Report Number: ICRR0022580

1. Project Data

Project ID	Project Name
P156422	Third Village Community Support Project
Country	**Practice Area(Lead)**
Guinea	Social Sustainability and Inclusion

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-58250	30-Oct-2020	14,936,269.16
Bank Approval Date	**Closing Date (Actual)**	
31-May-2016	30-Oct-2020	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	15,000,000.00	0.00
Revised Commitment	15,000,000.00	0.00
Actual	14,938,243.26	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) was to strengthen the local government financing system and improve local service delivery in rural communes and to provide an immediate and effective response in the event of an Eligible Emergency or Crisis (Financing Agreement, Schedule 1, page 4). The formulation of the PDO in the PAD (page iii) was identical to the Financing Agreement.

IEG concurred with the ICR (para 23) that the latter part of the PDO on the emergency response was not relevant in the context of this ICR, as the project's emergency response contingency component (Component 4) was not triggered during the life of the project.

This review will assess the following objectives:

1. To strengthen the local government financing system
2. To improve local service delivery in rural communes

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

No

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: Local Investment Fund (Estimate: US$ 4.50 million; Actual: US$ 3.49 million, 77.5% of the estimate) aimed to finance small investments (micro-projects) in selected Rural Communes (CR: Commune Rurale) through the Local Investment Fund. The micro-projects were planned to be included in the CR Local Development Plans and their corresponding Annual Investment Plans. The CRs were responsible for management of the funds, the contracts, monitoring and evaluation, and operation and maintenance. The four subcomponents were: (i) complementary investments in Village Community Support Program Phase 2 (PACV2) micro-projects; (ii) micro-projects in CRs most affected by the Ebola Epidemic; (iii) inter-community micro-projects in natural resources management and biodiversity protection; and (iv) micro-projects in CRs located in mining areas.

Component 2: Institution and capacity building for sustainable local governance and community participation (Estimate: US$ 9.00 million; Actual: US$ 8.64 million, 96.0% of the estimate) aimed to set up sustainable mechanisms for long-term local development financing and quality community participation. This component included four subcomponents: (i) institution building for long-term local development financing; (ii) pilot scheme for management of technical staff at CR level; (iii) capacity building of central and deconcentrated public services of key sectoral ministries to improve support to local communities; and (iv) capacity building of CRs to engage citizens in planning, management, and evaluation of services. Under the restructuring in 2018, there was a redeployment of capacity building and support to local authorities under Component 2 to include technical assistance for local governments and training of new mayors.

Component 3: Project coordination and management (Estimate: US$ 1.50 million; Actual: US$2.87 million, 191.3% of the estimate) supported project management by the National Coordination Unit. This included (i) operational support in project management, financial management, and procurement; (ii) monitoring and evaluation; (iii) a communications strategy and action plan; (iv) annual external audits; and (v) project evaluations at midterm and closing. Under the restructuring, the component was expanded to: (i) extend nation-wide coverage of the technical assistance program to all local governments (rural and urban) within the framework of National Agency for Local Government Financing; (ii) provide timely technical inputs on citizen engagement, accountability, and safeguard compliance, to the Bank project titled Support to

Local Governance Project (P167884, US$40 million from IDA, approved in 2019); and (iii) implement a pilot Early Warning and Response System in selected seven CRs.

Component 4: Immediate Response Mechanism (IRM) (Estimate: US$ 0 million; Actual: US$ 0 million) established a disaster contingency fund that could be triggered in the event of a natural disaster through formal declaration of a national emergency, or upon a formal request from the Government. In such case, funds from the unallocated expenditure category or from other project component was planned to be re-allocated to finance emergency response expenditures to meet emergency needs; however, the IRM was not triggered during the life of the project.

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

Project Cost: At appraisal, the project was estimated to cost US$15.00 million (PAD, page i). At project closing, the actual cost was US$14,938,243 (ICR, page 2).

Financing: At project closing, the project was fully financed by the International Development Association (IDA), as originally planned at appraisal.

Dates: The project was approved on May 31, 2016, and became effective on September 27, 2016. The Mid-Term Review was completed on September 17, 2018. The project was closed on October 30, 2020, as originally planned at appraisal.

