PROJECT PERFORMANCE ASSESSMENT REPORT

GUINEA

Micro, Small, and Medium Enterprises Development Project

Report No. 162989
SEPTEMBER 13, 2021
PROJECT PERFORMANCE ASSESSMENT REPORT

GUINEA

MICRO, SMALL, AND MEDIUM ENTERPRISES DEVELOPMENT PROJECT (IDA-H8670)

September 13, 2021

Financial, Private Sector, and Sustainable Development

Independent Evaluation Group
**Abbreviations**

ACH  automated clearing house  
APIP  Agency for the Promotion of Private Investment  
CIS  credit information system  
GBF  Guinea Business Forum  
GF  Guinean franc  
IEG  Independent Evaluation Group  
IFC  International Finance Corporation  
MISME  Ministry of Industry and Small and Medium Enterprises  
MSME  micro, small, and medium enterprise  
PIU  project implementation unit  
PPD  public-private dialogue  
RTGS  Real Time Gross Settlement  
SME  small and medium enterprise  

*All dollar amounts are US dollars unless otherwise indicated.*

**IEG Management and PPAR Team**

<table>
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<tr>
<th>Position</th>
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<tr>
<td>Director-General, Independent Evaluation</td>
<td>Ms. Alison Evans</td>
</tr>
<tr>
<td>Director, Financial, Private Sector, and Sustainable Development</td>
<td>Mr. José C. Carbajo</td>
</tr>
<tr>
<td>Manager, Infrastructure and Sustainable Development</td>
<td>Mr. Christopher Nelson</td>
</tr>
<tr>
<td>Task Manager and Author</td>
<td>Mr. Melvin P. Vaz</td>
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This report was prepared by Melvin P. Vaz, who assessed the project in February 2021. The report was peer reviewed by Nancy Claire Benjamin and panel reviewed by Paul Holden. Viktorya Yevsyeyeva provided administrative support.
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Data

This is a Project Performance Assessment Report (PPAR) by the Independent Evaluation Group of the World Bank Group on the Guinea Micro, Small, and Medium Enterprises Development Project (P128443). This instrument and the methodology for this evaluation are discussed in appendix C. Following standard Independent Evaluation Group procedure, copies of the draft PPAR were shared with relevant government officials for their review and comment; no comments were received.

Guinea Micro, Small, and Medium Enterprises Development Project (P128443)

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<tr>
<td>Project team leader</td>
<td>Jean Michel Noel Marchat</td>
<td>Mohamadou S Hayatou, Mariama Cire Sylla</td>
</tr>
<tr>
<td>Practice manager</td>
<td>Paul Noumba Um</td>
<td>Rashmi Shankar</td>
</tr>
<tr>
<td>Senior Global Practice director</td>
<td>Gaiv M. Tata</td>
<td>Ceyla Pazarbasioğlu-Dutz</td>
</tr>
<tr>
<td>Country director</td>
<td>Ousmane Diagana</td>
<td>Soukeyna Kane</td>
</tr>
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Summary

Background and Description

At the time of project appraisal, agriculture and mining were the main sources of economic growth in Guinea. The country’s mining sector contributed 20 to 25 percent of government revenues. However, Guinea’s economic performance was not proportionate with its natural resource endowment, since agriculture and mining performed modestly. After years of instability, Guinea’s first democratically elected president assumed power in December 2010. Although the political transition was difficult, macroeconomic stability was restored, and debt sustainability dramatically improved with the attainment of the Heavily Indebted Poor Countries completion point in September 2012. However, the private sector in Guinea was not able to contribute enough to growth and help realize the country’s potential because of several underlying constraints: weak legal and regulatory environment for paying taxes and protecting investors, weak access to finance, low human capital, weak governance, and weak infrastructure.

The Guinea Micro, Small, and Medium Enterprises (MSMEs) Development Project (P128443) was approved on January 28, 2013, restructured on February 2, 2016, and closed as scheduled on December 31, 2017. The project was financed by a credit from the International Development Association for $10 million. The objective of the project was “to support the development of MSMEs in various value chains and to improve business processes of Guinea’s investment climate.” This was to be achieved by the following:

- Creating three support centers to provide technical assistance, information, and specialized training to MSMEs in growth sectors, including agribusiness, light manufacturing, and support services for mining;

- Facilitating investment to help the Agency for the Promotion of Private Investment become the main investment facilitator in the country, including through the creation of one-stop shops for business registration and conducting investment promotion activities, and to support public-private dialogue (PPD) as the platform for dialogue between the government and the private sector on reforms to business regulation; and

- Creating credit information and payment systems at the Central Bank of Guinea (to improve access to finance and foster bank lending to small and medium enterprises).
Results

Despite establishing only one support center (at project closing) against a revised target of two (at restructuring) and an original target of three (at approval), the project exceeded its target in terms of the number of MSMEs trained. However, there is limited evidence on the causal effect of the support center on MSME development. Moreover, evidence shows mixed results from linking MSMEs that received training from the support center to large firms and the extent to which these large firms contributed to the increase in sales of MSMEs.

The Agency for the Promotion of Private Investment does not have the capacity to monitor and track volume of investments. Moreover, heavy bureaucracy and high levels of corruption in sectoral ministries and a lack of clear guidelines in important areas (such as tax payments, land registration, and so on) discourage foreign investors from investing in Guinea.

Implementation of the one-stop shop in Conakry has reduced the cost and time for small companies to register their businesses. As a result, Guinea’s Doing Business ranking on the starting a business indicator has improved steadily from 158 in 2013 to 133 in 2017 and to 122 in 2020. However, the one-stop shop is not fully operational in other regions of the country.

PPD (which was to take place through the Guinea Business Forum) is unsuccessful, and reforms are adopted or implemented without private sector involvement. This is mainly due to lack of commitment from the highest level of the government and the inability of the various private sector associations to agree on appointing a second deputy chair to represent the private sector on the Guinea Business Forum. These challenges are affecting the implementation of legislations, rules, laws, and regulations in Guinea.

The credit information system (CIS) has not been fully implemented by the project. The system is not being used by banks to check the creditworthiness of borrowers before issuing loans because of serious issues in the quality and accuracy of data. Only 1.8 percent of the population (both individuals and firms) is in the credit registry in Guinea, significantly below the Sub-Saharan Africa average of 8.3 percent in 2020. Moreover, the depth of credit information index in Guinea is 0 (on a scale of 0–8), compared with 3.9 for Sub-Saharan Africa in 2020.

The project helped the country’s central bank in drafting the legal framework for setting up the automated clearing house and Real Time Gross Settlement payment system and provided technical assistance to build the capacity of central bank staff. However, the payment system does not have an independent oversight unit to evaluate and explain the extent to which the system is serving the needs of the financial sector. Capacity is
also a major challenge due to high turnover of technical staff in commercial banks. Because the payment system was established five years ago, there is a need to upgrade the system to international standards.

**Design and Preparation**

The project design did not have a clear road map with an end point or a business plan in place to sustain the operations of the support center after project closing. Moreover, risk identification and mitigation measures were weak, and the budget allocated to establish and operate support centers did not adequately factor in the actual conditions in the field. There were several shortcomings in the design of the project subcomponent on the CIS that ultimately affected the achievement of project outcomes: first, the design of the CIS was too sophisticated, given the limited needs and capacity of the central bank; second, the design of the CIS did not consider basic functionalities or international best practice standards; and finally, although the project was implementing both a one-stop shop for business registration and the CIS, the design did not consider connecting these two systems to improve data sharing.

**Implementation and Supervision**

The combination of a lack of commitment from the government in providing buildings for support centers, frequent changes in the project counterparts, the Ebola crisis, and a lack of World Bank presence in the field contributed to significant delays in starting training to MSMEs. The World Bank project team could have been more proactive in the early stages of implementation. Moreover, there were four task team leaders over the four-year life of the project. After the 2016 restructuring, a dedicated World Bank task team leader based in the Guinea country office was assigned to the project, resulting in implementation progress.

The International Finance Corporation (IFC) used *Doing Business* reforms in investment climate as an instrument to engage with the government on private sector issues, and the World Bank supported the government in implementing some of those reforms through this project.

Lack of involvement of a World Bank credit information specialist during implementation contributed to weak outcomes of the CIS. During the virtual mission, the Independent Evaluation Group found that the task team leaders did not actively involve a World Bank credit information specialist during project implementation. The specialist participated in only one mission during the life of the project. This happened because the specialist was not part of the project team and was randomly requested to provide comments on the legal framework and requests for proposals by various task team leaders.
Table O.1. Independent Evaluation Group Project Ratings for Guinea Micro, Small, and Medium Enterprises Development Project (P128443)

<table>
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<td>Moderately satisfactory</td>
<td>Moderately unsatisfactory</td>
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</tr>
<tr>
<td>Quality of monitoring and evaluation</td>
<td>Modest</td>
<td>Modest</td>
<td>Modest</td>
</tr>
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</table>

Source: World Bank, 2018c, 2018d.
Note: The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible Global Practice. The ICR Review is an intermediate Independent Evaluation Group product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.

The evaluation methodology and evidence sources are described in appendix C.

Lessons

This assessment offers the following lessons:

- For effective PPD, it is crucial to have (i) a champion at the highest government level who can bring the public and private sector together to identify and implement business environment reforms, and (ii) agreement among various private sector associations to identify a private sector representative who can lead the dialogue on their behalf. These two conditions will avoid delays in adopting business environment reforms or the risk of adopting reforms that will be implemented without private sector buy-in and involvement.

- Projects should include measures to ensure the sustainability of support centers that provide capacity building to MSMEs after project closing.

- Design and implementation of credit registries should be based on international best practice standards. Selecting a company with successful experience in several countries to support implementation of the credit registries is a key factor of success. The World Bank and IFC can effectively join forces by providing funding (the World Bank) and capacity building to help government counterparts select adequate companies (IFC).

- Integrating a rigorous impact assessment into the design of World Bank projects supporting MSMEs would help discern the causal effects of project interventions on MSME development.

