



Support to MSME Growth Competitiveness and Access to Finance (P164283)

WESTERN AND CENTRAL AFRICA | Guinea | Finance, Competitiveness and Innovation Global Practice | IBRD/IDA | Investment Project Financing | FY 2019 | Seq No: 7 | ARCHIVED on 22-May-2023 | ISR53033 |

Implementing Agencies: Ministry of Industry and SMEs, Republic of Guinea

Key Dates**Key Project Dates**

Bank Approval Date: 07-Jun-2019

Effectiveness Date: 27-Jan-2020

Planned Mid Term Review Date: 09-Jan-2023

Actual Mid-Term Review Date: 09-Jan-2023

Original Closing Date: 29-May-2024

Revised Closing Date: 29-May-2024

Project Development Objectives

Project Development Objective (from Project Appraisal Document)

Support micro, small and medium enterprises access to markets and access to finance in the Conakry urban area.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

Components Table

Name

Support entrepreneurship and MSME Development:(Cost \$10.00 M)

Support financial infrastructure:(Cost \$10.00 M)

Develop financial services tailored towards MSMEs:(Cost \$8.00 M)

Project Management and Monitoring:(Cost \$2.00 M)

Overall Ratings

Name	Previous Rating	Current Rating
Progress towards achievement of PDO	□ Moderately Satisfactory	□ Moderately Satisfactory
Overall Implementation Progress (IP)	□ Moderately Unsatisfactory	□ Moderately Unsatisfactory
Overall Risk Rating	□ High	□ High

Implementation Status and Key Decisions

The project was approved on June 7th, 2019 and signed on July 29th, 2019. It became effective on January 25th, 2020 as planned. This is the MTR (or sixth ISR) which was conducted with feedbacks from the PIU and the update of the results indicators.

Since the last supervision mission in June 2022, the main achievements per components are as follows:

Component 1: Support to SMEs

- For CAPME Institutional Support: the recruitment of all staff was completed. These include an Operations Director, an expert in charge of training and access to finance, and three agents (in charge of logistics, partnership and business registration). Study trips to Côte d'Ivoire and Senegal were made by CAPME agents, UEP representatives and supervisory ministry officials. An action plan and SME support mechanism were developed by the CAPME team; and a firm responsible for providing technical support to CAPME was recruited and carried out two missions in the field. Despite these results, the mission notes the slow integration of CAPME into the activities of the MICPME, illustrated by the late legal creation of CAPME in



March 2023 after more than two years after institutional support and by the lack of a budget to ensure its operation. This is a significant risk to its sustainability after the closing of PRECOP support in June 2023.

- For the support to SMEs related to the development of linkages between large " donneurs d'ordre" and MSMEs, an action plan, established on the basis of collaboration with several key actors (BSTP, APIP, Jatropha) has been put in place. In coordination with BSTP, 150 SMEs operating in various sectors were trained with the objective of increasing their resilience to the COVID 19 pandemic by taking into account the business opportunities offered by their sector of activity and the constraints created by the current environment with the COVID-19 pandemic. Similarly, 180 firms, including 30 start-ups, have benefited from the Project's COVID-19 response program, which provides technical assistance to MSMEs producing masks, hydro-alcoholic solutions and hand washing stations, in partnership with Jatropha. An assessment of the financial, technical and managerial capacities of 300 targeted MSMEs was finalized. Specific recommendations for improving the productivity of the target SMEs were also formulated. In addition, the study on the process of pre-qualification of local suppliers, the manual of procedures for the labeling of MSMEs, as well as the categorization of suppliers on the basis of validated information and their technical and financial skills have all been finalized. The implementation of a labeling program for 100 pilot MSMEs that are members of the BSTP is being finalized. This program will improve their management, technical, financial and operational capacities and facilitate their access to business opportunities. A firm in charge of supporting the implementation of strategic initiatives to promote local content in coordination with clients has been recruited and has begun its assistance. Finally, given the central role of the BSTP in the promotion of local content and market access for local SMEs, the Project continues to support the management body of this structure, so that it can offer quality services to SMEs and perfect its mission.

- For the Support to entrepreneurship and suppliers of Ecosystems: (i) a training need assessment for ecosystem providers has been completed; (iii)the structure in charge of the independent verification of the business plan and innovation competition process and of the selection process for business development service providers has produced a procedures' manual; (iii) workshops were organized to introduce the Project to the principals and other stakeholders; (iv) a procedures manual for the implementation of the results-based funding of ecosystem providers and the Business Plan and Innovation Competitions was finalized by the firm supporting these activities and (v) the recruitment of two firms to strengthen the capacity of entrepreneurial ecosystem providers and start-ups is underway; (vi) the launch of the first business plan competition of ecosystem providers and start-up have been launched with 10 ecosystem providers and 40 start-ups selected. However, the diligence of the PIU is required to accelerate the disbursement of funds related to these competitions and the close monitoring of project implementation in accordance with the performance contracts signed by the beneficiaries.