Restructuring: The project had one restructuring on December 11, 2018 to change the Results Framework and the components and costs, as well as to reallocate funds between disbursement categories.

3. Relevance of Objectives

Rationale

Country and Sector Context. Guinea's economic growth had been unevenly distributed and increasingly reliant on resource extraction, in particular, bauxite. The mining sector failed to create jobs and worsened income inequalities due to elite rent capture and corruption. Historically, Guinea had been a centralized state with all major economic decisions being made at the central level. Guinea initiated a decentralization process in the 1980s by setting up decentralized local authorities vested with legal and financial autonomy. The country's vision for decentralization was accompanied with legal and regulatory frameworks and institutional instruments to implement the decentralization process, including: (i) the 2006 Local Government Code which set the legal and administrative framework and transferred management responsibilities of human resources, budgets, and technical sectors to local authorities; (ii) the 2012 National Policy Letter on Decentralization and Local Development which presented a roadmap for decentralization and local development; and (iii) the 2013-amended Mining Code which established the National Fund for Local Development.

Relevance to Government Strategies. At appraisal, the project objectives were aligned with the 2012 National Policy Letter on Decentralization and Local Development and the legal framework that defined the implementation of the decentralization. Moreover, the project was in line with the Government's Program for

State Reform and Administration Modernization, under which the High Commission for State Reform and Administration Modernization was created to be responsible for facilitation and coordination of public sector reforms. The project was also an opportunity to contribute to emergency prevention and management, including the Post-Ebola Priority Action Plan. At project closing, the project's objectives and its approach to provide aid channeled through community driven development were in line with the Government's declaration on a state of emergency on March 27, 2020 with regards to the COVID 19 pandemics. The latter part of the PDO, that stated "in the event of an Eligible Emergency or Crisis," aligned with the government vision even though Component 4 on the Immediate Response Mechanism (IRM) was not triggered during the project implementation. It was not feasible to trigger the IRM to provide direct support to the COVID-19 pandemic because the state of emergency was declared only 6 months before the project closure (Response from the TTL/ICR team to the IEG's questionnaire on the ICR received in June 17, 2021 (Response from the TTL/ICR team)).

Relevance to Bank Assistance Strategies. At appraisal, the project aligned with the Country Partnership Strategy (CPS FY14-17), in particular, with one of its strategic focuses on improving governance and service delivery. At project closing, the project was closely in line with the Country Partnership Framework (CPF FY18-23), as the CPF Objective 2: "Decentralization of service delivery, including health and education, and better engagement of citizens" incorporated this project into the Results Framework and the indicators (CPF, page 39).

Previous Sector Experience. The Bank originally started Village Communities Support Programs (PACV) as a three-phased Adjustable Program Loan with the long-term programmatic objective to: (i) strengthen local governance in rural Guinea, and (ii) promote social and economic empowerment of the rural population, with a focus on women, youth and other marginalized groups. PACV1 (P050732, US$22 million from IDA, 1999-2007) piloted the community driven development (CDD) approach to establish decentralized system for local development in selected 159 rural communes. PACV2 (P065129, US$17 million from IDA, 2007-2014) expanded the local-level infrastructure investments to scale up the CDD approach to all 304 rural communes and operationalized mechanisms for fiscal transfers to rural communes. The main lesson from PACV1 and 2 was that the long-term impact and sustainability was questionable due to the high dependence on support from international donors (PAD, para 35). Therefore, this project, PACV3 (P156422, US$15 million from IDA, 2016-2020), shifted its focus from building hard infrastructures to institutionalizing and consolidating the program of reforms by establishing a permanent national funding mechanism, in order to sustain gains from the provision of technical support to local governments and communities. Following PACV1 and 2, the Bank discontinued the APL instrument thus PACV3 was implemented with the Investment Project Financing instrument. The national funding mechanism established under this project would be further operationalized under its succeeding project, Support to Local Governance Project (P167884, US$40 million from IDA, approved in 2019), to expand the CDD approach in terms of geographic coverage to include all 33 urban communes except for the national capitol Conakry and frequency of fiscal transfers to communes.