José C. Carbajo
Director, Financial, Private Sector, and Sustainable Development
Independent Evaluation Group
Résumé

Contexte et description


Le Projet de développement des micro-, petites et moyennes entreprises en Guinée (P128443) a été approuvé le 28 janvier 2013, restructuré le 2 février 2016 puis clôturé comme prévu le 31 décembre 2017. Le projet a été financé grâce à un crédit de 10 millions de dollars alloué par l’Association internationale de développement. L’objectif du projet était d’appuyer le développement des micro-, petites et moyennes entreprises (MPME) dans diverses chaînes de valeur et de rationaliser les processus commerciaux du climat d’investissement en Guinée. Cet objectif devait être atteint en ayant recours à des moyens tels que :

- L’établissement de trois centres d’appui, grâce auxquels une assistance technique, des informations et une formation spécialisée pouvaient être proposées à des MPME opérant dans des secteurs porteurs de croissance comme l’agro-industrie, la production manufacturière légère et les services d’appui à l’exploitation minière ;

- La facilitation des investissements afin d’aider l’Agence pour la promotion des investissements privés à devenir le facilitateur principal des investissements dans le pays, notamment par la création de guichets uniques pour l’enregistrement des entreprises et la mise en œuvre d’activités de promotion des investissements, et pour la promotion du dialogue entre secteur public et secteur
privé en tant que plateforme de dialogue entre le gouvernement et le secteur privé autour des réformes de la réglementation des entreprises ; et

- La création des systèmes d’information sur le crédit et de paiement à la Banque centrale de Guinée (pour élargir l’accès au financement et favoriser les prêts bancaires aux petites et moyennes entreprises).

Résultats

Malgré la création d’un seul centre d’appui (à la clôture du projet) par rapport à un objectif révisé de deux centres (à la restructuration) et à un objectif initial de trois centres (à l’approbation), le projet a dépassé son objectif se rapportant au nombre de MPME formées. Cependant, les preuves du lien de cause à effet entre le centre d’appui et le développement des MPME sont limitées. Bien plus, les données factuelles font état de résultats mitigés en ce qui concerne la mise en relation des MPME ayant participé à une formation du centre d’appui avec les grandes entreprises et la mesure dans laquelle ces grandes entreprises ont contribué à l’augmentation des ventes des MPME.

L’Agence pour la promotion des investissements privés n’a pas la capacité de surveiller et de suivre le volume des investissements. En outre, des pesanteurs administratives, des niveaux de corruption élevés dans les ministères sectoriels et un manque d’orientations claires dans des domaines importants (tels que les paiements d’impôts, l’enregistrement foncier, et ainsi de suite) découragent les investisseurs étrangers qui souhaiteraient investir en Guinée.

La mise en place d’un guichet unique à Conakry a permis de réduire les coûts supportés par les petites entreprises, ainsi que le temps requis pour leur enregistrement. En conséquence, la Guinée a régulièrement amélioré son classement dans l’indicateur Doing Business portant sur la facilité à créer une entreprise, passant de la 158e place en 2013 au 133e rang en 2017 puis à la 122e place en 2020. Cependant, le guichet unique n’est pas pleinement opérationnel dans d’autres régions du pays.

Le système d’information sur le crédit (SIC) n’a pas été entièrement mis en œuvre par le projet. Les banques n’utilisent pas ce système pour vérifier la solvabilité des emprunteurs avant d’émettre des prêts à cause de graves problèmes de qualité et d’exactitude des données. Seulement 1,8 pourcent de la population (individus et entreprises confondus) figure dans le registre des crédits en Guinée, ce qui est nettement inférieur à la moyenne de l’Afrique subsaharienne (qui était de 8,3 pourcent en 2020). Bien plus, l’indice sur la profondeur de l’information relative au crédit en Guinée est de 0 (sur une échelle de 0 à 8), contre 3,9 pour l’Afrique subsaharienne en 2020.

Grâce au projet, la banque centrale du pays a pu élaborer le cadre juridique pour la mise sur pied de la Chambre de compensation automatisée et du système de règlement brut en temps réel, et la banque centrale a pris des dispositions en vue de la fourniture d’une assistance technique pour renforcer les capacités de son personnel. Malgré cela, le système de paiement n’a pas prévu d’unité de surveillance indépendante pour évaluer et expliquer la mesure dans laquelle il répond aux besoins du secteur financier. La capacité est aussi un enjeu majeur au regard du taux de roulement élevé du personnel technique dans les banques commerciales. Le système de paiement a été créé il y a cinq ans et donc être mis à niveau pour qu’il cadre avec les normes internationales.

**Conception et préparation**

La conception du projet n’était pas fondée sur une feuille de route claire comportant un point d’achèvement ni sur un plan d’affaires pour soutenir les opérations du centre d’appui après la clôture du projet. De plus, les mesures d’identification et d’atténuation des risques étaient faibles, et le budget alloué à l’établissement et à l’opérationnalisation des centres d’appui ne tenait pas compte comme il se doit des conditions qui prévalaient sur le terrain. La conception de la sous-composante du projet sur le SIC a été plombée par plusieurs lacunes qui n’ont pas permis d’obtenir les résultats escomptés. En premier lieu, la conception du SIC était trop sophistiquée au regard des besoins de la banque centrale et de ses capacités limitées ; deuxièmement, la conception du SIC n’a guère tenu compte des fonctionnalités élémentaires ou des normes internationales régissant les meilleures pratiques ; et, enfin, s’il est vrai que le projet consistait à mettre en œuvre à la fois un guichet unique pour l’enregistrement des entreprises et le système d’information sur le crédit, il n’en reste pas moins vrai que la conception n’a pas envisagé de mettre en corrélation ces deux systèmes afin d’améliorer le partage des données.

**Mise en œuvre et supervision**

Le manque d’engagement de la part du gouvernement à fournir des bâtiments pour les centres d’appui, auquel sont venus se greffer de fréquents changements des homologues du projet a contribué à des retards importants dans le démarrage de la formation des MPME. À cette difficulté sont venus se greffer la crise liée à la maladie à virus Ebola et le
manque de présence de la Banque mondiale sur le terrain. L’équipe de projet de la Banque mondiale aurait pu être plus proactive au début de la mise en œuvre. Qui plus est, quatre chefs d’équipe se sont succédé pendant les quatre années de vie du projet. Après la restructuration de 2016, un responsable de l’équipe spéciale de la Banque mondiale basé au bureau de la Banque mondiale en Guinée a été affecté au projet, ce qui a permis d’en faire progresser la mise en œuvre.

La Société financière internationale s’est servie des réformes de *Doing Business* en matière de climat d’investissement comme d’un instrument pour dialoguer avec le gouvernement sur les questions en lien avec le secteur privé, et la Banque mondiale a apporté son appui au gouvernement dans la mise en œuvre de certaines de ces réformes grâce à ce projet.

Le défaut de participation d’un spécialiste de l’information sur le crédit à la Banque mondiale au cours de la mise en œuvre a contribué à la faiblesse des résultats du SIC. Au cours de la mission virtuelle, le Groupe indépendant d’évaluation (GIE) a constaté que les chefs de l’équipe de travail n’ont pas sollicité activement un spécialiste de l’information sur le crédit à la Banque mondiale pendant l’exécution du projet. En effet, le spécialiste n’a participé qu’à une seule mission pendant la durée de vie du projet. Cela s’explique par le fait que le spécialiste ne faisait pas partie de l’équipe de projet et qu’il a été sollicité de manière contingente par divers chefs d’équipe pour des avis sur le cadre juridique et les demandes de propositions.

**Tableau R.1. Évaluation par le GIE des projets figurant dans le Projet de développement de micro-, petites et moyennes entreprises (MPME) en Guinée (P128443)**

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*NB :* Le rapport d’achèvement d’exécution et de résultats (ICR) est une autoévaluation par le Pôle mondial d’expertise concerné. L’examen de l’ICR est un produit intermédiaire du Groupe indépendant d’évaluation qui cherche à valider de manière indépendante les conclusions de l’ICR. GIE = Groupe d’évaluation indépendant ; PPAR = Rapport d’évaluation de la performance du projet.

La méthode d’évaluation et les sources de données probantes sont décrites à l’annexe C.

**Enseignements**

Cette évaluation offre les enseignements suivants :
• Pour un dialogue efficace entre le secteur public et le secteur privé, il est capital d’avoir i) un « champion » dans les plus hautes sphères de l’administration capable de réunir les secteurs public et privé autour d’une table pour déterminer et mettre en œuvre des réformes de l’environnement des entreprises ; et ii) une entente entre diverses associations du secteur privé pour désigner un représentant du secteur privé capable de mener le dialogue en leur nom. Ces deux conditions permettront d’éviter les retards dans l’adoption des réformes de l’environnement des entreprises ou le risque d’adopter des réformes qui seront mises en œuvre sans l’adhésion et la participation du secteur privé.

• Les projets devraient inclure des mesures pour assurer la pérennité des centres d’appui qui renforcent les capacités des MPME après la clôture du projet.

• La conception et la mise en œuvre des registres des crédits devraient être fondées sur des normes de bonnes pratiques internationales. Le choix d’une entreprise jouissant d’une expérience dans plusieurs pays pour appuyer la mise en œuvre des registres des crédits constitue de ce point de vue un facteur clé de succès. La Banque mondiale et la Société financière internationale peuvent unir avec efficacité leurs forces en apportant des financements (pour la Banque mondiale) et en renforçant les capacités afin d’aider la contrepartie gouvernementale à sélectionner des entreprises appropriées (pour la Société financière internationale).

• L’intégration d’une évaluation d’impact rigoureuse dans la conception des projets de la Banque mondiale soutenant les MPME pourrait aider à déterminer les relations de cause à effet des interventions des projets sur le développement des MPME.

José C. Carbajo
Directeur, Finances, secteur privé et développement durable
Groupe indépendant d’évaluation
1. Background, Context, and Design

Background and Context

1.1 Guinea was a low-income country in West Africa with a gross national income per capita of $430 in 2013 and with abundant natural resources. At the time of project appraisal, agriculture and mining were the major sources of economic growth. Guinea’s mining sector contributed to 20 to 25 percent of government revenues and more than 10,000 direct jobs. The country was known as the “water town” of Africa because of its substantial hydropower potential. However, Guinea’s economic performance at appraisal was not proportionate with its natural resource endowment, since agriculture and mining performed modestly. Agriculture growth was limited because only one-fourth of the available arable land was cultivated; thus, production was insufficient to feed the local population. The mining sector contracted in real terms by 6 percent between 2008 and 2010, despite rising world commodity prices. The regulatory business environment worsened, with (i) the cancellations of contracts in the mining sector and changes of license terms and conditions in the telecommunications sector, and (ii) political uncertainty in the context of a deteriorated security situation. In addition, the manufacturing share in gross domestic product had changed little, from 4.6 percent in 1990 to 4.7 percent in 2010.

