the Government to address the Ebola epidemic from a stronger fiscal and PFM standpoint. Only the prior action related to the nomination of five internal auditors/inspectors for IGF was not met. It was challenging to implement such a measure in the prior presidential election period. However,

¹ Evidence shows that the virus disappears relatively quickly from survivors but can remain in the semen of a small number of male survivors for as long as one year and, in rare instances, be transmitted to intimate partners.

the authorities have shown commitment by implementing this measure in the context of the first of a new series of programmatic DPOs.

20. **Given the nature of the pandemic, the operation was not ambitious with regard to PFM reform but achieved its goals.** First, the release of close to 10,000 workers provided fiscal space to the authorities to pay health workers and finance core expenditures of the state. Second, discussions were initiated, providing the foundation to hire the inspectors in the subsequent operation. The one area where the operation was overoptimistic was in the hiring of the five internal auditors. In sum, the operation provided some legal structure to public finance reform in Guinea and allowed Ebola funds to be used without any major scandals reported.

2.2 Major Factors Affecting Implementation:

21. There were no major factors per se that negatively affected the implementation of the operation but rather challenging political and economic contexts that highlighted the need to quickly implement the operation and contributed to further mobilization of the Government.

(a) The Political Situation

22. The Ebola pandemic came at a delicate time in Guinea's political transition. Following a period of political instability, Guinea had made significant progress toward political and macroeconomic stabilization although growth prospects remained weak in the short run but strong over the medium term. The Ebola outbreak was officially announced few months after the 2013 legislative elections and one year ahead of the presidential elections. The 2015 elections confirmed the second mandate for President Conde, although during the peak of the Ebola crisis, his leadership was questioned as the disease was having a major impact on the economy, and the opposition was raising questions about his management and battle against Ebola. Even though there was a surge of attention at the international level, with multiple forums and events, grant aid was less than envisaged, especially for post-Ebola recovery.

(b) The Economic Crisis

23. **Ebola had a significant negative impact on Guinea's economy, contributing to a decline of GDP growth at 1.1 percent in 2014, from an original projection of 4.5 percent.** The Ebola sent a ripple effect through the Guinean economy, frightening domestic and private investors. At the onset, the main economic impact of Ebola in Guinea was through the agriculture and service sectors. Agricultural production in Ebola-affected areas was diminished because of the exodus of people to other zones, affecting key export commodities such as cocoa and palm oil. Decline in paddy production of close to 190,000 tons in the forest region, which represents 23 percent of the national rice production, was another shock. However, due to recent Government support, the agriculture sector was more resilient than initially feared, as illustrated by the simultaneous coexistence of provinces with strong food surplus and provinces with strong food deficits. Strong growth in the agriculture sector prevented the Guinean economy from a negative growth rate in 2015. The services sector was hit especially hard and manufacturing was also affected. Growth in services is projected to fall from 6.7 percent at the beginning of 2014 to 3.8 percent in 2016, with the transport and commerce subsectors suffering the most. Services are in part tied to the mining sector, where major companies, including Rio Tinto, evacuated many expatriate workers.

24. **In regard to the tourism sector, at the peak of the Ebola crisis, airlines reduced travel to Guinea and hotel occupancy rates in Conakry fell by half, compared with an average of 80 percent occupancy before the crisis.** Senegal and Côte d'Ivoire temporarily sealed their Guinean borders. Since the announcement of the end of Ebola, international travel to Conakry has slowly recovered, reflecting the pace of economic activities in the country. Manufacturing was also adversely affected by Ebola, although the impact has not been as strong yet, given that manufacturing is a small sector in Guinea, accounting for less than 7 percent of GDP, mostly concentrated in Conakry. This sector also includes agro-industry, paint, plastics, soft drinks, cement, and metal products. Finally, mining was affected by the twin effects of slowing commodity prices and Ebola. Guinea's mining sector is vital for its economy and an important driver of exports, accounting for more than a quarter of GDP and more than 95 percent of its exports. Together with Ebola, a slowdown in the international mining market and regulatory uncertainty at home has reduced investment, although the sector's medium-term prospects remain strong.

2.3 Monitoring and Evaluation Design, Implementation and Utilization

25. **The program's development objectives were clear and the focus of the different pillars was well described, which helped the selection of appropriate indicators.** The supporting monitoring and evaluation (M&E) arrangements were adequate. Specific comments on the design, implementation, and utilization of M&E arrangements are specified in the following paragraphs.

(a) Design

26. **The program documents presented the pillars, actions, and results indicators clearly and these were well-aligned to the PDO.** Overall, the indicators were well-selected, measurable, and clearly attributable to the prior actions. The result indicators had identified baseline and targets in line with the expected program outcomes. They were largely based on publicly available data, although some of them (for example, Ebola spending and related financial flows) required an additional data collection effort on the part of the Government. Both the policy matrix and the corresponding results indicators were prepared jointly with the Government counterparts, supporting the process of institutionalizing the M&E arrangements in the public sector.

(b) Implementation

27. **The DPO was monitored through a continuous dialogue with government counterparts to assess progress and address potential bottlenecks.** Monitoring was conducted on an on-going basis and supported by complementary investment projects, technical assistance, and analytical activities. The Ministry of Economy and Finance (MEF) was the designated implementing agency and was responsible for the overall execution of the measures outlined in the EMFSO operation. The MEF has experience in coordinating and implementing DPOs, demonstrated by its successful execution of World Bank operations in the past. As with previous operations, the institutional arrangements for the preparation and execution of the operation were within the established framework of the donor coordination groups and in line with the Poverty Reduction Strategy Paper performance matrix. The MEF had the leadership role in the handling

of the crisis, marshalling of funds, articulation of the ‘getting to zero’ plan, and articulation of the post-Ebola recovery plan.