The project objective was in line with the country and sector context, the Bank's assistance strategies, and the previous sector experience. The project objective was also aligned with the national policy letter on decentralization and local development, which presented a roadmap for the government's vision on decentralization. The portion of the project objective on emergency response was relevant to the Government's vision on decentralization to better respond to emergencies, though the relevant component was not implemented due to the timing of the declaration of the state of emergency. Overall, the relevance of objective is rated substantial.

Rating
Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
To strengthen the local government financing system

Rationale
Theory of Change:

The challenges of the local government financing systems included low budget transfer from the national budget to local communes and low resource mobilization from local tax revenues. The first objective's theory of change envisioned that project activities such as supporting policy dialogue, technical studies, and capacity building of government staff and local communes to strengthen local government financing system would result in outputs such as establishments of national funding mechanisms to enhance budget transfers to local communities, as well as operationalization of a national fund for local development financed by national revenues such as mining revenues. The outputs such as the operationalization of the national fund for local development by a national government agency were envisioned to result in short-term outcomes such as increased national funds transfers to local communes and increased local annual revenues. The short-term outcomes would result in the PDO-level outcome on strengthened local government financing system. *Critical assumptions* included that the government commitment and political will would continue to be strong to support local development through the national financing mechanisms for local development created under the project.

Outputs:

- The National Fund for Local Development (FNDL: Fond National de Développement Local) was established and operational, achieving the original target. FNDL was created by Law in 2016 and started to disburse in 2019.
- The National Agency for Local Government Financing (ANAFIC: Agence Nationale de Financement des Collectivités Locales), a national government agency to manage the FNDL, was providing technical assistance to Rural Communes (CR: Commune Rurale), achieving the original target. The ANAFIC was created in 2017 by Presidential Decree to manage the FNDL, and it became operational in 2019. Many project staff members at the National Coordination Unit (CNC: Cellule Nationale de Coordination) were transferred to ANAFIC to ensure seamless transition as well as continuation of project implementation.
- The Government annually transferred 15% of mining revenues to local communities in line with Article 165 of the Mining Code, achieving the original target.

- 67% of CRs increased collection of their annual revenues by at least 10% compared to the previous year, improving from the baseline of 46% and achieving the original target of 65%. The project worked with a development partner called PROJEG to establish agreements regarding tax collection and access to services between the 191 local mines and the 41 CRs in the exploitation zone (Response from the TTL/ICR team). As captured by figures in the survey conducted by the National Institute of Statistics (INS: Institut National de Statistiques) in August 2020, average tax revenues per CR increased from Guinean Franc (GNF) 81.3 million in 2017 to GNF 333.3 million in 2019 (ICR, para 34). The increase in average local tax revenues resulted from the improvements in financial management and local tax collection of the CRs.

Outcomes:

The achievements of outcomes are measured by the PDO outcome indicator below.

- At project closing, 95% of the CRs' Annual Investment Plans were financed by the FNDL, almost the double of the original target of 50% (Response from the TTL/ICR team). As of June 2021, the actual achieved was further increased to 98.59% (Ibid). This PDO indicator on funds from FNDL executed by CRs was defined as the ratio of the amount of funding provided by FNDL over the total funding required by CRs to finance their Annual Investment Plans.

Referring to the objective's theory of change, both challenges of the local government financing systems on low fiscal transfer to local communes and low local revenues were addressed by the increase in local annual revenues in the CRs and the increase in the funds transferred from the FNDL to the CRs to almost fully finance their plans for local development. All the Intermediate Results indicators were achieved. The actual achieved for the PDO outcome indicator was almost the double of the original target. Overall, the achievement of Objective 1 is rated high.

Rating
High

OBJECTIVE 2

Objective
To improve local service delivery in rural communes

Rationale
Theory of Change:

The challenges of local service delivery in rural communes included limited human capital and technical capacities. These challenges were on top of the limited financial resources that were addressed under Objective 1. The second objective's theory of change envisioned that project activities such as building capacities of government staff and rural communes and supporting community identification, implementation, and complementation of micro-projects for rural communities would result in outputs such as enhancement in fiduciary and technical skills to improve government support to local communes country-wide, improvement in citizen engagement for rural services provision, development of local development plans and annual investment programs, and improvement in quality and sustainability of rural infrastructures. The outputs such as local development plans, annual investment programs, and improved rural infrastructures were envisioned to result in outcomes such as improved access to rural infrastructure and improvement in its quality. The outcomes were envisioned to result in the PDO-level outcome on improved local service delivery in rural communes. *Critical assumptions* included that the local communities would be engaged in a participatory and inclusive manner to include the voices of traditionally marginalized groups such as women and youth and to prevent the capture of local development resources by local elites.

