



1. Project Data

Project ID P167884	Project Name PAGL	
Country Guinea	Practice Area(Lead) Social Sustainability and Inclusion	
L/C/TF Number(s) IDA-D4450	Closing Date (Original) 31-Oct-2024	Total Project Cost (USD) 39,150,280.66
Bank Approval Date 22-Mar-2019	Closing Date (Actual) 31-Jan-2025	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	40,000,000.00	0.00
Revised Commitment	38,935,182.00	0.00
Actual	39,151,561.52	0.00

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2. Project Objectives and Components

a. Objectives

The Original Project Development Objective (PDO) was “to improve local government capacity in managing their public financial resources in a transparent and participatory manner, and in mitigating local conflicts” (Financing Agreement, page 4). The PDO was phrased identically in the Project Appraisal Document (PAD) (PAD, page 13).

The PDO was not revised.



For the purposes of this Implementation Completion and Results Report (ICR) review, the PDO is parsed as follows:

PDO 1: To improve local government (LG) capacity in managing their public financial resources in a transparent and participatory manner.

PDO 2: To improve local government capacity in mitigating local conflicts.

This parsing is consistent with the Project's Theory of Change (ToC) and Results Framework (RF).

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The Project built on previous Bank operations in Guinea that supported fiscal decentralization and strengthened LG capacity. Recent operations helped establish the National Local Development Fund (Fond National pour le Développement Local, FNDL) and pilot community participation and accountability tools. Building on this foundation, the Project aimed to support the Government's transfer mechanism to LGs through the FNDL, using results-based transfers to incentivize effective FNDL operationalization and sound financial management (Component 1) and building capacity (Component 2).

The transfer mechanism would operate as follows. The FNDL was managed by the National Agency for Local Government Financing (Agence Nationale de Financement des Collectivités Locales, ANAFIC) and financed through a special sub-account in the national budget, funded by 15 percent of mining tax revenues earmarked for LGs. LGs would prepare participatory five-year Local Development Plans and annual budgets, including investment plans, based on indicative allocations communicated by ANAFIC. ANAFIC would then confirm allocations, review and approve investment plans, and progressively disburse funds. LGs could solicit technical assistance for project execution. LGs would be accountable to central government and local constituencies for financial management, while ANAFIC would be accountable to relevant government agencies, which would validate its financial and activity reports. These reports would be published online, and ANAFIC would be subject to external audits. Using FNDL transfers, LGs would finance local services and investments, including infrastructure and equipment in the education, health, sanitation and water, and transport, as well as income-generating activities for women, and support productive activities.

1. Original components

Component 1. Supporting the operationalization of the FNDL (cost at appraisal: US\$20.0 million; cost at closure: US\$20.0 million) aimed to incentivize improved availability and management of resources at the LG level through results-based transfers to the Government. Component 1 funds would be disbursed in four tranches, conditional on the achievement of the following Disbursed-Linked Indicators (DLIs), independently verified prior to submission to the World Bank:



- **DLI1:** Regulatory texts operationalizing the FNDL were signed, and the FNDL account was opened and funded (expected December 2019, US\$2.0 million).
- **DLI2:** The FNDL annual disbursement rate exceeded 70 percent (expected December 2020, US\$4.0 million).
- **DLR 3:** At least 200 LGs disbursed more than 50 percent of FNDL transfers for appropriately authorized purposes (expected December 2021, US\$7.0 million).
- **DLI 4:** At least 300 LGs disbursed more than 60 percent of FNDL transfers for appropriately authorized purposes (expected December 2022, US\$7.0 million).

Component 2. Building institutions and capacity for inclusive and accountable local governance (cost at appraisal: US\$15.0 million; cost at closure: US\$14.02 million) aimed to finance technical assistance (TA) and capacity building to support the decentralization process through three sub-components:

Subcomponent 2.1: Strengthening and digitalizing LGs Public Finance Management (PFM) was to finance TA, training, studies, and equipment to strengthen LG's PFM, including: (i) rollout of the SIM_BA accounting and budget management software to all LGs; (ii) PFM training; and (iii) feasibility studies for investments and urban planning.

Subcomponent 2.2: Support to decentralization implementation was to finance TA, training, and equipment to strengthen the decentralization framework, including: (i) training for national and local staff on revenue mobilization, local development coordination, local civil service management, urban development, gender and social inclusion, and climate and disaster risk management; (ii) TA to monitoring and evaluation (M&E) and database management; and (iii) TA to design and implement an LG performance pilot.

Sub-component 2.3: Citizen Engagement and Community-based Early Warning and Response System (EWRS) was to scale-up approaches piloted under previous Bank projects, including: (i) expansion of citizen engagement mechanisms (CEM) (national call center, participatory budgeting, participatory M&E, and mobile-based data collection); (ii) TA to implement a community-based Early Warning and Response System (EWRS); and (iii) external citizen engagement monitoring, EWRS, and gender and social inclusion activities.

Component 3: Project management support (cost at appraisal: US\$5.0 million; cost at closure: US\$5.96 million) aimed to finance the Project Implementation Unit (PIU) housed within ANAFIC.