28. **Other agencies involved in the implementation of the program included the public body in charge of coordinating and monitoring the programs with international donors, *Cellule Technique de Suivi de Programmes (CTSP)*, as well as the Central Bank of Guinea.** They were all involved in the data and evidence collection effort supporting the monitoring of the DPO. During the collection of data, the documentation received for preparation of this ICR was timely and complete. The quality of data was overall satisfactory.

(c) Utilization

29. **The DPO promoted the use of the M&E arrangements.** Regular monitoring and data collection undertaken as part of the DPO facilitated discussions with the Government on the implementation of reforms and progress on the indicators.

2.4 Expected Next Phase/Follow-up Operation

30. The operation laid the foundation for the next budget support operation by providing a basic set of actions linked to resilience of health systems and PFM reform. These are the detailed agendas of the new DPO for Guinea, and it will build on some of the early successes.

3. Assessment of Outcomes

3.1 Relevance of Objectives, Design and Implementation

Overall Rating: Satisfactory

(a) Relevance of Objectives: Substantial

31. **The objectives of the DPO were highly relevant at the time of approval and continue to be highly relevant.** The operation’s objectives to strengthen the Government’s resilience and its ability to manage public funds in response to the Ebola crisis and related macroeconomic and fiscal shocks are as relevant today as they were at the time of the operation design. The operation’s objectives were aligned with the objectives of the World Bank’s four-year FY2014–17 CPS for Guinea, which was approved on October 3, 2013. They were also fully consistent with the World Bank’s twin goals of ending extreme poverty and promoting shared prosperity by increasing the incomes of the poorest 40 percent of the population. Improving financial management and the ability of the Government to manage macroeconomic and fiscal shocks are still relevant objectives for Guinea in the context of declining commodity prices and transition out of the Ebola crisis.

(b) Relevance of Design: Substantial

32. **The operation was built upon previous reforms in the health and PFM sectors and was informed by lessons learned from previous DPOs.** It was correctly designed as a stand-alone single tranche operation to support the Government’s Ebola response plan while contributing to addressing the fiscal gap and built on previous reforms in the health and PFM sectors. With regard to strategic design, the emergency operation was correct in addressing the Government’s immediate financial needs. Actions supported under Pillar 1 of the operation helped build

economic and social resilience and reduce vulnerability to shock through (a) strengthening the Government's capacity to continue to manage and monitor the Ebola crisis and (b) improving the monitoring and communication functions of the administration in containing the crisis. The second pillar helped strengthen budget transparency and reform PFM by (a) increasing transparency and effectiveness of budget processes and (b) improving the overall performance of public finance systems. These were the right strategic choices given the crises faced by the country in the fall of 2014.

(c) Relevance of Implementation: Substantial

33. **Implementation arrangements were and continue to be relevant.** The Ministry of Economy and Finance (MEF) was the executing agency of the operation due to its central role in managing the fiscal framework and coordinating the information about Ebola-related spending and financial flows, as well as information about other governments' policies. The MEF was appropriately responsible for monitoring the implementation of the operation. Regular updates on the progress in achieving the results indicators were submitted by the authorities, through the general secretary of the MEF, which was the focal point for coordinating the implementation of the prior actions.

3.2 Achievement of Program Development Objectives

Overall Rating: Satisfactory

34. **The overall outcome rating of the EMFSO is satisfactory.** As measured by the indicators, the development objectives of the operation were broadly achieved. Objectives, design, implementation, and outcomes were in accordance with country circumstances. The operation was tailored to the emergency dimension of the Ebola pandemic and had to be disbursed quickly to help stem the tide of the disease. In spite of the manifold shocks, the operation helped the country handle the fiscal shocks while funding the Ebola response operation judiciously.

35. **The PDO of the Development Policy Lending series was evaluated using twelve results indicators.** Out of twelve indicators, eleven were achieved, and only one indicator (Number of internal audit inspectors) was not achieved. The results indicators and their current status are discussed in detail in the following paragraphs.

36. **Pillar 1: Build Government's resilience to combat Ebola:** (a) strengthen the Government's capacity to continue to manage the Ebola crisis and (b) improve the monitoring and communication functions of the administration for managing the Ebola crisis.

37. In Pillar 1, the DPO proved satisfactory in achieving its outcomes and objectives. The reforms were broadly implemented as envisaged, and the quantitative targets were achieved.

Outcome Indicator 1: Overall spending in national budget on Ebola (Baseline November 2014: US\$134 million; target: US\$150 million) - Achieved

38. Getting information on overall spending on Ebola in national budget was key for accountability in relation to the people of Guinea and development partners. However, at the beginning of the crisis, it was not possible to get information on available resources for Ebola spending in the national budget because the Ebola crisis officially started in Guinea in March 2014,

after the adoption of the initial Finance Law by the Parliament. As part of the reforms, the DPO supported the adoption of an Amended Finance Law (*Loi de Finance Rectificative*) that ensured a new national budget that took into account Ebola expenditures.

Outcome Indicator 2: National campaign activities completed in provinces (Baseline November 2014: 18; target: 38) - Achieved

39. Sensitization was instrumental for Ebola containment, particularly in the context of Guinea where there was a lot of resistance of the population to treatment interventions in some affected areas. Likewise, due to cultural considerations, some people were reluctant to cooperate with health workers that were in charge of burying dead bodies from Ebola. Under such circumstances, the DPO supported the adoption by the Government of the Ebola response plan, which comprised national sensitization campaign activities, including in rural areas. Sensitization activities involved meetings with top political leaders (ministers, prime minister), community, and religious leaders, campaigns on radio and television, campaigns at schools, and door-to-door sensitizations with provision of health kits to households by health workers. Though Guinea has been declared Ebola-free, the need to stay vigilant remains relevant to prevent the return of the disease.

