



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 07/27/2022 | Report No: ESRSA01980



BASIC INFORMATION

A. Basic Project Data

| | | | |
|---|---|--------------------------|----------------------------|
| Country | Region | Project ID | Parent Project ID (if any) |
| Guinea | WESTERN AND CENTRAL AFRICA | P177095 | |
| Project Name | Guinea Support to Local Governance Project 2 | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Social Sustainability and Inclusion | Investment Project Financing | 4/7/2022 | 11/16/2022 |
| Borrower(s) | Implementing Agency(ies) | | |
| Ministry of Territorial Administration and Decentraliation (MATD) | National Agency for Local Financing / Agence Nationale de Financement des Collectivites | | |

Proposed Development Objective

To improve the capacity of national and local institutions for effective, inclusive and climate-resilient decentralization.

| Financing (in USD Million) | Amount |
|----------------------------|--------------|
| Total Project Cost | 79.00 |

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed project Guinea Support to Local Governance Project Two (PAGL 2) is an extension of Guinea Support to Local Governance Project (PAGL) in line with the principles of additional financing for well-performing interventions. The core development challenge that the project seeks to address remains largely unchanged from the parent project; namely that socio-economic inequalities and fragility persist in Guinea due in part to a lack of able, accountable, and inclusive decentralized government and the insufficient prioritization of climate-related risks and challenges in local development planning. The PAGL 2 will intervene in specific areas to support a more effective management of local



development funds and optimize their contribution to improving local governance, building social cohesion, and supporting climate change adaptation. First, PAGL 2 will support a smooth consolidation of local development funds under ANAFIC supervision with a focus on FNDL and FODEL and strengthen the capacity of local governments to mobilize and manage these resources more effectively and with a greater emphasis on the quality of outcomes. Second, the project will support the mainstreaming of climate resilience in local participative development planning processes. Finally, the project will also complement and expand on PAGL's institutional strengthening of citizen engagement, social inclusion of women and youth, and accountability. To achieve these goals, PAGL 2 will employ a combination of Performance-based Conditions and capacity-building support. Project design aligns with OPCS guidance on Investment Project Financing (IPF) with PBCs. The project does not finance subprojects or physical investments.

PAGL II is structured around four components: (1) Supporting institutional capacity for an effective management of decentralized funds; (2) Strengthening capacity to prioritize climate change adaptation in local governance; (3) Building social cohesion through inclusive, conflict-sensitive and accountable local governance (4) Project coordination and management and (5) Contingent Emergency Response Component (CERC).

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

The proposed project is essentially Additional Finance for PAGL, being prepared under the Environmental and Social Framework (ESF). This project, PAGL2, will strengthen the capacity of ANAFIC and improve the effectiveness and sustainability of investments made by the National Fund for Local Development (FNDL) and the National Economic Development Fund (FODEL) at the local level to respond better to emerging challenges and risks that affect the country, such as risks of Fragility, Conflict and Violence (FCV) and social cohesion risks, and climate change impacts. PAGL2 will be implemented in all 356 municipalities of Guinea covered under both of these funds. Conakry's six urban municipalities will receive technical assistance on participatory urban development. PAGL2 is not supporting the operationalization of the Conakry Communes Development Fund (FODECCON), however, in the way that it is the other two funds (described above).

The degradation of Guinean forest ecosystems is notable at mining sites, agricultural areas, and around large towns. Due to its diverse climate and biomes, Guinea has rare or endemic animal, plant, and mushroom species. Its climate is tropical (with a rainy season from June to November and dry season from December to May). Average monthly rainfall can reach 400 mm in the rainy season, with four different climatic regions. Ecosystem degradation resulting from natural resource exploitation is exacerbated by climate change, contributes to social conflicts and livelihood vulnerabilities, and can have disproportionate impact on the livelihoods of women, informal workers, persons with disabilities, and other vulnerable groups.

The impacts of climate change and ecosystem degradation in Guinea potentially worsen FCV and social cohesion risks in rural communities in the project area and pose significant threats to rural communities, especially those dependent on natural, resource-based production systems and livelihoods and on rural areas with limited access to basic infrastructure and services. This is particularly true in communities relying on mining, agriculture, and livestock, given climate change impacts and natural resource degradation. Rural women are particularly vulnerable to climate change risks because they are working primarily in subsistence agriculture and have fewer opportunities to transition out of



this sector and into wage work or to become entrepreneurs. In the agricultural sector, the productivity of women is low, mostly because of less access to farm labor and more time spent in labor-intensive irrigation work relative to men.