Component 4: Contingent Emergency Response Component (CERC) (cost at appraisal: US\$0.0; cost at closure: US\$0.0 million) aimed to establish a mechanism to reallocate funds in response to natural disasters following a formal declaration of emergency or government request. The CERC was not activated.

Revised Components:

The components were not revised.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates



Project Cost: The total project cost was estimated at US\$40.0 million at appraisal, and the actual disbursement amounted to US\$39.98 million.

Project Financing: The Project was financed by an IDA grant of US\$40.0 million, with actual disbursement totaling US\$39.98 million.

Borrower/Recipient contribution: There was no Borrower contribution.

Project Dates: The Project was approved on March 22, 2019, and became effective on September 9, 2019. The mid-term review (MTR) was implemented in September 2023, as planned. The Project was restructured twice: (i) on May 1, 2023; and (ii) on November 5, 2024. The original closing date was October 31, 2024. The Project was extended once for three months, to January 31, 2025, which was the Project's actual closing date.

Restructurings: There were two project restructurings, with no scope reduction.

Restructuring 1 (May 1, 2023) was undertaken to address a decline in Project performance largely caused by an external shock - the September 5, 2021 coup d'etat, which led to a government transition and the freezing of ANAFIC and LG accounts for most of 2022. By then, the first two DLIs – on signing documents to operationalize the FNDL and on disbursement rate from the national budget to ANAFIC – had been achieved on time. However, the account freeze prevented execution of DLI3 and DLI4 on disbursement of FNDL funds by LGs and delayed capacity-building activities. Ratings for progress towards the PDO and overall implementation declined from Satisfactory (August 2021), to Moderately Satisfactory (May 2022), and to Moderately Unsatisfactory (December 2022). At the same time, the new Government was committed to decentralization and local governance, and the Project's PDO remained highly relevant, justifying continued implementation.

To address the decline in Project performance, the following adjustments were initiated:

- **The Project strategy shifted to a two-stage approach**, and a follow-up operation *Guinea Support to Local Governance Project II* (PAGL II, P177095) was approved in May 2023, with some Project activities transferred to the new project.
- **DLI 3 and DLI4 were revised:**
 - DLI3 (“200 LGs have disbursed for appropriately authorized purposes more than 50 percent of their FNDL transfers”) was made conditional on the publication of a joint ministerial decree clarifying procedures for regularizing the FNDL Special Budget Allocation, to accelerate fund transfers. The deadline was extended to 2023.
 - DLI4 (“300 LGs have disbursed for appropriately authorized purposes more than 60 percent of their FNDL transfers”; allocation of Project funds: US\$7.0 million) became DLI4a (US\$4.0 million; revised deadline: December 2023).
 - A new DLI4b was introduced: “FNDL real annual disbursement exceeds 70 percent by December 2023” (US\$3.0 million), targeting the transfer of at least 70 percent of the provisional FNDL funds from the national budget to ANAFIC to incentivize replenishment of the FNDL following the lifting of the LG accounts freeze.
- **The Results Framework (RF) was revised, with the following main changes:**
 - **Four output targets were reduced:** (i) the indicator of percentage of LGs that use the SIM-BA software was scaled back from 50 percent (out of 337 LGs covered by the Project) to an eight-LG pilot (due to procurement and budget constraints), with completion deferred to



- PAGL II; (ii) the indicator of percentage of LGs with participatory budgeting (PB) and citizen monitoring (CM) was split into two indicators – for PB and CM - with each target reduced from 100 to 90 percent; (iii) the number of LGs required to establish an EWRS was lowered from 337 to 169, reflecting assessed needs; and (iv) the indicator of percentage of women and youth participating in LG committees (target 50 percent) was split into two – for women (target: 30 percent, below the baseline of 35 percent) and youth (target: 20 percent). The below-baseline target for female participation reflected a performance decline following the 2020 closure of a Bank operation that had provided related support (ICR, page 20).
- **Two indicators were reformulated:** (i) the PDO indicator “Citizens who are satisfied with investments made by LG in a participatory manner (%)” was revised to “Percentage of targeted people that express the opinion that LGs investments reflect their development needs and priorities”, aligning it with a PAGL II PDO indicator; and (ii) the IRI “Number of urban LGs with a local development plan adapted to the urban context” was replaced with “Number of urban planning studies executed”, to better reflect actual Project commitment.
 - **Indicator definitions were clarified and targets updated accordingly:** (i) the PDO indicator “Total number of direct beneficiaries” (PAD, page 35) was redefined to improve attribution by excluding beneficiaries of FNDL-financed subprojects not directly supported by the Project, reducing the target from 4,003,160 to 556,588; and (ii) the definition of the PDO indicator “LGs FNDL investment budget execution rate” was updated to calculate it based on actual transfers received by municipalities rather than budget estimates used in the original definition (PAD, pages 36-37).

Restructuring 2 (November 5, 2024) extended the Project closing date by three months, from October 31, 2024, to January 31, 2025, to allow completion of remaining activities.

Split evaluation. A split evaluation is not required – despite reductions in four output targets, the Project’s ambition and scope remained unchanged.