Outcome Indicator 3: Inspection units manned with necessary equipment and set up at the airport of Conakry and borders (Baseline November 2014: 4; target: 8) - Achieved

40. Population movement was one of the channels of transmission of Ebola. The Ebola crisis started in Guinea and quickly spread to neighboring countries. For historical and family reasons, it was difficult to stop flows between Guinea and its neighboring countries. Indeed, some countries such as Côte d'Ivoire and Senegal even closed their borders with Guinea. Thus, by supporting the adoption of the Ebola response plan, the DPO was particularly vigilant on the setting up of Ebola treatment units and deployment of health inspection units at major airports and borders, which was relevant to prevent the return of Ebola. These units were posts staffed by personnel from customs, public health, and security and were located on the borders mainly with Sierra Leone, Liberia, Senegal, Guinea-Bissau, and Cote d'Ivoire. A special unit was set up at Conakry airport involving full screening of all incoming and outgoing passengers. The posts benefited with support from the Center for Disease Control from Atlanta.

Outcome Indicator 4: Number of Ebola treatment centers (Baseline November 2014: 2; target: 12) - Achieved

41. Ebola has made fragile an already weak health system in Guinea, characterized by the lack of equipped and well-functioning health centers and hospitals. Most of the existing functioning hospitals are located in Conakry and other urban areas. Thus, the DPO made sure that the construction of Ebola treatment centers was one of the top priorities of the Ebola response plan adopted by the Government. Two functioning and fully staffed Ebola treatment centers were initially opened and run in Gueckedou and Conakry (Donka), and a number of others were built across the country. Moreover, in October 2014, with funds from the World Bank, the United Nations Children's Emergency Fund procured and delivered 18 all-purpose vehicles and 57 tons of goods and equipment, including 4.5 million gloves, 50 tents, medicines, and food supplements to fight Ebola. The DPO provided additional resources for an intensification of the effort for

building and equipping Ebola treatment centers, which contributed to improved health infrastructure in Guinea.

Outcome Indicator 5: Number of health workers mobilized and trained (Baseline November 2014: 2,500; target: 5,000) - Achieved

42. Insufficient number of health workers, their concentration in Conakry and urban areas, and their lack of familiarity for dealing with a health epidemic were challenges faced by the country. Many health workers were victims of the disease, further reducing the number of health workers in Guinea. The DPO provided financial resources and complemented other donors' resources for covering wage bill and training costs for most of the health workers for Ebola response who had the status of contractors. Thus, today there exists in Guinea a significant number of health workers with sufficient experience in dealing with the Ebola epidemic, contributing to a successful containment of the disease, but there is issues regarding absorbing all of them into the public service in the future as it may not be fully sustainable in the long-term unless there is stronger revenue mobilization.

43. **Pillar 2: Strengthen budget management to improve Government capacity to manage Ebola spending:** (a) increase transparency and effective implementation of the budget and (b) improve overall public finance performance and governance.

44. Progress toward Pillar 2 has been assessed as satisfactory. The DPO helped implement PFM reforms, which help tracking of Ebola resource flows and blocking ghost workers, making available resources for Ebola containment efforts. All quantitative indicators were met, except for the nomination and appointment of five inspectors at the IGF.

Outcome Indicator 6: Number of districts tracked (in expenditure) (Baseline November 2014: 2; target: 20) - Achieved

45. The Ebola crisis attracted grants to Guinea from many donors, with some made directly to affected communities through NGOs and other channels. Lack of transparency in the flow of funds was one of the challenges during the Ebola crisis. Thus, there was not enough accurate information about funds for fighting Ebola. To address this situation, the DPO supported the effort of the Government for collecting information on all the flow of funds connected to Ebola into the country. Information requests were sent to all donors to request a decomposition of donor spending, and regular meetings between Government officials and donors were conducted. The Ebola team, under the leadership of President Conde, worked very closely with the international donors, particularly the World Bank, Centers for Disease Control and Prevention, UNICEF, and World Food Program to obtain timely information on all spending.

Outcome Indicator 7: Publication frequency of income statement (Baseline November 2014: 1; target: 6) - Achieved

46. Lack of key fiscal information publicly available was an issue in Guinea even before the outbreak of Ebola. As part of the effort to improve transparency and strengthen reporting, it was essential that the DPO supported regular publications (online and in newspapers) of a clear statement of income and expenditure on Ebola, indicating all sources of funds and a reasonably detailed expenditure breakdown. The information was on the Ministry of Finance website and was

updated several times to be transparent. Public information on aid was also communicated via the news media to reach a larger public. At the end of the Ebola epidemic, the site was discontinued.

Outcome Indicator 8: Percent of funds tracked by the Ministry of Finance (Baseline November 2014: 10; target: 90) - Achieved

47. The percentage of Ebola-tracked funds increased significantly as Government monitoring increased during the crisis. The tracking of funds was done at the level of the Ministry of Health and Ministry of Finance and also with the Ebola coordination team that had been established, reporting directly to the president of the country.

Outcome Indicator 9: Percent of Ebola funds spent on community sensitization (Baseline November 2014: 10; target: 25) - Achieved

48. The Government made a strong effort to invest in community sensitization with resounding success. There were major efforts in the news media and on dissemination. According to the Government, at least a quarter of their spending was on efforts to communicate with the broader public, including the sending of public teams to affected areas.

