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Report No: 37695 - GN

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 9.9 MILLION
(US$ 15 MILLION EQUIVALENT)

TO THE

THE REPUBLIC OF GUINEA

FOR A

THIRD URBAN DEVELOPMENT PROJECT

IN SUPPORT OF THE SECOND PHASE OF THE
THIRD URBAN DEVELOPMENT (APL) PROGRAM

July 9, 2007

Water and Urban 2
Western Africa 1
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective on June 4, 2007)

Currency Unit	=	$US
GNF 3 451	=	US$1
US$ 1.52493	=	SDR 1

FISCAL YEAR

January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AFD	*Agence Française de Développement* (French Development Agency)
APL	Adaptable Program Lending
AMP	Annual Maintenance Program
CAS	Country Assistance Strategy
CDM	Clean Development Mechanism
CMDS	*Chargé de Mission Déchets Solides* (Solid Waste Management Specialist)
CMI	*Chargé de Mission Infrastructure* (Infrastructure Specialist)
CVP	*Cellule de Voirie Primaire* (Primary Roads Unit)
CVS	*Cellule de Voirie Secondaire* (Secondary Roads Unit)
DATU	*Direction d'Aménagement du Territoire et de l'Urbanisme* (Directorate of Land Management and Urban Planning)
DNI	*Direction Nationale des Impôts* (National Directorate for Taxes)
DNDIP	*Direction Nationale de la Dette et de l'Investissement Public* (National Directorate of Debt and Public Investment)
DUIUR	*Direction de l'Urbanisme et des Infrastructures Urbaines* (Directorate of Urban Planning and Infrastructure)
ERPA	Emission Reductions Purchase Agreement
ESMF	Environmental and Social Management Framework
FMR	Financial Monitoring Reports
GoG	Government of Guinea
IDB	Islamic Development Bank
IPIE	Inventory of Public Infrastructure and Services
MAP	Municipal Adjustment Programs
MIS	*Ministère de l'Intérieur et de la Sécurité* (Ministry of National Security)
MDG	Millennium Development Goals
MC	Municipal Contract
MTPUH	*Ministère des Travaux Publics, l'Urbanisme et de l'Habitat* (Ministry of Public Works, Urban Planning and Housing)
PCU	Project Coordination Unit
PIP	Priority Investment Programs
PRSP	Poverty Reduction Strategy Paper
PUR	*Plans Urbains de Réference* (Urban Reference Plans)
RPF	Resettlement Policy Framework
SA	Special Account

SME	Small and Medium Enterprises
SPTD	*Service Public de Transfert des déchets* (Solid Waste Transfer Public Unit)
SS	Single Source
TPU	*Taxe Professionnelle Unique* (Business Tax)
TUV	*Taxe Unique sur les Véhicules* (Vehicle Tax)
UDP	Urban Development Project
UE	*Union Européenne* (European Commission)
UNDP	United Nations Development Programme

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GUINEA
Urban III - Phase II

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GUINEA

URBAN III - PHASE II

PROJECT APPRAISAL DOCUMENT

AFRICA

AFTU2

Date: July 9, 2007 Country Director: Mats Karlsson Sector Manager: Eustache Ouayoro Project ID: P091297 Lending Instrument: Adaptable Program Loan	Team Leader: Catherine D. Farvacque-Vitkovic Sectors: Sub-national government administration (33%); Sanitation (22%);Solid waste management (21%);Roads and highways (20%);Central government administration (4%) Themes: Municipal finance (P);Municipal governance and institution building (P);Other urban development (P);Pollution management and environmental health (S);Decentralization (S) Environmental screening category: B

Project Financing Data

[ ] Loan [ ] Credit [X] Grant [ ] Guarantee [ ] Other:

For Loans/Credits/Others:
Total Bank financing (US$m.): 15.00
Proposed terms:

Financing Plan (US$m)

Source	Local	Foreign	Total
BORROWER/RECIPIENT	1.00	0.00	1.00
INTERNATIONAL DEVELOPMENT ASSOCIATION	12.66	2.34	15.00
Total:	13.66	2.34	16.00

Borrower: Government of Guinea

Responsible Agency: Project Coordination Unit and other relevant central and local government agencies

Estimated disbursements (Bank FY/US$m)									
FY	08	09	10	11	12				
Annual	1.00	3.00	5.00	5.50	0.50				
Cumulative	1.00	4.00	9.00	14.5	15.00				

Project implementation period: October 26, 2007 End: June 30, 2011
Expected effectiveness date:
Expected closing date: December 31, 2011

Does the project depart from the CAS in content or other significant respects?	
Does the project require any exceptions from Bank policies?	
Ref. PAD IV.G	[ ]Yes [X] No
Have these been approved by Bank management?	[ ]Yes [X] No
Is approval for any policy exception sought from the Board?	[ ]Yes [X] No
Does the project include any critical risks rated "substantial" or "high"?	
Ref. PAD III.E	[X]Yes [ ] No
Does the project meet the Regional criteria for readiness for implementation?	
Ref. PAD IV.G	[X]Yes [ ] No

Project development objective ***Ref. PAD II.C, Technical Annex 3***
The development objectives of UDP 3 phase II are: (a) to improve the provision of infrastructure and services in Conakry and secondary cities; and (b) to improve the financial and organizational management of municipalities in support of the decentralization process.

Project description *[one-sentence summary of each component]* ***Ref. PAD II.D, Technical Annex 4***
The project will include the following three components: (i) City of Conakry Municipal Contract; (ii) Municipal Contracts for secondary cities; and (iii) Institutional strengthening.

Which safeguard policies are triggered, if any? ***Ref. PAD IV.F, Technical Annex 10***
Environmental Assessment and Involuntary Resettlement

Significant, non-standard conditions, **if any**, for:
Ref. PAD III.F
Board presentation:
None.

Loan/credit effectiveness:

- Selection of the financial and technical external auditors
- Update of project software (Success)
- Implementation Manual completion.

Covenants applicable to project implementation:

I. STRATEGIC CONTEXT AND RATIONALE

A. Country and sector issues

1. Guinea has great potential for economic growth due to its abundance of minerals (possessing almost half of the world's resources of bauxite in addition to gold, diamonds and uranium), its excellent conditions for agriculture and its strategic location that favors trade. Despite this potential, Guinea's economic situation continues to deteriorate. GDP growth has slowed to an average of 2.3% over the 2003 to 2005 period and the annual inflation rate in 2006 stood at 34%.

2. Guinea remains one of the poorest countries in the world and ranks 156 out of 177 in UNDP's 2005 Human Development Report. The country's social indicators display an increase in the overall poverty rate from 49.2% in 2002 to 56% in 2005. The proportion of population living in poverty remains at about 40% with low coverage of basic services. Guinea is mobilizing around 12 percent of its GDP in fiscal revenues and has limited resources available to finance investments in priority sectors.

3. In 2002, Guinea finalized a Poverty reduction Strategy Paper (PRSP) centered on three pillars: (i) sustaining faster economic growth and creating income-earning and employment opportunities; (ii) improving access to basic services; and (iii) improving governance and strengthening institutional capacity. Two PRSP progress reports were issued in 2004 and 2006 which underscored the constraints that the authorities faced in the PRSP implementation. These included institutional weaknesses, notably at the local level, weak government revenues and weak domestic investments. The formulation of a new PRSP was launched in 2006 and is expected to be completed by mid 2007. This process has been handled in a context where macroeconomic stabilization and focus on poverty reduction are key commitments of the new government which was put in place following the recent political crisis in the country (January – March 2007).

4. Perhaps most importantly, Guinea suffers from the consequences of decades of poor governance, as evidenced by the following: endemic corruption; weak political institutions; a lack of inclusiveness and dialogue; poor legal and regulatory frameworks; and a reticent yet resilient civil society. Guinean civil society has recently spurred dramatic political reform. In January and February 2007, a series of nationwide strikes paralyzed the country. With inflation rising to 40% in 2006, severe depreciation of the Guinean Franc and a complete lack of service both in water and electricity, demonstrations animated all principal cities. Close to 200 people were killed in clashes between demonstrators and security forces. The Trade Union movement served as a catalyst for a broad popular movement demanding the resignation of the President and better governance. Civil society's pressure led to the nomination of a Prime Minister with substantial authority (not foreseen by the Constitution of Guinea) and the creation of an entirely new cabinet in April 2007. The reformist government has vowed to "break radically with the corrupt practices of the past", and taken immediate measures to ensure accountability and transparency in the management of public finances. Early discussions with government underscore its political will to undertake sweeping reforms in an effort to help Guinea realize its development potential and respond to the population's high expectations, a daunting challenge in the current economic and financial context.

Rapid growth of urban population with an increasing pressure on existing infrastructure

5. The urban population in Guinea has grown dramatically over time from 31% of the total population in 1990 to 40% in 1996 and 44 % in 2000. The capital city, Conakry, main economic hub and port city is host to almost half of the urban population and 50 % of all jobs, showing great imbalance in the urban network. This rapid urbanization is creating increasing pressure on scarce basic urban services and is challenging municipalities to improve their technical and financial capacity.

A decentralization process, hampered by scarce and precarious financial resources at the local level

6. The decentralization process began in 1986 through the setting of the legal and judiciary framework for decentralization and the creation of local governments including 303 rural communities (CRD) and 33 urban municipalities (CU: Communes Urbaines). In May 1986, Ordinance 079 endowed the capital city of Conakry with a special status of Governorate. This framework was further consolidated in January 1989 by three ordinances that granted the status of Province to Conakry and listed the administrative and financial responsibilities of the City, thus becoming in charge of responsibilities formerly carried out by the Central government. The five municipalities of Conakry were created in lieu of the three former Prefectures and divided in sections with specific functions and revenues. In 1991, the first elections of the city councils took place in Guinea and again in 1995, 2000 and 2005. In October 2005, a Mayors' association was created with the mandate to coordinate dialogue with Government and other major partners and provide a forum for newly elected local officials.

7. A Code of Local Governments and Decentralization, harmonizing regulatory measures adopted through the years with the objective of granting more responsibility to local governments and strengthening their accountability has been adopted by the Parliament on May 15, 2006. Its application remains an issue.

8. The code indicates that local governments are public entities, endowed with legal status and financial autonomy. According to the Code, the sectors that are the object of a transfer of responsibility to LGs are: infrastructure, health, primary education, environment and sanitation, water (rural, urban), urban planning, public facilities, local development, agriculture. For the Code to be fully operational, the appropriate regulations need to be passed, in particular measures related to the transfer of financial resources to match the responsibilities of local governments and guidelines to realign the role of line ministries and deconcentrated services.

9. In parallel to the regulatory framework mentioned above, the following financial measures have been adopted to clarify the revenue base of local governments. A 1990 Ordinance implemented intergovernmental transfers to benefit the City of Conakry and the five municipalities of Conakry, granting the City 100% of the proceeds of the business tax and of the three main city markets revenues, while the five municipalities were to receive 100% of TPU (*Taxe Professionnelle Unique*) and secondary markets proceeds. In addition, specific

fiscal measures were taken by the GOG in 1996 and 1997 to improve the mobilization of land tax and business tax. The latest measures adopted in 2001 by decree of the ministry of Finance (A/2002/No057/MEF/CAB/SGG) increased the municipalities' share in the allocation of fiscal revenues as follows: (i) the proceeds of the land tax (*CFU - Contribution Foncière Unique*) are no longer limited to Conakry and benefit all local governments and (ii) the sharing arrangements between the central government and local governments concerning CFU, TPU, *Patente* and TUV (vehicle tax) are more favorable to the municipalities:

- CFU: 80% for local governments as opposed to 40% before 2001;
- TPU: 80% for local governments as opposed to 60 % before 2001;
- TUV: 50% for local governments as opposed to 25% before 2001.

10. In Conakry, proceeds from land tax and business taxes (CFU, TPU and *Patente*) increased by 45% over the 1999-2004 period, growing from GNF 3 257 215 000 to GNF 5 258 759 000. 2005 shows a decline to GNF 3 451 815 000, close to the 1999 level. This decline is due to the following main factors: (i) the ongoing reorganization of the tax departments shifting local tax collection responsibilities from the central administration to local governments and (ii) the deteriorating macro economic context and rising inflation causing a decline in income. Specific indicators on municipal budgets will be closely monitored during the project's second phase.

B. Rationale for Bank involvement

Past Bank interventions in Guinea

11. The Third Urban Development Project III (UDP) has capitalized on lessons learned from the previous Bank-supported urban 1 and 2 operations implemented from 1985 to 1998. All operations and mainly the latter ones have pursued the overall objective of poverty reduction and improving the living conditions of the urban poor. They have also stressed the objective of strengthening local urban institutions and managerial capacities, key to a sustainable urban development.

12. UDP1 - (US$ 15 million, 1985-1990) was designed to address the important needs in the urban sector, inherited from years of lack of investments. It aimed to improve the living conditions of the population in Conakry by a selection of infrastructure and activities that would have an impact on economic development and job creation in the capital city. It included: strengthening capacity at the central and local level for infrastructure programming, setting up financing mechanisms for the management of basic services through the improvement of the business tax and improvement of drainage and waste management services.

13. UDP2 - (US$ 66 million, 1990-1998) continued UDP1 efforts on infrastructure in Conakry and selected secondary cities. The project focused on: infrastructure (primary roads in Conakry and infrastructure rehabilitation, priority investment in 4 regional centers), assets maintenance (mainly secondary roads in Conakry), institutional strengthening and local

revenue mobilization. It introduced new tools (such as street addressing) for the management of cities and the improvement of local revenues, paving the way to UDP3 design.