3. Relevance of Objectives

Rationale

Country and Sector Context. At Project approval, Guinea was a fragile country highly vulnerable to internal and external shocks. GDP per capita was only US\$531 (2015), and poverty was high, remaining at approximately 55 percent between 2002 and 2012. The country was recovering from the 2013–2016 Ebola crisis and the global decline in commodity prices, which severely affected its mining-dependent economy. Although Guinea was not listed by the World Bank as a Fragile and Conflict-Affected Situation (FCS) – due to the absence of a peacekeeping mission and a CPIA score of 3.2 (2017), just above the FCS threshold - it was nevertheless classified by the International Development Association (IDA) in 2018 as an exceptional fragility, conflict, and violence (FCV) context, making it eligible for IDA18 Risk Mitigation Regime (RMR) financing.

To address development constraints, the government adopted the 2016–2020 National Economic and Social Development Plan (Plan National de Développement Economique et Social, PNDES), focused on strengthening governance, inclusive growth, human capital, and sustainable natural resource management. While economic performance improved – driven by mining, construction, and agriculture - key FCV drivers



persisted, including weak service delivery across sectors, exposure to commodity price volatility, youth exclusion and underemployment, and the political instrumentalization of ethnic and regional identities.

The Project was designed to address one of the main FCV drivers - poor service delivery – by supporting decentralization, public financial management (PFM), and LG capacity. World Bank Public Expenditure Reviews (PERs) (2015-2017) identified significant PFM weaknesses, noting that despite a supportive legal framework, fiscal transfers to LGs remained limited, largely due to their low capacity. The Project was timely, due to a renewed momentum for decentralization, including: (i) a 2013 amendment to the Mining Code stipulating FNDL’s creation and allocating 15 percent of mining tax revenues to it; (ii) the creation of the FNDL in 2016 and of ANAFIC in 2017 to manage the FNDL and oversee its funding; (iii) the 2017 revision of the LGs’ Code clarifying LG responsibilities; and (iv) the 2019 Law of Finance’s budget allocations to ANAFIC and the FNDL and the transfer of investment budgets from line ministries to LGs. (PAD, pages 6-9; ICR, pages 1-2)

Relevance to Government Strategies at closure. The Project was aligned with the Guinea’s second National Plan for Economic and Social Development (PNDES II) 2021-25, particularly its strategic objectives of strengthening governance and institutional capacity, addressing fragility, improving public fiscal management, enhancing decentralization and local governance, advancing public service delivery, and promoting sustainable management of natural resources (Concept Note for PNDES II 2021-25, pages 8-22).

Relevance to the WBG’s Assistance Strategies at closure. At the conclusion of this Review, the Country Partnership Framework (CPF) FY2026–31 was still under discussion, while the CPF FY2018-23 remained active following adjustment introduced in the 2021 Performance and Learning Review (PLR). The Project was aligned with the PLR, particularly with objectives identified as relevant for the IDA20 focus: supporting good governance and sustainable management of natural resources through improved public fiscal and financial management (Pillar 1, Objective 1), and improving social systems through decentralized service delivery (Pillar 1, Objective 2). The PLR also re-assessed the country’s FCV drivers, emphasizing that poor service delivery – the driver the Project was designed to address, now reframed as *a lack of popular support for state institutions* (to reflect public grievances over service delivery) (PLR, page 56) – remained a key FCV driver. (CLR, pages 17, 53-57)

Previous sector experience. The Project built on lessons from the World Bank’s Village Community Support Project series (P098959, approved in FY1999; P065129, approved in FY2008; and P156422, approved in FY2016), which introduced a Community-Driven Development (CDD) model, strengthened LG capacity, laid the basis for fiscal decentralization, and supported the FNDL’s creation. The Second Macroeconomic and Fiscal Management Development Policy Operation (P161796, approved in FY2019) funded the legal and fiscal reforms needed to operationalize and fund the FNDL. (ICR, page 1)

At closure, the Project aligned with Guinea’s development needs and government priorities, the WBG’s latest country strategy, and built on prior World Bank operational support for decentralization. Accordingly, the relevance of objectives is rated High.

Rating

High



4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To improve local government capacity in managing their public financial resources in a transparent and participatory manner.

Rationale

A Theory of Change (ToC) was included in the PAD and replicated in the ICR (PAD, page 21; ICR, page 2). It listed the Project's outputs, outcomes, PDO outcomes, and long-term impact. To achieve Objectives 1, the Project aimed to deliver the following outputs: (i) FNDL transfers to LGs, (ii) improved public finance systems and processes, (iii) training of LG staff to operationalize decentralization, (iv) mainstreamed citizen engagement, (v) EWRS implementation. Expected outcomes were: (i) increased resources for LGs; (ii) increased LG knowledge of PFM; and (iii) strengthened citizen engagement and community feedback. The expected PDO outcome was improved government capacity to manage public financial resources in a transparent and participatory manner. The ICR added one critical assumption: continued political support. Overall, the ToC clearly and succinctly presented the Project's results chain at all levels.