1.2 As a result, the standards of living declined, and poverty rates increased from 53 percent in 2007 to 55.2 percent in 2012. The average growth rate declined from 4.1 percent during 1990–2003 to 2.5 percent during 2004–11, below the Sub-Saharan Africa average of 5.1 percent. Gross national income per capita in 2011 was $680 (table 1.1), below the low-income countries average of $724 and Sub-Saharan Africa average of $1,528. Trade remained largely undiversified because two countries (France and Switzerland) accounted for 44 percent of the country’s exports in 2008, and the top three export products accounted for 84 percent of the value of exports in the same year. Foreign direct investment inflows were low during the 1990s and increased significantly above Sub-Saharan Africa levels during 2004–08 but dropped in 2010 when foreign investors in the mining sector fled the country because of frequent changes in the terms of contracts. Finally, between 1990 and 2010, gross fixed-capital formation was on par with Sub-Saharan Africa but low compared with other developing regions because of declining public investments.
Table 1.1. Key Economic Indicators for Guinea, 2003–13

<table>
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<tbody>
<tr>
<td>National accounts and prices (annual percentage change, unless otherwise indicated)</td>
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<td></td>
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</tr>
<tr>
<td>GDP at constant prices</td>
<td>1.2</td>
<td>2.7</td>
<td>3.3</td>
<td>2.2</td>
<td>1.5</td>
<td>4.9</td>
<td>−0.3</td>
<td>1.9</td>
<td>3.9</td>
<td>4.8</td>
<td>5.0</td>
</tr>
<tr>
<td>GDP deflator</td>
<td>12.3</td>
<td>21.7</td>
<td>28.6</td>
<td>34.7</td>
<td>19.8</td>
<td>19.7</td>
<td>6.5</td>
<td>22.5</td>
<td>24.3</td>
<td>20.2</td>
<td>11.7</td>
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<tr>
<td>GNI per capita, Atlas method (current $, millions)</td>
<td>340</td>
<td>370</td>
<td>360</td>
<td>400</td>
<td>470</td>
<td>620</td>
<td>670</td>
<td>690</td>
<td>680</td>
<td>700</td>
<td>700</td>
</tr>
<tr>
<td>Consumer prices (end of period)</td>
<td>14.8</td>
<td>27.6</td>
<td>29.7</td>
<td>39.1</td>
<td>15.0</td>
<td>13.5</td>
<td>7.9</td>
<td>20.8</td>
<td>19.0</td>
<td>12.0</td>
<td>8.7</td>
</tr>
<tr>
<td>External sector</td>
<td></td>
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<tr>
<td>Exports, f.o.b. ($, millions)</td>
<td>3.3</td>
<td>1.6</td>
<td>12.4</td>
<td>20.2</td>
<td>6.8</td>
<td>32.0</td>
<td>−22.1</td>
<td>13.6</td>
<td>12.1</td>
<td>3.0</td>
<td>2.2</td>
</tr>
<tr>
<td>Imports, f.o.b. ($, millions)</td>
<td>−3.0</td>
<td>22.4</td>
<td>4.7</td>
<td>24.8</td>
<td>27.0</td>
<td>19.6</td>
<td>−21.2</td>
<td>26.2</td>
<td>38.3</td>
<td>48.3</td>
<td>7.2</td>
</tr>
<tr>
<td>Money and credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net foreign assets (annual percentage change, unless otherwise indicated)</td>
<td>−15.2</td>
<td>10.1</td>
<td>5.2</td>
<td>10.4</td>
<td>0.7</td>
<td>14.3</td>
<td>4.7</td>
<td>−5.5</td>
<td>40.1</td>
<td>−11.6</td>
<td>−1.2</td>
</tr>
<tr>
<td>Central government finances (percent of GDP, unless otherwise indicated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenue and grants</td>
<td>13.2</td>
<td>11.4</td>
<td>13.7</td>
<td>14.9</td>
<td>14.9</td>
<td>16.1</td>
<td>16.5</td>
<td>15.7</td>
<td>20.3</td>
<td>22.9</td>
<td>24.0</td>
</tr>
<tr>
<td>Total expenditure and net lending</td>
<td>19.3</td>
<td>16.3</td>
<td>15.3</td>
<td>17.6</td>
<td>14.7</td>
<td>17.4</td>
<td>23.7</td>
<td>29.6</td>
<td>21.5</td>
<td>28.0</td>
<td>26.1</td>
</tr>
<tr>
<td>Basic fiscal balance</td>
<td>−2.6</td>
<td>−0.4</td>
<td>3.2</td>
<td>1.3</td>
<td>3.0</td>
<td>1.6</td>
<td>−5.6</td>
<td>−12.6</td>
<td>−1.6</td>
<td>−3.6</td>
<td>−1.4</td>
</tr>
<tr>
<td>National accounts (percent of GDP, unless otherwise indicated)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Gross capital formation</td>
<td>9.9</td>
<td>10.9</td>
<td>14.1</td>
<td>13.7</td>
<td>15.0</td>
<td>17.5</td>
<td>11.4</td>
<td>10.6</td>
<td>17.6</td>
<td>37.3</td>
<td>44.1</td>
</tr>
<tr>
<td>Balance of payments</td>
<td>−3.8</td>
<td>−2.5</td>
<td>−0.9</td>
<td>−2.7</td>
<td>−1.3</td>
<td>−0.9</td>
<td>5.3</td>
<td>−3.6</td>
<td>10.1</td>
<td>−7.2</td>
<td>−0.8</td>
</tr>
</tbody>
</table>

Sources: World Bank. 2013b; GNI per capita, Atlas method (current US$) based on World Development Indicators. Note: f.o.b. = freight on board; GDP = gross domestic product; GNI = gross national income.

1.3 After years of instability, Guinea’s first democratically elected president assumed power in December 2010. When it chose independence in 1958, Guinea broke all its ties with the French administration but then lived under a succession of autocratic regimes. A broad range of market-oriented reforms started in the late 1980s. After initial stabilization gains up to the mid-1990s, macroeconomic performance weakened, and structural reforms were halted as vested interests and widespread corruption resulted in weak development outcomes and frequent urban social unrest. In late 2008, a military junta seized power in a coup, which prompted the international community to stop formal relationships and suspend aid to Guinea. The 2010 presidential elections were Guinea’s first democratic elections since independence in 1958, marking the end of three
years of military rule. The vision of this government was to transform Guinea’s political and economic governance to share the benefits of its rich agricultural and geological endowments. Although the political transition was difficult, macroeconomic stability was restored, and debt sustainability dramatically improved with the attainment of the Heavily Indebted Poor Countries completion point in September 2012.

1.4 However, the private sector was not able to contribute enough to growth and help realize the country’s potential because of several underlying constraints. Guinea’s investment climate mostly affected micro, small, and medium enterprises (MSMEs) because they accounted for the largest share of firms in the country. Based on the Guinea Enterprise Survey of 2006 and Doing Business reports, investment climate constraints included (i) weak legal and regulatory environment for paying taxes and protecting investors; (ii) weak access to finance (domestic credit to the private sector [as a percentage of gross domestic product] was only 7 percent in 2013); (iii) low human capital, with a literacy rate of 41 percent for adults in 2010–11; (iv) weak governance (Guinea had the lowest ratings on rule of law, control of corruption, and political stability in the 2011 World Governance Indicators); and (v) weak infrastructure due to roads in bad condition and weak electricity and telecommunication services. These constraints led to low productivity and underinvestment in diversifying sectors of the economy. As a result, Guinea was ranked 141 out of 144 countries in the 2012 World Economic Forum Global Competitiveness Index.

Objective, Design, and Financing

1.5 The objective of the Guinea MSME Development Project, as stated in the financing agreement, was “to support the development of MSMEs in various value chains and to improve business processes of Guinea’s investment climate.” The Project Appraisal Document had the same objectives except for the term “selected business processes.” The Independent Evaluation Group’s (IEG) Implementation Completion and Results Report Review interpreted “selected business processes” in the following five areas, the reforms of which were to be supported by the project: (i) business registration, (ii) investment promotion, (iii) business regulation, (iv) the credit information system (CIS), and (v) the payment system (World Bank 2018c).

1.6 The project had three components:

- **Component 1.** Establishment of support centers for small and medium enterprise (SME) development ($4.2 million original allocation, $4.0 million revised allocation at restructuring, $3.4 million actual disbursement) involved the creation of support centers to provide technical assistance, information, and
specialized training to MSMEs in growth sectors, including agribusiness, light manufacturing, and support services for mining.

- **Component 2.** Support to investment ($4.6 million original allocation, $4.63 revised allocation at restructuring, $4.2 million actual disbursement). It involved two subcomponents:
  
  o Facilitating investment ($2.0 million original allocation, $1.8 million actual disbursement) aimed to help the Agency for the Promotion of Private Investment (APIP), under the Ministry of Industry and Small and Medium Enterprises (MISME), become the main investment facilitator in the country, including through the creation of one-stop shops for business registration and conducting investment promotion activities. It also aimed to support public-private dialogue (PPD) as the platform for dialogue between the government and the private sector on reforms to business regulation.

  o The CIS and payment systems ($2.6 million original allocation, $2.4 million actual disbursement) at the Central Bank of Guinea aimed at improving access to finance and fostering bank lending to SMEs. The project would finance the establishment of a comprehensive CIS at the central bank, which would later evolve into a credit bureau. On payment systems, the project would provide technical assistance to the central bank on operating the automated clearing house (ACH) and Real Time Gross Settlement (RTGS) payment system and implement an oversight function for these systems.

- **Component 3.** Project implementation and monitoring and evaluation ($1.2 million original allocation, $1.37 million revised allocation at restructuring, $1.9 million actual disbursement) aimed at supporting the steering committee and project implementation unit (PIU), conducting monitoring and evaluation of the project, and completing a rigorous impact evaluation of the first component of the project.

1.7 The project was approved on January 28, 2013, restructured on February 2, 2016, and closed as scheduled on December 31, 2017. The project was financed by a credit from the International Development Association for $10 million. The following changes were made during project restructuring:

- The planned three MSME support centers were reduced to two.²

- Three activities were added to benefit the MISME: provision of equipment, furniture, and materials; completion of studies relevant to the project; and training of staff.
• Funds were reallocated, with more spending allocated to the project implementation and monitoring and evaluation component.\textsuperscript{3}

• Several changes were made to outcome and intermediate indicators, and their targets were revised. Three new intermediate outcome indicators were added (appendix D).

• Changes were made in the institutional arrangements.\textsuperscript{4}

1.8 \textbf{Theory of change} (figure 1.1). The establishment of support centers was expected to improve the technical skills of MSMEs along the value chains. Project activities on establishment of the one-stop shop, investment promotion support to APIP, and PPD were expected to improve business registration, attract investments, and make PPD effective in terms of adopting and implementing business environment reforms. This, in turn, was expected to improve the investment climate in Guinea. Finally, the establishment of credit information and payment systems was expected to improve the banking infrastructure, which would provide a foundation for improving access to finance.