14. UDP3 phase I (US$ 18 million - Cr. 3196 completed in June 2005) has been instrumental in the implementation of the following activities: (a) a solid waste management system based on clear distribution of the financial and technical burden through a public-private partnership; (b) a locally programmed and financed secondary road maintenance program which provided access to densely populated neighborhoods in Conakry; (c) a sustained effort on primary road network on the basis of the existing master plan and in coordination with the technical departments of the government; (d) the introduction of municipal contracts in secondary cities, thereby providing baseline information on the spatial, organizational and financial attributes of Guinean municipalities and helping implement municipal investment programs based on priority needs set in local realities and expressed at the local level; and (e) the financial sustainability of municipalities through improved mobilization of local revenues

15. Performance indicators for phase I have been reached overtime and focused on: (i) elimination of open dumps; (ii) solid waste collection and disposal; (iii) jobs creation; and (iv) annual increases in local fiscal tax collection. Local governments' contributions to the municipal contracts in secondary cities have been fully satisfactory while the city of Conakry partially fulfilled its commitments for waste collection and transfer and accumulated arrears of payment over time. The APL's first phase has been particularly successful in improving local government capacity to mobilize resources and target expenditures toward priority infrastructure and services, determined in consultation with local populations in Conakry as well as in 7 secondary cities.

16. Trigger indicators to UDP3 phase II have all been met, as shown in the table below, providing a sound basis for the Bank's involvement in the project's phase 2.

Triggers to Phase 2 by component	**Key Indicators established in 1999**	**Situation as of June 30, 2005**
1. Support to the City and Municipalities of Conakry		
1.1 Solid Waste Management: Waste transfer to landfill (Governorate financing) Assets depreciation allowance (Central Government)	GNF 800 million/year GNF 113 million/year	2000-2004: GNF 2,175 million * 2000-2003: GNF 452 million*
1.2 Neighborhood street upgrading: (Conakry Governorate and the 5 Municipalities)	GNF 200 million /year : Governorate:150 million/year Municipalities: 10 million/year	2000-2003 Governorate: GNF 152 million * Municipalities: GNF 150 million

1.3 Primary roads network (T7 and *Voie Express*)	Preservation of rights-of-way Finalization of bidding documents Monitoring system, for bidding invitations and implementation of works	Rights-of-way preserved Bidding documents finalized Monitoring system Implemented
2. Support to secondary cities		
2.1 Urban, financial and organizational audits	10 audits	10 audits completed
2.2 Financing of Priority Investment Programs (PIP) and Municipal Adjustment Programs (MAP)	8 cities to prepare their PIP and MAPs; 6 cities to sign the municipal contract; 80% of financing envelope for works committed	10 cities prepared their PIP & MAP 7 cities signed a municipal contract + 159% of the original financing envelope committed (GNF 6.783 billion)
3. Support for Urban Management		
3.1 Financing of priority services	1. Revision of sharing arrangement of local taxes (CFU, TPU and TUV) to benefit municipalities 2. CFU and TPU (baseline 1999): Increase rolls by 30% Increase collection by 20%	Ratio modified in 2001: CFU 80% municipalities TPU: 80% municipalities TUV: 50% Municipalities From 1999 to 2004: Rolls Issued: +43% Collection: +45%

* Since the closing date, counterpart funds (i) from the Governorate of Conakry (GNF 1.011 Billion) and (ii) from the GOG (GNF 308 million) have been paid in full. This was a condition for Project second phase appraisal.

C. Higher level objectives to which the project contributes

17. Urban III phase 2 is in coherence with the overall country strategy. It matches the strategic orientations of the CAS (June 10, 2003), the PRSP (July 1, 2002) and the Interim Strategy Note (ISN) scheduled to be finalized by the fall 2007, which are to (a) foster sustainable and equitable growth; (b) improve access and quality of basic services; and (c) strengthen governance and institutional human capacity. It will contribute to CAS/PRSP pillar 1 - Fostering sustainable and equitable growth - by supporting the establishment of minimum infrastructure and services required for growth. The proposed project, through each component of the second phase of the APL, contributes directly to Guinea's key objectives for the urban sector and poverty alleviation as spelled out in the Government's Letter of Sector Policy prepared during the preparation of the APL.

18. Urban III phase 2 focuses on a number of Millennium Development Goals (MDGs). In particular the achievement of Goal 7 (Ensuring Environmental Sustainability) is supported

through targeting delivery of infrastructure to the poorest neighborhoods and improving the lives of population suffering the most from access to basic services (Component 1 - waste management and neighborhood upgrading in Conakry and Component 2 - Secondary cities). Through these activities generating income opportunities in city centers by promoting the private sector, the project will contribute to the economic growth of cities, leading to reduction of poverty.

II. PROJECT DESCRIPTION

A. Lending instrument

19. The proposed project represents the second phase of an Adaptable Program Loan (APL) originally designed to be implemented over a six year period. The total funding expected from IDA was initially US$ 55.8 million, including US$ 18 million for the first phase and US$ 37.8 million for the second phase, provided that trigger conditions for phase 2 be fulfilled. Phase I was closed in June 2005 after an extension which allowed the project to complete all its activities, to disburse 99.24% of the credit amount and to meet its performance and trigger indicators.

20. The choice of an APL as a lending instrument (the first one in the Africa Region and one of the first Bank wide) appeared justified on both strategic and practical grounds. It enabled the Bank and GOG to pursue a long-term program of actions while phasing it on the basis of performance.

B. Program objective and Phases

21. The project being the second phase of an APL, the project overall objectives remain unchanged: (a) improve the living conditions of Conakry's urban population through the provision of basic services, and (b) create an enabling environment for sustained programming, financing and management of priority investments and services in major urban centers. Emphasis will be given to the implementation of the new tools introduced in phase I to improve selection and implementation of infrastructure and basic services. By integrating almost all the proposed activities into Municipal Contracts (MCs) in the City of Conakry for the first time and in secondary cities for the second time, the Project aims to reinforce the organizational and financial capacities of the municipalities by targeting specific municipal services and ensure proper operation and maintenance of assets.

22. The following table presents: (i) the components of the first phase, and (ii) the proposed components of the second phase that are in line with the original design and objectives.

Components	First phase of the APL 2000-2005 (IDA: US$ 18 million)	Second phase of the APL 2007-2011 (IDA: US$ 15 million)
1. City of Conakry	US$ 9.8 million City of Conakry and the five Municipalities of Conakry: • Solid Waste management • Neighborhood upgrading Primary road network technical studies and preservation of right of ways for *Voie Express* and T7	US$ 6.5 million City of Conakry Municipal Contract (MC) including (i) PIP (ii) MAP and (iii) assets maintenance • Solid Waste management • Neighborhood upgrading • Municipal infrastructure and services in Conakry and the five municipalities of Conakry Physical construction initially planned in phase 2 will not take place due to IDA allocation reduction
2.Secondary cities	US$ 3.5 million • Urban, financial and organizational audits for 10 municipalities • Priority Investment Programs (PIP) and Municipal Adjustment Programs (MAP) for these cities (7 municipal contracts signed and implemented)	US$ 4.5 million 10 Secondary Cities Municipal Contracts (MCs) including (i) PIP (ii) MAP activities and (iii) assets maintenance: • Municipal infrastructure and services • Institutional support and adjustment programs
3.Institutional strengthening	US$ 2.7 million • Support to improved financing of priority services • Support to operational units	US$ 2.8 million • Institutional strengthening activities and support to improve local revenue mobilization

C. Project development objective and key indicators

23. The development objectives of UDP 3 phase II are: (a) to improve the provision of infrastructure and services in Conakry and secondary cities; and (b) to improve the financial and organizational management of municipalities in support of the decentralization process.

24. The key indicators for monitoring progress towards achieving the project development objectives are: (a) improved provision of infrastructure and services in Conakry and selected secondary cities through: (i) increased solid waste collection and secondary roads upgrading in Conakry; and (ii) increased services delivery in secondary cities; (b) improved financial and organizational management of municipalities in support of the decentralization process through: (i) improvement of fiscal revenues identification and collection and (ii) street addressing applications. A detailed description of indicators can be found in Annex 3.

25. The reduction in IDA allocation for phase II led to the decision to drop out the financing of primary roads (T7 and Voie Express). This reduction will not jeopardize the achievement of project development objectives because the project is centered around local government service delivery rather than central government infrastructure and is well captured through the municipal contracts.

D. Project components

26. The total project will amount to US$ 16 million for a four-year period (2007-2011) including: (i) US$ 15 million IDA grant, (ii) US$ 1 million counterpart funding from the GOG, the Governorate of Conakry and the five municipalities, and the 10 secondary cities involved in the project. Detailed cost and financing arrangements can be found in Annex 5.

Project design:

27. The project is based on the municipal contract approach that has proved to be successful through its implementation in seven secondary cities during Urban III phase 1. The objective of a municipal contract is to reach a consensual and contractual agreement on a four-year adjustment and investment program. The municipal contract is based on a highly participatory process during which municipal audits are carried out by local consultants under the supervision of the Project Coordination Unit (PCU). The process of data collection and validation of conclusions involves close consultation with mayors, members of city councils, private operators, community groups and neighborhood leaders. In this process, two audits are carried out concomitantly: (a) the urban audit has for main objective to gather baseline information on existing level of infrastructure and services, patterns of urbanization, and pockets of poverty, data collected through the inventory of public infrastructure and services (IPIE) carried out as part of the urban audit help identify levels of services and poverty zones in urban areas. The audit also leads to the identification of a coherent set of priority investment programs (PIP) and maintenance works, the value of which corresponds to the budget envelope determined by the financial audit; and (b) the financial and organizational audit has for main objective to assess the municipality's financial health and management structure, determine its capacity and therefore the volume of investments to which it can aspire, and identify a set of

pragmatic adjustment measures the municipality is willing to take to improve its management and finances (Municipal Adjustment Program).

28. The experience of phase 1 municipal contracts in secondary cities demonstrated that municipalities see the benefits of a contractual arrangement that facilitates their involvement in the choices made and the actual implementation of the program. Based on the satisfactory implementation of the municipal contract, the second phase of the project will introduce the MC approach in the city of Conakry and the five municipalities of Conakry. Municipal Adjustment Programs (MAPs) will support: (i) improvement in the management of municipal services (organization, training, small equipment); (ii) improvement in municipal revenue mobilization and budget control; and (iii) municipal assets management. The project's phase 2 will put a stronger emphasis on the municipalities' financial commitments in terms of assets maintenance. MCs will take into account a yearly budget commitment of at least 3% of the municipal previous year current revenues for maintenance for the duration of the MC, beside the 5 % counterpart funding to the PIP.

Project components: (see annex 4 for details)

29. The project will include the following three components: (i) City of Conakry Municipal Contract; (ii) Municipal Contracts for secondary cities; and (iii) Institutional strengthening. The project total cost amounts to US$ 16 million of which US$ 15 million for IDA. IDA includes (i) project components costs of US$ 14.845 million of which US$ 13.840 million; (ii) US$ 0.958 million of PPF; and (iii) US$ 0.202 million contingencies.

- **Component 1: City of Conakry Municipal Contract (IDA: US$ 6.5 million)**

30. The objective of component 1 is to provide improved access to urban infrastructure and services to residents in the City of Conakry and the five municipalities (Kaloum, Matoto, Ratoma, Dixinn, and Matam). This will benefit a large share of the urban population of Guinea, concentrated in the capital city, mainly in the most deprived neighborhoods.

31. This component will include three subcomponents to support the delivery of services and infrastructure in Conakry. A Municipal Contract will be signed between the GoG, the city of Conakry and the five municipalities of Conakry.

(i) Solid waste management (IDA: US$ 1.5 million): The sub-component will continue to support the waste management system of Conakry set up during phase 1 by: (i) consolidating the waste collection system through support to SMEs (training, guarantee fund, management of contracts); (ii) consolidating the waste transfer system through support to SPTD financial management and asset replacement fund and (iii) consolidating the improvement of the landfill of *La Minière*. The construction of the compost unit and landfill gas collection and flaring system may also be set up through a separate activity and parallel funding, under a Carbon Finance mechanism.

(ii) Neighborhood upgrading (IDA: US$ 3.5 million): The sub component will continue the program implemented during phase 1 in supporting the secondary roads improvement in

poorly serviced and densely populated neighborhoods. The urban audit will determine a coherent four-year program of secondary roads rehabilitation and a substantial maintenance program. The city of Conakry and the five municipalities will commit annually at least 3% of current revenues for assets maintenance. As a follow-up to Phase 1, the supervision of works implemented by the local enterprises will be carried out by the technical services of the City of Conakry (CVS). The 5 municipalities through their technical services will be involved in the programming process, bid opening and supervision of works.

(iii) Municipal facilities (IDA: US$ 1.5 million). Priority investments will be identified through the urban audit and its participatory process. Eligible investments include municipal infrastructure and facilities such as markets, bus stations, public administration buildings, schools, health centers and social facilities.

32. It was initially planned to include a primary road sub-component. Primary roads infrastructure in Conakry started under the Urban II project and were continued under Urban III phase 1. Under Phase 1 of the APL, the rights of ways of *Voie Express* and T7 were preserved, and this did not entail any displacement of population. Technical studies were also completed all the way to the preparation of bidding documents by the *Cellule de Voirie Primaire* (formerly DATU). The actual construction of *Voie Express* and this portion of T7 will not be carried out during the second phase (as initially planned) due to a reduction in IDA allocation, contingent on an exceptional supplemental funding

- **Component 2: Municipal contracts for secondary cities (IDA: US$ 4.5 million)**

33. This component will consist in the follow-up implementation of Municipal Contracts, which proved to be largely successful during phase 1, demonstrating strong commitment of municipalities and satisfactory counterpart funding on their part. The component will focus on 10 cities: (i) seven cities having implemented a first generation of municipal contracts during phase 1, which are Kindia, Kankan, Labé, Nzérékoré, Mamou, Faranah and Kissidougou and; (ii) three cities, Boké, Macenta and Siguiri, ready to sign a municipal contract for the first time. The second generation of municipal contracts will be based on the list of actions which were considered as priority during the audits of phase 1 but which could not be financed during this phase because they exceeded largely the funding possibilities of UDP3 phase 1. A special emphasis will be placed on Municipal adjustment programs in order to continue to improve (i) the financial sustainability of municipalities through improved mobilization of local revenues and (ii) the administrative and technical capacity of municipal staff. The cities will commit annually at least 3% of their current revenues for assets maintenance.

- **Component 3: Institutional strengthening (IDA: US$ 2.8 million)**

34. This component will focus on institutional strengthening activities of a generic nature which aim to provide support to city level institutional strengthening measures (PAM) (further details in Annex 4).