Component 2: Financial infrastructure

- For SWITCH: The implementation of the National SWITCH has been moving forward despite several technical delays mainly due to the difficulty to communicate between all stake holders (GUIM, CB, BCRG, PIU, local project team supported by an international consulting firm and financial institutions) about technical choices. The team recommended the support of the international advisory firm to support the client all along the implementation phase. The first module (the mobile money module) is expected to go live by the end of June 2023.

- For the mutualized information system (MIS) for selected microfinance institutions: The need assessment was finalized in December 2021 and procurement documents (technical specifications) are being completed. The DAO has been successfully launched and the signature of the contract is expected to take place by June 2023.

- For the credit registry (public "Système d'Information de Credit"), the restructuring supported the upgrade of the IT platform. Technical specifications were completed and the contract with the firm was signed (addendum to the contract with existing the provider). The upgrade of the software is ongoing and will be finalized by the end of December 2023.

- For the modernization of the collateral registry, a project chief has been hired and the definition of technical specifications have been defined following the legal review. The procurement process of the new IT platform is about to start and should end by the end of June 2023.

Component 3: Support to the Credit Guarantee Fund for SMEs (FGPE) - "Fonds de Garantie des Prêts aux Entreprises"

As of end March 2023, the FGPE is fully operational and legally created: A new Managing Director was nominated by Presidential decree on February 13, 2023, the FGPE statutes have also been promulgated in January 2023, 2 licensed accountants have been validated by the BCRG, the Fund has also been licensed by the BCRG to operate financial entity, it was legally registered at the Commercial Registry and APIP. All these legal documentations have been prepared with the help of a technical assistance delivered by the IFC. A resident international expert has been also hired to support the FGPE management team and study missions to Madagascar was organized where the Partial Portfolio Guarantee Fund was successfully setup (a visit to Burkina Faso GPP is also planned). Core banking system and processes are being acquired. The licensing of the General Direction by the BCRG has been delayed (more than 2 months), delaying the WOB ANO for 1st tranche's disbursement.

Overall, the implementation continue to be slow despite some recent momentum of buy-in by the authorities, mainly on the FGPE.

Risks

Systematic Operations Risk-rating Tool

Risk Category	Rating at Approval	Previous Rating	Current Rating
Political and Governance	High	High	High



Macroeconomic	□ Substantial	□ High	□ High
Sector Strategies and Policies	□ Moderate	□ Moderate	□ Moderate
Technical Design of Project or Program	□ High	□ Moderate	□ Moderate
Institutional Capacity for Implementation and Sustainability	□ High	□ Substantial	□ Substantial
Fiduciary	□ Substantial	□ Substantial	□ Substantial
Environment and Social	□ Moderate	□ Moderate	□ Moderate
Stakeholders	□ Substantial	□ Substantial	□ Moderate
Other	□ Substantial	□ Moderate	□ Moderate
Overall	□ High	□ High	□ High

Results

PDO Indicators by Objectives / Outcomes

Support entrepreneurship and MSME growth				
▶▶ Value of sales contracts won by MSMEs supported by the project (Amount(USD), Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	21,000,000.00	37,000,000.00	25,000,000.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Value of SMEs that receives a capacity building programs funded by the project and were as a result being able to secure sales contracts from a large companies			
▶ Number of start-up or innovative MSMEs successfully supported (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	30.00	100.00	150.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Digital entrepreneurship projects supported by the project			

Strengthen financial infrastructure				
▶ Monthly volume of transactions processed by the National Switch (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	10,000,000.00



Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Monthly volume of transactions processed by the National Switch			
► Credit registry coverage (% population) (Percentage, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.03	3.86	3.86	5.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Credit registry coverage measured as a % of individuals and firms listed in a credit registry with information on their borrowing history from the past 5 years			

Increase financial services for MSMEs				
► Loans provided to MSMEs by financial institutions participating in the PPCG (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	350.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Number of MSME loans provided by the participating financial institutions by the PPCG			

Intermediate Results Indicators by Components

Support Entrepreneurship and MSME Development				
► Large domestic and foreign companies signed up for MSME linkage program (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	16.00	18.00	50.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Large multinationals or domestic companies that sign an MOU with the project to participate in a linkage programs supported by the project			
► Entrepreneurship ecosystem providers to be strengthened (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	13.00	13.00	10.00
Date	30-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024



Comments:	Strategic partners who are enablers across the entrepreneurship ecosystem			
► Number of grass root events, workshops, and strategic engagements with civil society representatives for broad-based consultations on the implementation and impact of MSME programs (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	12.00	16.00	20.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Number of grass root events, workshops, and strategic engagements with civil society representatives for broad-based consultations on the implementation and impact of SME programs			

Support payment infrastructure and access to finance				
► National switch fully operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	A switch will platform will be designed and implemented to facilitate and increase digital payments			
► MFIs digitally transformed (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	0.00	0.00	25.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Number of MFIs digitally transformed			
► Number of inquiries received by SIC on a monthly basis (Number, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	0.00	6,186.00	8,477.00	20,000.00
Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	Number of inquiries received by SIC on a monthly basis			
► A collateral registry established and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	No	Yes