The RF aligned with the PDO and expected outcomes. Under Objective 1, it included three PDO indicators and nine IRIs. The PDO indicators were: (i) LGs' FNDL investment budget execution rate, (ii) number of direct beneficiaries (including women and youth), and (iii) the share of surveyed beneficiaries stating that LG investments reflect their priorities (including women and youth). Several IRIs supported PDO indicator (i), including IRIs on the disbursement rate of FNDL to LGs, completion of urban planning studies, and use of PFM software. Other IRIs measured improvements in LG governance transparency and public participation, including IRIs on the share of LGs with participatory budgeting and citizen monitoring of service delivery, and the share of women and youth in LG committees. Overall, the RF was logical, captured critical outputs and outcomes across expected activities and results, and was well aligned with the PDO.

Efficacy under Objective 1:

IRI results:

1. "Annual disbursement rate of the FNDL to LGs (Percentage)" (baseline: zero, target: 80). The achievement at closure was 83 percent; the target was exceeded. The ICR reported an average FNDL-to-LG disbursement rate of 83 percent over the 2019–2023 period. (ICR, page 19).
2. "Number of urban planning studies executed" (baseline: zero, target: eight). The achievement at closure was eight studies; the target was reached.
3. "Performance audits of ANAFIC (Number)" (baseline: zero, target: two). The achievement at closure was two audits; the target was reached.
4. "Number of LGs that manage the accounting and budgetary management of the municipality using the SIM-BA software package in a satisfactory manner" (baseline: zero, target: eight). The achievement at



closure was zero; the target was not achieved. The ICR attributed this to persistent delays and structural barriers - limited infrastructure, low digital literacy, and shortages of qualified personnel – and noted that this task was shifted to PAGL II (ICR, pages 6-7, 20).

5. “Percentage of reported grievances related to the ANAFIC addressed in a timely manner (baseline: zero, target: 60). The achievement at closure was 84 percent. The target was exceeded.

6. “Percentage of LGs with Participatory Budgeting (BP) (baseline: 39, target: 90). The achievement at closure was 100 percent. The target was exceeded.

7. “Percentage of LGs with Citizen Monitoring of Service Delivery (SEP) (baseline: 39, target: 90). The achievement at closure was 100 percent. The target was exceeded.

8. “Percentage of women in different committees in the target LGs (baseline: 35, target: 30). The achievement at closure was 19 percent. The target was partially achieved. However, by ICR completion, the 30-percent target was reached with support from PAGL II, and women were included in decision-making roles in participatory budgeting and in leadership. The below-baseline target (set at Restructuring 1) and the result reflected a performance decline following the 2020 closure of a Bank operation that had provided related support (ICR, pages 11, 20).

9. “Percentage of youth in different committees in the target LGs (baseline: zero, target: 20). The achievement at closure was 13 percent. The target was partially achieved.

PDO results:

1. “LGs FNDL investment budget execution rate (Percentage)” (baseline: zero, target: 70). The achievement at closure was 81 percent, exceeding the target. The ICR noted that the average execution rate from 2019 to 2023 was 87 percent (ICR, page 18). For comparison, the execution rate of central government transfers by LGs in 2017, during Project preparation, was 56 percent (ICR, page 6).

2. “Total number of direct beneficiaries” (baseline: zero, target: 556,588). The achievement at closure was 698,062, exceeding the target. The sub-targets – on female and youth beneficiaries – were also exceeded.

3. “Percentage of targeted people that express the opinion that LGs investments reflect their development needs and priorities” (baseline: 55, target: 75). The achievement at closure was 70 percent; the target was 93.3 percent (almost fully) achieved.

Overall, the following results were achieved:

- **Efficient FNDL investment budget execution by LGs.** This critical outcome was targeted by all four DLIs (fully met, triggering the full disbursement of the US\$20.0 million in results-based transfers), the PDO indicator 1 (exceeded), and IRIs 1-4 (reached or exceeded). As noted above, performance in this area was strong throughout the Project and as compared with the pre-approval level. The ICR pointed out that by Project closure, LGs demonstrated their capacity to absorb funds and effectively implement Investment Plans. The DLIs were central to this result, incentivizing effective functioning of the FNDL. Operationalization of the FNDL (DLI 1) created a structured, regulated, and transparent fiscal framework, while DLIs 2-4 promoted regular replenishment and execution by LGs, significantly



increasing available funds. The FNDL proved resilient, quickly recovering from the 2020 coup d'état. (ICR, page 6)

- **Improved LG's PFM capacity.** This outcome (linked to LG budget execution) was measured by the IRI on usage of the PFM software to be introduced by the Project in LGs. Although the Project failed to introduce the software, it established basic accounting capacity through the delivery of 337 solar kits, 712 computer kits, and a piloted Excel-based PFM tool, supported by digital literacy training. This strengthened financial oversight and transparency in FNDL resource use, enabling LGs to substantiate their expenditures. The Project also delivered extensive PFM training to over 90,000 participants – including technical specialists, managers, and elected officials - across all 337 LGs, although the impact was limited due to the dissolution of the civil service and local councils following the 2020 coup d'état. (ICR, pages 6-7)
- **Improved transparency, participation and community oversight.** This outcome was measured by IRIs on share of LGs with participatory budgeting and citizen monitoring of service delivery (both targets exceeded), as well as the share of women and youth in LG committees (women's participation achieved soon after project closure; youth participation partially achieved). The Project mainstreamed citizen engagement and supported the institutionalization of the Citizen Engagement Mechanism (CEM), strengthening transparency and community oversight of LG governance. The CEM was embedded in Guinea's National Guide to Local Development, making it standard practice across LGs. Citizen monitoring of service delivery (CMSD) was effective, with 70 percent of sub-projects assessed and CMSD committee operating costs integrated into all LG budgets. Committees conduct regular M&E, and their feedback has helped address service delivery gaps. The CEM also enabled public oversight through information campaigns, leading to increased community awareness of LG allocations and investment planning, as witnessed during field visits and indicated by focus groups. The Project also promoted a Grievance and Redress Mechanism (GRM), which was actively used across LGs. (ICR, pages 7-8)