35. It will include the following activities:

(i) Street addressing (adressage): (1) update of street addressing of Dixinn, Matam and Kaloum; (2) street addressing in Ratoma and Matoto; (3) street addressing in secondary cities;
(ii) Improvement of local resources: (4) fiscal registers improvement in Kaloum, Matam, Ratoma and Matoto; (5) improvement of sharing arrangement of local taxes in secondary cities; (6) support to the DNI for tax base identification and taxes collection;
(iii) Improvement of local governments budget documents: (7) dissemination of budgetary and accounting manual for municipalities; (8) support to DND in computerizing municipal financial statements; (9) update of the financial ratio guidebook;
(iv) Intergovernmental transfers: (10) set up of a transfer fund with identification of a sustainable fund envelope and transparent mechanisms for resources allocation to local governments;
(v) Urban management improvement: (11) Urban atlas; (12) update of the *Plans Urbains de Référence* (PUR) of the 10 secondary cities;
(vi) Project Coordination Unit: Operating costs;
(vii) Communication and dissemination activities with a focus on Municipal Contract methodology and implementation, waste management and fiscal revenues as well as awareness activities at the municipal level to combat corruption practices;
(viii) Technical assistance to PCU (*Mission d'appui*);
(ix) Technical and financial audits carried out annually;
(x) Implementation of the ESMF and RPF.

E. Lessons learned and reflected in the project design

Lesson 1: About Municipal contracts

36. The idea behind APL was to enter with government and the municipalities into a programmatic process by introducing new tools to improve the selection and implementation of infrastructure and basic services. The key to success was the introduction, as the basis for the municipal contract, of municipal audits which, for the first time, provided baseline information on the spatial, organizational and financial attributes of Guinean municipalities and helped shape municipal programs based on priority needs set in local realities and expressed at the local level.

37. The project has learned some important operational lessons for the second generation of municipal contracts: (i) site availability proved in some cases to be a problem despite a rigorous PIP screening process. Mechanisms will be refined to reduce the occurrence of this issue, specifically with the new generation of MC in the capital city of Conakry; (ii) the maintenance program will be more demanding and MCs will require an annual budget commitment for maintenance equivalent to at least 3% of current revenues; and (iii) the Municipal adjustment program will also be more demanding with specific indicators to be achieved on mobilization of local resources and budgetary practices.

Lesson 2: About public-private partnership in the delivery of municipal services

38. The challenge deliberately taken at time of project preparation was to involve the private sector in the delivery of municipal services (waste management) and targeted investments (neighborhood upgrading). In the case of solid waste, concessioning out the collection of household waste to SMEs is an efficient and sustainable solution provided a set of enabling measures is in place. These "enabling measures" are: (i) clear collection zones (based on street addressing); (ii) clear contractual arrangements; (iii) little demand on SMEs operating methods (no micro-management of their equipment) to transport solid waste to transfer zones in order to cut down on their operating costs and the need for heavy equipment; (iv) the availability of a guarantee fund to allow SMEs to fund their equipment and improve services; (v) some technical assistance/training to SMEs to improve their budgetary systems and fee collection tracking; (vi) the financing of supporting "infrastructure" (i.e. construction of transfer zones and access roads as well as the improvement of the existing landfill); and (vii) the respect of the rules of the game by all parties.

39. In the case of neighborhood upgrading, the execution of works by local contractors under the supervision of the *Cellule de Voirie Secondaire* proved to be complicated and yet doable. It has created jobs and promoted entrepreneurship, but will require in the future some improvements. A system of pre-qualification is needed and a stricter control of realism of bidding proposals. An extra effort is also needed to improve professionalism of SMEs in the industry sector.

Lesson 3: About local counterpart funding

40. Counterpart funding has never been an issue in secondary cities while it has been problematic in Conakry. This shows that: (i) ownership of the municipal contract and (ii) proper determination of the absorptive capacity of the municipalities have contributed to the very good record of local governments outside of Conakry. Adjustments have been made to determine the overall allocation per city based on needs and absorptive capacity (see Annex 5).

F. Alternatives considered and reasons for rejection

41. N/A.: The project is the second phase of an APL.

III. IMPLEMENTATION

A. Partnership arrangements (if applicable)

42. There are very few partners within the donor community willing to get involved in the urban sector. However, IDA invited GoG to pursue additional funding for some of the activities not included under phase 2 such as the primary road component. During Phase 1, the Kuwait Development Fund signed a separate financial agreement with the Government of Guinea to fund a 6.5 kilometers section of *Voie Express* between roads T4 and T7, contributing US$ 9.684 million to a total cost of US$ 12.416 million. During the project preparation, contacts were made with the following potential partners: AFD, UE and the Islamic Development Bank (IDB). A Carbon Finance project (around US$ 1.2 million) is under

preparation as a complement to UDP3 to upgrade the compost facility and to support the extraction of landfill gas from waste in the La Minière landfill in Conakry. By the end of the first semester of 2007, the Carbon Finance unit in the World Bank Africa region will aim to develop all carbon documentation required for CDM (Clean Development Mechanism) registration and to sign an ERPA (Emission Reductions Purchase Agreement) with the project sponsor (SPTD).

B. Institutional and implementation arrangements (see details in Annex 6)

43. As a follow up to the APL phase 1, the project will continue to be coordinated and implemented through the following entities:

44. The Government of Guinea is responsible for: (i) the implementation of project activities coordinated by the PCU; (ii) the timely mobilization of local counterpart funding; (iii) undertaking reforms and commitments as needed to ensure successful implementation and; (iv) coordinating donors' participation in the search for parallel financing.

45. The City of Conakry and all municipalities involved in the project are responsible for: (i) defining MCs contents in consultation with communities, private operators and civil society; (ii) ensuring proper implementation of the MCs; and (iii) meeting their requirements in terms of counterpart funding, maintenance financing and completion of MAP activities.

46. The Steering Committee (*Comité Consultatif*) will facilitate the implementation of project phase 2. It will include: (i) the Ministry of Public Works, Urbanism and Housing ; (ii) the Ministry of Interior and Security ; (iii) the Ministry of Economy, Finance and Plan; (iv) the Governorate of Conakry and municipalities involved; (v) the PCU; (vi) private sector SMEs and NGO representatives and (vii) the newly created Association of Guinean Mayors (*Association des Maires de Guinée*).

47. The Project Coordination Unit (PCU). In the current context of high volatility, it is recommended to keep the PCU in its capacity of facilitator. Based on the experience gained during phase 1, the Project Coordination Unit will continue to facilitate the technical, financial, environmental and social implementation of the project in partnership and close coordination with all parties involved as follows:

a) *Direction de l'Urbanisme et des Infrastructures Urbaines* (DUIUR), formerly called DATU, has been able through support from the project to the *Cellule de Voirie Primaire* (CVP) to carry out in-house the technical studies of T7 and *Voie Express*. Although Phase II is no longer going to finance primary roads, the Project Coordination Unit will keep close coordination with the CVP of recently reorganized DUIUR in order to ensure a smooth coordination on infrastructure investments.

b) *Direction Nationale des Impôts* (DNI) will continue to work closely on the street addressing program and the local taxation activities.

c) The *Cellule de Voirie Secondaire* (CVS), created at the time of UDPII implementation and located within the Technical Services of the City of Conakry, worked during UDP phase I on the selection and rehabilitation of secondary roads/drainage networks under the neighborhood-upgrading component. The CVS will continue under phase II to contribute to project implementation in collaboration with the PCU and the municipalities through the identification of neighborhood upgrading programs under the urban audit and the monitoring of the physical implementation of works.

d) The SPTD, supported during phase I in its streamlined mission of solid waste transfer and landfill management for the city of Conakry, will continue to operate in that capacity during phase II. The SPTD will continue to be in charge of the transfer of solid waste and the management of the transfer points and of the landfill.

e) Municipalities. The elected officials and technical and financial services of the municipalities participating in municipal contracts will be major players in the municipal audits and the execution of their municipal contracts. In secondary cities, they will continue to be closely involved in the second generation of the municipal contracts. In the City of Conakry, they will be partners in the first Municipal Contract.

f) As regards to environmental and social management, the PCU will coordinate its activities with the Environmental Focal Points (EFPs) who will be appointed at the CVP, CVS, SPTD, and Technical Municipal Departments as well as with SNEEE and DPE, all of whom will be responsible for the implementation of the environmental and social screening process outlined in the ESMF. To better carry out its responsibilities, the PCU will require environmental management training as indicated in the ESMF.

C. Monitoring and evaluation of outcomes/results

48. Regular monitoring and evaluation, including environmental and social monitoring, will be an integrated part of the project. Annex 3 provides the list of PDO performance indicators as well as the list of result indicators for each of the three components of the project. The project will use the monitoring tools developed under phase 1 (*tableaux de bord*). The Municipal Contracts will also be reviewed on an annual basis and the completion of the physical component (PIP) will depend on the performance of the Municipal Adjustment Program (MAP). A mid-term review will also be conducted after two years of implementation in order to assess results and determine the continuation of MCs activities.

49. The PCU will be responsible for monitoring the result indicators in close coordination with the central government and municipalities involved.

D. Sustainability

50. Based on Phase I achievements, the project sustainability will be sought through: (i) an improved management capacity of local governments through the municipal contract (MC) arrangements; (ii) the financial sustainability of municipalities through improved mobilization

of local revenues and (iii) clear implementation arrangements and strong interface with central agencies and local partners.

a) Improving local governments management capacity through the municipal contract (MC)

51. The municipal Adjustment programs will play an essential role in strengthening management capacity of local government overtime.

b) Improving local governments' financial revenues to ensure investment sustainability

52. Specific actions are targeted at improving municipal revenues such as: (i) an improved sharing arrangement of some taxes between the central and local levels; (ii) the increase of the tax base and revenue collection through the street addressing program; and (iii) the adjustment measures implemented by local governments in the municipal contracts. Improved local revenues mobilization will guarantee a better and timely mobilization of counterpart funding and assets maintenance.

c) Clear implementation arrangements and strong interface with central agencies and local partners.

53. The decision was made during UDP 3 Phase 1 preparation to put in place a small PCU. Although not located directly within any ministry, the Unit kept very strong ties with the central administration (Ministry of Finance, Urban Planning, Public Works and Local Governments) and worked closely with *Direction d'Aménagement du Territoire et de l'Urbanisme* (DATU) and *Direction Nationale des Impôts* (DNI) on the implementation of their respective components. At the same time, the PCU has strong operational interface with the City of Conakry, the SPTD and local governments throughout the country. This interface enable a strong technical partnership and know-how transfer whereby the PCU was not seen as doing things "instead of" but rather "with" local partners and where information, technical expertise and decision-making are shared.

E. Critical risks and possible controversial aspects

54. The potential risks of the project include:

Risks	Risk Mitigation Measures	Risk Rating with Mitigation
To project development objective		
Weak commitment of the GoG to the decentralization process and to support more autonomous municipalities.	- The Municipal Contract will be signed by GoG with a number of commitments and actions to be undertaken by relevant entities.	Substantial

	- Activities of the project are aimed at increasing the capacity of municipalities to deliver services and increase their own generated revenues. - Project will prepare a study on a mechanism to transfer resources effectively and efficiently to municipalities, helping the Government to better support the decentralization process.	
Poor governance, which may cause delays in project implementation.	- The process of Municipal contracts, through its participatory approach, has and will continue to improve transparency and accountability of investment decisions at the local level. This will ensure wider participation of civil society in the selection and implementation of the municipal contracts. - All fiduciary aspects are covered through: (a) a revised implementation Manual; (b) a revised Financial Management manual and software; (c) the recruitment of additional staff at the PCU; (d) the training of all relevant municipal staff; (e) regular financial and technical audits; (f) technical assistance to PCU. These measures will improve transparency and monitoring of fiduciary implementation	Modest

	- The information on project implementation, including the budget execution, will be made available to the public.	
Delays in providing counterpart funding.	- Investments are defined through participatory processes and size of investments is linked to the financial capacity of municipalities, therefore limiting the level of counterpart funding. - Disbursement of counterpart funding from the GOG, the Governorate of Conakry and the Municipalities will be carefully monitored and progress will be reported and disclosed on a quarterly basis.	High
To component results		
Weak capacity of the SMEs in delivering infrastructure services.	- Sizing of contracts commensurate with existing capacity. - Capacity building activities directed to SMEs.	Substantial
Local governments involved in Municipal Contracts will not have the capacity to effectively implement their MAP.	- The activities included under the MAP are identified in close partnership with local governments and all target indicators have been agreed upon, making them as realistic and achievable as possible. The project also includes a number of activities which will support and help the achievement of the MAP.	Substantial in Conakry Modest in secondary cities
Delays in processing procurement.	- Recruitment of a procurement specialist at	High

	the PCU. - Training of municipal staff. - Regular supervision missions. - Technical audits.	
Overall Risk Rating		**High**

Risk rating: High Risk (H); Substantial Risk (S); Modest Risk (M); Low or negligible Risk (N)

F. Loan/credit conditions and covenants

55. Conditions of effectiveness

- Selection of the financial and technical external auditors
- Update of project software (Success)
- Implementation Manual completion.

IV. APPRAISAL SUMMARY

A. Economic and financial analysis

56. As investments to be funded under the Municipal Contracts are not all known, an economic analysis could not be carried out but the methodology for the economic analysis to be undertaken during project implementation and be part of the selection process of those investments has been developed (see Annex 9 for details). Given the fact that interventions in neighborhoods of the cities involved in the project differ, and the physical characteristics are not homogeneous, an overall Economic Rate of Return and Net Present Value are not calculated.

57. Benefits of provision of urban services in Conakry and secondary cities are expected to improve the quality of life of the poorest residents. The investment will have socio-economic quantifiable and non-quantifiable benefits, including: improved physical living conditions and environmental management, improvement of people mobility and transportation of goods in low-income neighborhoods; increased productivity and efficiency arising from improved access roads and reduced flooding avoiding flood damages to economic property. In the longer term, benefits include: improved health with reduction of waterborne diseases and reduced medical costs; increase in property value due to improved overall amenities; enhanced investment climate due to improved service delivery; and enhanced local government capacity to fulfill their service delivery mandate.