1.9 Overall, it was expected that the outcomes—improved competitiveness of MSMEs along the value chains, investment climate, and banking infrastructure—would lead to broader impacts of achieving economic diversification, private sector growth, and job creation.
2. What Worked, What Didn’t Work, and Why?

Results

2.1 Despite establishing only one support center (at project closing) against a revised target of two (at restructuring) and the original target of three (at approval), the project exceeded its target for the number of MSMEs trained; however, there is limited evidence on the causal effect of the support center on MSME development. Studies show that management, business, or financial training to SMEs or micro entrepreneurs leads to improved business knowledge, practices, and performance in terms of return on assets or sales and revenues (Karlan and Valdivia 2011; Bruhn, Karlan, and Schoar 2012; Mano et al. 2012; Adams, Johansson de Silva, and Razmara 2013). When the Board of Executive Directors approved it in 2013, the project was expected to establish three support centers—one at Conakry targeted to women entrepreneurs and two in the regions. At project restructuring in February 2016, the number of support centers was reduced to two, one at Conakry and the other at Mamou. However, the project established only one support center by renting a space in a school in Conakry about 10 months before the project’s closing in 2017. The project trained 522 entrepreneurs, of which about
48 percent were women. The average increase in sales in MSME firms before the training (274,840.000 Guinean francs [GF] in 2015) and after (GF 459,807.320 in 2017) was approximately 67 percent, as reported in the Implementation Completion and Results Report (World Bank 2018e). However, without an impact evaluation, which was expected to be carried out by the project, there is limited evidence on (i) how the technical support, information, and training on value chain by the support center have contributed to increased knowledge of MSMEs; (ii) how this increased knowledge has contributed to improved efficiency of MSMEs; and (iii) how this improved efficiency has contributed to increased sales in MSMEs. Moreover, the average increase in sales of MSMEs trained by the support center could be a result of both internal and external factors and cannot be fully attributed to this project—for example, the low baseline sales figure in 2015 could have been a result of low economic activity in Guinea due to the 2014–16 Ebola crisis.

2.2 Evidence shows mixed results from linking MSMEs that received training from the support center to large firms (box 2.1). During the virtual mission, IEG interviewed two large firms (Bel Air and Moroccan Group) and an economic group named Soumbalako. Bel Air is a flagship project of Alufer Mining Limited on bauxite exploration in Guinea. The Moroccan Group was established in 1930 and is a major producer of paprika powder in the Moroccan market. Soumbalako is an economic group that was established in 1995 and comprises 4,300 small-scale farmers that produce potatoes and rice. There is evidence that the project linked MSMEs that received training from the support center to Bel Air. However, the project was unsuccessful in linking the farmers of Soumbalako to the Moroccan Group.

2.3 APIP does not have the capacity to monitor and track the volume of investments; moreover, heavy bureaucracy and corruption in sectoral ministries and a lack of clear guidelines in important areas (such as tax payments, land registration, and so on) discourage foreign investors from investing in Guinea. The project recruited the chief executive officer and staff and provided guidance on best practices for investment promotion to APIP. During the virtual mission, IEG found that heavy bureaucracy and corruption in sectoral ministries are a major obstacle for foreign investments in Guinea. For example, investments take longer to materialize because investors must make several trips to sectoral ministries to provide additional documentation; at times, this process involves corruption and discourages investors from doing business in Guinea. Lack of clear guidelines, especially in land registration for building industries and paying taxes, and lack of human capital are also major obstacles for attracting investments in Guinea. For example, companies in the mining sector hire technicians from outside Guinea, which results in frequent labor strikes by locals and affects the operations of businesses. During the virtual mission, IEG found that APIP does not have
the capacity to monitor and track the volume of investments. Based on the data from the World Development Indicators, foreign direct investment in Guinea has been declining—for example, after increasing from 0.002 percent of gross domestic product in 2013 to 18.8 percent in 2016, the foreign direct investment declined significantly to 5.6 percent in 2017, 3 percent in 2018, and to 0.3 percent in 2019.

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**Box 2.1. Evidence on Linking Trained MSMEs to Large Companies**

**Links between trained micro, small, and medium enterprises (MSMEs) and Bel Air mining.** Forty MSMEs that were providing services to Bel Air benefited from business management training from the support center. Some of these MSMEs already had existing contracts and were nominated for training by Bel Air. Of these 40 MSMEs, 8 have continued to work with Bel Air after project closing. Feedback from Bel Air indicated that the training to MSMEs from the support center did make a difference but did not lead to a radical change because in addition to a one-time training program, follow-on training and tools for developing MSMEs are needed, give the low human capacity in Guinea.

The profiles of these 40 MSMEs were mixed. For example, Bel Air awarded a contract to a large architectural company that received training from the support center. Even before receiving the training, the architectural company was large, and it was not clear to Bel Air how this company qualified for the training. However, Bel Air has been working with this company for six or seven years and found its services to be of high quality. Another example is a small company that did some construction work for Bel Air. In addition to construction, Bel Air gave this company the opportunity to transport bauxite to the Guinea port. However, the company was unsuccessful because of weak leadership, weak financials, and lack of competent staff.

**Links between farmers of the Soumbalako economic group and the Moroccan Group.** The link between Soumbalako and the Moroccan Group was unsuccessful. According to the contract, Soumbalako would provide land and 40 farmers, and sell 200–300 tons of paprika at a fixed price to the Moroccan Group. In return, the Moroccan Group would provide seeds, drying equipment, and two tractors to Soumbalako. The plan was to replicate this contract for other products such as ginger. However, the Moroccan Group stopped doing business in Guinea because the small-scale farmers were unable to produce even two tons of paprika. According to Soumbalako, it did not receive the drying equipment and tractors from the Moroccan Group. Since the harvest started in the monsoon season and Soumbalako did not have the drying equipment, it could not harvest all six hectares of paprika, resulting in a loss of GF 180 million. During the virtual mission, the Independent Evaluation Group found that the farmers of Soumbalako received training from the United States Agency for International Development through a nongovernmental organization named Windrock and not from the support center.

*Source: Independent Evaluation Group virtual mission.*

2.4 Implementation of the one-stop shop in Conakry has reduced the cost and time for small companies to register their businesses and has contributed to the improvement in Guinea’s Doing Business ranking on the starting a business indicator; however, the one-stop shop is not fully operational in other regions of the country. Small proprietary and limited liability companies register their businesses by sending their documents to
APIP, which, in turn, processes their businesses through the one-stop shop for company, tax, and social security registration. As a result of various reforms, Guinea’s *Doing Business* ranking on the starting a business indicator has improved steadily from 158 in 2013 to 133 in 2017 and to 122 in 2020 (table 2.1; the various reforms are described in the table note). The cost as the percentage of income per capita has improved from 97 percent in 2013 to 78 percent in 2017 and to 34 percent in 2020. The time taken to register a business with the one-stop shop has improved significantly, from 26 days in 2013 to 4 days in both 2017 and 2020 (procedure 4 in table 2.2). Although the overall time to start a business in Guinea has improved from 35 days in 2013 to 8 days in 2017, it deteriorated to 15 days in 2020. This happened because between 2013 and 2017, procedure 5 (notification about a company’s formation) was done in parallel with registering the business at the one-stop shop; however, in 2020, the procedure to publish incorporation notices in a legal journal was no longer done in parallel, resulting in an increase of 7 days from 2017 in the time taken to start a business. During the virtual mission, IEG found that the one-stop shops in the six regions are housed in rented offices, provide basic business registration services, and are not equipped to provide the same level of services to businesses as is the one-stop shop in Conakry.

**Table 2.1. Trends in Starting a Business—*Doing Business* Ranking and Other Indicators for Guinea, 2013–20**

<table>
<thead>
<tr>
<th></th>
<th>At Board Approval</th>
<th>At Project Closing</th>
<th>Most Recent</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013&lt;sup&gt;a&lt;/sup&gt;</td>
<td>2014&lt;sup&gt;b&lt;/sup&gt;</td>
<td>2015</td>
</tr>
<tr>
<td><em>Doing Business</em> ranking, starting a business</td>
<td>158</td>
<td>146</td>
<td>175</td>
</tr>
<tr>
<td>Procedures (number)</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Time (days)</td>
<td>35</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Cost (percentage of income per capita)</td>
<td>96.9</td>
<td>81.0</td>
<td>82.6</td>
</tr>
<tr>
<td>Minimum capital (percentage of income per capita)</td>
<td>324.7</td>
<td>313.8</td>
<td>416.0</td>
</tr>
</tbody>
</table>

*Source: Doing Business Reports 2013–20*

*Note:* The following are the reforms on starting a business in Guinea:

a. Guinea made starting a business easier by setting up a one-stop shop for company incorporation and by replacing the requirement for a copy of the founders’ criminal records with one for a sworn declaration at the time of the company’s registration.

b. Guinea made starting a business easier by enabling the one-stop shop to publish incorporation notices and by reducing the notary fees.

c. Guinea made starting a business easier by reducing the minimum capital requirement.

d. Guinea made starting a business easier by allowing registration with the labor promotion agency at the one-stop shop.

e. Guinea made starting a business less expensive by reducing the fees for business incorporation.
Table 2.2. Trends in Time to Complete Each Doing Business Procedure in Starting a Business in Guinea, 2013, 2017, and 2020 (days to complete)

<table>
<thead>
<tr>
<th>Order of Procedures</th>
<th>Procedure</th>
<th>2013</th>
<th>2017</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Deposit the legally required initial capital in a bank and obtain deposit evidence</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Check the uniqueness of the company name</td>
<td>5</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Prepare the company’s articles of association</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>4</td>
<td>Register with the one-stop shop (APIP) to obtain company registration, tax registration, and social security registration and pay fees</td>
<td>26</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Notification to employment bureau (Office National de l’Emploiet de la Main-d’Oeuvre)</td>
<td>7</td>
<td>—b</td>
<td>—b</td>
</tr>
<tr>
<td>5</td>
<td>Notification to Agence Guinéenne pour la Promotion de l’Emploie</td>
<td>—b</td>
<td>3</td>
<td>—b</td>
</tr>
<tr>
<td>5</td>
<td>Publish incorporation notices in legal journal</td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Make a company seal</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Note: APIP = Agency for the Promotion of Private Investment.
\(a\). Takes place simultaneously with previous procedure.
\(b\). Not available.