Outputs:

- 100% of elected mayors and key staff was trained or retrained in local governance and the use of fiduciary tools, meeting the original target.
- 100% of targeted rural communes (CR: Commune Rurale) updated their Local Development Plans in a participatory manner, meeting the original target.
- None of the selected CRs detached the technical staff from the sub-prefecture to the Mayor, not achieving the original target of 21 CRs. Under the pilot scheme implemented in Component 2 in the project, technical staff from line Ministries at local level that so far reported to the sub-prefecture were detached to the Mayor's office in selected CRs (ICR, page 12), but the detachment did not happen outside the pilot scheme.
- 87% of deconcentrated technical staff were trained to support local development, slightly missing the original target of 90%.
- A computerized system for M&E at all levels was operational, meeting the original target.
- 58% of committee members were women and youth in selected CRs, improving from the baseline of 26% and achieving the original target of 50%.
- 40% of recorded conflict risk issues were resolved by action groups through the pilot Early Warning and Response System (EWRS) implemented in the targeted CRs, achieving the original target of 35%.
- 100% of CRs with the incomplete past investments in infrastructure benefitted from complementary micro-projects, meeting the original target.
- 76.7% of micro-projects or investments established arrangements for community engagement in post-project sustainability and/or operations and maintenance, achieving the original target of 75%.
- 100% of the infrastructures, which were funded by this project and audited, were certified to be in compliance with the appropriate technical and environmental norms, meeting the original target.
- 222 micro-projects were financed, surpassing the revised target of 195 micro-projects.
    - 82 complementary investments were made to the micro-projects supported under the preceding project (PACV2), not meeting the revised target of 100 complementary investments.
    - 73 micro-projects were financed in CRs that were most affected by the Ebola Epidemic, achieving the revised target of 40 micro-projects.
    - 37 inter-community micro-projects in natural resources management and bio-diversity protection were financed, achieving the target of 30 micro-projects.
    - 30 micro-projects were financed in CRs that were located in mining areas, achieving the target of 25 micro-projects.
- Number of direct beneficiaries was 3,309,117, increasing from the baseline of 2,326,000, almost achieving the original target of 3,326,000. The ratio of female direct beneficiaries at completion was 45%. While this indicator was designated as a PDO outcome indicator, it provided evidence on achievement of results only at the output level.

In addition to the outputs in the Results Framework, the ICR reported on the following achieved outputs. None of them had formal targets.

- The infrastructures and facilities constructed by the micro-projects were overall of good standing and were actually utilized by beneficiary populations, according to the independent ex-post implementation report in October 2020 (ICR, para 70). For the report, the consultants conducted a survey of a small sample of typical micro-projects across the national territory. This survey revealed that they were overall of good standing and were actually utilized by beneficiary populations.

Outcomes:

The achievements of outcomes are measured by the PDO outcome indicators below.

- 167 CRs were using the participatory budgeting, monitoring, and evaluation system supported under the Bank's Village Communities Support Programs (PACV), improving from the baseline of 21 CRs almost achieving the target of 179 CRs (achieving 93% of the original target). The remaining 12 CRs were actually trained in participatory instruments, but had not achieved full command by project closing due to the elections on the ground (Response from the TTL/ICR team). The indicator's original target of 179 was set at approximately 60% of all 304 CRs in consideration of achievability (Ibid). The target was later expanded to cover all 304 CRs in the succeeding project by the same implementing agency.
- 85.2% of beneficiaries felt that project investments on rural infrastructures reflected their needs, an improvement from the baseline of 26% and meeting the original target of 85%. The data on beneficiary perception was collected through the survey conducted by the National Institute of Statistics (INS: Institut National de Statistiques) in August 2020.