58. From a macro economic perspective, by targeting the main cities in Guinea, the project is expected to have a positive impact on: (a) economic growth, through the provision of economic infrastructure (markets, health centers, etc.); and (b) employment generation, the

project generating a considerable amount of employment in services provided by municipalities (waste management SMEs) as well as short term employment through project activities implementation.

B. Technical

59. The second phase of UDP3 will be implemented by the PCU that has built a good technical track record through the implementation of UDP3 phase 1. As an intermediary actor, the PCU has succeeded in consolidating a lot of technical and contract management expertise within and beyond the administration and in working closely with the municipalities, building a strong operational interface with the city of Conakry and local governments throughout the country. The project will continue to favor the choice made under UDP3 phase 1 to work with local consultants and smaller contractors and thereby strengthen their capacity.

C. Fiduciary

60. *Financial Management and Disbursement Responsibility:* The second phase of UDP3 will continue to be implemented by the existing PCU; thus the overall financial management and disbursement arrangements will be handled within the unit. This will include preparing the budget, quarterly IFRs, annual financial statements and progress reports, as well as monitoring disbursements. The PCU has been evaluated by the World Bank fiduciary team throughout UDP3 implementation and found to be satisfactory. The risk assessment has been performed and the overall risk related to FM aspects is modest. Financial and disbursement arrangements are detailed in Annex 7.

61. *Procurement*: A procurement assessment has been conducted during the appraisal mission and concurred with proposed procurement arrangements. The Procurement Coordination Unit (PCU) will coordinate all Project-financed procurement and will ensure that all works, goods and services financed by the IDA Credit are procured in full compliance with World Bank Procurement and Consultants Guidelines, and that bids are conducted and contracts are awarded competitively and transparently. In order to maintain close fiduciary control over procurement processes, the PCU will prepare the procurement documentation to be issued for works, goods and services contracts, in close collaboration and consultation with the relevant technical departments. Procurement arrangements are detailed in Annex 8.

D. Social

62. Consultations with a number of key stakeholders (representatives of relevant ministries, solid waste management services, pest management services, environmental assessment services, municipalities, NGOs) showed that the benefits of the project are highly appreciated because the planned infrastructure investments will contribute to an improved quality of life of the population. It was recommended, for example, that the project: (i) choose sites in consultations with the beneficiaries and the municipalities; (ii) compensate affected persons appropriately; (iii) provide environmental training at the local level; (iv) develop a re-evaluation mechanism for the *contrats de ville* in case personnel at the municipalities change; (v) strengthen partnerships for urban environmental management; (vi) plan for green spaces in

future investment plans; and (vii) ensure that local populations participate in the construction activities. In addition, the consultant visited representative sites, and carried out a literature review.

63. Since the exact locations of future investments could not be determined prior to appraisal, the Borrower has prepared a Resettlement Policy Framework (RPF). The RPF describes the population living in the project areas and identifies the types of infrastructures that are likely to affect the residents, and it is estimated that potentially 5,850 persons will be affected, and an area of about 179,700 square meters of land may be required to accommodate the investments. The RPF describes the principles, objectives and procedures to be applied in the event that land acquisition should become necessary, as well as the compensation rights of various groups and individuals; the evaluation of assets and compensation rates; grievance mechanisms; monitoring and evaluation; consultation and disclosure processes; implementation responsibilities for the RPF.

E. Environment

64. The current environmental conditions in the project areas are characterized by ineffective solid and liquid waste management, flooding, unplanned settlements and poor infrastructures such as roads, markets, and drainage systems. The planned infrastructure investments are intended to ameliorate these conditions. At the same time, it has to be recognized that the planned construction and rehabilitation activities are likely to incur some negative environmental and social impacts such as soil, air and water pollution, loss of vegetation, interruption of economic activities, an increase in malaria due to standing water in quarries and increased waste generation, including asbestos. In the case of health centers, unsafe medical waste management could contribute to the spread of HIV/AIDS due to improper handling of infected waste.

65. In an effort to address potential adverse environmental and social impacts of future investments, the Borrower has prepared an Environmental and Social Management Framework (ESMF). The ESMF outlines an environmental and social screening process (screening, assignment of the appropriate environmental screening category, carrying out of the appropriate environmental work based on the screening results; public consultations; review and approval, and monitoring and evaluation) as well as mitigation and monitoring measures to be applied by qualified personnel at the planning stage of investments. Guinea's National Medical Waste Management Plan (May 2002) has been attached to the ESMF to facilitate the identification and implementation of appropriate measures to ensure safe medical waste management at the project's health centers.

66. The ESMF includes an Environmental and Social Management Plan (ESMP) which outlines the institutional responsibilities and cost estimates for the implementation and monitoring of mitigation measures and capacity building measures. Measures include, for example: (i) inclusion of environmental clauses in bidding documents; (ii) cooperation among partners in the proposed project; (iii) raising of awareness among project staff of environmental issues; and (iv) environmental training in topics such as environmental and social challenges of infrastructure investments and environmental assessment procedures;

review of the Bank's safeguard policies; environmental monitoring; and proper management of construction sites. The ESMP also includes institutional responsibilities for the safe disposal of asbestos and management of malaria.

67. Monitoring and evaluation activities will be carried out by: (a) consultants who will join the construction crews during the construction phase, and subsequently prepare an evaluation; (b) members of the municipal technical services who will monitor regularly throughout the construction phase; (c) the Project Coordination Unit, the Environmental Focal Points of the Services Techniques Communaux and Operations Units at mid-term and at the end of the sub-projects (preparing a retrospective); and (d) the decentralized technical services participating in the project. Monitoring indicators are presented in the ESMF. The ESMF will be implemented under component 3.

F. Safeguard policies

68. The project has triggered OP 4.01 Environmental Assessment and OP 4.12 Involuntary Resettlement due to the planned construction and rehabilitation activities. The safeguard screening category is S2, and the environmental screening category is B. Because the actual sites and potential localized negative impacts of the future investments could not be identified prior to appraisal, and to ensure that the proposed project addresses potential adverse environmental and social impacts properly, the Borrower has prepared an Environmental and Social Management Framework (ESMF) and a Resettlement Policy Framework (RPF).

69. The ESMF was prepared in consultation with a number of key stakeholders (representatives of relevant ministries, solid waste management services, pest management services, environmental assessment services, municipalities, NGOs). As discussed in section D, they indicated that the benefits of the project are highly appreciated as the planned infrastructure investments will contribute to an improved quality of life of the population.

70. The ESMF along with the National Medical Waste Management Plan (May 2002), and the RPF have been disclosed in Guinea and at the Bank's Infoshop on December 29, 2006.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP 4.01)	[X]	[ ]
Natural Habitats (OP/BP 4.04)	[ ]	[X]
Pest Management (OP 4.09)	[ ]	[X]
Physical Cultural Resources (OP/BP 4.11)	[ ]	[X]
Involuntary Resettlement (OP/BP 4.12)	[X]	[ ]
Indigenous Peoples (OP/BP 4.10)	[ ]	[X]
Forests (OP/BP 4.36)	[ ]	[X]
Safety of Dams (OP/BP 4.37)	[ ]	[X]
Projects in Disputed Areas (OP/BP 7.60)*	[ ]	[X]
Projects on International Waterways (OP/BP 7.50)	[ ]	[X]

* *By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas*

G. Policy Exceptions and Readiness

71. The project complies with all World Bank policies and no exceptions are necessary. The procurement plan for the first 18-month of the project implementation has been reviewed in details at Appraisal and finalized during project Negotiations.

Annex 1: Country and Sector or Program Background

GUINEA: Urban III - Phase II

A. Country background

1. Guinea has great potential for economic growth due to its abundance of minerals, hydropower and agricultural resources. The country possesses almost half of the world's bauxite reserves in addition to gold, diamonds and uranium. The mining sector accounted for over 70% of exports in 2004 and the Government encourages the broadening of the mining sector through adding higher value refining capacity for its bauxite exports as well as through developing the country's large iron ore resources. Two thirds of Guineans rely on agriculture as their primary source of income. Agriculture, livestock and fisheries account for only 20% of GDP and 10% of exports. Despite this potential, economic situation continues to deteriorate. Guinea's economic performance deteriorated after 2002 causing rising fiscal deficits and inflation (the official annual inflation rate stood at 34 % in 2006). GDP growth has slowed to an average of 2.3% over the 2003 to 2005 period. GDP per capita fell by 0.4% which places Guinea 175th out of 232 countries in GDP ranking. GNI per capita stood at US$ 410 in 2004.

2. Guinea's social indicators indicate an increase in the overall poverty rate from 49.2 % in 2002 to 56% in 2005. The country remains one of the poorest countries in the world, and ranks 156 out of 177 in UNDP's 2005 Human Development Report, at the low-end scale in the sub-region. The proportion of population living in poverty remains at about 40 percent with low coverage of basic services. Only 42% of Guineans have access to clean water resources, 18.8% to electricity and there are only 9 doctors for 100 000 people.

3. This precarious situation and poor performance can be explained by a variety of reasons among which: insufficiency of public expenditures in infrastructure resulting in lagging social indicators, a highly centralized public sector and numerous disincentives undermining the investment climate and external challenges such as instability of the sub-region source of the high influx of refugees, and the deteriorating terms of trade further constraining the country's performance.

4. In 2002, Guinea finalized a Poverty reduction Strategy Paper (PRSP) centered on three pillars: (i) sustaining faster economic growth and creating income-earning and employment opportunities; (ii) improving access to basic services; and (iii) improving governance and strengthening institutional capacity. Two PRSP progress reports were issued in 2004 and 2006 which underscored the constraints that the authorities faced in the PRSP implementation. These included institutional weaknesses, notably at the local level, weak government revenues and weak domestic investment. The formulation of a new PRSP was launched in 2006 and is expected to be completed by mid 2007. This process has been handled in a context where macroeconomic stabilization and focus on poverty reduction are key commitments of the new government which was put in place following the recent political crisis in the country (January – March 2007).

B. Main sector issues and Government strategy

5. The urban population has grown dramatically over time from 31% of the total population in 1990 to 44 % in 2000. The population of the capital city, Conakry estimated in 1997 to 1.1 million inhabitants is growing at a rate of over 4 percent per year due to a steady flow of rural migrants. With 1.8 million inhabitants, the city is host to almost half of the urban population and 50 % of all jobs, showing great imbalance in the urban network. This rapid urbanization is creating increasing pressure on scarce basic urban services and is challenging municipalities to improve their technical and financial capacity.

Slow implementation of the decentralization process

6. The change process has been gradual with several obstacles slowing the process over the years, including: resistance to change at central levels, Guinea being a highly centralized country; lack of human, physical and financial capital to promote and sustain reforms; lack of effective coordination between structures established to undertake this role; and a confusion as to the mandates of different administrative structures and levels.

7. The decentralization process began in the capital city, Conakry. In May 1986, Ordinance 079 in its article 10 endowed the capital city of Conakry with the special status of Governorate. The same ordinance sets out that urban municipalities are altogether constituencies of the central government and decentralized authorities endowed with a legal status and financially autonomous. This framework was further consolidated in January 1989 by three ordinances:

- 002/PRG/SGG: grants the status of Province to Conakry, creates the 5 municipalities of Conakry in lieu of the 3 former Prefectures and lists the administrative and financial responsibilities of Conakry, the City becoming in charge of responsibilities formerly carried out by the Central government.

- 003/PRG/SGG: the 5 municipalities are divided in sections with specific attributions and revenues;

- 004/PRG/SGG: the limits of the City of Conakry and the 5 municipalities are delineated.

8. The creation of local governments was included in the Constitution (*Loi Fondamentale*) adopted on December 23, 1990. Under the provision of Article 89 local governments are managed by elected councils under the control of a state representative, whose responsibility is to safeguard national interests and the respect of the national law. There are now 303 rural communities (CRD) and 38 urban municipalities (CU) 5 of which are in the capital Conakry.

9. The effective implementation of decentralization started in 1991 when the first elections of the city councils took place in Guinea and again in 1995, 2000 and 2005. In October 2005, the mayors created the Guinean Mayors' Association with the mandate to

coordinate dialogue with the Government and other major partners and provide a forum for newly elected local officials.

10. A Code of Local Governments and Decentralization, harmonizing regulatory measures adopted through the years, has been discussed with all sectoral ministries with the objective of granting more responsibility to local governments (rural and urban) and strengthening their accountability. A consensus was reached over a draft that was submitted in late 2005 by the Government to the National Assembly. The Code has been adopted by the Parliament on May 15, 2006. Local authorities are entrusted with moral and financial autonomy. At the departmental level, the authority of prefects deals with: (i) the control of the legality of the local governments' acts and (ii) the coordination of the deconcentrated services.

11. The law details all necessary provisions related to the autonomous management and competencies of local governments, their administration (budget and resources, staff), and the election process of local authorities independent from the central level. The law transfers to local governments a list of mandates, among which: urbanism and city planning, construction of infrastructure (building and maintenance of roads, street lighting), environment, hygiene and sanitation (drinking water, waste management, rainwater), literacy, primary education (building, equipment and maintenance of schools), health and social education (building, equipment and maintenance public health centers), economic services and investments (building, equipment and maintenance of markets, bus terminals and slaughterhouses). It allows cities to delegate, obtain assistance and contract out part of their mandate and details procedures for local development plans and annual investment programs.

12. Despite these recent achievements numerous constraints and challenges confront the Government in putting the decentralization policy and the Code into effective implementation, in particular: (i) the lack of transfer of financial resources to match the responsibilities of urban municipalities; (ii) the delays to be expected regarding the effective transfer of competencies and the need for clear guidelines to realign the role of line ministries and deconcentrated services; and (iii) for Conakry, the persistent hybrid status of the Governorate (altogether deconcentrated authority, decentralized local government and oversight authority on the 5 municipalities of Conakry) with its impact on the conurbation management (urban management, human and financial resources, coordination of programs).

Weak municipal resource mobilization

13. The Government's inability to finance such reforms particularly with respect to meeting the recurrent costs of functioning local governments has contributed to the slow transition in the absence of a specific transfer fund to benefit local authorities. However, some financial measures have been adopted overtime to clarify the revenue base of the cities and improve their resources.