Rating. The PDO and most IRI targets under Objective 1 were exceeded or nearly fully achieved. Performance in efficient FNDL investment budget execution by LGs - critical to achieving Objective 1 - was strong throughout implementation, with all DLIs and related PDO and IRI targets met. The Project also successfully introduced participatory budgeting and citizen monitoring of service delivery. Two shortcomings are noted: the failure to introduce PFM software (deferred to PAGL II) and the partial achievement of IRIs on female and youth participation at closure. In lieu of the PFM software, the Project established basic accounting capacity, strengthening financial oversight and transparency in FNDL resource use. Also, the female participation target was reached soon after Project closure. Accordingly, the efficacy rating is Substantial, with minor shortcomings.

Rating
Substantial

OBJECTIVE 2

Objective

To improve local government capacity in mitigating local conflicts.

Rationale



A Theory of Change (ToC) was included in the PAD and replicated in the ICR (PAD, page 21; ICR, page 2). It listed the Project's outputs, outcomes, PDO outcomes, and long-term impact. For Objective 2, the expected output was capacity building support to ANAFIC; the expected outcome was improved local conflict response and prevention systems; and the expected PDO outcome was improved LG capacity to mitigate local conflicts. A critical assumption – added in the ICR – was continued political support. The TOC clearly and succinctly reflected the Project's logic across all levels of the results chain.

The RF aligned with the PDO and expected outcomes. Under Objective 2, it included one PDO indicator – on the share of conflict risks addressed by the EWRS, and one IRI – on the number of LGs with EWRS. The PDO indicator directly measured the intended outcome of improved LG capacity to mitigate local conflicts, and the IRI appropriately underpinned it. The RF was logical, aligned with the PDO, and measured the critical results.

IRI results:

1. "Number of LGs that have set up an EWRS" (baseline: seven, target: 169). The achievement at closure was 169 LGs; the target was reached.

PDO results:

1. "Reported risks of conflicts addressed by the Early Warning and Response System (EWRS) (Percentage)" (baseline: zero, target: 75). The achievement at closure was 100 percent; the target was exceeded. According to the ICR, 3,969 alerts were identified, processed, and addressed (all reported cases), with 59 percent resolved through local response mechanisms and 41 percent requiring legal or national-level action and referred to relevant agencies (ICR, page 19).

Overall, the intended results were fully achieved. Both PDO and IRI targets were reached or exceeded. The project improved local government capacity to mitigate local conflicts by scaling up the EWRS, piloted under a previous operation, to all 169 LGs identified as needing such a system. The ICR noted that the EWRS is now recognized by beneficiary LGs as a primary mechanism for local conflict resolution.

Rating. The expected results for Objective 2 were fully achieved, and the efficacy rating is High.

Rating
High

OVERALL EFFICACY

Rationale

The overall efficacy rating is Substantial. Objective 1 - to improve LG capacity to manage public finances - was achieved substantially, with minor shortcomings. FNDL budget execution by LGs and their capacity to implement investments improved. The introduction of participatory budgeting and citizen monitoring of service delivery was also successful. The main shortcoming was the failure to introduce PFM software (deferred to PAGL II), but accounting capacity was nonetheless upgraded through simpler tools. Objective 2 (to improve



LG capacity to mitigate local conflicts) was fully achieved through the scale-up of EWRS, which are now the primary LG mechanism for local conflict resolution.

Overall Efficacy Rating

Substantial

5. Efficiency

a. Economic Analysis (PAD, pages 25-26, 57-65; ICR, pages 9-10, 30-31):

A cost-benefit analysis (CBA) was conducted at both appraisal and closure. While both analyses considered the same core benefits, they applied different monetization approaches and discount rates (12 percent at appraisal and six percent at closure).

At appraisal. The economic Internal Rate of Return (EIRR) was 39 percent, and the Net Present Value (NPV) was US\$38.0 million. Sensitivity analysis confirmed robustness of these estimates. The following three benefits were considered in the analysis:

- **Productivity gains from transfers to LGs for public investments** (NPV: US\$15.96 million), estimated using an IMF fiscal multiplier (the ratio of a change in output to exogenous fiscal change (in this case, annual increase in transfers)) adjusted for Guinea's characteristics including trade openness, flexibility of labor markets, spending and revenue inefficiencies, and debt levels. Based on PIU data showing lower unit, transaction, and supervision costs, and better alignment with local needs of LG investments - vs. central government - a 15 percent productivity markup was applied.
- **Productivity gains from increased transparency and accountability of LGs** (NPV: US\$10.64 million), estimated based on literature on economic gains from reduced leakages in public investments attributable to improved transparency. Based on this literature, a productivity markup of 15-25 percent was applied.
- **Reduced GDP losses from lower conflict and violence risk** (NPV: US\$11.4 million), estimated based on literature on GDP losses due to conflicts. Based on this literature, the Project was estimated to increase annual GDP by 0.1 percent.