Referring to the theory of change above, the challenges on limited human capital and technical capacity were addressed by the provision of the training and the citizen engagement activities and instruments; however, there was limited evidence to show achievements of outcomes as a relevant indicator was lacking. For example, the evidence regarding the beneficiary perception on project investments was not fully sufficient to show to what extent the access to and the quality of local service were improved as envisioned in the theory of change in the ICR (Figure 2, page 11). It was plausible that the achieved outputs, such as the Local Development Plans updated in a participatory manner, the training of mayors and staff completed, and the computerized M&E system operationalized, enhanced the participatory budgeting, monitoring, and evaluation system and improved planning and investments for rural infrastructures, resulting in the achievement of the PDO outcome indicator on the beneficiary perception. However, no evidence was provided regarding to what extent the agricultural, marketing, educational, and health facilities built under the micro-projects were operationalized and delivered improved local services to the beneficiaries. Having noted the shortcomings, the CDD nature of the intervention and the difficulty in predicting which services communities would choose as their priority allows some latitude in aligning outcomes to the intended broad range of services and thus the rating is Substantial.

Rating

Substantial

OVERALL EFFICACY

Rationale

Objective 1 was highly achieved as the national fund and agency to support local development became operational to institutionalize the reforms on fiscal transfers to rural communes and strengthened the local government financing system. Objective 2 was substantially achieved as although the CRs improved their planning and investing by adopting a participatory approach, there was limited evidence on the improvements in the local service deliveries. Considering the high achievement of Objective 1 and the substantial achievement of Objective 2, on balance, the efficacy is rated substantial.

Overall Efficacy Rating

Substantial

5. Efficiency

Economic Analysis: At appraisal, the Cost-Benefit Analysis (CBA) showed that the net economic benefits generated by the project's inputs and outputs resulted in a Net Present Value (NPV) of US$54,673 and an Economic Internal Rate of Return (EIRR) of 24%, using a 12% discount rate (PAD, para 48). The ICR (para 67) stated that the shortcomings in the methodology used in the PAD jeopardized the replicability of the efficiency analysis and the feasibility of a systematic comparison of results. At project closing, the CBA showed an NPV of US$482,746 and an EIRR of 35.3% (ICR, Annex 4, Table A4.5). The economic analysis used a discount rate of 6%, which was the opportunity cost of capital for Guinea's national society (ICR, Annex 4, page 51). The EIRR was calculated for a small sample of 16 Income Generating (IG) micro-projects on agricultural production and post-harvest which cost US$260,050 in total (ICR, Annex 4, Table A4.2). The costs of IG micro-projects that were used to calculate the EIRR constituted 13% of total cost of sub-projects and 3% of total project costs due to the restriction on data collection travels under the COVID-19 pandemic (Response from the TTL/ICR team). The ex-post EIRR hardly represented the efficiency of the whole project. Due to the differences in methodologies and underlying assumptions used at appraisal and at project closing, comparing the ex-ante and ex-post EIRRs is not feasible.

Financial Analysis: At appraisal, no Financial Internal Rate of Return (FIRR) was provided in the PAD. At project closing, the CBA showed an NPV of US$121,295 and an FIRR of 22% (ICR, Annex 4, Table A4.2). The financial analysis used an annual discount rate of 12%, which was the commercial bank lending rate prevailing for agriculture-related and other productive activities in Guinea (ICR, Annex 4, page 51). The economic analysis and the financial analysis at project closing used the same sample of 16 IG micro-projects for calculation.

Cost-Effectiveness Analysis: At project closing, the unit costs per square meters of construction for the typical social micro-projects supported under this PACV3 project were compared with the standard costs and the unit costs of other projects. For construction of educational facilities, the unit costs of schools and health centers constructed by the social micro-projects were equivalent to the standard costs presented by the ministry and approximately half of the unit costs incurred by other donor-funded projects (ICR, Annex 4, page 55).

Aspects of implementation that affected efficiency: There were some delays in project implementation due to external factors. The preparation of Annual Investment Plans and execution of micro-projects had to wait for the official installation of local councils and the appointment of municipal advisors that were delayed due to the prolonged official validation of the outcomes of the local election held in February 2018. The project activities were delayed in general by the restrictions imposed by the Government in 2020 with regard to the COVID-19 pandemic. Despite these delays, the project duration remained the same and closed on the originally planned date without significant cost overruns nor procurement challenges.