Guinea's approach to manage these risks is to focus on building resilience to address them at the local level, especially in rural areas where social cohesion, fragility, and climate change risks are particularly relevant. The climate measures reflected in this project are in line with the Government of Guinea's Nationally Determined Contributions for climate change mitigation and adaptation under the United Nations Framework Convention on Climate Change (UNFCCC). Building on PAGL, this project will engage local communities and promote bottom-up, participatory and inclusive approaches for climate adaptation and climate resilience. In 2016, ANAFIC and the FNDL spearheaded the decentralization process to improve local governance and increase responsiveness to local needs and priorities. PAGL2 builds on PAGL by continuing to operationalize the FNDL (as described above) and, under this phase, now includes FODEL. It also continues to strengthen ANAFIC's capacity to manage these funds.

The project areas are primarily rural, where the incidence of poverty is around 65%, representing a population of 4.3 million poor people, compared with 53.4% in urban areas and a poor population of 1.2 million. Households headed by farmers are the most affected by poverty (66.6%) and account for 70% of the poor in Guinea. Income inequality between urban and rural areas varies across regions (i.e., incidence of poverty in rural and urban areas in Faranah and Kankan regions is less than 10%, whereas in Kinida, Labé, and Mamaou regions it can be as high as 30%).

D. 2. Borrower's Institutional Capacity

The implementation agency will be ANAFIC under the technical supervision of the Ministry of Territorial Administration and Decentralization (MATD - Ministère de l'Administration des Territoires et de la Décentralisation). ANAFIC has been implementing the PAGL with satisfactory environmental and social performance and has built some capacity to manage environmental and social risks. In 2022, ANAFIC was appointed by MATD to be the primary agency overseeing the agenda for decentralization in Guinea, which includes administering public funds including FNDL and FODEL. A key issue impacting the current capacity of ANAFIC is the very recent passing (in January 2022) of ANAFIC's national coordinator, who had over 20 years of experience in managing World Bank-financed operations, including three phases of the Village Community Support Project and the ongoing PAGL. The loss of this central and highly experienced leader in ANAFIC and his institutional memory will significantly impact ANAFIC's ability to expand its scope and scale up its capacity in line with its new mandate in the short- to medium-term. To mitigate this loss, ANAFIC's Financial Management Manager (FM) was recently appointed the new Director. He has been working with the former Director these last 15 years and has had a good record managing various phases of the predecessor of PAGL, The Village Community Support Project (PACV), which was financed by the World Bank.

The remaining team consists of a core technical team comprising an operations manager, Monitoring and Evaluation (M&E) manager, safeguards manager and gender and inclusion specialist, and fiduciary experts (the FM manager and procurement manager), who are supported by their technical teams. Given ANAFIC's proven performance, and despite the loss of its highly experienced national coordinator, the agency is considered to have sufficient capacity to



manage and implement the project, although training in the Bank’s ESF is required to reinforce institutional capacity. During project preparation, an institutional capacity assessment was undertaken by ANAFIC and draft results shared with the task team. This assessment will be complemented by a more comprehensive, external institutional capacity assesment that will be conducted in the first year of implementation and recommendations incorporated into the project design under Component 4 and as part of the Environmental and Social Management System (ESMS) that will be developed for ANAFIC. This PIU has had previous of experience implementing World Bank and other donor funded projects over the past ten years or more. In terms of staff, the head of the PIU’s Environmental Unit is an experienced Environmental Safeguard specialist (manager) and a Social Development specialist has also been recruited

A training program on the ESF has been developed and included in the ESCP. Under Component 4, resources will be provided to develop and operationalize an ESMS for ANAFIC (see details below under ESS1).

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Low

The environmental risk of the project is considered Low. The proposed project PAGL2 is an extension of PAGL and in line with the principles of additional financing for well-performing interventions. As such, the core development challenge the project seeks to address remains largely unchanged. The project intends to cover all the rural and urban communes in Guinea and to take advantage of the lessons learned from Third Village Support Project (PACV3). While the project initially planned to include Project-Based Conditions (PBCs) linked to the number and/or quality of sub-projects financed by the FNDL, it was decided at the project concept note meeting to exclude such DLIs. The aim of the project’s Component 1 is to improve the quality of the use of FNDL funding at the local level for public investment, building on the accomplishments and ongoing efforts of the PAGL. The associated third and fourth DLI from the PAGL focus on the gradual extension of FNDL financing to be actually used and executed by most Local Governments (LG)s, with a disbursement verification method to include qualitative measurements for the transparent and accountable use of funds by the LG. In parallel, and as part of a different mechanism, ANAFIC will be gathering and disbursing important financial resources beyond funds allocated by IDA financing to achieve its objectives, including from FNDL. For the management of the impacts of these investments in the longer term, it was agreed under PAGL that ANAFIC would develop an ESMS. ANAFIC has also initiated some capacity building activities at local government level as part of the PAGL ESMF. The intrinsic environmental risk of the project is considered low, and the Environmental & Social (E&S) risk management performance of the PAGL was considered satisfactory. However, it will nevertheless be necessary to organize additional training for the PIU on ESF since the PAGL is under the Bank's Operational Policies.