Outcome Indicator 10: Number of ghost workers blocked from the civil service payroll (Baseline November 2014: 5,000; target: 9,953) - Achieved

49. The process to identify the workers was the result of a World Bank project that conducted a biometric census of the civil service and identified the absent workers. The blocking was implemented by the changing of the payment line in the budget. The ghost workers had been identified by the biometric census (the numbers will be made consistent). It was the first census since independence. At the end of September 2014, the biometric identification operation had revealed that 11,089 civil servants were missing or non-existent, which had a huge impact on the budget and potentially saving the Government of Guinea over 12 billion Guinean francs in one month or approximately 1.7 million dollars. The DPO supported the Government efforts in October 2014 to record and freeze the salaries of these unregistered civil servants. In relation to the health care workers, they were hired on temporary basis. The Government is discussing the integration of these workers (2000) into the civil service but wants to ensure that such an action is fiscally sustainable in the medium-term.

Outcome Indicator 11: Budgetary Arrears (% of GDP) (Baseline November 2014: 0.3; target: 0.2) - Achieved

50. The Government managed its arrears situation well during the Ebola crisis and reduced its stock.

Outcome Indicator 12: Number of internal audit inspectors (Baseline November 2014:1; target: 5) - Partially achieved

51. The Government nominated the inspectors but they were not appointed to commence work. It was challenging to implement such a measure in the prior presidential election period. However, the authorities have shown commitment by implementing this measure in the context of the first of a series of two programmatic DPOs, scheduled for Board approval on June 17, 2016.

3.3 Justification of Overall Outcome Rating

Rating: Satisfactory

52. **The rating of the achievement of the operation objectives and outcomes is satisfactory.** The operation provided important financial support to the Government to help the battle against Ebola. It also supported strong public financial measures to ensure that resources are managed with integrity. The success of the operation can be gauged by the success in ending Ebola and in ensuring improved fiduciary management. Guinea was declared Ebola-free on December 29, 2015. The combined efforts of the Government and development partners resulted in a very positive outcome to a problem with global ramifications. The World Bank's budget support was instrumental in supporting key reforms for better budget management and efficiency and helping catalyze donor attention toward supporting Guinea.

3.4 Overarching Themes, Other Outcomes and Impacts

(a) Poverty Impacts, Gender Aspects, and Social Development

53. **The battle against Ebola had clear poverty-reducing effects.** The results of a recent poverty assessment conducted jointly between the World Bank and the National Statistics Institute indicate a moderate increase in overall poverty trends. Poverty currently affects about 55 percent of Guinea's population, up from 49 percent in 2003, suggesting that the economic reforms have so far not had an impact. The danger is that the Ebola epidemic can lead to an additional increase in poverty through a decline in consumption and investment and in general slower economic activity. Poverty incidence remains heavily concentrated in rural areas, where average poverty rates more than double those of urban centers. In addition, many rural areas face serious threats from drought or erratic rainfall. Women can be the key victims of the pandemic. Initial results from a mobile phone survey document some of these trends. As of the end of April 2016, about 2,536 people had died from Ebola in Guinea, resulting in more than 600 widows and widowers and more than 6,000 orphans. Women and children have been the most infected, and they are the most to benefit during the recovery.

54. **The operation had a direct positive impact on poverty reduction through policy actions that preserve the health of poor vulnerable Ebola-affected populations.** The operation addressed critical obstacles to broad-based growth, poverty reduction, and economic resilience by targeting a select set of priority reforms to ensure quick and effective implementation of the Ebola response plan and transparent use of Ebola-related financial resource flows for better impacts on the ground.

(b) Institutional Change/Strengthening

55. Institutional capacity was a concern during the operation, but given that it was an emergency operation and single tranche, the team did not focus on longer-term institutional strengthening. The operation supported measures for a speedy but judicious use of resources and for a rapid response to the Ebola pandemic. An outcome of the operation may be institutional reinforcement, particularly at the level of the Ministry of Health. The Ebola crisis had further made fragile an already weak health system in Guinea, which was largely driven by the sector's institutional weaknesses. Thus, the operation could have been an opportunity to strengthen the

health system through institutional reforms. However, given the emergency of the situation and the fact that institutional reforms require more time to be effective, the operation focused on short-term reforms by providing the resources as well as the appropriate framework for supporting Guinean population during the Ebola crisis. Nevertheless, the operation built the foundation for further reforms in the health sector through a series of upcoming two programmatic DPOs.

(c) Other Unintended Outcomes and Impacts (positive or negative, if any)

56. No unintended negative effects have been identified by the Government team.

3.5 Summary of Findings of Beneficiary Survey and/or Stakeholder Workshops

57. For this emergency operation, there were no beneficiary surveys and/or stakeholder workshops.

4. Assessment of Risk to Development Outcome

Overall Rating: Moderate

58. The risk of either policy reversals or not maintaining the outcomes in the areas supported by the operation series is moderate.

59. **Risks related to weak governance and limited institutional capacity for reforms implementation are significant.** Lack of capacity at the central and local levels has caused delays in the implementation of some measures supported by this operation, including improvements in local health care social-service delivery. These risks have been mitigated in this and successive budget support operations through economic monitoring and continued institutional reform, especially in the aftermath of important audits.