14. A 1990 Ordinance granted the City of Conakry and the five municipalities of Conakry, 100% of the proceeds of the business tax and of the 3 main city markets revenues, while the 5 municipalities were to receive 100% of TPU (*Taxe Professionnelle Unique*) and secondary markets proceeds. In addition, specific fiscal measures were taken by the GOG in 1996 and 1997 to improve the mobilization of land tax and business tax.

15. The latest measures adopted in 2001 under UDP 3 phase 1 resulted in the increase of the municipalities' share in the allocation of local fiscal revenues. The proceeds of the land tax (*CFU -Contribution Foncière Unique*) are no longer limited to Conakry and benefit all local authorities throughout the national territory. The sharing arrangements between the central government and local governments concerning CFU, TPU, *Patente* and TUV (a car tax) are more favorable to the municipalities. Local governments benefit from 80% of the proceeds of CFU and TPU as opposed to respectively 40% and 60% before 2001. TUV is now equally shared between the central and the municipalities' level.

16. As a result of these measures, proceeds in Conakry from land tax and business taxes (CFU, TPU and *Patente*) increased by 45% over the 1999-2004 period, growing from GNF 3,257,215,000 to GNF 5,258,759,000. In 2005 there was a decline to GNF 3,451,815,000, close to the 1999 level. This decline was due to the following main factors: (i) the ongoing reorganization of the tax departments shifting local tax collection responsibilities from the central administration to local governments; and (ii) the deteriorating macro economic context and rising inflation causing a decline in real incomes.

UDP3 and the Sector development strategy

17. Despite the slow pace of decentralization consistent progress in the urban sector has been made in Conakry and, more recently, in selected secondary cities, under Urban Development Projects 1, 2 and 3 first phases (See section on Rationale for Bank involvement for a detailed presentation of the projects objectives and achievements).

18. The Urban Sector Policy letter signed on February 2, 1999 following the IDA-GOG policy dialogue in the sector during UDP 2 confirmed the commitment of the Government to empowering local authorities and increasing reliance on private sector in the provision of local public services. The sector strategy states that urban development improves the living conditions of the population and spurs an endogenous development dynamic in urban sectors. In order to translate these options into action, the sector policy includes three strategic areas: (i) control over urban development and greater local involvement, the urban districts being closely involved in the preparation of their master plans by means of urban and financial audits; (ii) provision of basic urban services, the Government taking the required institutional, technical and financial measures to improve local capabilities in planning, programming and managing urban services; and (iii) institutional and regulatory measures (new or updated) to address the responsibilities of local authorities in the area of planning and housing, procurement rules and procedures, private sector involvement and the financing of sectoral development activities.

19. The Government has asked for the World Bank's help to support this strategy in carrying out the Third Urban Development Project. The APL first phase, completed in June

2005 constitutes a good articulation between development objectives and the sector issues and policy agenda. The project design, based on the experience gained through the first two urban projects, demonstrated an appropriate design and a solid implementation. To provide sustainable results, its most challenging objective is the improvement of municipal finance coupled with the capacity strengthening of all the actors involved in municipal management. Based on the first phase achievements the second phase will continue to address the sector issues and needs in support to the decentralization ongoing agenda, with a reinforced strategy in infrastructure and institutional strengthening through the use of the new tools and practices introduced during UDP3 phase 1.

Annex 2: Major Related Projects Financed by the Bank and/or other Agencies

GUINEA: Urban III - Phase II

Sector Issue	Project	Latest Supervision (PSR) Ratings (Bank-financed projects only)		Summary of sector-related projects
Bank-financed				
		IP	**DO**	
Urban (and Local) Development	First Urban Project Credit 1466-GUI (approved in 1984, closed in 1990)	HS	HS	To strengthen the ability of central and local Government institutions to plan, coordinate, and manage Conakry's urban growth efficiently and improve delivery and funding of basic urban services.
	Second Urban Project (approved in 1990, closed in 1998)	S	S	To improve key urban infrastructure and services, including new land development operations, to develop the role of the private sector, and to strengthen municipal government and urban institutions.
	Urban III – Phase I (approved in 1999, closed in 2005)	S	S	To (a) improve the living conditions of Conakry's urban population through the provision of basic priority services; (b) create an enabling environment for sustained programming, financing and management of priority investments and services in major urban centers of the country; and (c) reinforce the capacities of municipalities by targeting specific municipal services and by introducing new tools to improve selection and implementation of infrastructure and basic services benefiting as many people as possible.

Health	Health Sector Support Project	MU	S	To contribute to reaching the maternal and under-five mortality reduction objectives of the Five-Year Program of the Poverty Reduction Strategy Paper of the Borrower, and the Millennium Development Goals.
	Multi-sectoral HIV / AID Project	S	MS	To limit and reverse the trend of the epidemic by preventing new infections.
Energy	Guinea Electricity Sector Efficiency Improvement	S	S	To (a) improve the electricity sector's commercial and technical efficiency through critical investment support and capacity building; and (b) contribute to reduction of carbon dioxide emissions by addressing the large inefficiencies in the distribution sector and reducing energy losses.
Rural (and Local) Development	Village Communities Support Program – Phase 1	S	S	To (i) establish an operationally effective and efficient, decentralized system for local development; and (ii) increase access of the rural population to basic infrastructure and services.
	Village Communities Support Program – Phase 2 (under preparation)			The PDO is for CRDs to plan and implement local development activities in a comprehensive and inclusive manner, and to improve revenue performance to sustain their recurrent costs.
Education	Education for All – Phase 1	MS	S	To establish a stable framework for good quality universal primary education.

Other development agencies

Sector	**Project**	**Agency**
Rural (and Local) Development	Village Communities Support Program – Phase 1	AFD FIDA ADF
Urban infrastructure	Primary roads in Conakry	EU, AFD, BAD, BADEA, Kuweit Development Fund, OPEP, Saoudia Development Fund

Annex 3: Results Framework and Monitoring

GUINEA: Urban III - Phase II

PDO	**Outcome Indicators**	**Use of Outcome Information**
Improve the provision of infrastructure and services in Conakry and secondary cities, and improve the financial and organizational management of municipalities in support of the decentralization process.	- Percentage of the population of Conakry getting access to services (solid waste) through the project.	- To assess improvement in service delivery.
	- Increase in municipal revenues.	- To assess improvement in revenue mobilization.
Intermediate Results One per component	**Results Indicators for Each Component**	**Use of Results Monitoring**
<u>Component One</u>: Municipal Contract of Conakry		
Improve management and access to urban infrastructure and services provided to residents of the city of Conakry (Kaloum, Dixinn, Matam, Matoto, Ratoma), and improve management capacity of local governments.	***Priority Investment Program (PIP)***	
	Solid waste collected by SMEs compared to total waste produced.	To assess SMEs quality of service delivery to their clients
	Solid waste transferred by the SPTD to the *La Minière* landfill compared to total waste produced.	To assess the effectiveness of the solid waste transfer system (SPTD, Governorate and municipalities).
	Km of secondary roads built / rehabilitated / maintained	To assess actual implementation of scheduled roads investments
	Municipal Adjustment Program (MAP)	
	Increase in municipalities' own revenues.	To assess the ability of municipalities to raise local revenues for local development.
	Share of municipalities' budgets allocated and spent on routine maintenance (at least 3% of current revenues)	To assess ability of the Governorate of Conakry and its municipalities to maintain existing infrastructure

<u>Component Two</u>: Municipal contracts in secondary cities		
Improve access to priority infrastructure and services provided to residents of poor neighborhoods in targeted secondary cities	***Priority Investment Program (PIP)***	
	Number of investments built / rehabilitated / maintained to benefit poor neighborhoods of targeted secondary cities.	To assess actual implementation of investments benefiting poor neighborhoods of targeted secondary cities
	Municipal Adjustment Program (MAP)	
	Increase in municipalities' own revenues.	To assess the ability of municipalities to raise local revenues for local development.
	Share of municipalities budgets allocated and spent on routine maintenance (at least 3% of current revenues)	To assess ability of municipalities to maintain existing infrastructure
<u>Component Three</u>: Institutional Strengthening		
Strengthen cities' performance and improve municipal finance for infrastructure and priority service delivery through targeted institutional strengthening as part of municipal contracts.	Number of municipalities of Conakry with improved fiscal registers in place and in use.	To assess progress on tax base identification by municipalities and their potential for increasing rolls emission and local tax collection.
	Number of municipalities with street addressing (*adressage*) in place and operational for improving service delivery and fiscal registers: (i) in Conakry (5 municipalities) (ii) in at least one secondary city	To assess ability of municipalities to use a tool for basic services delivery and local resources mobilization.
	Increase of tax rolls issued during project lifetime: (i) TPU, CFU and *Patente* in Conakry; (ii) TPU and *Patente* in secondary cities.	To monitor municipalities' progress in identifying tax base
	Increase of fiscal revenues collected during project lifetime: (ii) TPU, CFU and *Patente* in Conakry; (ii) TPU and *Patente* in secondary cities.	To assess municipalities' progress in collecting revenues.

Arrangements for results monitoring

		Target value (calendar year)					Data Collection and Reporting		
Outcome Indicators	**Baseline**	**2007**	**2008**	**2009**	**2010**	**2011**	**Frequency and Reports**	**Data Collection Instruments**	**Responsibility for Data Collection**
Percentage of the population of Conakry getting access to services (solid waste) through the project.	72%	74%	76%	78%	80%	80%	Yearly	Surveys Annual report	SPTD/PCU
Increase in municipal revenues. - Conakry	GNF 6 487 227 000 (base 2004)	8%	10%	15%	20%	25%	Yearly	Governorate and municipal budgets M&E reports	Governorate / municipalities / PCU
- Secondary cities	GNF 1 732 623 000 (base 2004)	8%	10%	13%	15%	20%	Yearly	Municipal budgets M&E reports	Municipalities / PCU
Results Indicators for Each Component									
Component One: Municipal Contract of Conakry									
Priority Investment Program (PIP)									
Solid waste collected by SMEs compared to total waste produced.	80% (base 2005)	80%	83%	85%	88%	90%	Yearly	M&E reports	SPTD/PCU
Solid waste transferred by the SPTD to the *La Minière* landfill compared to total waste produced.	80% (base 2005)	80%	83%	85%	88%	90%	Yearly	M&E reports	SPTD/PCU
Km of secondary roads built / rehabilitated / maintained	0 km	0	30	40	40	10	Yearly	M&E reports	CVS / PCU

Municipal Adjustment Program (MAP)									
Increase in municipalities' own revenues.	GNF 6 487 227 000 (base 2004)	8%	10%	15%	20%	25%	Yearly	Governorate and municipal budgets M&E reports	Governorate / municipalities / PCU
xx% of budgets allocated and spent on routine maintenance (at least 3% of current revenues)	GNF 4 954 214 000 (base 2004)	3%	3%	3%	3%	3%	Yearly	Governorate and municipal budgets M&E reports	Governorate / municipalities / PCU
Component Two: Municipal contracts in secondary cities									
Priority Investment Program (PIP)									
Number of investments built / rehabilitated / maintained to benefit poor neighborhoods of targeted secondary cities.	0	0	10	15	10	5	Yearly	M&E reports	Municipalities / PCU
Municipal Adjustment Program (MAP)									
Increase in municipalities' own revenues.	GNF 1 732 623 000 (base 2004)	8%	10%	13%	15%	20%	Yearly	Municipal budgets M&E reports	Municipalities / PCU
xx% of budgets allocated and spent on routine maintenance (at least 3% of current revenues)	GNF 1 039 573 800 (base 2004)	3%	3%	3%	3%	3%	Yearly	Municipal budgets M&E reports	Municipalities / PCU
Component Three: Institutional Strengthening									
Number of municipalities of Conakry with improved fiscal registers in place and in use.	0	0	0	2	4	5	Yearly	M&E reports	DNI / Municipalities / PCU
Number of municipalities with street addressing (*adressage*) in place and	3	3	4	5	6	6	Yearly	M&E reports	Municipalities / PCU / DNI

operational for improving service delivery and fiscal registers: (i) in Conakry (5 municipalities) (ii) in at least one secondary city									
Increase of tax rolls issued during project lifetime: (iii) TPU, CFU and *Patente* in Conakry; (ii) TPU and *Patente* in secondary cities.	100% (base 2006) 100% (base 2006)	5% 5%	10% 8%	14% 10%	17% 12%	20% 15%	Yearly	Municipal budgets M&E reports	Governorate / Municipalities / PCU / DNI
Increase of fiscal revenues collected during project lifetime: (iv) TPU, CFU and *Patente* in Conakry; (ii) TPU and *Patente* in secondary cities.	100% (base 2006) 100% (base 2006)	3% 3%	8% 6%	10% 8%	12% 10%	15% 10%	Yearly	Municipal budgets M&E reports	Governorate / Municipalities / PCU / DNI

Annex 4: Detailed Project Description

GUINEA: Urban III - Phase II

1. The Urban III project, completed in June 2005, which represented the first phase of the APL, was composed of three main components: (a) infrastructure and priority services in Conakry; (b) Support to secondary cities; and (c) institutional strengthening. The APL's first phase has been particularly successful in improving local government capacity to mobilize resources and target expenditures toward priority infrastructure and services, determined in consultation with local populations in Conakry as well as in seven secondary cities.

2. As second phase of an APL, the project overall objectives remain unchanged: (a) to improve the provision of infrastructure and services in Conakry and secondary cities; and (b) to improve the financial and organizational management of municipalities in support of the decentralization process.

3. Emphasis will be given to the development of the new tools introduced in phase 1 to improve selection and implementation of infrastructure and basic services to benefit the urban poor. By integrating almost all the proposed activities into Municipal Contracts (MCs) in the City of Conakry for the first time and in secondary cities for the second time, the Project aims to reinforce the organizational and financial capacities of the municipalities by targeting specific municipal services and ensure proper operation and maintenance of assets.