2.5 PPD (which was to take place through the Guinea Business Forum [GBF]) is unsuccessful, and reforms are adopted or implemented without private sector involvement. The GBF was launched by the president of Guinea in December 20, 2017. It has two governing bodies: (i) the piloting committee (responsible for drafting strategies and reforms to improve the business environment in Guinea), of which the prime minister is the chair, a representative of MISME is the first deputy chair, and a private sector representative is the second deputy chair, which is currently vacant; and (ii) a permanent secretariat responsible for implementing recommendations made by the piloting committee. However, the GBF is not yet operational because of a lack of commitment from the highest level of the government and the inability of the various private sector associations to agree on appointing a second deputy chair to represent the private sector on the GBF. For example, since 2017, the prime minister has chaired the GBF only three times. Moreover, there are 29 private sector associations in Guinea (each representing a professional organization). Of these, members of the following three large associations represent the private sector on the GBF: Business Confederation of Guinea, Patronage of Guinea Ismael Diabaté, and National Patronage Council of Guinea. These three associations do not agree about a second deputy chair because each of them wants to play the leadership role in representing the private sector in the PPD. Vested interests or political connections in these associations also contribute to the lack of progress in PPD, and the government is not taking any initiative in selecting the most effective and
powerful association to represent the private sector on the GBF. These challenges affect the implementation of legislation, rules, laws, and regulations in Guinea.

2.6 The CIS has not been fully implemented by the project. The system is not being used by banks to check the creditworthiness of borrowers before issuing loans because of serious issues in quality and accuracy of data. During the virtual mission, IEG found that commercial banks in Guinea do not have confidence in the CIS. Before issuing loans, commercial banks contact each other to get credit information about borrowers rather than accessing this information directly from the CIS. Only 1.8 percent of the population (both individuals and firms) is in the credit registry in Guinea, significantly below the Sub-Saharan Africa average of 8.3 percent in 2020. Moreover, the depth of credit information index in Guinea is 0 (on a scale of 0–8), compared with 3.9 for Sub-Saharan Africa in 2020 (table 2.3). Issues in quality and accuracy of data in the CIS in Guinea are mainly due to the following factors:

- Delays in the provision of data from banks and microfinance institutions. Out of the 23 microfinance institutions in Guinea, only 8 share data with the CIS because most of them lack adequate technical infrastructure (such as computers) and store the data manually on paper. Every month, 16 commercial banks share information with the CIS; however, the process is cumbersome and involves too many steps, resulting in delays and problems with data quality and accuracy.

- Lack of data intelligence. The CIS does not have a matching algorithm (a mechanism to track text matching) to identify new or existing borrowers. Errors in data collection occur when banks enter the names of borrowers in several different ways (for example, Stephen can be entered as Steven or Steve). A matching algorithm according to international best practice can help in automatically identifying a borrower and avoiding data entry errors. Since the matching algorithm is not built into the CIS, the central bank must manually match the borrower names, resulting in delays and issues in data quality and accuracy.

- A snapshot of data on total exposure of borrowers is generated on a fixed date every month. The effectiveness of CIS is undermined because the system does not have a mechanism to generate alerts or early signs of distress if a borrower defaults on loans between the snapshot date and the next reporting date.

These issues related to quality and accuracy of data prevent commercial banks from effectively using the CIS to assess borrower risk.
Table 2.3. Key Indicators on Getting Credit, 2020

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Guinea</th>
<th>Sub-Saharan Africa</th>
<th>OECD High Income</th>
<th>Best Regulatory Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strength of legal rights index (0–12)</td>
<td>6</td>
<td>5.1</td>
<td>6.1</td>
<td>12 (5 economies)</td>
</tr>
<tr>
<td>Depth of credit information index (0–8)</td>
<td>0</td>
<td>3.9</td>
<td>6.8</td>
<td>8 (53 economies)</td>
</tr>
<tr>
<td>Credit registry coverage (percentage of adults)</td>
<td>1.8</td>
<td>8.3</td>
<td>24.4</td>
<td>100.0 (2 economies)</td>
</tr>
<tr>
<td>Credit bureau coverage (percentage of adults)</td>
<td>0</td>
<td>11.0</td>
<td>66.7</td>
<td>100.0 (14 economies)</td>
</tr>
</tbody>
</table>

Note: OECD = Organisation for Economic Co-operation and Development.

2.7 The bank-firm relationship is one of the main contributing factors for getting credit in Guinea rather than just credit information. During the virtual mission, IEG found that commercial banks in Guinea lend to companies with which they have built existing relationships through prior loans or to companies that are fully operational. This is in line with the literature that shows that across many countries in Africa, there is a lack of correlation between the share of businesses that cite lack of credit as a major constraint and the degree of financial penetration (examples include Beck [2015] and Mbaye and Benjamin [2018]). Therefore, there is more to the bank-firm relationship than just credit information. As a result, the Doing Business ranking on getting credit has remained unchanged in Guinea since 2013 (table 2.4). The evidence from the field and literature review indicates that the design of World Bank projects on CIS need to reflect the differences on how creditworthiness is treated in Africa.

Table 2.4. Trends in Getting Credit—Doing Business Ranking for Guinea, 2013–20

<table>
<thead>
<tr>
<th></th>
<th>At Board Approval</th>
<th>At Project Closing</th>
<th>Most Recent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Getting credit (rank)</td>
<td>154</td>
<td>159</td>
<td>131</td>
</tr>
<tr>
<td>Strength of legal rights index (0–10)</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Depth of credit information index (0–6)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Public registry coverage (percentage of adults)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Private bureau coverage (percentage of adults)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>


2.8 The payment system was successfully implemented with support from the project and the African Development Bank. The infrastructure for the ACH and RTGS payment system was put in place with grant funding from the Africa Development Bank. The project helped the central bank draft the legal framework for setting up ACH and RTGS and provided technical assistance to build the capacity of central bank staff. A
total of 16 commercial banks are connected to the payment system. During the virtual mission, IEG found that the payment system is maintained by a small team at the central bank. ACH and RTGS form the basic financial infrastructure for processing payment-related transactions (such as clearance of bank checks, credit card payments, and so on), and they are functioning adequately in Guinea. However, the payment system does not have an independent oversight unit to evaluate and explain the extent to which the system is serving the needs of the financial sector. Capacity is also a major challenge because of high turnover of technical staff in commercial banks. Since the payment system was established five years ago, there is a need to upgrade the system to international standards. A follow-on World Bank project (Support to MSME Growth, Competitiveness, and Access to Finance—P164283) is upgrading the payment system by implementing a national switch digital connection platform for interoperability of retail payments, mobile money, and credit card payments. It would also enable bank customers to use their ATM cards at any bank in Guinea.

**Design and Preparation**

2.9 The objectives were aligned with the World Bank’s strategies both at project approval and at closing. The World Bank’s Interim Strategy Note for Guinea for fiscal years 2011–12 focused on three priorities: (i) macroeconomic stabilization with a focus on public administration, (ii) a major push to boost the delivery of social services, and (iii) the creation of jobs to help deliver tangible, quick results to the citizens. The objectives of the project were aligned with the third priority of the World Bank’s Interim Strategy. During the preparation of the Interim Strategy, Guinea had one of the lowest Doing Business rankings in the world. Constraints to businesses included overly complex rules; low access to credit; weak infrastructure, especially for electricity; and scarce skills. According to the Interim Strategy, to identify key constraints, the World Bank and the International Finance Corporation (IFC) would support the creation of a PPD to build confidence and foster dialogue on reforms. The World Bank Country Partnership Strategy for fiscal years 2014–17 focused on the following three strategic engagement areas: (i) improving governance and service delivery, (ii) stimulating growth and economic diversification, and (iii) strengthening human capital (World Bank 2013b). The project’s objective on supporting the development of MSMEs in various value chains was aligned with the second strategic engagement. Under this area of engagement, enhanced technical skills to boost private sector development was one of the six outcomes. Increased training to entrepreneurs in basic business modules and established SME sector–focused technical centers were the two indicators of this outcome in the Country Partnership Strategy.

2.10 The project design did not have a clear road map with an end point or a business plan in place to sustain the operations of the support center after project closing. The
The support center was not self-sustaining because the project covered all the costs, and the training programs were offered for free. As a result, the support center stopped operating after the project closed in 2017 because of lack of funding. This is a major issue, especially in a country with weak human capital, because it affected the continuation of training to MSMEs. A new support center was established by the follow-on World Bank project (Support to MSME Growth, Competitiveness, and Access to Finance—P164283) in 2020. However, this support center is not yet operational. The director-general is the only staff in this support center and is in the process of recruiting new staff. During the virtual mission, the director-general mentioned that the new support center does not have any documentation or ministerial or presidential decree to indicate its legal status. This indicates that the results of the project on MSME development through the support center have not been sustained after project closing because of the lack of a business plan.

2.11 Moreover, risk identification and mitigation measures were weak, and the budget allocated to establish and operate support centers did not adequately factor in the actual conditions in the field. The government’s commitment and capacity to provide buildings to establish and operate support centers were not identified as a risk in the Project Appraisal Document. This risk materialized during implementation and resulted in significant delays in commencing the training programs. Also, the support center was established by renting a space in a school rather than refurbishing buildings as originally planned. The actual cost to establish and operate one support center was $3.4 million (81 percent of the original cost in the Project Appraisal Document of $4.2 million to establish and operate three support centers at Board approval, and 85 percent of the revised cost of $4.0 million to establish and operate two support centers at restructuring).

2.12 Three main shortcomings in the design of the project subcomponent on the CIS affected the achievement of project outcomes.

- First, the design of the CIS was too sophisticated, given the limited needs and capacity of the central bank. It was predetermined by the project that the technical infrastructure (such as servers, computers, and so on) would be implemented even though the central bank collected and tracked basic data. At the time of project preparation, the central bank only collected and tracked the data on loan defaults in Excel files. In addition to automation, there needs to be adequate oversight, governance, and staff to manage and maintain the technology infrastructure. This was not the case because at the time of project preparation, there was only one person in the credit reporting unit.
• Second, the design of the CIS did not consider basic functionalities or international best practice standards. The Tunisian software company that implemented the CIS does not have any prior experience in implementing credit registries in countries. As a result, some of the fundamental elements or international best practice standards (such as a matching algorithm that is crucial for identifying existing or new borrowers) were not built into the design of the CIS. Moreover, most microfinance institutions do not have the technical or financial capacity to connect to the CIS. There are also implications for the follow-on World Bank project (Support to MSME Growth, Competitiveness, and Access to Finance—P164283); any change in the CIS needs to be done with the help of the Tunisian company because it owns the system’s software source code. Procurement irregularities in selecting this company by the central bank to implement the CIS were also mentioned as an issue during the IEG virtual mission.