60. **There are also fiduciary risks due to weak institutional capacity and poor governance in Guinea.** In addition, there is also the risk that aid inflows may not be used for the intended purposes and would not be properly accounted for. However, the World Bank, through the Economic Governance Technical Assistance and Capacity Building (EGTACB) Project, is helping the country strengthen the management of public finances, procurement, civil service, and public investment. An additional financing of the EGTACB is envisaged for deepening reform and technical assistance, particularly in public investment management and procurement. These have the potential to reduce governance and fiduciary risks and contribute to maintaining development outcomes. This operation and subsequent operations have put even stronger public finance measures in place to reduce this risk.

61. **The risk of maintaining a stable macroeconomic environment against a backdrop of shocks in the global economy is moderate.** This risk derives in part from the deterioration of the external environment, in particular, declining commodity and metal prices. If commodity prices were to decline further, the limited fiscal space may prevent a countercyclical response. In the absence of increased fiscal space, there is a risk of sustaining progress in the social sectors, particularly with regard to the improvement of health systems. Macroeconomic risks could also lead to the withdrawal of private investors in the mining sector, reducing the volume of investment that Guinea badly needs for its economy recovery in the post-Ebola period. However, macroeconomic risks are mitigated to some extent by the implementation of prudent

macroeconomic policies by the Government, including structural reforms agreed under the IMF ECF program, and domestic resource mobilization measures introduced in the 2016 budget.

62. **Political risks are moderate.** The country held presidential elections in October 2015 and so far, political instability has been avoided. After more than 50 years of authoritarian rule, Guinea held its first competitive presidential election in June 2010 after months of uncertainty and unrest. Thus, the 2015 election was held with the fear of reproducing conflicts that occurred in 2010. The country is about to hold local elections in 2016, and there is debate about the organization of such elections, essentially focusing on the role of *Délégations Spéciales*, that is, officials who have been appointed at the head of local communes by the current regime. A recurrence of conflict would negatively affect development outcomes by delaying projects and reform implementation. However, the Bank and other development partners will continue to accompany Guinea and ensure smooth local elections. The work of UN special agencies and the European Union will continue to be helpful to ensure smooth local elections and to maintain political stability. The Government is aware of political risks related to the upcoming local elections, and has initiated appropriate consultations to ensure smooth elections.

5. Assessment of Bank and Borrower Performance

5.1 Bank Performance

(a) Bank Performance in Ensuring Quality at Entry

Rating: Satisfactory

63. **The World Bank's performance during the preparation of the operation was satisfactory.** The World Bank supported the preparation of an emergency operation that provided budget support and was highly relevant to national priorities. It was based on (a) an analysis of the fiscal gaps linked to the falling revenues and rising expenditures resulting from the Ebola crisis; (b) a well-articulated Government Ebola response plan that need international financial support and World Bank intervention; and (c) a platform of public finance reforms in the country linked to budget preparation and execution that needed donor support. Given that the DPO was implemented in a difficult and high-risk operating environment, particular attention was rightly paid to simplicity of technical design and the need to disburse quickly to stem the pandemic while at the same time ensuring the establishment of adapted implementation arrangements tailored to existing capacity and intended to mitigate fiduciary risk. The approach was to strengthen Government capacity and resilience while being cognizant of the rapidly growing needs on the ground. These aspects all contributed to the achievement of the operation's goals.

64. **Bank performance during appraisal was satisfactory.** The operation was an emergency and was processed to the ROC stage in a fast manner, given the speed of the pandemic and the fear of Ebola adversely affecting the world. The team designed the operation to have fiduciary safeguards and reforms but at same time to be quick disbursing to accommodate the urgent needs of the client. There was an intense effort to process the DPO in less than six weeks to ensure a high-quality product and in time for Board approval.

65. **The work was done in close collaboration with the Government's reform strategies.** The World Bank has been supporting the Government's ongoing reform efforts through the

EGTACB Project, which aims at strengthening the capacity of the Government of Guinea to prepare, implement, and monitor reform programs in public financial and human resource management. The Ebola crisis enforced the need to improve transparency and accountability in the management of public funds into sharper focus. The operation provided an opportunity to continue the World Bank's support on these critical issues.

(b) Quality of Supervision

Rating: Satisfactory

66. **Quality of supervision in the key areas was consistently satisfactory.** The regular policy dialogue and macro surveillance allowed the World Bank team to closely monitor the developments on the ground. Given the concerted attention of World Bank management toward Guinea, the operation had full management support as well as Government support. The World Bank's supervision of the DPO was quite proactive in the review of the Ebola response plan, the support for building resilience, and the public finance reforms. The World Bank team worked closely with the authorities and the line ministries to ground the reforms in country reality. Regular communication and appraisal missions evaluated the Government's implementation progress, level of engagement on particular issues, and information on the key parameters. Even in times when missions were prohibited at the peak of the pandemic, the World Bank team continued to monitor the situation. This sustained dialogue in an environment of trust and, in a climate of crisis-fighting, helped ensure the success of the operation. The World Bank was one of the key organizations that helped galvanize the attention of the international community in the battle against Ebola.

(c) Justification of Rating for Overall Bank Performance

Rating: Satisfactory

67. **The rating for overall World Bank performance is satisfactory.** This rating is based on its satisfactory performance in ensuring quality at entry of the operation, its satisfactory performance in supporting effective implementation through appropriate supervision, and the satisfactory overall outcome rating.