The project's efficiency was not critically affected by the delays in project implementation caused by the external factors. On the other hand, it was not feasible to systematically compare the EIRRs at appraisal and at project closing due to the differences in the methodologies that the PAD and the ICR used. Having said that, the social micro-projects were found to be cost effective at project closing in terms of the unit costs of construction of educational and health facilities. Therefore, efficiency is rated Substantial**.**

Efficiency Rating

Substantial

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

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

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

6. Outcome

The relevance of objective is substantial due to its alignment with the Government's vision on decentralization and the Bank's previous sector experience. Overall efficacy is rated substantial. Objective 1 on strengthening local government financing system was highly achieved as the PDO outcome indicator was achieved almost the double of the original target. Objective 2 on local service delivery was substantially achieved. Efficiency is rated substantial. Thus, overall, the outcome is rated satisfactory.

a. Outcome Rating

Satisfactory

7. Risk to Development Outcome

Institutional Risk: There was a potential risk of insufficient operation and maintenance of the infrastructure constructed by the micro-projects. To mitigate the risk, the project provided support through: (i) the technical staff at local level assigned by the deconcentrated public institutions to help the Rural Communes (CR: Commune Rurale), and (ii) the additional staff contracted by the CRs to manage the facilities.

Financial Risk: There was a potential risk of insufficient operating budgets due to the volatility of mining resources. To mitigate the risk, the CRs ensured to allocate adequate funding for their operating budgets including the budget for operation and maintenance, while collecting user fees for their services.

Political Risk: There was a potential risk of conflict between the government and the citizens in terms of the country's context of fragility. To mitigate the risk, the project adhered to the Risk Mitigation Regime and supported participatory and inclusive local development processes, which strengthened the relationship between citizens and local governments, and also materialized local investments through direct financial and technical support to the rural communes. The project also supported activities designed to engage and include citizens in decision-making to reinforce the social contract.

Social Risk: There was a potential risk of negative social impacts. To mitigate the risk, the project used the participatory approach as an instrument of citizen's engagement for budgeting and planning, as well as the Grievance Redress Mechanism and the Early Warning and Response System (EWRS). On a pilot basis, the project established an EWRS to prevent local conflicts from being escalated in terms of its scale and severity. The system was built from the grassroots upward, all the way to the central level. This pilot EWRS activity was successful in mitigating the risk and continued under the Support to Local Governance Project (P167884, US$40 million from IDA, approved in 2019).

8. Assessment of Bank Performance

a. Quality-at-Entry

The project's strategic relevance and approach were aligned with the Government's vision on decentralization, resulting in the strong political will to implement the project. The Bank provided technical support to ensure a sound project design with focus on both governance at the local level and appropriate investments to develop inclusive and sustainable services as requested by the local populations. The main risks were identified, and appropriate mitigation measures were proposed. Fiduciary aspects were adequately addressed. Regarding the aspects on social development, gender, and youth, the Bank reflected the lessons learned from the two previous phases into the project design. Regarding the institutional aspects, the Bank established an agreement with the national training center and incentivized development of a sustainable administrative capacity building program for local civil servants. On the other hand, there were shortcomings in the efficiency analysis at appraisal which prevented a replication of the same format for the efficiency analysis at project closing. Overall, the quality at entry is rated satisfactory.

Quality-at-Entry Rating

Moderately Satisfactory

b. Quality of supervision

The Bank closely monitored project progress and provided regular support for project implementation and training to reinforce the capacity of the National Coordination Unit. Supervision missions, including field visits, were conducted biannually and jointly with the French Development Agency, which financed another decentralization project at the time. The last supervision of October 2020 was organized virtually given the restrictions imposed on travel to the field due to the COVID-19 pandemic. Supervision reports showed that the Bank was candid on shortcomings and corrective actions during project implementation. Setting up an Early Warning and Response System at the Mid-Term Review was closely aligned with recommendations by the Risk Mitigation Regime. The Bank team also organized South-South exchanges with Cameroon to learn about the lessons on institutionalization of community-driven development modality. Transition arrangements were adequate, as the Bank strengthened the local capacities in a participatory manner to ensure the local stakeholders' ownership of the project, and further aimed for scaling up the achievements through the succeeding project.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The Theory of Change was sound in general and reflected in the Results Framework. The objectives were clearly specified. The M&E design and arrangements were well embedded institutionally as the project intended the integration of the project's M&E system with the national and sectoral M&E system to empower national institutions. On the other hand, Some relevant indicators were missing for measuring the outcomes on improvements in local service delivery under Objective 2, as described in Section 4. For instance, relevant indicators were missing regarding to what extent the access to and the quality of local service were improved. The lack of relevant indicator resulted in weakening the achievement of the PDO outcome indicator on improvements in beneficiaries' perceptions to the project activities on capacity building of local government and communities.