While the Project delivered other benefits - including enhanced citizen engagement and trust in institutions, participatory budgeting, women's inclusion, and improved planning – these were hard to monetize, and therefore they were not included in the analysis.

At closure. The EIRR was 35.8 percent, and the NPV was US\$106.1 million. Sensitivity analysis showed robustness of these estimates. The following three benefits were considered in the analysis:

- **Economic returns from increased public infrastructure investments by LGs**, due to transfers. The increase in LG investments was estimated at US\$25.8 million annually, assuming the execution rate and the efficiency of public investment to be 50 percent each, depreciation rate of two percent, and operations and maintenance (O&M) costs of two percent of investment.



- **Economic savings from more effective infrastructure investments due to increased transparency and accountability.** The Project's impact analysis found that 43 percent of the 556,588 beneficiaries gained improved access to basic social services. This benefit was monetized at US\$10 per beneficiary.
- **Economic benefits from reduced conflicts.** The average annual cost of localized conflicts - including economic losses, infrastructure damage, and social disruption - was estimated at US\$9.7 million. The analysis was based on several assumptions, including that the Project prevented 50 conflicts annually through improved governance and community EWRS, and that localized conflicts account for 2 percent of Guinea's annual conflict-related economic cost, estimated in literature at US\$1,648 million.

The economic analyses at appraisal and at closure differed methodologically, with the latter incorporating a broader range of societal benefits (ICR, page 31). As a result, expected and actual EIRR and NPV are not directly comparable, preventing an assessment of whether the Project was implemented at least cost. Nonetheless, EIRRs at both appraisal and closure exceeded the opportunity cost of capital (the discount rate), indicating the Project's economic viability at both stages.

b. Administrative Efficiency (ICR, pages 9-10, 12-15):

The ICR noted that the Project was implemented within budget and catalyzed over US\$90 million in local investments through government transfers. It benefited from thorough preparation, drawing on lessons from the Village Community Support Project series on participatory governance, fiscal sustainability, and conflict prevention. Government ownership was strong and institutional arrangements robust - anchoring the Project under the Ministry of Territorial Administration and Decentralization (MATD) and placing the PIU under ANAFIC proved critical to its success, with satisfactory PIU performance. Key risks - political and governance, fragility, macroeconomic, and fiduciary - were well identified and mitigated through alignment with government agenda, conflict-sensitive activities, and recruitment of technical experts. The RF and M&E arrangements were sound.

During implementation, the Project continued to benefit from strong Government ownership, and the Bank team provided strong supervision and had low turnover, worked closely with counterparts, and coordinated with development partners, including AFD. Following the September 2021 coup d'état, which disrupted implementation through 2022, the Project adjusted swiftly. Restructuring 1 (May 2023) was efficient and introduced well-planned strategic measures, enabling a full resumption of implementation by end-2022 and leading to the upgrade of the overall implementation progress from Moderately Unsatisfactory in December 2022 to Moderately Satisfactory in June 2023.

However, some inefficiencies were noted, largely outside the Project control, including inconsistent and inadequate replenishment of the FNDL; the lack of properly assigned and trained general secretaries, irregular deployment of public accountants and municipal tax collectors, and the absence of robust financial oversight for local accounts. Also, the MATD faced shortages of technical staff to support LGs investments. Also, the M&E system struggled to collect and analyze complex data due to M&E design issues and low capacity.

Overall, while some inefficiencies were noted, these were mostly beyond Project control, and delays were limited to three months despite year-long post-coup disruptions. The overall implementation was efficient, benefiting from robust preparation and institutional arrangements; government ownership; hands-on supervision; and a swift, strategic, and technically sound restructurings. Accordingly, the efficiency rating is Substantial.

Efficiency Rating



Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	39.00	87.50 <input type="checkbox"/> Not Applicable
ICR Estimate	✓	35.80	85.10 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is High, while both efficacy and efficiency are Substantial. The Project substantially improved LG public finance management capacity by improving FNDL budget execution and LGs’ capacity to invest, and promoting participatory budgeting and citizen monitoring of service delivery. It improved LG capacity to mitigate conflicts. Although the PFM software was not introduced, accounting capacity was strengthened through simpler tools. Implementation was efficient, supported by sound preparation, government ownership, and hand-on supervision with technically sound restructurings. Accordingly, the Overall Outcome is rated Satisfactory.

a. Outcome Rating
Satisfactory

7. Risk to Development Outcome

Political. Political fragility poses a high risk to development outcomes. The interim government was dissolved in February 2024, constitutional and general elections were delayed, and no municipal elections have been held since 2018, with elected officials replaced by Special Delegations. This uncertainty threatens the sustainability of socio-economic reforms, particularly decentralization and local development. (ICR, page 16)

Macroeconomic. Continued high dependence on commodity exports exposes the country to economic shocks, contributing to external and domestic imbalances and fiscal deficit, which affects service delivery. This also poses a direct risk to FNDL financing, which relies on mining tax revenues. However, ongoing macroeconomic stabilization programs and budget support from International Institutions provide safeguards lowering this risk. (PAD, page 33; PAGL II PAD, page 38)