5.2 Borrower Performance

(a) Government Performance

Rating: Satisfactory

68. The Government, represented by the Ministry of Finance, was active from the early stages of discussion and has demonstrated a strong commitment to achieving and maintaining the PDOs at all stages of preparation and implementation. In spite of a difficult macroeconomic and fiscal crisis, as well as the ramifications of the Ebola crisis, the Government agreed to implement tough measures to strengthen resilience and transparency. The Government did some reforms related to disclosure of Ebola funds and removal of ghost workers, which were not popular but which were the right thing to do. Also, in relation to the Ebola crisis response, the Government of Guinea worked closely with the international community to ensure a safe and speedy end to the pandemic. Discussions with neighboring countries, especially Liberia and Sierra Leone, were successful. The Government provided strong support to the program during the implementation phase and

deployed a lot of political and human capital in the fight against Ebola. During the Ebola pandemic, the Government continued to maintain its capability and its authority.

(b) Implementing Agency or Agencies Performance

Rating: Satisfactory

69. The program implementing agency was the MEF, which has showed strong leadership in spite of being held back by from some factors, especially Government coordination issue, which is beyond the MEF's control, unstable revenue flows, and uncertainty of international support. Throughout the Ebola crisis, the MEF maintained its strategic perspective and coherence. The MEF improved its performance by working in parallel with international donors to move toward a post-Ebola phase and benefited from foreign resources and ideas at a challenging time. Capacity constraints—an existing characteristic of the fragile context which both the World Bank and the Government aimed to mitigate during program preparation and implementation—played a role, but the operation was designed in a way to have the right fiduciary safeguards to overcome these constraints. Emphasis on accountability and transparency of public resources was important in the design of the operation, combined with providing government the support to disburse effectively to manage the battle against Ebola and protected public finances from the adverse shocks.

(c) Justification of Rating for Overall Borrower Performance

Rating: Satisfactory

70. The rating for Government performance is satisfactory, based on the satisfactory Government and implementing agency performance. The emergency of the situation may have contributed to the Government's performance, but in the wake of the crisis, a worse scenario could have happened, with loss of Government control across the country. However, the Government was able to effectively coordinate the fight against Ebola across the country, including the implementation of the Bank's operation.

6. Lessons Learned

71. **The first lesson is that budget support can be an effective way to support a fragile country facing a fiscal crisis but still provide some safeguards to ensure adequate spending of the resources.** The DPO has helped the Government weather the twin shocks of Ebola and lower mining prices that have hurt the Government's ability to finance core expenditures as well as the Ebola recovery effort. The operation also acted as a broader signal to the international community to support Guinea and avoid isolating it during the crisis.

72. **The second lesson showed the importance of being selective and strategic during times of crisis.** As mentioned, given that the DPO was being done in a difficult country under an extraordinary set of circumstances, there was a lot of attention that was rightly paid to the simplicity of technical design and the need to disburse quickly to stem the pandemic while at the same time ensuring the establishment of adapted implementation arrangements tailored to existing capacity and intended to mitigate fiduciary risk. The team did not want to overload the agenda, given the emergency nature of the operation, but wanted to be substantive enough, given the fiduciary risks involved. The key lesson here is that in fragile environments, simplicity of program

design and tailoring of implementation arrangements to Government and implementing agency capacity help ensure absorption of financing.

73. **The third lesson is that macroeconomic surveillance matters.** To ensure the size of the financing gap and the projected revenue and growth, the team conducted rigorous macroeconomic surveillance to ensure monitoring of key parameters. This surveillance allowed the teams to keep stock of the country fiscal needs at all times and to galvanize international support to address these needs. Given the potential dangers of Ebola to global economy and social stability, the intervention was successful in stemming the tide of the pandemic. Together with the role played by the international community, this operation prevented state collapse and ensured adequate financing to afford domestic health workers, some of the key front line operatives.

74. **The fourth lesson is that additional funding is needed for statistical capacity building to have real-life and real-time tracking of key country developments.** Researchers were chasing fragments of information because of the paucity of local statistical systems. The indicators used were those easiest to gather and measure but in future operations, more ambitious metrics can be used to widen the development impact of the DPO.

75. **The fifth lesson is the importance of donor coordination and information sharing.** The Ebola crisis brought to the forefront the need to share information and coordinate activities. Some of the governments could not track some of the aid money that was spent, although the World Bank did its best to ensure the tracking of the key supplies and inputs in the battle against Ebola.

76. **The need for better coordination and information sharing is a key lesson learned during the crisis that the Guinean authorities are trying to adapt for other circumstances.** On February 16, 2015, the Prime Minister issued a decree, which created the Framework of Consultation between the Government and Guinea's international donors. This Framework is under the leadership of the Prime Minister, and its main mission is to facilitate and strengthen consultation between the Government and the country's international development partners.

7. Comments on Issues Raised by Borrower/Implementing Agencies/Partners

(a) Borrower/Implementing agencies

77. The Government appreciated the operation both with regard to the emergency financing that it provided and the support for some of the public finance reforms. It also acted as a catalyst for the international community to continue disbursing funds to Guinea.

(b) Cofinancers

Not applicable.

(c) Other partners and stakeholders

78. The World Bank support for the Ebola response was widely lauded in the Guinean media and by civil society participants. The World Bank has been perceived as leading the effort to avoid stigmatizing and isolating the affected countries during the pandemic.