Social Risk Rating

Moderate

The social risk is considered Moderate at Appraisal. The project will primarily finance capacity building and technical assistance to improve the accountability of the various benefit-sharing funds managed by ANAFIC. These activities are considered relatively low risk in terms of negative social impacts. For example, they may include hiring specialized consultants and holding training workshops but no physical investments or major policy changes. Some of the activities, such as the consultation process that may be financed under Component 2 may, however, lead to

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unanticipated risks, such as exacerbating intercommunal and social conflict. Moreover, potential indirect risks posed by the community development projects financed by FNDL and FODEL, i.e. community development funds that are administered by ANAFIC, were excluded from this project, in line with recommendations made at the Concept Note meeting. As such, Project-Based Conditions (PBCs) related to sub-projects have been dropped (previously under components 2 and 3). These community projects are currently screened for E&S risks and impacts by ANAFIC using an ESMF approved for the PAGL. A more formalized screening process will be integrated into the design of the ANAFIC Environmental and Social Management System (ESMS) that will be financed under Component 3 (see details below under ESS1). While the PIU has had previous experience implementing previous iterations of this project, the client is limited experience implementing projects under the ESF and as such would need additional capacity training as well as support to implement an ESMS.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The project will finance capacity building and technical assistance to improve the accountability of the various benefit-sharing funds managed by ANAFIC, and these activities are considered relatively low risk in terms of negative environmental and social impacts. In order to build the capacity of ANAFIC to identify and address E&S impacts of the projects selected, under the FNDL and FODEL, by local governments, a comprehensive ESMS will be developed and operationalized under Component 3. This “fit for purpose” ESMS will take into account the ongoing assessment/gap analysis of the existing legislative and administrative framework for E&S management in Guinea financed by the Guinea Natural Resources, Mining and Environmental Management Project (P168613) (update the PAGL ESMF during implementation to include waste management/pollution prevention procedures for this project which was not properly captured in the original ESMF), provisions for ANAFIC’s organizational capacity and competency to provide adequate E&S risk management support for the decentralization agenda, a staffing and training plan for ANAFIC staff, and the preparation of a master framework for E&S risk management that includes environmental and social risk management instruments and processes and procedures to assess, manage, and monitor the risks and impacts of local development projects funded by the two funds, including exclusion risks, labor risks, a grievance mechanism, and Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) risks and incident management, as well as the Terms of Reference TORs and templates for ANAFIC projects.

Moreover, some of the activities, such as the consultation processes to be financed under Component 2 may lead to unanticipated risks, such as exacerbating intercommunal and social conflict. These will be mitigated by ensuring robust, inclusive, and regular stakeholder engagement meetings and project information sharing practices, and an accessible and effective Grievance Mechanism (GM), as outlined in the Stakeholder Engagement Plan (SEP). In addition, this project builds on the original PAGL and the participatory citizen engagement and inclusive decision-making processes in budgeting, local development planning, and priority setting that were initiated and are already underway in PAGL. They will be further strengthened in PAGL2 to address this risk.

An Environmental and Social Commitment Plan (ESCP) has been prepared by the Borrower and discussed with the Bank. The ESCP sets out the substantive measures and actions required by the Borrower to meet environmental and



social requirements. The ESCP will be disclosed as a draft prior to project appraisal and finalized and re-disclosed after negotiation.

ESS10 Stakeholder Engagement and Information Disclosure

The PAGL project has been strengthening participatory citizen engagement, and socially inclusive processes for decision-making, especially regarding budgeting and local development planning and priority setting. There have also been regular interactions between community representatives and the ANAFIC. Under Component 2 of this project, these processes will be further strengthened with a focus on ensuring that the most vulnerable groups, such as women, youth, the elderly, informal workers, illiterate persons, and persons with disabilities, are all actively and adequately engaged.

A SEP consistent with ESS10 requirements was prepared by the Borrower and will be publicly disclosed, both in country and on the World Bank's website prior to project Appraisal, following Bank approval. As the focus of this project is on participatory processes and citizen engagement, the SEP reflects the particular approaches that will be used to ensure the inclusion of those who are vulnerable to exclusion from these processes, including vulnerable groups and individuals such as women, persons with disabilities, the elderly, informal workers, illiterate persons, women, youth, and ethno-linguistic/religious minorities.