Financial. Persistent delays in FNDL replenishment undermine the predictability of annual planning, while many LGs rely on it as their sole investment funding source. PAGL II mitigates this risk by supporting local



revenue mobilization through tax administration reform, modernization of local systems, and PFM capacity building. It also supports the operationalization of the Local Economic Development Fund, reducing LG dependence on a single financing mechanism. Separately, limited funding for O&M also poses a risk to the sustainability of the systems created by the Project. (ICR, page 16)

Institutional capacity. Project implementation suffered from capacity and personnel issues, including shortages of trained staff, irregular deployment of municipal tax collectors and public accountants, limited technical support to LGs investments within MATD, and weak financial oversight of local accounts. Weak enforcement by the Court of Auditors further limits accountability. While these risks remain, the Project and PAGL II have substantially mitigated them through capacity building. In particular, PAGL II helped to deploy over 180 public accountants to LGs in 2024, reinforced training for core LG staff, and is advancing the formal integration of Local Development Agents - who advise LGs and communities on local development planning, management, and monitoring - into the civil service. (ICR, page 16).

8. Assessment of Bank Performance

a. Quality-at-Entry

Project preparation was thorough, drawing on two decades of Bank experience in decentralization and LG operations, strong Government ownership incentivized by the Project, and robust institutional arrangements grounded in a realistic assessment of the operating context. Key risks well identified and mitigated, and M&E, financial management (FM), procurement, and safeguards were carefully prepared. Minor shortcomings – limited to M&E - were addressed at Restructuring 1 through revisions to the DLI design and clarification of selected RF indicator definitions, correcting minor preparation omissions.

Quality-at-Entry Rating

Satisfactory

b. Quality of supervision

The ICR reported that during the 5-year and 4-month implementation period, nine supervision missions were conducted, including three in 2022 to support the PIU during the freezing of municipal accounts. The Bank team provided strong supervision with low staff turnover, working closely with AFD and other development partners, and maintained engagement with ANAFIC. The response to the September 2021 coup d'état was effective, with Restructuring 1 (May 2023) introducing timely and strategic measures - including DLI and RF revisions) - enabling full resumption of implementation by end-2022 and a smooth transition to PAGL II. (ICR, pages 9-10, 12-15)

However, some challenges are noted, including inconsistent replenishment of the FNDL, personnel issues, limited financial oversight of local accounts, and difficulties in collecting and analyzing complex M&E data.



Overall, Bank performance is rated Satisfactory. Project design was strong, with minor shortcomings, and implementation challenges were effectively addressed through restructurings and hands-on supervision.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The RF was properly designed, clear, and aligned with the Project's intervention logic, PDO, and expected outcomes. Indicators measured both objective results and perceptions and were quantitative, time-bound, measurable, specific, and attributable to the Project. Intermediate indicators underpinned the core PDO indicators – on LGs' FNDL investment budget execution rate and the share of conflict risks addressed through the EWRS - by tracking FNDL disbursements to LGs, completion of urban planning studies, use of PFM software, and the number of LGs with EWRS. The ICR noted that the M&E framework was sound, with data to be consolidated through ANAFIC's web-based system and a new data platform, supported by a detailed operational manual, trained staff, and independent data verification, particularly for DLIs and surveys (ICR, page 14).

Some minor shortcomings were addressed at Restructuring 1. The ICR noted that revisions to the DLI design – such as splitting DLI 4, to separate conditions on fund replenishment and LG execution - could have been included in the original design, to strengthen incentives for government commitment (ICR, page 14). Additionally, clarifications to RF indicators, including more precise definitions of Project beneficiaries and LGs' FNDL investment budget execution rate - corrected minor omissions during preparation.

b. M&E Implementation

The ICR found M&E implementation adequate. The M&E plan was largely followed, and the Management Information System inherited from the Village Community Support series was enhanced through mobile data collection with geo-tagging, and gender-disaggregated data. However, the system faced difficulties in collecting and analyzing complex data - such as information from participatory budgeting and citizen monitoring of service delivery - due to overly complex M&E tools, low capacity, and data gaps. (ICR, page 14)

c. M&E Utilization

The ICR reported that M&E was a critical Project management tool, enabling data-driven and timely corrective actions, including restructurings. Regular reporting of objective data provided a clear picture of progress, complemented by perception surveys. M&E was also critical for assessing Project impact and



establishing the baseline for PAGL II. A shortcoming was the PIU's difficulty in collecting, processing, and analyzing citizen engagement data, due to the complexity and scale of the task and limited capacity. However, this information was non-core and outside the RF, though its absence limited insight into participation gaps and opportunities to further strengthen community engagement approaches. (ICR, page 14)