• Finally, although the project was implementing both the one-stop shop for business registration and the CIS, the design did not consider connecting these two systems to improve data sharing. During the virtual mission, IEG found that lack of connectivity between the one-stop shop and the CIS has resulted in data redundancy and inconsistency. For example, at the time of sharing the information with the CIS, commercial banks provide information about borrower companies (such as shareholders, financial ratios, and so on) that is already available in the one-stop shop. Because of this cumbersome process, banks and the CIS provide different information about the same company.

Implementation and Supervision

2.13 The combination of a lack of commitment from the government in providing buildings for support centers, frequent changes in the project counterparts, the Ebola crisis, and lack of World Bank presence in the field contributed to significant delays in the commencement of training to MSMEs. The government was expected to provide buildings that could be refurbished by the project and used as support centers for training MSMEs. However, the 2014 Ebola crisis in Guinea significantly affected the implementation of the project because of changes in the government’s focus, a lack of economic activity, and travel restrictions into the country. In addition, the project counterpart in the MISME changed three times during implementation. This further delayed implementation because the World Bank project team had to reengage with each change.

2.14 Lack of government coordination and commitment was a major issue in establishing support centers. Close to the midterm of the project, only 25 percent of the
funds had been disbursed, and both development outcome and implementation progress were rated moderately unsatisfactory in the supervision report dated October 28, 2015. The World Bank project team could have been more proactive during the early stages of implementation. Moreover, there were four task team leaders over the four-year life of the project. After the 2016 restructuring, a dedicated World Bank task team leader based in the Guinea country office was assigned to the project, resulting in implementation progress. Since the government was unable to find abandoned factories or industries that could be refurbished and used as support centers, the World Bank and the government decided to establish a support center in 2017 by renting a space in a school and by conducting workshops directly in manufacturing companies or industries.

2.15 Changes in the reporting structure of the APIP and weak capacity of the PIU contributed to delays in project implementation. The reporting structure of APIP changed from MISME to reporting directly to the president of Guinea during implementation. Moreover, the PIU’s capacity was weak, and it did not effectively coordinate with APIP. During the virtual mission, IEG found that APIP’s team had to draft terms of reference and analyze offers to expedite decisions on procurement, which were the PIU’s tasks.

2.16 IFC used Doing Business reforms in investment climate as an instrument to engage with the government on private sector issues, and the World Bank supported the government in implementing some of those reforms through this project. From 1984 to 2008, mining was the only sector that was driving the economy because institutions in Guinea did not have adequate capacity to develop the private sector. After the first democratic elections in 2010, both IFC and the World Bank were supporting the government in developing the private sector. Since ministers in Guinea used Doing Business as a template for adopting and implementing reforms, IFC supported the government by providing advisory services on investment climate reforms to improve the Doing Business ranking on starting a business. For example, in 2012, IFC supported the creation of APIP and a one-stop shop to facilitate enterprise creation. The World Bank supported the government through this project by building the capacity of APIP; expanding the one-stop shop to help businesses on company, tax, and social security registration; and implementing the CIS and payment systems.

2.17 Lack of involvement of a World Bank credit information specialist during implementation contributed to weak outcomes of the CIS. During the virtual mission, IEG found that the task team leaders did not actively involve a World Bank credit information specialist during project implementation. The specialist participated in only one mission during the life of the project. This is because the specialist was not part of the project team and was randomly requested to provide comments on the legal framework and requests for proposals by various task team leaders.
3. Lessons

3.1 For effective PPD, it is crucial to have (i) a champion at the highest government level who can bring the public and private sector together to identify and implement business environment reforms, and (ii) agreement among various private sector associations to identify a private sector representative who can lead the dialogue on their behalf. These two conditions will avoid delays in adopting business environment reforms or the risk of adopting reforms that will be implemented without private sector buy-in and involvement.

3.2 Projects should include measures to ensure sustainability of support centers that provide capacity building to MSMEs after project closing.

3.3 Design and implementation of credit registries should be based on international best practice standards. Selecting a company with successful experience in several countries to support implementation of the credit registries is a key factor of success. The World Bank and IFC can effectively join forces by providing funding (the World Bank) and capacity building to help government counterparts select adequate companies (IFC).

3.4 Integrating a rigorous impact assessment into the design of World Bank projects supporting MSMEs would help discern the causal effects of project interventions on MSME development.
Bibliography


Appendix A. Ratings

Guinea Micro, Small, and Medium Enterprises Development Project (P128443)
Table A.1. ICR, ICR Review, and PPAR Ratings

<table>
<thead>
<tr>
<th>Indicator</th>
<th>ICR</th>
<th>ICR Review</th>
<th>PPAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome</td>
<td>Moderately satisfactory</td>
<td>Moderately satisfactory</td>
<td>Moderately unsatisfactory</td>
</tr>
<tr>
<td>Overall efficacy</td>
<td>Substantial</td>
<td>Substantial</td>
<td>Modest</td>
</tr>
<tr>
<td>Bank performance</td>
<td>Moderately satisfactory</td>
<td>Moderately satisfactory</td>
<td>Unsatisfactory</td>
</tr>
<tr>
<td>Quality of monitoring and evaluation</td>
<td>Modest</td>
<td>Modest</td>
<td>Modest</td>
</tr>
</tbody>
</table>

Note: The Implementation Completion and Results Report (ICR) is a self-evaluation by the responsible Global Practice. The ICR Review is an intermediate Independent Evaluation Group product that seeks to independently validate the findings of the ICR. PPAR = Project Performance Assessment Report.

1. Relevance of the Objectives

Objectives

The objective of the Guinea Micro, Small, and Medium Enterprises (MSMEs) Development Project, as stated in the Financing Agreement, was “to support the development of MSMEs in various value chains and to improve business processes of Guinea’s investment climate.” The Project Appraisal Document (PAD) gave the same objectives, except that it used the term “selected business processes.” The Independent Evaluation Group’s (IEG) Implementation Completion and Results Report Review interpreted “selected business processes” in the following five areas, the reforms of which were to be supported by the project: (i) business registration, (ii) investment promotion, (iii) business regulation, (iv) the credit information system (CIS), and (v) the payment system (World Bank 2018a).

The project was approved on January 28, 2013, restructured on February 2, 2016, and closed as scheduled on December 31, 2017. The project was financed by a credit from the International Development Association for $10 million. The following changes were made during project restructuring: The planned three MSME support centers were reduced to two, activities were added to benefit the Ministry of Industry and Small and Medium Enterprises, funds were reallocated among the three project components, three new intermediate outcome indicators were added to the results framework (appendix D), and several changes were made to the institutional arrangements.

Relevance of the Objectives

The objectives of the project were aligned with both the government and the World Bank’s strategies at project approval and at closing. The 2011–12 Poverty Reduction
Strategy (PRS) articulated government actions necessary to lay the foundations for sustained growth and development. The PRS was complemented by a Priority Action Plan (PAP), which laid out reform actions to be implemented by the government. The PRS and PAP were organized according to five priority areas: good governance, poverty reduction, infrastructure, economic growth, and security. The objectives of the project were aligned with the economic growth priority action, in which the government stressed the improvement of the investment climate, the need for a big push on agriculture, and a reform of the mining sector. Policies in the PRS and PAP were outlined to attract investment (local and foreign) in mining and agriculture, with a particular focus on MSMEs. The PAP proposed initiatives to improve the investment climate, strengthen financial and nonfinancial support to the private sector, promote entrepreneurship, and facilitate the integration and access of the Guinean private sector to regional markets. One of the early priorities of the PRS and PAP was to modernize the institutional framework for the private sector (for example, the Chamber of Commerce and Industry, private sector associations, an investment promotion agency, and a one-stop shop for enterprise formalities) and financial sector support mechanisms. Other actions in the PAP include improved public-private dialogue (PPD), measures to attract large investments in agriculture and linking them with smallholders using outgrowers’ programs, and so on.

The World Bank’s Interim Strategy Note for Guinea for fiscal years 2011–12 focused on three priorities: (i) macroeconomic stabilization with a focus on public administration, (ii) a major push to boost the delivery of social services, and (iii) the creation of jobs to help deliver tangible, quick results to the citizens. The objectives of the project were aligned with the third priority of the World Bank’s Interim Strategy. During the preparation of the Interim Strategy, Guinea had one of the lowest Doing Business rankings in the world. Constraints to businesses included overly complex rules; low access to credit; weak infrastructure, especially for electricity; and scarce skills. According to the Interim Strategy, to identify key constraints, the World Bank and the International Finance Corporation (IFC) would support the creation of a PPD to build confidence and foster dialogue on reforms.

The government’s strategy in its third PRS was organized according to five priority areas: (i) unlocking diversified and inclusive growth, (ii) targeting growth by sector, (iii) embracing regional integration, (iv) promoting small and medium enterprises (SMEs) and an enabling business environment, and (v) developing twenty-first century skills. The objectives of the project were aligned with promoting SMEs and an enabling business environment. Within this priority area, the government would broaden the country’s SME base through investment climate reform, solutions to improve access to finance, and the establishment of SME growth corridors.
The World Bank Group Country Partnership Strategy for fiscal years 2014–17 focused on the following three strategic engagement areas: (i) improving governance and service delivery, (ii) stimulating growth and economic diversification, and (iii) strengthening human capital (World Bank 2013). The project’s objective on supporting the development of MSMEs in various value chains was aligned with the second strategic engagement. Under this area of engagement, enhanced technical skills to boost private sector development was one of the six outcomes. Increased training to entrepreneurs in basic business modules and established SME sector–focused technical centers were the two indicators of this outcome in the Country Partnership Strategy.

Although the objectives of the project were aligned with the government and the World Bank’s strategies, they were ambitious, given the limited capacity of the project implementation unit (PIU).

The relevance of the objective is rated substantial.

2. Efficacy

The efficacy of this project is assessed by splitting the project development objective into two subobjectives: to support the development of MSMEs in selected value chains, and to improve business processes of Guinea’s investment climate.

Subobjective 1. To support the development of MSMEs in selected value chains. The efficacy of this subobjective is modest because of the following:

- The project established only one support center against a revised target of two and original target of three. At the Board of Executive Director’s approval in 2013, the project was expected to establish three support centers, one at Conakry directed at women entrepreneurs and two in the regions. At project restructuring in February 2016, the number of support centers was reduced to two, one at Conakry and the other at Mamou. However, the project established only one support center by renting a space in a school in Conakry about 10 months before the project closing in 2017.