Annex 1 Bank Lending and Implementation Support/Supervision Processes

(a) Task Team members

Names	Title	Unit	Responsibility/Specialty
Lending			
Ali Zafar	Senior Economist	GMFDR	Task Team Leader
Celestin Niamien	Senior Financial Management Specialist	GGODR	Senior Financial Management Specialist
Safiatou Diallo	Operations Officer	AFMGN	Operations Officer
Enias Baganizi	Senior Health Specialist	GHNDR	Senior Health Specialist
Judite Fernandes	Program Assistant	GMFDR	Program Assistant
Kadidiatou Bah	Program Assistant	GMFDR	Program Assistant
Siobhan-McInerney-Lankford	Senior Counsel	LEGAM	Senior Counsel
Faly Diallo	Financial Officer	CTRLA	Financial Officer
Supervision			
Ali Zafar	Senior Economist	GMF01	Task Team Leader
Abdoul Ganiou Mijiyawa	Economist	GMF01	ICR Main Author

(b) Staff Time and Cost

Stage	Staff Time and Cost (Bank Budget Only)	
	No. of staff weeks	US\$, thousands (including travel and consultant costs)
Lending		
2015	34.81	220,537.90
Total:	34.81	220,537.90
Supervision/ICR		
2016	1.43	11,284.55
Total:	1.43	11,284.55

Annex 2. Summary of Borrower's ICR and/or Comments on Draft ICR

The borrower expressed strong appreciation for the operation and had a very positive evaluation. Most importantly, the operation helped the battle against Ebola and paved the way for the post-Ebola recovery. There are a number of areas where the Government was very satisfied by this operation. First, the operation provided the authorities with sufficient financial support to manage the health shock and alleviate fiscal pressures. Second, the operation provided a signal to the international community that Guinea was not isolated and provided a catalyst for aid. Third, the operation supported important reforms in public finance, especially with regard to transparency, that helped the Guinean authorities. Overall, the authorities have been very appreciative of the team's diligence and flexibility in providing the emergency budget support operation.

PROJET DE NOTE DU GOUVERNEMENT SUR L'UTILITE DE L'APPUI BUDGETAIRE APORTE PAR LA BANQUE MONDIALE EN 2014

CONTEXTE ECONOMIQUE ET SOCIAL DE LA GUINEE EN 2014

La Guinée a connu en 2014, une situation économique et sociale marquée par les conséquences de l'épidémie à virus Ebola. Depuis son apparition en Guinée forestière en décembre 2013, l'épidémie a touché 3.351 personnes et en a tué 2.083 à la date du 25 novembre 2015. Elle a affecté 26 préfectures et les cinq communes de Conakry, y compris des zones propices à la production agricole.

Sur le plan économique, l'épidémie a particulièrement affecté les principaux secteurs de l'économie nationale tels que l'agriculture, les transports, le tourisme, le commerce et l'hôtellerie. La production agricole et la production artisanale d'or ont été touchées, ce qui a eu une incidence négative sur les exportations. La situation déficitaire des comptes extérieurs s'est aggravée reflétant des exportations plus faibles, notamment de produits agricoles, liées à la fermeture des frontières avec certains pays voisins. Le commerce et les services ont le plus subi l'impact, ayant été sérieusement touchés par la suspension des vols internationaux, la fermeture des frontières qui ont entraîné la baisse des flux des travailleurs étrangers et des voyageurs d'affaires, ainsi que la baisse des mouvements de capitaux entrant dans le pays.

L'impact de l'épidémie Ebola sur les finances publiques a été très défavorable. L'épidémie a non seulement entraîné d'importantes moins-values de recettes, mais elle aussi entraîné une augmentation significative des dépenses de l'Etat. Ainsi, le déficit budgétaire s'est accru. En plus de l'impact négatif de l'épidémie Ebola sur les finances publiques, celles-ci ont également subi les effets de la baisse des prix des matières premières. Ainsi, le taux de croissance en 2014 a été de 1,1%, contre 2,3 % en 2013.

Le gouvernement guinéen a bénéficié en 2014 d'un appui considérable de ses partenaires techniques et financiers dont le groupe de la Banque Mondiale.

En dépit de ce contexte très difficile, marqué par la crise Ebola et la baisse des cours mondiaux des matières premières, le programme économique et financier de la Guinée avec le FMI mis en route en 2012 s'est poursuivi. Les critères de réalisation quantitatifs de ce programme tels que

négociés avec le FMI dans le cadre de l'accord au titre de la Facilité Élargie de Crédit (FEC) ont été respectés à fin décembre 2014. Mais, l'attention des autorités étant concentrée sur la lutte contre l'épidémie d'Ébola, certaines réformes structurelles ont été retardées. Cette situation a entraîné des retards dans la conclusion du programme FEC.

Dans le cadre de la lutte contre Ebola, le Gouvernement a bénéficié de l'assistance de ses partenaires internationaux dont un appui budgétaire de la Banque Mondiale. L'appui budgétaire de la Banque Mondiale était approuvé par le Conseil d'Administration de l'institution le 13 Novembre 2014 et décaissé le 2 Décembre 2014. C'était un appui de 50 millions de dollar américain, dont 10 millions de don et 40 millions de crédit.

L'aide budgétaire apportée par la Banque Mondiale a contribué dans une large mesure à l'équilibre financier du budget de l'État mis à rude épreuve par les conséquences découlant des chocs exogènes d'une rare ampleur subis par l'économie et les populations guinéennes. Elle a permis au Gouvernement de faire face à ses dépenses incompressibles et assurer la continuité du fonctionnement des administrations publiques. L'aide budgétaire a mis à la disposition du Gouvernement des ressources financières nécessaires pour la lutte contre Ebola, et a accéléré l'adoption du Plan de Riposte contre Ebola préparé par le Gouvernement. De plus, la présence de la Banque Mondiale au côté du Gouvernement à travers l'aide budgétaire a servi de signal et de mobilisation plus forte de la communauté internationale pour la lutte contre Ebola. Ceci a permis d'éradiquer la maladie à la mi-novembre 2015, et l'Organisation Mondiale de la Santé a déclaré la fin de l'épidémie Ebola en Guinée le 29 décembre 2015.