b. M&E Implementation

All the indicators in the Results Framework were measured and reported. During project implementation, a computerized M&E database on the project activities was established at the prefectural, regional and national levels, with full integration across the different administrative levels and systematic upward aggregation of data. The beneficiaries in rural communes received training on participatory M&E and involved in defining target indicators and assessing their achievement for local development.

c. M&E Utilization

The M&E data including the geographical data and maps of micro-projects was summarized and published online for transparency and dissemination of project information. The M&E unit acted as the repository of environmental and social safeguards documents to ensure the quality management of micro-projects at community level. The M&E activities informed the revision of targets of intermediate results indicators on numbers of micro-projects. Beyond the project, the M&E unit also supported the Ministry of Territorial Administration and Decentralization to monitor progress in its implementation of the strategy for gender equality and inclusion of vulnerable groups. On the other hand, the lack of relevant indicator resulted in that the M&E data was not adequately used to provide evidence of achievement of outcomes for Objective 2.

The M&E design was sound with the clear objective and the Theory of Change. The M&E implementation and utilization were adequate in general; however, the moderate shortcomings caused by the lack of relevant PDO outcome indicator negatively affected the achievement of outcomes under Objective 2. Overall, M&E quality is rated substantial.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

Environmental and Social Safeguards: This project was classified as Category B. Three safeguard policies related to the implementation of the micro-projects were triggered: Environmental Assessment (OP 4.01); Involuntary Resettlement Policy (OP 4.12), and Pest Management (OP 4.09). The policy on Involuntary Resettlement Policy was triggered because limited cases of land acquisition combined with physical and economic displacement were anticipated. The policy on Pest Management was triggered because the micro-projects with irrigation works involved the use of fertilizers and pesticides. To deal with these policies, the Environmental and Social Management Framework (ESMF) and the Resettlement Policy Framework (RPF) used in the previous program were updated and disclosed; and a new Pest Management Plan (PMP) was prepared and also disclosed.

During project implementation, the project-supported infrastructure investments that were monitored for their conformity with social and environmental norms, in line with the Intermediate Results indicator on compliance with technical and environmental audit of micro-projects. The compliance of the micro-projects with the environmental and social safeguards was ensured by: (i) screening each new site identified for a micro-project at design stage to identify necessary measures for risk mitigation and management; (ii) following the IDA environmental and social procedures, as well as relevant national laws, to ensure that land acquisition processes were properly documented with signatures attesting to the land ownership transfer; (iii) providing training to the stakeholders on the World Bank operational policies and good environmental and social risk management practices; (iv) hiring a safeguards specialist to join the National Coordination Unit staff to deal with PACV3 environmental and social monitoring in liaison with the Guinea

Bureau for Studies and Environment Evaluations; (v) conducting information and sensitization campaigns with beneficiaries regarding the potential negative environmental and social impacts of the project; and (vi) using the Grievance Redress Mechanism supported under the project. Throughout the project, the overall project environmental and social impacts turned out to be minimal, site specific, manageable and judged to be at an acceptable level.

b. Fiduciary Compliance

Financial Management: The project followed the financial covenants throughout the project. Annual budgets were adopted in a timely manner by the Steering Committee and subsequently approved by the IDA. The audits of project accounts were unqualified, confirming that financial statements were prepared in accordance with the standards and gave a true picture of the project's financial situation in accordance with generally accepted accounting and financial principles. The Bank missions certified that the expenditure statements related to the various withdrawal requests submitted to IDA during implementation were appropriate. After the creation of the National Agency for Local Government Financing in 2019, the operations management responsibility was gradually transferred to the new agency to facilitate a seamless transition following project closure.