- The project exceeded its target in terms of number of MSMEs trained; however, there is limited evidence on the causal effect of the support center on MSME development in the absence of an impact evaluation. The project trained 522 entrepreneurs, of which about 48 percent were women. The average increase in sales in MSME firms before (GF 274,840.000 in 2015) and after the training (GF 459,807.320 in 2017) was approximately 67 percent, as reported in the ICR (World Bank 2018b). However, without an impact evaluation, which was expected to be carried out by the project, there is limited evidence on (i) how the technical
support, information, and training on value chain by the support center have contributed to increased knowledge of MSMEs; (ii) how this increased knowledge has contributed to improved efficiency of MSMEs; and (iii) how this improved efficiency has contributed to increased sales in MSMEs. Moreover, the average increase in sales of MSMEs trained by the support center could be a result of both internal and external factors and cannot be fully attributed to this project—for example, the low baseline sales figure in 2015 could have been a result of low economic activity in Guinea due to the 2014–16 Ebola crisis.12

- Evidence shows mixed results from linking MSMEs that received training from the support center to large firms. During the virtual mission, IEG interviewed two large firms (Bel Air and Moroccan Group) and an economic group named Soumbalako. Bel Air is a flagship project of Alufer Mining Limited on bauxite exploration in Guinea. The Moroccan Group was established in 1930 and is a major producer of paprika powder in the Moroccan market. Soumbalako is an economic group that was established in 1995 and comprises 4,300 small-scale farmers that produce potatoes and rice. There is evidence that the project linked MSMEs that received training from the support center to Bel Air. However, the project was unsuccessful in linking the farmers of Soumbalako to the Moroccan Group.

Subobjective 2. To improve business processes of Guinea’s investment climate. The efficacy of this subobjective is modest. The following were the two components related to this objective:

- Facilitating investment
  - The Agency for the Promotion of Private Investment lacks capacity to monitor and track the volume of investments. Moreover, high bureaucracy and corruption in sectoral ministries and a lack of clear guidelines in important areas (tax payments, land registration, and so on) discourage foreign investors from investing in Guinea.
  - Implementation of the one-stop shop in Conakry has reduced the cost and time for small companies to register their businesses. As a result, Guinea’s Doing Business ranking on starting a business has improved from 158 in 2013 to 133 in 2017 and to 122 in 2020. However, the one-stop shop is not fully operational in other regions of the country.
  - PPD (which was to take place through the Guinea Business Forum [GBF]) is unsuccessful, and reforms are adopted or implemented without private sector involvement. This is mainly due to lack of commitment from the
highest level of the government and the inability of the various private sector associations to agree on appointing a second deputy chair to represent the private sector on the GBF. These challenges are affecting the implementation of legislations, rules, laws, and regulations in Guinea.

- **CIS and payment systems**
  
  o The CIS has not been fully implemented by the project. The system is not being used by banks to check the creditworthiness of borrowers before issuing loans because of serious issues in quality and accuracy of data. Only 1.8 percent of the population (both individuals and firms) is in the credit registry in Guinea, significantly below the Sub-Saharan Africa average of 8.3 percent in 2020. Moreover, the depth of credit information index in Guinea is 0 (on a scale of 0–8), compared with 3.9 for Sub-Saharan Africa in 2020.

  o The project helped the central bank in drafting the legal framework for setting up the ACH and Real Time Gross Settlement payment system and provided technical assistance to build the capacity of the staff in the central bank. However, the payment system does not have an independent oversight unit to evaluate and explain the extent to which the system is serving the needs of the financial sector. Capacity is also a major challenge because of high turnover of technical staff in commercial banks. Since the payment system was established five years ago, there is a need to upgrade the system to international standards.

**Overall Efficacy**

The overall efficacy is rated **modest** because efficacy of both subobjectives of the project are rated **modest**.

3. **Efficiency**

**Economic efficiency.** Both the PAD and ICR computed the economic rate of return only for the first component of the project (“establishment of support centers for SME development”). Economic rate of return reported in the ICR, at 26 percent, exceeded the PAD estimate of 21 percent (World Bank 2018b). However, the actual cost to establish and operate one support center was $3.4 million (81 percent of the original cost of $4.2 million to establish and operate three support centers in the PAD at approval by the Board of Executive Directors, and 85 percent of the revised cost of $4.0 million to establish and operate two support centers at restructuring).
Operational efficiency. There were significant delays in the first three years of project implementation because of several contributing factors such as high turnover of government counterparts, lack of government commitment, the 2014 Ebola crisis, limited capacity of the PIU, high turnover of project task team leaders, and so on. Despite spending $2.4 million to implement the CIS and payment systems, the credit registry is not fully functional because of a lack of real-time experience of the company that implemented it.

Efficiency is rated as modest.

4. Outcome

The outcome of the project is rated as moderately unsatisfactory. Relevance of objectives is assessed as substantial because the objectives of the project were aligned with the government’s and the World Bank’s strategies; however, they were ambitious, given the limited capacity of the PIU. Efficacy of both subobjectives of the project are assessed as modest. Efficiency is assessed as modest because of issues in operational efficiency, contributing to significant delays in project implementation.

5. Risk to Development Outcome

The risk to development outcome is substantial. The support center stopped operating after the project closed in 2017 because of a lack of funding. Although a new support center was established by the follow-on World Bank project (Support to MSME Growth, Competitiveness, and Access to Finance—P164283) in 2020, this support center is not yet operational. The director-general is the only staff in this support center and is in the process of recruiting new staff. Effectiveness of the PPD remains an issue and is affecting the implementation of legislations, rules, laws, and regulations in Guinea. This is because GBF is not yet operational because of lack of commitment from the highest level of the government and lack of agreement among the various private sector associations to identify a second deputy chair to represent the private sector on the GBF. Quality and accuracy of data remains an issue in the CIS. Moreover, the software company that implemented the CIS does not have any prior experience in implementing credit registries in countries. This has implications for the follow-on World Bank project; any change in the CIS needs to be done with the help of this company because it owns the system’s software source code.
6. Bank Performance

Quality at Entry
The quality at entry is rated **unsatisfactory** because of major shortcomings in appraisal or preparation of the project.

The project design did not have a clear road map with an end point or a business plan in place to sustain the operations of the support center after project closing. Moreover, risk identification and mitigation measures were weak, and the budget allocated to establish and operate support centers did not adequately factor in the actual conditions in the field. There were several shortcomings in the design of the project subcomponent on the CIS, which ultimately affected the achievement of project outcomes: first, the design of the CIS was too sophisticated, given the limited needs and capacity of the central bank; second, the design of the CIS did not consider basic functionalities or international best practice standards; and finally, although the project was implementing both the one-stop shop for business registration and CIS, the design did not consider connecting these two systems to improve data sharing.

Quality of Supervision
The quality of supervision is rated **moderately unsatisfactory** because of significant shortcomings in the proactive identification of opportunities and resolution of threats.

The combination of a lack of commitment from the government in providing buildings for support centers, frequent changes in the project counterparts, the Ebola crisis, and the lack of World Bank presence in the field contributed to significant delays in the commencement of training to MSMEs. Close to the midterm of the project, only 25 percent of the funds had been disbursed, and both development outcome and implementation progress were rated **moderately unsatisfactory** in the supervision report dated October 28, 2015. The project team could have been more proactive during the early stages of implementation. Moreover, there were four task team leaders over the four-year life of the project.

After the 2016 restructuring, a dedicated World Bank task team leader based in the Guinea country office was assigned to the project, resulting in implementation progress. Since the government was unable to find abandoned factories or industries that could be refurbished and used as support centers, the World Bank and the government decided to establish a support center in 2017 by renting a space in a school and by conducting workshops directly in manufacturing companies or industries.

IFC used *Doing Business* reforms in investment climate as an instrument to engage with the government on private sector issues, and the World Bank supported the government
in implementing some of those reforms through this project. For example, in 2012, IFC supported the creation of the Agency for the Promotion of Private Investment and a one-stop shop to facilitate enterprise creation. The World Bank supported the government through this project by building this agency’s capacity; expanding the one-stop shop to help businesses on company, tax, and social security registration; and implementing the CIS and payment systems.

Lack of involvement of a World Bank credit information specialist during implementation contributed to weak outcomes of the CIS. During the virtual mission, IEG found that the task team leaders did not actively involve a World Bank credit information specialist during project implementation. The specialist participated in only one mission during the life of the project. This happened because the specialist was not part of the project team and was randomly requested to provide comments on legal framework and requests for proposals by various task team leaders.

Bank performance is rated unsatisfactory because quality at entry is rated unsatisfactory and quality of supervision is rated moderately unsatisfactory.

7. Quality of Monitoring and Evaluation

Design
There were significant deficiencies in the monitoring and evaluation design, which resulted in several changes both in the wording and targets of the indicators during project restructuring in 2016. Of the four project development objective–level indicators, two were modified, and the target of one indicator was revised downward. For example, the outcome indicator “sales of MSMEs supported by the support centers, relative to control group” was modified to “increase in sales of MSMEs supported by the support centers.” Of the five intermediate outcome indicators, two were modified, and the target of one indicator was revised downward. For example, the target of the indicator “number of firms benefiting from support centers” was reduced from 400 to 200. Three new indicators were added to the monitoring and evaluation framework during restructuring.

Implementation
Based on the information in the PAD, the project was expected to conduct an impact evaluation to measure the effectiveness of component 1. However, the impact assessment was not conducted.
Use

The indicators did not provide adequate evidence of achievement of project outcomes. For example, the indicator “businesses registered and included in the Credit Reporting System” was not meaningful because it does not provide evidence on what percentage of loans were due to improved credit information that allowed financial institutions to better assess borrower risk and to what extent the CIS has (i) increased transparency of the financial operations, (ii) reduced transaction costs, and (iii) allowed financial institutions to extend credit and loans to new MSME clients.

Quality of monitoring and evaluation is rated modest.

References


Appendix B. Fiduciary, Environmental, and Social Aspects

Financial Management

The financial management rating of satisfactory in the Implementation Completion and Results Report should be treated with caution because procurement irregularities in selecting a company by the central bank to implement the credit information system was mentioned as an issue during the Independent Evaluation Group virtual mission.

Procurement

The procurement rating of satisfactory in the Implementation Completion and Results Report should be treated with caution based on the above information.