The SEP provides details regarding adaptive management and additional consultation measures that will be used, such as separate consultations with women, persons with disabilities, and other vulnerable groups as required, in culturally appropriate and accessible formats and locations, taking into account language requirements and literacy, disability, access to communication technology, and ensuring adequate feedback engagement opportunities. The SEP will also include the project GM that is currently operational for PAGL. The GM is also designed to effectively, confidentially, and ethically handle complaints related to SEA/SH and the mapping of services to be conducted prior to the start of project activities. A review and evaluation of the GM was finalized in June 2021, with a series of recommendations identified to improve it, such as: (i) simplify steps and processes; (ii) harmonize complaints management committees to reduce the duplication of mechanisms, for example by grouping committees and action groups into a Communal Complaints and Alerts Management Unit (CCGRA); (iii) assess and improve the security and confidentiality of the mechanisms; and (iv) bring the Call Center back to ANAFIC and clarify the costs and sources of funding for this transfer, as well as those related to the toll-free number. These recommendations will be incorporated into the GM and outlined in the SEP.

Given the uncertainty surrounding travel and face-to-face meetings that the COVID-19 pandemic created, the SEP outlines how consultations will be managed to include other consultation modalities to mitigate transmission risks, such as telephone/mobile, radio, virtual meetings, social media, and other socially distanced and safe forms of interaction to ensure continuous, accessible, inclusive, and transparent engagement with stakeholders and project beneficiaries.



B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The project will finance capacity building and technical assistance to improve the accountability of the various benefit-sharing funds managed by ANAFIC; these activities are considered relatively low risk in terms of negative environmental and social impacts. In addition to ANAFIC staff, who are mostly civil servants, it is anticipated that the project will require specialized consultants to provide technical assistance.

The civil servants working at ANAFIC involved in the implementation of the project will remain subject to the terms and conditions governing their existing public sector terms of employment and contracts. These terms and conditions will be consistent with national labor law to ensure that working conditions are acceptable (terms and conditions of employment, nondiscrimination and equality of opportunity, and workers' organizations).

For the direct workers, including any consultants hired by ANAFIC to strengthen their capacity, and consultants hired to provide specialized technical assistance, Labor Management Procedures (LMPs) will be finalized and disclosed before appraisal, and will include: standards for acceptable working conditions; a labor related grievance mechanism; principles related to non-discrimination and equal opportunity; access to worker's organizations; relevant occupational, health and safety measures; and Codes of Conduct (CoCs) that include measures relating to SEA/SH and the prohibition of child and forced labor.

The LMP was prepared and will be disclosed on the Borrower's and Bank websites before project Appraisal. ANAFIC will have primary responsibility for monitoring and implementation the LMP.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is not relevant as the project will not be financing any investments that will impact biodiversity or natural resources. However, a collaboration with the National Direction of Pollution, Nuisance and Climate Change will be encouraged to support ANAFIC efforts and facilitate the integration or alignment of their activities with country Nationally Determined Contributions (NDCs) for climate change mitigation and adaptation efforts.

ESS4 Community Health and Safety

The SEP and the LMP includes measures to address how ANAFIC staff and consultants will engage local communities, including measures addressing SEA/SH and the inclusion of women and vulnerable groups, and appropriate COVID-19 protocols.



ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This standard is not considered relevant as the project will not be financing any investment that would require land acquisition or physical or economic displacement. However, this aspect will be included in the ESMS to be developed during implementation.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is not relevant as the project will not be financing any investment that will impact biodiversity or natural resources. This aspect will be included in the ESMS to be developed during implementation.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not considered relevant as there are no Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities currently identified in the project area. Should the presence of Indigenous communities be confirmed through further screening during implementation, the necessary assessments, consultations and instruments will be undertaken per the requirements of this standard.

ESS8 Cultural Heritage

This standard is not considered relevant as the project is not financing investments that will impact cultural heritage however this aspect will be included in the ESMS that will be developed during implementation.

ESS9 Financial Intermediaries

This standard is not relevant as this project does not include financial intermediaries.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

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Is this project being prepared for use of Borrower Framework?

No

Areas where “Use of Borrower Framework” is being considered:

This project will not use the Borrowers’ Environmental and Social Frameworks in the assessment or in the development and implementation of investments. However, it will comply with relevant national legal and regulatory requirements.

IV. CONTACT POINTS

World Bank

Contact: Adrian Morel Title: Senior Social Development Specialist

Telephone No: 5220+84899 Email: amorel1@worldbank.org

Contact: Kaori Oshima Title: Senior Social Development Specialist

Telephone No: +1-202-458-2455 Email: koshima@worldbank.org

Contact: Nicolas Perrin Title: Lead Social Development Specialist

Telephone No: +1-202-473-3666 Email: nperrin@worldbank.org

Borrower/Client/Recipient

Borrower: Ministry of Territorial Administration and Decentraliation (MATD)

Implementing Agency(ies)

Implementing Agency: National Agency for Local Financing / Agence Nationale de Financement des Collectivites

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

Task Team Leader(s): Kaori Oshima, Adrian Morel, Nicolas Perrin

Practice Manager (ENR/Social) Maria Sarraf Cleared on 23-Mar-2022 at 16:19:30 GMT-04:00

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