Procurement: Procurement operations were overall handled adequately by following the Bank's procurement guidelines. Annual Procurement Plans were regularly uploaded and approved. The Procurement Post Review and the Procurement-Risk Assessment Management System were regularly updated prior to project implementation support missions. The comprehensive update of operations was made in a timely manner before project closure. To improve transparency and efficiency in procurement, each beneficiary rural commune set up a procurement commission, whose members took specialized training modules including procedures for contractors' selection and contracting modalities. The cost of the rural communes' Annual Investment Plans was kept lower than forecasts in general.

c. Unintended impacts (Positive or Negative)

Though the COVID-19 pandemic in January 2020 was unexpected, the project contributed to the fight against the disease by institutionalizing participatory methods and equipping the rural populations to fight adverse events. Also, the experience gained under the project in the areas affected by Ebola was used in the COVID-19 context. On a similar note, the rehabilitation of health infrastructure under the project allowed for better access to health services, which enabled the National Agency for Local Government Financing to distribute medical and hygiene kits to 153 health facilities which had been constructed with FNDL funding (Response from the TTL/ICR team).

d. Other

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11. Ratings

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

12. Lessons

The following lessons in the ICR stood out as important and relevant to other projects on decentralization, and are presented here with some editing.

1. Strengthened stakeholder ownership and accountability at all levels and capacity building at the grassroots can be vital for the long-term sustainability of local government actions. This project showed that it was important to involve the stakeholders at all levels in the participatory local planning and budgeting process, namely, the central ministry in charge of decentralization, line ministries, state decentralized services, technical and financial agencies, local authorities, and local communities. It has a potential to improve the quality of investments, strengthen the stakeholders' sense of ownership and accountability, and facilitate the resource mobilization to local development plans, which would result in the long-term sustainability of local government actions. Moreover, the project's experience indicated the importance of outsourcing some capacity building activities to local NGOs. For example, recruiting and training youth from the local communities to provide technical support on IT tools and software to local governments would support decentralization process in the long-term.

2. Bottom-up participatory planning and budgeting of government activities can be effective for conducting strategic policy dialogue for decentralization. The local government plans were not sufficiently reflected in the government planning and the public investment budgeting at the national level. To address this, the project supported government reforms by: (i) ensuring the social inclusion of vulnerable and disadvantaged groups, such as indigenous peoples, returnees, women, and youth, and (ii) working in urban environments and fragile conflict-affected areas, with an aim for laying the groundwork for improved local governance. To further enhance the effective management of community activities in a participatory manner, provision of basic infrastructure and equipment to local governments and promoting local indigenous solutions in communities would be essential.

3. Improved financial management systems for facilitation of fiscal transfer and management of tax revenues and fees with support from commercial banking facilities would be key for effective decentralization. This project institutionalized the financing of local communities' annual investment plans, through the permanent financial mechanism. This achievement enabled to systematically transfer 15% of mining revenues to local governments. Concurrently, the project supported local communities to collect revenues and fees from local resources by reinforcing local service delivery, implementing micro-projects that fulfilled their needs, and strengthening their IT capacities with tailored software. In the future, supporting the communities to access commercial bank financing to improve their financial capacity would further scale up local projects.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provides a detailed overview of the project in line with the guideline and focuses on results. The Theory of Change is thoroughly explained in Figure 2 (page 11) and the narrative (para 11-15) in the ICR, which helped readers to understand the logical relationships among development challenges, inputs, outputs, and outcomes that the project aimed to address. With some exceptions, the narrative and available evidence support the ratings, in line with the project development objective. Additional supplemental evidence and explanation were provided by the TTL/ICR team in response to requests from IEG. The ICR's lessons are clear, useful and based on evidence outlined in the ICR. On the other hand, there are some shortcomings regarding the completeness of evidence and analysis in relation to Objective 2. For example, the reasons for the underachievement of the PDO outcome indicator on the number of CRs using participatory budgeting, monitoring, and evaluation at project closing is not adequately explained by the ICR. Overall, the quality of ICR is rated substantial

a. Quality of ICR Rating
Substantial