Environmental and Social Safeguards

The project was classified an environmental assessment category C and did not trigger any World Bank environmental safeguards policy. Project works were limited to refurbishing any existing buildings made available by the government for the project and setting up equipment and furniture. These activities had negligible to minimal environmental impacts, and the project was implemented according to national and local laws.
Appendix C. Methods and Evidence

Given the travel restrictions due to the coronavirus pandemic, the Independent Evaluation Group (IEG) conducted this Project Performance Assessment Report without the benefit of visiting the country. With the help of the Country Management Unit in Guinea, IEG hired an interpreter for translation services during a virtual mission. The evaluation is based largely on triangulation of evidence from the following three sources:

Desk-based review. First, IEG conducted a detailed desk-based review of the following background documents and evaluative materials:

- World Bank’s Interim Strategy Note for Guinea for fiscal years 2011–12
- Country Partnership Strategy for Guinea for fiscal years 2014–17
- Project Appraisal Document, 2013
- Implementation Completion and Results Report, 2018
- Implementation Completion and Results Report Review, 2018
- 2011 IMF Article IV
- Links to the following literature reviews:


**Interviews with the World Bank Group.** Second, IEG conducted interviews with the following task team leaders and teams that contributed to the design and implementation of the project:

- Jean Michel N. Marchat, lead economist (task team leader at project appraisal)
- Lorenzo Bertolini, senior private sector specialist (task team leader at implementation)
- Thierno Habib Hann, senior housing finance specialist (task team leader at implementation)
- Mariama Cire Sylla, operations officer (co–task team leader at implementation)
- Thierno Hamidou Diallo, Thierno Hamidou Diallo (Guinea Country Office, operations analyst)
- Windpouire Josephine Lydie Sankara (Guinea Country Office, operations analyst)
- Francisco Moraes Leitao Campos, senior economist (team member at project appraisal and during early stages of implementation)
- Armando Heilbron, senior private sector specialist (team member, investment promotion specialist)
• Tanangachi Ngwira, analyst (Implementation Completion and Results Report team leader)
• Fredesvinda F. Montes Herraiz, senior financial sector specialist (team member, credit information specialist)
• Sarah Zekri, senior financial sector specialist (co-task team leader of the follow-on project, Support to MSME Growth, Competitiveness, and Access to Finance—P164283)
• Oscar Madeddu, principal operations officer (credit information system specialist of the follow-on project, Support to MSME Growth, Competitiveness, and Access to Finance—P164283)
• Maimouna Gueye, senior financial sector specialist (payment system specialist of the follow-on project, Support to MSME Growth, Competitiveness, and Access to Finance—P164283)

Interviews with stakeholders. Finally, IEG conducted interviews with the following stakeholders to fill the remaining evidence gaps needed to fully respond to the evaluative questions and the relevant sections in the Project Performance Assessment Report:

• Soumbalako Economic Group, Thierno Boubacar Kallo
• Moroccan Group—Interoil Oleoresens SA
• Ministry of Industry and Small and Medium Enterprises, Aboubacar Sylla, director-general, PME
• Ministry of Finance, Mr. Touré
• Ministry of Justice, Millimono: Focal point of the follow-on project, Support to MSME Growth, Competitiveness, and Access to Finance—P164283
• Agency for the Promotion of Private Investment, Mr. Barry, project coordinator and partnership
• Agency for the Promotion of Private Investment, Mme. Hann, former deputy managing director
• Bourse de la sous traitance et du partenariat, Mr. Idiallo, director-general
• Credit Information System, Naby Fofana
• Credit Information System, Fabio Tarantini, consultant
• Real Time Gross Settlement system and automated clearing house, in charge of system and bank payment at the central bank, Ibrahim Kalil Magassouba, Mr. Fofana
• Président, Association professionnelle des Banques
• Afriland Bank, Mr. Fondjo, director
• Private sector associations representing small and medium enterprises, phone: 664327595, email: gmsguinea@yahoo.com
• Bel Air Mining, Jason Peirce, Human Resources and Sustainability director
• Program coordinator, Dian Diallo
• Guinea Business Forum (GBF), Mr. Sidibé, former spokesperson for GBF
• GBF, Mr. Diop, independent consultant and program coordinator of GBF
• Dian Diallo, director of operations of the support center under the follow-on project, Support to MSME Growth, Competitiveness, and Access to Finance—P164283
• United States Agency for International Development, Taisha Jones (economic growth office director, tajones@usaid.gov), Mme. Mariama Diallo (mardiallo@usaid.gov/629000434), and Gregory Vaughan (agriculture officer, gvaughan@usaid.gov)
• Santigui Camara, coordinator of follow-on project, Support to MSME Growth, Competitiveness, and Access to Finance—P164283
• Chamber of Commerce, Mr. Fofana Fodé Mohamed, general secretary
# Appendix D. Original and Revised Outcome Indicators

## Table D.1. Original and Revised Outcome Indicators

<table>
<thead>
<tr>
<th>Original Outcome Indicators</th>
<th>Revised Outcome Indicators</th>
<th>Reasons for Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDO-level results indicators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales of MSMEs supported by the SCs, relative to control group.</td>
<td>Increase in sales of MSMEs supported by the SCs</td>
<td>The wording was changed to add clarity.</td>
</tr>
<tr>
<td>Number of investor inquiries in targeted sectors leading to individual investments in Guinea above $500,000</td>
<td>Number of investments generated above $200,000</td>
<td>The threshold of $500,000 was reduced to $200,000, and the target for the number of investments was reduced from 15 to 10 due to the economic and health crisis of 2014.</td>
</tr>
<tr>
<td>Value of loans to firms and individuals included in the credit reporting system in a year as a percentage of all lending in the same year</td>
<td>Percentage of loans awarded to firms included in the credit reporting system in a year as a percentage of all lending in the same year</td>
<td>The “individuals” factor was removed to focus on enterprises only, as this was the goal of this project.</td>
</tr>
<tr>
<td>Value of yearly transactions settled in RTGS or annual GDP.</td>
<td></td>
<td>This indicator was not revised.</td>
</tr>
</tbody>
</table>

Intermediate results indicators

Component 1: Establishment of support centers for SME development

<table>
<thead>
<tr>
<th>Original Outcome Indicators</th>
<th>Revised Outcome Indicators</th>
<th>Reasons for Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of entrepreneurs supported by the SCs (of which percentage female)</td>
<td>Number of firms benefiting from SCs</td>
<td>The wording of this indicator was changed to be consistent with other competitiveness indicators. Moreover, given the reduction in the number of SCs, the target was reduced to 200 firms from 400.</td>
</tr>
<tr>
<td>None</td>
<td>Percentage of women-owned or run businesses as a share of benefiting firms from SC support</td>
<td>Rather than including “of which percentage female” as part of the above indicator, a new indicator was created. The target was adjusted to 40 percent of the total number of firms supported by the SCs, given the reduction in the number SCs and the number of firms supported by them.</td>
</tr>
</tbody>
</table>

Component 2: Support to investment

<table>
<thead>
<tr>
<th>Original Outcome Indicators</th>
<th>Revised Outcome Indicators</th>
<th>Reasons for Adjustment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of investor inquiries in APIP’s investment promotion</td>
<td></td>
<td>This indicator was not revised.</td>
</tr>
<tr>
<td>Number of reforms adopted through the PPD platform</td>
<td>Number of measures or recommendations proposed by the PPD process endorsed for implementation</td>
<td>Changed to be more realistic</td>
</tr>
<tr>
<td>Businesses registered and included in the credit reporting system</td>
<td></td>
<td>This indicator was not revised.</td>
</tr>
<tr>
<td>Original Outcome Indicators</td>
<td>Revised Outcome Indicators</td>
<td>Reasons for Adjustment</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>---------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>Proportion of banks with access to ACH (percentage)</td>
<td>Number of firms that benefit from reformed registration requirements</td>
<td>This indicator was not revised.</td>
</tr>
<tr>
<td>None</td>
<td>Number of MSMEs that benefit from new or enhanced links with large firms</td>
<td>This intermediate indicator was added with an end target of 300 firms to be consistent with the increase in registration of businesses due to reforms.</td>
</tr>
<tr>
<td>None</td>
<td></td>
<td>As the SCs aimed to facilitate the connection of small firms to larger firms, this intermediate indicator was added with a target of 30 MSMEs.</td>
</tr>
</tbody>
</table>


Note: ACH = automated clearing house; APIP = Agency for the Promotion of Private Investment; GDP = gross domestic product; MSME = micro, small, and medium enterprise; PDO = project development objective; PPD = public-private dialogue; RTGS = Real Time Gross Settlement; SC = support center; SME = small and medium enterprise.

Reference


1 Firm-level data from 2006–07 showed that labor productivity in Guinea was low (approximately $1,495 per worker, against $3,152 per worker in neighboring Senegal and $20,160 per worker in South Africa; World Bank 2012).

2 One support center was at Conakry and the other at Mamou.

3 This included payment of rent for the project implementation unit office and recruitment of nine full-time consultants—six for the Agency for the Promotion of Private Investment and three for the public-private dialogue secretariat.

4 The following changes were made in the institutional arrangements: The composition of the steering committee was modified to include the Ministry of Justice, the project implementation unit was restructured to replace two technical advisors with two operations officers, coaching was provided to the procurement specialist, and the monitoring and evaluation officer was made responsible for communications.

5 The impact evaluation was dependent on implementation of support centers. Since the project took much time to establish a support center, it became difficult for the project to conduct an impact evaluation.

6 Baseline or before-training sample sizes (130 micro, small, and medium enterprises [MSMEs]) differed from final or after-training sample sizes (59 MSMEs), and there were 14 MSMEs in the final sample that were not in the baseline sample. According to the project’s program coordinator, the difference in sample sizes was due to consolidation of some of the MSMEs into
groups or companies and the addition of new MSMEs to the final sample during project implementation.

7 Results from a study show that investment promotion decreases information asymmetries, lessens the burden of bureaucratic procedures, and leads to higher foreign direct investment flows to developing countries (Harding and Javorcik 2011).

8 The depth of credit information index measures rules and practices affecting the coverage, scope, and accessibility of credit information available through a credit registry or a credit bureau.

9 Automated clearing house is a computer-based electronic network for processing transactions, usually domestic low-value payments, among participating financial institutions. It may support both credit transfers and direct debits. Real Time Gross Settlement systems are specialist funds transfer systems where the transfer of money or securities takes place from one bank to any other bank on a real time and gross basis.

10 The other five outcomes were (i) improved commercial and operational efficiency of the electric company, (ii) improved agricultural productivity, (iii) improved information and communication technology connectivity and transformation, (iv) an improved institutional framework to broaden investment opportunities, and (v) enhanced regional integration and improved regulation of transport subsectors.

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