En plus du soutien relatif à la lutte contre Ebola, l'appui budgétaire de la Banque Mondiale a permis au Gouvernement de poursuivre ses efforts en faveur du redressement de l'économie nationale, tout en mettant l'accent sur la poursuite des réformes structurelles au titre desquelles celles relatives aux finances publiques occupent une place de choix. Dans le cadre de l'appui budgétaire, des mesures concrètes ont été prises pour améliorer la transparence budgétaire. L'adoption de la Loi de Finance Rectificative intégrant les dépenses liées à Ebola, la poursuite du recensement biométrique de la fonction publique ont permis d'améliorer la transparence budgétaire et d'assurer une meilleure utilisation des ressources publiques.

Ainsi, grâce à l'aide budgétaire de la Banque Mondiale, le Gouvernement a mené en 2014 d'importantes réformes qui touchent la mobilisation des recettes, le contrôle des finances publiques, la fonction publique, et le renforcement des capacités. Le Gouvernement apprécie énormément la diligence et la flexibilité dont a fait preuve l'équipe de la Banque Mondiale dans la mise en œuvre de l'appui budgétaire dans le cadre de la riposte contre Ebola.

Le Gouvernement considère que la poursuite des efforts avec l'accompagnement de la communauté internationale est nécessaire pour mener une lutte efficace contre la pauvreté. C'est pourquoi, le Gouvernement est reconnaissant des appuis multiformes que le Groupe de la Banque Mondiale ne cesse d'apporter pour l'appuyer dans ses efforts pour l'amélioration des conditions de vie de la population guinéenne et de la lutte contre la pauvreté.

PROJECT OF NOTE FROM THE GOVERNMENT ON THE USEFULNESS OF THE BUDGETARY SUPPORT PROVIDES BY THE WORLD BANK IN 2014.

I. Economic and social context of the 2014 Guinea

In 2014, Guinea has known an economic and social situation marked by the consequences of the Ebola epidemic. Since its emergence in Guinean forest in December 2013, the epidemic has affected 3.351 people and killed 2.083 by November 25, 2015. It has affected 26 prefectures and all five communes of Conakry, including areas conducive to agricultural production.

On the economic front, the epidemic particularly affected the main sectors of the economy such as agriculture, transport, tourism, trade and hospitality. Productions in agricultural and artisanal gold have also been affected resulting in a negative impact on exports. The deficit situation of external accounts worsened reflecting weaker exports, especially in agricultural products. Due to the closure of borders with neighboring countries trade and services have sustained the most impact having been seriously affected by the suspension of international flights. The closure of the borders led to lower flows of foreign workers and business travelers, as well as downward movement of capital entering the country.

The impact of the Ebola epidemic on public finances was very unfavorable. The epidemic has not only led to significant losses of revenue, but it also led to a significant increase in government spending. Thus, the increase in the budget deficit. In addition to the negative impact of the Ebola epidemic on public finances, they have also suffered the effects of the prices drop of raw materials. So, the growth rate in 2014 was 1.1 per cent, against 2.3% in 2013.

II. The Government of Guinea has benefited in 2014 from considerable support of its technical and financial partners including the World Bank group

In spite of this difficult context, marked by the Ebola crisis and the decline in world prices of raw materials, the economic and financial program of Guinea which the IMF started in 2012 continued. Quantitative criteria of realization of this program negotiated with the IMF under the agreement under the Extended Credit Facility (FEC) were respected in late December 2014. But with the authorities' attention concentrated on the fight against the Ebola epidemic, some of the structural reforms were delayed also delaying the conclusion of the FEC program.

Within the framework of the fight against Ebola, the Government benefited from the assistance of international partners, including budgetary support from the World Bank. Budgetary support from the World Bank was approved by its Board of Directors on November 13, 2014 and disbursed on 2 December 2014. The support amounted to 50 million U.S. dollar, including 10 million as donation and 40 million as credit.

Budgetary assistance by the World Bank has contributed to a large extent to the financial balance of the state budget which was put to the test by the consequences due to exogenous shocks of a rare magnitude suffered by both the economy and the Guinean people. It allowed the Government to cope with its fixed expenses and ensure the continuity of the functioning of public administration. Budget support put necessary financial resources for the fight against Ebola at the disposal of the Government, and accelerated the adoption of the Plan of Response against Ebola prepared by the Government. In addition, the presence of the World Bank at the side of the Government through

budget support served as signal and greater mobilization of the international community for the fight against Ebola. This helped eradicate the disease in mid-November 2015. The World Health Organization announced the end of the Ebola epidemic in Guinea December 29, 2015.

In addition to the support to the fight against Ebola, the budget support provided by the World Bank enabled the Government to continue its efforts to promote the recovery of the national economy. Emphasis was put on the pursuit of structural reforms with the ones relating to public finances in prime position. In the context of budgetary support, concrete measures were taken to improve transparency. The adoption of the law of Amending Finance integrating Ebola expenses ; the continuation of the biometric census of the public service helped to improve budgetary transparency and to ensure a better use of public resources.

Thus, thanks to budgetary aid from the World Bank, the Government conducted in 2014 important reforms affecting revenue mobilization and control of public finances, the public service, and capacity-building. The Government highly esteemed the diligence and flexibility demonstrated by the World Bank team in the implementation of the budget support as part of the response against Ebola.

The government acknowledges that its continued efforts joined with the support of the international community are necessary for an effective fight against poverty. That is why the government is grateful for the multifaceted and continued support of the World Bank Group in its efforts for the improvement of the living conditions of the Guinean population and the fight against poverty.

Annex 3. List of Supporting Documents

N/A

Annex 4: Country MAP