Project design:

4. The project will be based on the municipal contract approach that has proved to be successful through its implementation in seven secondary cities during Urban III phase 1. The objective of a municipal contract is to reach a consensual and contractual agreement on a four-year adjustment and investment program. The municipal contract is based on a highly participatory process during which municipal audits are carried out by local consultants under the supervision of the PCU. The process of data collection and validation of conclusions involves close consultation with mayors, members of city councils, private operators, community groups and neighborhood leaders. In this process, two audits are carried out concomitantly: (a) the urban audit has for main objective to gather baseline information on existing level of infrastructure and services, patterns of urbanization, and pockets of poverty, data collected through the inventory of public infrastructure and services (IPIE) carried out as part of the urban audit help identify levels of services and poverty zones in urban areas, the audit also leads to the identification of a coherent set of priority investment projects (PIP) and maintenance works, the value of which corresponds to the budget envelope determined by the financial audit; and (b) the financial and organizational audit has for main objective to assess the municipality's financial health and management structure, determine its capacity and therefore the volume of investments to which it can aspire, and identify a set of pragmatic adjustment measures the municipality is willing to take to improve its management and finances (Municipal Adjustment Program). Based on

the satisfactory implementation of the municipal contract programming and management tool in secondary cities, the second phase of the project will introduce the MC approach in the city of Conakry and the five municipalities of Conakry.

5. The experience of phase 1 municipal contracts in secondary cities demonstrated that municipalities see the benefits of a contractual arrangement that allows their involvement in the choices made and the actual implementation of the program, once their counterpart funding is in place. Municipal Adjustment Programs (MAPs) will support: (i) improvement in the management of municipal services (organization, training, small equipment); (ii) improvement in municipal revenue mobilization and budget control; and (iii) municipal assets management. The project's second phase will put a strong emphasis on the municipalities' financial commitments in terms of assets maintenance (Annual Maintenance Programs-AMP). MCs will take into account a yearly budget commitment of 3% of the municipal current revenues for maintenance for the duration of the MC, beside the 10% counterpart funding to the PIP.

6. The proposed project comprises the following three components: City of Conakry Municipal Contract, Secondary Cities Municipal Contracts and Institutional strengthening.

Component I. City of Conakry Municipal Contract (US$ 6.5 million)

Objective

7. The objective of component I is: (a) to improve the living conditions of the residents in the City of Conakry and its five municipalities of Conakry (Kaloum, Matoto, Ratoma, Dixinn, and Matam) through the provision of basic priority infrastructure and services and (b) create an enabling environment for the programming, financing and sustainable management of priority urban services. This will benefit a large share of the urban population of Guinea, concentrated in the capital city, mainly in the most deprived neighborhoods.

8. To pursue this objective, a Municipal contract will be signed between the GOG, the city of Conakry and its five municipalities of Conakry, including priority investment programs (PIP), municipal adjustment activities (MAP), and annual maintenance programs (AMP). The list of eligible infrastructure and activities (PIP) was identified during the preparation phase and finalized during the urban, organizational and financial audit of the city and its five municipalities, in close consultation with the authorities involved. The Municipal Adjustment Program (MAP) and the Annual Maintenance Program (AMP) equivalent to at least 3% of the municipal current revenues were identified and agreed upon along the same procedure and will be included in the Conakry Municipal Contract.

9. The component will include three subcomponents to support the delivery of services and infrastructure in Conakry.

Sub component 1. Solid Waste Management (US$ 1.5 million)

Objective

10. Building upon the project phase 1 achievements, the objectives of the sub component are to: (i) further improve the waste management operating system through the clarification of responsibilities between the Governorate and the five municipalities, and the strengthening of local capacity and resources; (ii) consolidate and strengthen the domestic private sector participation; and (iii) improve environment and public health.

11. The sub component aims at replicating the model of the institutionalized public-private partnership implemented during the first phase of the APL. It is designed to capitalize on lessons learned from the first phase. The challenge deliberately taken at time of project phase 1 was to involve the private sector in the delivery of municipal services (waste management). In the case of solid waste, concessioning out the collection of household waste to SMEs is an efficient and sustainable solution provided a set of enabling measures is in place. These "enabling measures" are: (1) clear collection zones (based on street addressing); (2) clear contractual arrangements; (3) little demand on SMEs operating methods (no micro-management of their equipment) to transport solid waste to transfer zones in order to cut down on their operating costs and the need for heavy equipment; (4) the availability of a guarantee fund to allow SMEs to fund their equipment and improve services; (5) some technical assistance/training to SMEs to improve their budgetary systems and fee collection tracking and (6) the financing of supporting "infrastructure" (construction of transfer zones and access roads as well as the improvement of the existing landfill).

12. Under phase 1, the level of garbage collection has increased, the overall sanitary condition and habits of residents improved, a new sector of city economy has been created, generating income and jobs. 35 concessionary SMEs (14 led by women) collected household garbage in the 44 collection zones of Conakry that had been identified by using the street-addressing database and collected payments from 115,269 households (73% subscription rate). The SMEs brought the garbage to 75 transfer points. The SPTD transferred the waste to the landfill of *La Minière* by container trucks. The system allowed a full coverage of the city territory and 85% of solid waste was disposed at the landfill. The new industry created 3,300 jobs during the period 2000-2005. The total annual turnover of the SMEs in this new line of private business was about US $415,000, at an affordable subscription rate of US$ 0.375-US$ 1.15 per month per household. A large communication campaign to sensitize the population has been carried out on television, radio including films and plays. While cholera epidemics continue in the city, particularly during the rainy season, the cases of death have been drastically reduced, due to some extent to better sanitation condition in the city, from about a hundred deaths annually in late 90s to a few reported in 2005 (only 2 reported).

Description

13. The sub component activities will be included in the Conakry Municipal contract in the PIP and the MAP as follows:

a) Priority Investment Programs (PIP):

(i) Works to improve the *La Minière* landfill management including waste leveling, optimization of waste cells to facilitate the dumping of solid waste to the sanitary landfill, construction of access roads for waste transfer trucks and site fencing improvement;

(ii) Preparatory works for closing of *La Minière* landfill including two additional piezometers and a drainage system for the collection of surface waters and the pre-treatment of leakage;

(iii) Construction of four new transfer sites and their access roads in the city of Kaloum, and improvement of existing transfer sites;

(iv) Surfacing and drainage of the SPTD parking site to improve the transfer trucks movements;

(v) Acquisition of 3 trucks and 20 containers to increase the SPTD capacity to transfer waste to the landfill;

(vi) Acquisition of a mechanical shovel to improve solid waste transfer operation;

(vii) Rehabilitation of the landfill bulldozer.

(b) Municipal Adjustment Programs (MAP)

The activities included in the Conakry Municipal Contract will comprise the following:

(i) Support to Conakry municipalities in contracting with local SMEs: training in management and supervision of SMEs contracted for waste pre-collection and street sweeping;

(ii) IEC campaigns to sensitize the population to the waste management system;

(iii) Training for staff of the Governorate of Conakry (SPTD personnel and the CMDS) in waste management, SMEs supervision, and waste transfer operation;

(iv) Training of SMEs in marketing, business accounting, IEC, waste management; this activity which started under phase 1 proved to be key to the sustainability of SMEs contracted for pre collection;

(v) Support to SPTD in analytical accounting, setting up of a data base on solid waste (quantities of waste produced, collected, transferred to the sanitary landfill, human resources management, financial and technical resources);

(vi) Monitoring of the sanitary landfill environmental parameters;

(vii) IT equipment and software for SPTD and the cities to set up and manage a database for the monitoring and performance evaluation of the waste management system (household waste pre-collection, street sweeping, waste transfer, dumping at the sanitary landfill);

(viii) Strengthening of the guarantee fund put in place during project phase 1 to support waste management SMEs (BND funding);

(ix) Reinforcement of the assets depreciation allowance for SPTD (BND funding).

Implementation

14. Similar to phase 1, the waste management system will continue to be implemented through a public-private partnership: SMEs will be contracted out for pre collection of waste from households, and street sweeping. The SPTD will be in charge of transferring the solid waste from transfer sites to the landfill and operating the landfill of *La Minière*. The involvement of municipalities will continue through the SMEs contracting process (preparation of bidding documents, launching of consultations, bids evaluation, negotiations and contracts signature) and during the monitoring of SMEs contracts. The SPTD and the PCU will support the municipalities through advice and expertise as appropriate. In collaboration with all parties involved, the PCU will continue to facilitate the public-private synergy through targeted support to SMEs in the field of: (i) improvement of service delivery; (ii) follow-up of IEC activities to improve resident's behavior; and (iii) monitoring of results indicators (checking, validation and data compiling) for the whole waste management system.

Financing

15. IDA financing for the sub component amounts to US$ 1.5 million.

Sub Component 2. Neighborhood upgrading (US$ 3.5 million)

Context and objectives

16. Under the APLs first phase works have been completed in 250 secondary roads, totaling about 180 kilometers and involving 29 SMEs and contractors. The works included: (i) rehabilitation and the construction of drains for runoff evacuation; (ii) surfacing of dirt roads; (iii) filling of pot-holes and surfacing of asphalt roads; (iv) construction of new transit roads to service isolated neighborhoods. Up to US$ 7.5 million have been spent, of which 90% financed by IDA and 10% by the GOG (National Development Budget-BND).

17. The city has benefited from the improvements in the quality of life in the formerly inaccessible neighborhoods, from opening densely populated neighborhoods and from the improvement of traffic flow (confirmed by vehicular traffic counts) that led to: (i) increased security for residents; (ii) increased accessibility and safety for pedestrians; (iii) increased connectivity to other neighborhoods and sources of jobs as now accessible to taxis and minibuses; (iv) through drainage works, improved living conditions of residents in zones subject to frequent flooding; and (v) improved accessibility for solid waste collection by SMEs in particular in the municipalities of Ratoma and Matoto.

18. As part of the Municipal Contract for Conakry, urban, organizational and financial audits will take place in Conakry and its five municipalities in order to determine priority investment and facilities needs for financing under the project second phase. PIPs and MAPs will describe the contractual agreements included in the Conakry MC and the improvements that the cities will commit to implement to better manage the city and deliver improved basic services to the population. The municipalities will be involved in the audit process, the identification of priority investment selected for the PIP.

Description

19. The program will ensure coherence with works implemented during phase 1, avoid scattering works to ensure the improvement of the level of service on itineraries rather than on isolated sections of roads. It will consist in homogeneous works allotments to facilitate the program execution and reduce costs.

20. Similar to phase 1 of the APL, the main works categories will consist in: (i) roads (dirt or asphalt) upgrading; (ii) small drainage works for rain waters in order to increase the level of service for the residents; (iii) routine maintenance (surfacing of asphalt roads) and profiling of dirt roads; (iv) treatment of sidewalks (preferably by paving) to increase pedestrians safety and facilitate the transit for residents; and (v) construction of new access roads to improve residents mobility and access of buses to areas formerly without access.

21. The database generated by the audits during project preparation provided the basic information for the priority roads included in the program, such as: (i) determination of the itineraries on existing city maps; and (ii) plans of main itineraries including geometric characteristics, critical spots, and works to be realized by sections, etc.

22. The secondary roads maintenance program for the first year of project implementation to be included in the MAP and will be identified during the urban audit in close consultation with the municipalities and the city of Conakry.

Implementation

23. Similar to phase 1, the PCU will develop a program of annual activities in close consultation with the municipalities. The Municipalities will be involved in the identification and selection process of neighborhood secondary roads upgrading programs included in the PIPs. During the annual MC implementation, the municipalities will: (i) be involved in the validation of annual work programs; (ii) participate in bid openings; (iii) participate in works oversight and reception; and (iv) produce annual reports. The CVS (Municipal secondary roads unit) will continue to implement the sub-component in close collaboration with the PCU (the CMI - *Chargé de Mission Infrastructure*). The CVS will bring technical support to: (i) the identification of annual work programs through the urban audit; and (ii) the oversight of works, bills certification and data collection for monitoring. The PCU will coordinate the following activities: (i) preparation and publication of bidding documents after review by the Bank; (ii) launch bidding procedures and coordinate bid openings; (iii) pay contractors; and (iv) monitor results indicators.

Financing

24. IDA financing for Neighborhood street upgrading works included in the Conakry Municipal Contract amounts to US$ 3.5 million.

Sub Component 3. Municipal Facilities (US$ 1.5 million)

25. Priority investment and facilities to improve living conditions of the residents in poor neighborhoods are being determined in close collaboration with the municipality of Conakry and the population during the urban, organizational and financial audits. They will be included in the City's Priority Investment Program (PIP) to be implemented during the 4 year Municipal contract.

Description

26. Facilities eligible to project financing consist in the following:

a) Administrative facilities: town hall building, technical annexes
b) Social facilities: youth centers, schools, health centers, polyvalent grounds
c) Economic facilities: markets, bus terminals
d) Environmental facilities: sanitary facilities in schools, protection works against flooding, drainage.

27. Eligibility criteria for facilities to be included in the PIP are to: (i) result from a need expressed by the beneficiaries; (ii) correspond to the financial capacity of the city as determined through the audit; (iii) have the best impact on the population, especially in poor neighborhoods and (iv) not produce a negative environmental impact necessitating mitigation measures beyond the technical and financial capacity of the city. During the audit process, the city will justify that: (i) the city owns the land where the priority facility is envisaged and that it is free of any occupation at the time of construction (before launching the bidding process); and (ii) the city has the capacity to manage and maintain the new facility.

28. In the case of schools and health centers, the following additional criteria will apply: the facility is in conformity with the health or school map; (ii) the necessary staff will be in place after works are completed and the facility ready for use; and (iii) the construction is in conformity with national norms.

Implementation

29. Priority investment and facilities will be implemented in two phases. Detailed technical studies (APD) for the first phase of priority investment were carried out during project preparation. The second phase studies will be carried out during project implementation. The PCU will be responsible for carrying out the studies of the second phase program with the help of consultants as necessary.

30. The PCU will be responsible of the oversight of works, in close collaboration with each municipality. Under the PCU monitoring, the responsibility of works oversight could be delegated to the municipal services demonstrating the adequate technical capacity and experience. The modalities of the delegation will be integrated to the MAP of the city municipal contract. The PCU will contract out consultants to carry out this task in the cities without a sufficient capacity.

31. The implementation of the first phase of two years will be evaluated at mid term to determine the continuation of MC activities based on satisfactory MAP indicators.