Date	31-Dec-2019	31-Mar-2022	18-May-2023	31-May-2024
Comments:	The collateral will electronically register movable collaterals and allow on-line consultations			
▶ PPCG is created and operational (Yes/No, Custom)				
	Baseline	Actual (Previous)	Actual (Current)	End Target
Value	No	No	Yes	Yes
Date	31-Dec-2019	31-Mar-2022	18-May-2022	31-May-2024
Comments:	The Partial Portfolio Credit Guarantee managed by the FGPR is created and operational			

Performance-Based Conditions

Data on Financial Performance

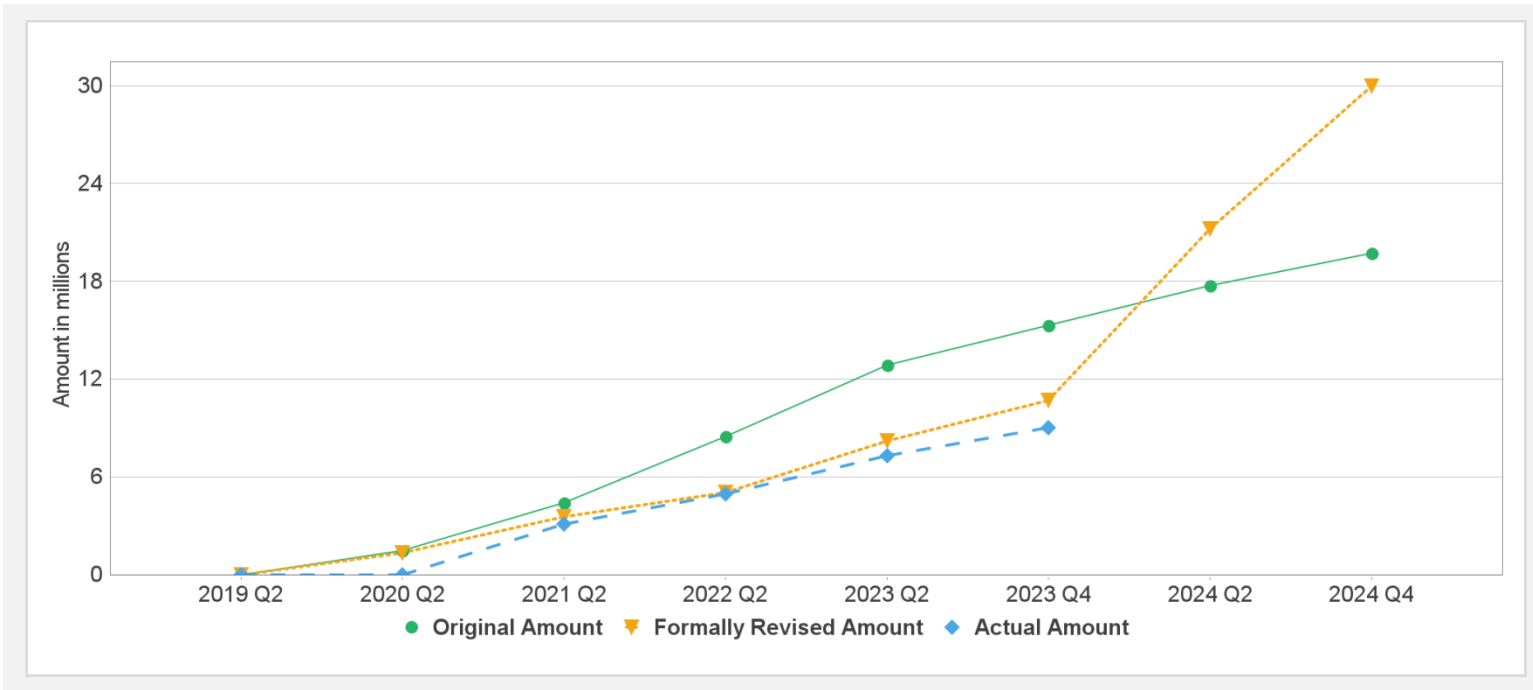
Disbursements (by loan)

Project	Loan/Credit/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P164283	IDA-64690	Effective	USD	15.00	15.00	0.00	4.18	10.82	28%
P164283	IDA-D5070	Effective	USD	15.00	15.00	0.00	4.83	9.86	33%

Key Dates (by loan)

Project	Loan/Credit/TF	Status	Approval Date	Signing Date	Effectiveness Date	Orig. Closing Date	Rev. Closing Date
P164283	IDA-64690	Effective	07-Jun-2019	29-Jul-2019	27-Jan-2020	29-May-2024	29-May-2024
P164283	IDA-D5070	Effective	07-Jun-2019	29-Jul-2019	27-Jan-2020	29-May-2024	29-May-2024

Cumulative Disbursements



Restructuring History

There has been no restructuring to date.

Related Project(s)

There are no related projects.