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental and Social (E&S) Safeguards. At appraisal, the Project was classified as Environmental Category B (Partial Assessment), triggering Environmental and Social Assessment safeguard (OP/BP 4.01) due to FNDL-financed infrastructure microprojects. An Environmental and Social Management Framework (ESMF) was prepared and disclosed during preparation, and site-specific Environmental and Social Management Plans (ESMPs) were developed during implementation. Safeguards performance under OP/BP 4.01 was rated Satisfactory or Moderately Satisfactory in the last six Implementation Status and Results Report (ISRs) and closed as Satisfactory. A pre-closure compliance audit confirmed full adherence to safeguard requirements. A grievance redress mechanism (GRM) functioned throughout implementation, registering over 1,000 ANAFIC-related complaints, 84 percent of which were resolved within 21 days. The Project's GRM was selected for national scale-up and now supports nine Bank operations. (ICR, pages 14-15)

b. Fiduciary Compliance

Financial management (FM). The ICR reported that FM performance remained in full compliance throughout implementation and was mostly executed in a timely manner. Issues raised included delays in submitting and validating the Annual Workplan and Budgets. (ICR, page 15) The FM rating was Satisfactory in the last six ISRs.

Procurement. The ICR noted that procurement remained in full compliance throughout implementation and was timely executed, despite the challenges often associated with procurement in Guinea. No major issues were reported, and all planned procurement activities were completed without an extension, which constitutes an uncommon achievement in the Guinean context. (ICR, page 15) The procurement rating was Satisfactory in the last six ISRs.

c. Unintended impacts (Positive or Negative)

The ICR noted an unintended positive outcome: accessibility and accountability of the EWRS built community trust, leading to increased reporting of Gender-Based Violence (GBV) through the System. In



response, the Project consolidated the EWRS and GRM, optimizing resources while creating an additional entry point for GBV reporting. Joint Local Committees for the Management of Grievances and Alerts were established, each with dedicated GBV focal points. (ICR, page 9)

d. Other

Institutional. The ICR noted that, following the Project, ANAFIC is emerging as the lead agency for financial and technical oversight of decentralization reforms. The MATD expanded ANAFIC’s mandate to include oversight of the Local Economic Development Fund and the Conakry Communes Development Fund, extending the FNDL’s accountability and participation approach to all funds earmarked for local development. This strengthens MATD’s oversight role and enhances transparency. Building on this foundation, PAGL II sets ambitious targets for climate-resilient and inclusive investment planning, prioritizing vulnerable and marginalized groups. (ICR, page 11)

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	
Bank Performance	Satisfactory	Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	High	

12. Lessons

The following lessons were derived from the ICR (ICR, pages 16-17):

1. Institutionalizing community-led development offers long-term gains. The Project shifted from a typical, project-based and donor-dependent Community-Driven Development (CDD) model - where communities retain full control over investment decisions and resources - toward a system-based approach anchored in national institutions and fiscal systems. This institutionalization of CDD enhanced the sustainability of development outcomes. By operationalizing the FNDL, rather than directly financing local investments, the Project supported a resilient local development funding mechanism financed through the national budget. Embedding citizen engagement within national institutions further strengthened trust in local government and helped establish durable norms of participation, transparency and accountability within both communities and public institutions.

2. In politically fragile environments, long-term engagement, trust, alignment with the national development agenda, and strong citizen engagement are essential for successful implementation of CDD projects. The Project demonstrated notable resilience during political instability, sustaining fiscal transfers and local development planning even amid a government transition. This resilience stemmed from long-standing Bank engagement and trusted relationships



with national and sub-national actors, alignment with national decentralization reforms, and entrenched citizen engagement mechanisms that made dismantling participatory processes politically costly.

3. Results-based financing (RBF) effectively accelerates decentralization reform, working across government levels. The Project demonstrated how results-based financing - in Project's case, implemented through DLIs - can accelerate decentralization and local development reforms. DLIs were strategically deployed to: (i) incentivize national level policy decisions (i.e., adoption of the FNDL legal framework); (ii) unblock disbursements to LGs (e.g., fund flows); and (iii) support timely investments by LGs using the FNDL transfers. This mechanism proved particularly effective in influencing institutional decision making and performance at the national level, on actions outside the direct influence of the Project and in a fragile political environment. Building on Project experience with RBF, PAGL II is advancing this agenda, testing whether Performance-Based Conditions (PBCs), which reimburse expenditures rather than release unconditional budget support funds, can be as effective in incentivizing systemic reforms.

4. In low-capacity contexts, digitalizing local PFM needs to be calibrated to existing needs and capacity, with phased implementation - simpler tools delivered first – and consideration of market readiness for complex platforms. The Project's failure to deploy an integrated digital PFM system highlights that implementation needs to be realistically sequenced and supported by adequate market conditions. The Project initially planned to deliver a complex PFM platform and relied on a single software provider, whose withdrawal and subsequent transfer of licensing rights created procurement and cost challenges. At the same time, diagnostic assessments showed that many LGs lacked basic accounting systems, with some still operating on paper. In response, the Project adopted a phased approach, delivering a simpler Excel-based interim tool as the first step in PFM modernization, providing support aligned with actual needs and capacity.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides sufficient technical information and a clear, well-justified assessment of the Project's outcomes and impact. It is logical, well structured, analytical, and internally consistent, presenting robust evidence across most evaluation dimensions and clearly linking evidence to findings. The report candidly discusses shortcomings, presents thoughtful and well-integrated lessons learned, and meets OPCS standards. The ICR Quality is rated High.

a. Quality of ICR Rating
High