Financing

32. IDA financing for the sub component amounts to US$ 1.5 million.

33. **Maintenance effort.** The Conakry Municipal Contract will comprise an Annual Maintenance Program (AMP) of municipal assets included in the MAP and equivalent to at least 3% of its annual current revenues. The AMP will be an integrant part of the municipal budget and one of the main commitments of the city in the implementation of the Municipal Contract. The AMP will include a program estimate and an implementation plan. Programs would include: (i) simple works such as cleaning of gutters, drainage ditches and drain covers, small hydraulic works and sidewalks improvements…; and (ii) maintenance and repairs to communal facilities. The first year maintenance program is identified during the preparation phase through the urban audit. Subsequent maintenance programs will be prepared by the city and submitted to the PCU by mid November of each year. The municipality will justify that the budget resources (at least 3% of its annual current revenues) have been voted by the council and will provide annual completion reports according to its MAP commitments.

Component II – Secondary Cities Municipal Contracts (US$ 4.5 million)

Objective

34. The component objective is to enhance performance in decentralization by supporting 10 secondary cities in investment programming and improved delivery of services to the population through a Municipal Contract (MC). The project phase 2 consolidates the satisfactory results obtained in 7 cities that signed a Municipal Contract under phase 1 of the project.

Description

35. The support provided to secondary cities during the second phase will consist in updating the audits and preparing new MCs for the municipalities of Kindia, Labé, Kankan, Nzérékoré, Mamou, Faranah and Kissidougou. The municipalities of Boké, Macenta and Siguiri will implement their MC on the basis of the audits prepared during the first phase of the project.

36. The MCs will comprise a Priority Investment Program (PIP) and a Municipal Adjustment Program (MAP) that will be implemented in two phases of 2 years each. The realization of the contractual arrangements included in the MAP will be assessed at project mid term to determine the continuation of MCs activities based on satisfactory MAP indicators. This aims at focusing on the municipality efforts (the MAP) to improve the city's management and resources to better deliver services to the population, which is the added value of the Municipal Contract.

37. The PIPs are established on the basis of the financial audit that determines the financial effort required from the city consisting in a 5% counterpart funding to the PIP and earmarked resources for assets maintenance (included in the MAP). The PIPs have been updated in close collaboration with beneficiary cities and the MUH services based on priority lists established by the cities according to the catalogue of eligible investment established during phase 1. Eligible investments consist in infrastructure and communal facilities.

38. The MAPs are established along three lines: (i) strengthening of municipal services (ii) improvement of local revenues and budget monitoring and (iii) improvement of the city's assets maintenance.

39. *Improved management of municipal services.* This activity will continue the reinforcement of municipal services (organization and management) that started through the Municipal contracts of phase 1: choice and number of staff adequate for the services required; clarification of the services organization; identification of activities geared at improving the municipal services efficiency. Working conditions of municipal staff will also benefit from the contract (improved offices and materials, training) with a special attention to technical and financial services. These activities will be included in the Municipal Contract (MAP) and part of the measures agreed upon by the city.

40. *Improvement of local revenues and budget monitoring.* The objective is to improve procedures and budget practices, as well as local taxes revenues perceived by the city. The city will commit to fulfill quantitative objectives in terms of revenues mobilization by improving the knowledge of the tax base and the collection rates of local fees (markets, local taxes), rationalize revenues forecasts and budget expenditure, and produce regular financial reports. Quarterly reports will be put in place and used to monitor and remedy the discrepancies toward forecasts.

41. *Maintenance effort.* The city will agree upon an Annual Maintenance Program (AMP) equivalent to at least 3% of its current annual revenues. The AMP will be an integrant part of the municipal budget and one of the main commitments of the municipality in the implementation of the Municipal Contract. The AMP will include a program estimate and an implementation planning.

Financing

42. The financing rules are detailed under Annex 5.

Implementation

43. The Municipal Contracts will be prepared by the PCU in close collaboration with the local authorities and the population. The PCU will monitor the MCs implementation (PIP and MAP). The city will produce annual activity reports. A mid term review will take place at year 2 of MC implementation to evaluate the completion of the MCs programs and commitments.

Component III - Institutional strengthening (US$ 2.8million)

Objective

44. The component includes activities already started under project phase 1. The component activities, which are of a generic nature and not included in Municipal Contracts, will support activities to be implemented under Municipal Adjustment Programs. .

45. Under UDP3 phase 1 institutional activity focused mainly on improving sources of financing for priority services, including making sure that the counterpart funds were paid according to the Credit Agreement. This component was the most challenging one to implement given the slow pace of decentralization reforms and the difficult macro economic situation.

46. The major achievements consisted in improving the municipalities' sources of revenues, among which:

(i) The sharing arrangement of local taxes was reviewed on January 8, 2001 in favor of local governments. By decree of the Ministry of Economy and Finance the property tax (*CFU, Contribution Foncière Unique*) was applied to the national territory and the following changes were introduced to the sharing arrangement of local taxes between the municipalities and the Central Government, benefiting the local governments:

- CFU: 80% to municipalities (in case of Conakry 45% municipalities, 45% Governorate) as opposed to 40% before 2001;
- TPU (*Taxe Professionnelle Unique*, "business tax"): 80% to municipalities as opposed to 60% before 2001;
- TUV (*Taxe Unique sur les Véhicules*, "vehicle tax"): 50% to municipalities as opposed to 25% before 2001.

(ii) The emission and collection of property and business taxes dramatically improved. In terms of collection rates (1999 as a base year) 43% growth in emissions of CFU and TPU, and 45% growth in collections were observed, despite a drop in amounts recovered in 2004 due to the hasty *deconcentration* of tax emissions and collections by the National Directorate for Taxes (*Direction Nationale des Impôts-DNI*) in Conakry not supported by appropriate

technical assistance. However, per capita indicators of fiscal revenue are not yet encouraging; increased emissions and collection of local taxes and a more favorable ratio did not translate into rationalizing the city of Conakry expenditure assignments. TPU management appears still too complex and the improvement of tax management practices to consolidate the achievements with collection of CFU and TPU remain a priority for UDP3 phase 2 implementation.

Description

47. The component comprises the following activities:

Street Addressing

48. The street addressing activities will continue operations started under project phase 1 aiming at increasing municipal revenues through improved rolls emission and local tax collection through the modernizing of identification of tax bases and taxpayers. Under UDP3 phase 1, street addressing has proved instrumental to achieving successful project outcomes. It was essential in defining solid waste collection zones (organization of the SMEs zones and the collection of fees from households) and supporting the programming of secondary roads rehabilitation. It helped to establish baseline information on cities including financial and municipal revenues/tax data. As such, street addressing has gained its place as a key activity that should be included in most urban projects.

Action 1: update of street addressing in Dixinn, Matam and Kaloum

49. The first street addressing operations in the city of Conakry were financed under the UDP II (1990-1998). The objective is to update the street index that has not been updated since 2003 by extending street addressing operations to under serviced neighborhoods that have not yet received addresses. The activity will be coordinated by the PCU in charge of (i) recruiting consultants for the surveys); (ii) updating the databases; and (iii) task coordination. This activity will include street surveys and update of doorways numbering, with the exception of sign installation.

Estimated cost: US$100,000

Action 2: Street addressing in Ratoma and Matoto

50. The street addressing of Conakry will be extended to newly urbanized zones in the municipalities of Ratoma and Matoto. The street addressing operations will include all usual steps from codification to base maps, doorways numbering and sign installation.

Estimated cost: US$170,000

Action 3: Street addressing in secondary cities

51. Street addressing in secondary cities will start in the city of Kindia and will include all usual steps from codification to base maps, doorways numbering and sign installation.

Estimated cost: US$100,000

52. The implementation of street addressing activities will be conducted by the PCU in close collaboration with the technical services of the cities of Conakry (Regional Directorate) and Kindia. The municipalities will benefit from training activities and provision of materials (cost included in the estimates) which are aimed at supporting the efforts of the local street addressing personnel by transferring know-how and giving municipalities greater responsibility for maintaining materials and regularly updating databases. The activity will start in early 2007 by the confirmation of the municipal personnel assigned to this task and will be implemented over a 3 year period.

Improvement of local resources

Action 4: fiscal registers improvement in Kaloum, Matam, Ratoma and Matoto

53. A pilot study aiming at improving fiscal registers was completed under project phase 1 in the municipality of Dixinn. It will be extended to the municipalities of Kaloum, Matam, Ratoma and Matoto. The results expected are a better knowledge of the fiscal base through the improvement of the fiscal registers. The study will update the data of existing registers to increase rolls emission and local tax collection. The registers will benefit from the information collected through the street addressing updating activities in these municipalities (see supra: actions 1 and 2). A consultant under the joint responsibility and oversight of the PCU and the DNI will implement this activity. The PCU will monitor the contract implementation.

Estimated cost: US$160,000

Action 5: improvement of sharing arrangement of local taxes in secondary cities

54. The modification of the sharing arrangements (between the Central Government and the local governments) of local taxes adopted by decree in January 2001 is favorable to local governments. However the implementation of the decree in the secondary cities is not satisfactory. The objective of this activity is to improve the share of local taxes benefiting the secondary cities as was done in Conakry under phase 1. Practical actions in secondary cities will be identified in collaboration with the DNI and supported by the use of the TPU, *Patente* and CFU software applications that were introduced in Conakry during phase 1. A consultant under the joint responsibility and oversight of the PCU and the DNI will implement this activity. The PCU will monitor the contract implementation.

Estimated cost: US$5,000

Action 6: support to the DNI for local revenues management and collection

55. Tax rolls: A software application for the management of TPU and *Patente* was introduced in Conakry during phase 1. Based on the positive results obtained the application

will be introduced in secondary cities to improve the management of rolls emission. The CFU application will need to be improved before implementation in the city of Conakry.

56. Local taxes collection: The DNI will benefit from the management tools and software put in place during phase 1 to ensure the monitoring of local taxes collection. Office materials, software and targeted training will be provided to staff of the National Directorate for Taxes (*Direction Nationale des Impôts-DNI*).

57. A consultant under the joint responsibility and oversight of the PCU and DNI will implement this activity. The PCU will monitor the contract implementation.

Estimated cost: US$50,000

Improvement of local governments' budget documents

Action 7: fiscal and budgetary manual for urban cities

58. A fiscal, budgetary and accounting manual was set up during phase 1. A training program will be realized in collaboration with the National Directorate of Decentralization (*Direction Nationale de la Décentralisation – DND*) to facilitate the use of the manual by local governments. The manual will be disseminated in the municipalities and training organized for managerial staff in municipalities.

59. A consultant will implement this activity under the joint responsibility and oversight of the PCU and the DND. The PCU will monitor the contract implementation as part of each city Municipal Adjustment Program (MAP). The Association of Mayors will be closely involved in the process, the dissemination of the manual and will facilitate the manual ownership by municipal financial personnel.

Estimated cost: US$20,000

Action 8: support to the DND in computerizing municipal budgetary data

60. In collaboration with the DND a software application will be set up to facilitate the production of computerized budgetary data in the municipalities targeted by the project. The tool will facilitate the reconciliation of local government accounts with the treasurer accounts and data will be used to regularly update the guide of municipal financial ratios.

61. Training will be provided to municipal staff as part of each city Municipal adjustment program (MAP). A consultant will implement this activity under the joint responsibility and oversight of the PCU and the DND. The PCU will monitor the contract implementation. The Association of Mayors will be closely involved in this process and will facilitate the software ownership by municipal financial personnel by supporting the dissemination of training material.

Estimated cost: US$30,000

Action 9: update of the financial ratio guidebook

62. This activity was initiated under phase 1 and will continue under phase 2. The Guide regular updating will be completed by the DND under the PCU responsibility. A logistical support will be provided to DND for the modification of the database currently under EXCEL into a computerized database to secure and speed up the update process. Computer material will be provided to the concerned DND services.

63. A consultant will implement this activity under the joint responsibility and oversight of the PCU and the DND. The Association of Mayors will be closely involved in this process, the Guide dissemination and will facilitate the Guide ownership by elected officials and municipal staff.

Estimated cost: US$20,000

Intergovernmental transfers

Action 10: Transfer fund

64. A study will be implemented to identify a Transfer Fund for resources allocation to local governments to benefit the urban cities in the management of basic services to the population. The study will be done in close collaboration with the Ministry of Interior and Security (MIS) in charge of Decentralization and the Ministry of Economy and Finance (MEF). The study objective is to identify transfer mechanisms, to evaluate the amounts of potential transfer resources and elaborate practical modalities for transparent transfer mechanisms to the cities. A consultant will carry out this task under the joint responsibility of the PCU, the National Directorate of Debt and Public Investment (DNDIP), the DND and the Association of Mayors.

Estimated cost: US$25,000

Urban management improvement

65. As a complement to MAP activities included in the Municipal Contracts of the city of Conakry and the secondary cities two activities will be implemented during the project's second phase: an Atlas of urban cities in Guinea and Urban Reference Mapping (*Plans Urbains de Référence - PUR*) to facilitate the programming of municipal investment.

Action 11: Urban atlas

66. Mapping data collected through the urban, organizational and financial audits of Conakry and the ten secondary cities will be compiled in an "Atlas of Cities in Guinea". Each city will be presented through maps, data tables and texts. The publication of the Atlas will be completed in collaboration with the services of the MTPUH. A consultant will carry out this task under the joint responsibility of the PCU and the MTPUH (Central Directorate).

Estimated cost: US$40,000

Action 12: PUR (*Plans Urbains de Référence*) of the 10 secondary cities

67. Under project phase 1 a number of Urban Reference Plans (PUR) have been completed based on data collected through the urban audits. PUR are used to facilitate urban planning by identifying main development options for a city for a 10 to 15 years perspective. The MTPUH Directorate for Programming (DPUH) will use the PUR for the programming of urban investment at the national level. PURs are also useful to the cities as a complement to urban audits. The PUR of secondary cities will be updated under the project second phase. A consultant (Architect-Urban specialist) will implement this activity under the responsibility of the DUIUR (a directorate of MTPUH) in close collaboration with the PCU.

Estimated cost: US$50,000

Project Coordination Unit (operating costs)

68. The project phase 2 will continue to support the PCU as a facilitator of the Project implementation.

Estimated cost: US$1,720,000

Communication and dissemination activities

69. Communication activities will comprise sensitization and information on Project activities with a focus on Municipal Contract methodology and implementation, waste management and fiscal revenues mobilization at the local level, as well as awareness activities at the municipal level to combat corruption practices. A movie and a brochure will disseminate information related to UDP3 achievements. A consultant will implement this activity under the responsibility of the PCU.

Estimated cost: US$80,000

Technical assistance to the PCU *(Mission d'appui)*

70. Periodic consultant services will help the PCU to implement and monitor project activities, in particular urban, financial and organizational audits, municipal contracts and municipal finance activities.

Estimated costs: US$150,000

Technical and financial audits

71. To ensure proper accountability of funds, technical and financial audits will be carried out annually. These audits will focus on the technical execution of the works (technical quality and progress), systems in place to ensure appropriate maintenance, and

that basic information is available to track the use of the funds (receipts, contracts, comparison of price/bids, etc.).

Estimated costs: US$ 120,000 (Technical audit: US$ 60,000 – Financial audit: US$ 60,000)

Safeguards

72. To ensure that all future investments are environmentally and socially sustainable, the project will implement the ESMF ($400,000) and the RPF as required.

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Annex 5: Project Costs Estimates

GUINEA: Urban III - Phase II

N°	Project Costs by Components and/or activities	Local thousands US$	Foreign thousands US$	Total
1	**Component 1: City of Conakry Municipal Contract**	**6 265**	**782**	**7 047**
1.1	Solid waste management	868	692	**1 560**
1.2	Neighborhood upgrading	3 800	50	**3 850**
1.3	Municipal facilities	1 597	40	**1 637**
2	**Component 2: Secondary Cities Municipal Contracts**	**4 814**	**100**	**4 914**
3	**Component 3: Institutional Strengthening**	**2 155**	**724**	**2 879**
	Refinancing of PPF	**428**	**530**	**958**
	Contingencies	**0**	**202**	**202**
	Total Project costs	**13 662**	**2 338**	**16 000**

Annex 5: Project Costs Estimates

Project Costs by Components and/or activities	IDA US$
Component 1: City of Conakry Municipal Contract	**6,500**
PIP	
Solid waste management	
Works	554
Improvement of the La Minière landfill	
- Leveling	72
- Chambers	72
- Access road	72
- Fencing	23
Post Closing of La Minière Landfill	
- 2 piezometers	45
- Drainage	90
Construction of 4 transfer sites	90
Upgrading of SPTD parking area	90
Studies	48
Environmental monitoring of La Minière	48
Equipments	705
Acquisition of 3 articulated trucks and 20 containers	510
Acquisition of mechanical shovel	100
Rehabilitation of a bulldozer	95
Sub total 1	**1,307**
Neighborhood Upgrading	
PIP (Secondary roads Works)	3,150
Sub total 2	**3,150**
Municipal facilities	
PIP (works and equipments)	1,350
Sub total 3	**1,350**
PAM	
Conakry Municipal contract MAP activities	**693**
Sub total 4	**693**

Component 2: Secondary Cities Municipal Contracts	
PIP (works and equipments)	4,050
Municipal Adjustment Programs (MAP)	450
Sub total 5	**4,500**
Component 3: Institutional Strengthening	
Street addressing	
Street addressing updates in Dixinn, Matam and Kaloum	100
Street addressing in Ratoma and Matoto	170
Street addressing in secondary cities	100
Local resources improvement	
Fiscal registers improvement in Kaloum, Matam, Ratoma and Matoto	160
Improvement of sharing arrangement of local taxes in secondary cities	5
Support to DNI for tax base identification and taxes collection	50
Improvement of municipal budget documents	
Dissemination of budgetary and accounting manual for municipalities	20
Support to DND in computerizing municipal financial statements	30
Update of the financial ratio guidebook	20
Intergovernmental transfers	
Study for transfer fund	25
Urban management improvement	
Urban atlas	40
Urban Reference Plans (support to DUIUR)	50
Communication and dissemination activities	80
Technical assistance to PCU	150
Financial Audits	60
Technical Audits	60
Project coordination operating costs	1,720
Sub total 6	**2,840**
Refinancing of PPF	***958***
Contingencies	***202***
Project costs	**15,000**

Annex 5: PROJECT COSTS			
Table B: Project Costs estimates by Category			
Project Costs by Components and/or activities	**Counterpart funding US$**	**IDA US$**	**Total**
Component 1: City of Conakry Municipal Contract	**547**	**6,500**	**7,047**
Solid waste management	**60**	**1,500**	**1,560**
Works	60	554	614
Consultants services, training	0	179	179
Goods	0	767	767
Neighborhood Upgrading	**350**	**3,500**	**3,850**
Works	350	3,150	3,500
Consultants services, training	0	140	140
Goods	0	210	210
Municipal facilities	**137**	**1,500**	**1,637**
Works	137	1,242	1,379
Consultants services, training	0	150	150
Goods	0	108	108
Component 2: Secondary Cities Municipal Contracts	**414**	**4,500**	**4,914**
Works	414	3,726	4,140
Consultants services, training	0	180	180
Goods	0	594	594
Component 3: Institutional Strengthening	**39**	**2,840**	**2,879**
Works	39	370	409
Consultants services, training	0	750	750
Project coordination operating costs	0	1,720	1,720
Refinancing of PPF	0	***958***	***958***
Contingencies	0	***202***	***202***
Total	**1,000**	**15,000**	**16,000**

Annex 5: Project Costs
Table C: Conakry Municipal Contract (allocations estimates)

1. MC allocations are based on population (80%) and annual current revenues (20%)
2. MC (IDA) = PIP (90%) + MAP (10%)
3. Counterpart funding from Municipalities: (i) 5% of MC (IDA) and (ii) 3% of municipal annual current revenues for maintenance.

				Municipal Contract In US$						Additional Municipal annual contribution		Total municipal contribution (4 years)
				IDA			Counterpart funding		Total Municipal Contract			
N°	Municipalities	Population 2007	Current revenues 2004	PIP (IDA)	MAP	Total	Municipalities (5%)	BND (5%)		Anual maintenance effort	Street sweeping	
	Ville	1 792 434	753 147	1 350 000	150 000	1 500 000	75 000	75 000	1 650 000	22 594	340 000	1 525 378
1	**Kaloum**	120 018	161 067	444 101	49 345	493 446	24 672	24 672	542 790	4 832	30 700	166 800
2	**Dixinn**	242 213	107 532	622 032	69 115	691 146	34 557	34 557	760 261	3 226	30 700	170 261
3	**Matam**	258 655	148 582	706 807	78 534	785 341	39 267	39 267	863 875	4 457	30 700	179 897
4	**Ratoma**	531 669	119 091	1 217 961	135 329	1 353 289	67 664	67 664	1 488 618	3 573	30 700	204 755
5	**Matoto**	639 879	177 636	1 509 100	167 678	676 778	83 839	83 839	1 844 455	5 329	30 700	227 955
Total		**1 792 434**	**1 467 055**	**5 850 000**	**650 000**	**6 500 000**	**250 000**	**250 000**	**7 000 000**	**44 012**	**493 500**	**2 475 047**

US$340 000 = operating transfer costs per year for SPTD
US$30 700 = street sweeping costs per year per municipality or US$614,000 for street sweeping costs for 4 years

Additional BND contribution: = US$200,000 Guarantee fund for SMEs and
= US$400,000 corresponding to SPTD assets depreciation allowance.

Annex 5: Project Costs

Table D: Secondary cities Municipal Contracts (MC) allocations estimates

Estimates are based on a municipal effort equivalent to 17% of its annual current revenues.

.MC (IDA) = PIP (90%) + MAP (10%)

Counterpart funding from Municipalities = 5% of PIP (IDA) and 3% of municipal annual current revenues for maintenance

Municipal effort : *17%*				**Municipal contract (in US$)**							
N°	**Municipalities**	**Population**	**Current revenues 2004**	**IDA**			**Counterpart funding**		**Total Municipal Contract**	**Annual maintenance effort** (3% revenues)	**Total Municipal contributions (4 years)**
				PIP	**PAM**	**Total**	**Municipalities** (5% PIP)	**BND** (5% PIP)			
1	Kindia	192 066	48 375	621 917	69 102	691 019	31 096	31 096	753 211	1 451	36 901
2	Kankan	159 206	37 194	478 170	53 130	531 300	23 908	23 908	579 117	1 116	28 372
3	Labé	90 160	29 209	375 519	41 724	417 243	18 776	18 776	454 795	876	22 281
4	N'Zérékoré	212 361	82 149	1 056 123	117 347	1 173 470	52 806	52 806	1 279 082	2 464	62 664
5	Macenta	100 715	15 798	203 105	22 567	225 672	10 155	10 155	245 983	474	12 051
6	Mamou	84 626	23 468	301 712	33 524	335 236	15 086	15 086	365 407	704	17 902
7	Kissidougou	118 989	13 427	172 622	19 180	191 802	8 631	8 631	209 064	403	10 242
8	Boké	81 116	24 239	311 621	34 625	346 246	15 581	15 581	377 408	727	18 490
9	Faranah	39 735	8 611	110 699	12 300	122 999	5 535	5 535	134 069	258	6 568
10	Siguiri	38 012	32 553	418 512	46 501	465 014	20 926	20 926	506 865	977	24 832
Total		**1 116 986**	**315 022**	**4 050 000**	**450 000**	**4 500 000**	**202 500**	**202 500**	**4 905 000**	**9 451**	**240 303**

Project Financing

The project will be financed by IDA, the Government of Guinea, the Governorate (City of Conakry), the five communes of Conakry, and the 10 secondary cities involved in the project as follows:

Government of Guinea:

- 5% of Conakry Municipal Contract : US$250,000
- 5% of PIP (IDA) of secondary cities Municipal Contracts: US$202,500
- Guarantee fund (SMEs): US$200,000
- SPTD Assets maintenance depreciation allowance : US$400,000

Governorate of Conakry

- 5% of Municipal Contract of Conakry: US$75,000
- 3% of annual current revenues for maintenance: US$90,776 (US$22,594 per year over 4 years)
- 100% of solid waste transfer costs: US$1,360,000 (US$340,000 per year)

Five municipalities of Conakry

- 5% of Municipal Contract of Conakry: US$175,000
- 3% of annual current revenues for maintenance: US$85,672 (US$21,418 per year over 4 years)
- Street sweeping: US$614,000 (US$153,500 per year over 4 years)

Secondary Cities

- 5% of PIP (IDA): US$202,500
- 3% of annual current revenues: US$37,804 (US$9,451 per year over 4 years)

Total funding requirements for project implementation includes:

- Counterpart funding to IDA credit: US$1 million (for investments):
- Additional requirements: US$2.7 million for recurrent costs for proper management of basic services in Conakry and secondary cities.

Annex 6: Implementation Arrangements

GUINEA: Urban III - Phase II

1. As a follow up to the APL phase 1, the project will continue to be coordinated and implemented through the following parties:

2. The Government of Guinea is responsible for: (i) the implementation of project activities coordinated by the PCU; (ii) the timely mobilization of local counterpart funding; (iii) undertaking reforms and commitments as needed to ensure successful implementation and; (iv) coordinating donors' participation in the search for parallel financing.

3. The City of Conakry and all municipalities involved in the project are responsible for: (i) defining MCs contents in consultation with communities, private operators and civil society; (ii) ensuring proper implementation of the MCs; and (iii) meeting their requirements in terms of counterpart funding, maintenance financing and completion of MAP activities.

4. The Steering Committee *(Comité Consultatif)* will facilitate the implementation of project phase 2. It will include: (i) the Ministry of Public Works, Urbanism and Housing ; (ii) the Ministry of Interior and Security ; (iii) the Ministry of Economy, Finance and Plan; (iv) the Governorate of Conakry and municipalities involved; (v) the PCU; (vi) private sector SMEs and NGO representatives and (vii) the newly created Association of Guinean Mayors (*Association des Maires de Guinée*).

5. The Project Coordination Unit. In the current context of high volatility, it is recommended to keep the PCU in its capacity of facilitator. Based on the experience gained during phase 1, the Project Coordination Unit will continue to facilitate the technical, financial, environmental and social implementation of the project in partnership and close coordination with all parties involved as follows:

a) DUIUR (*Direction de l'Urbanisme et des Infrastructures Urbaines),* formerly called DATU, has been able through support from the project to the *Cellule de Voirie Primaire* (CVP) to carry out in-house the technical studies of T7 and *Voie Express*. Although Phase II is no longer going to finance primary roads, the Project Coordination Unit will keep close coordination with the CVP of recently reorganized DUIUR in order to ensure a smooth coordination on infrastructure investments.

b) DNI (*Direction Nationale des Impôts*) will continue to work closely on the street addressing program and the local taxation activities.

c) The *Cellule de Voirie Secondaire* (CVS), created at the time of UDPII implementation and located within the Technical Services of the City of Conakry, worked during UDP3 phase 1 on the selection and rehabilitation of secondary roads/drainage networks under the neighborhood-upgrading component. The CVS will continue under phase II to provide technical support in collaboration with the PCU and the municipalities to the identification

of neighborhood upgrading programs under the urban audit and to the monitoring of the physical implementation of works.

d) The SPTD, supported during phase I in its streamlined mission of solid waste transfer and landfill management for the city of Conakry, will continue to operate in that capacity during phase II. The SPTD will continue to be in charge of the transfer of solid waste and the management of the transfer sites and of the La Minière landfill.

e) Municipalities. The elected officials and technical and financial services of the municipalities participating in municipal contracts will be major players in the municipal audits and the execution of their municipal contracts. In secondary cities, they will continue to be closely involved in the second generation of the municipal contracts. In the City of Conakry, they will be partners in the first Municipal Contract.

f) As regards to environmental and social management, the PCU will coordinate its activities with the Environmental Focal Points (EFPs) who will be appointed at the CVP, CVS, SPTD, and Technical Municipal Departments as well as with SNEEE and DNE, all of whom will be responsible for the implementation of the environmental and social screening process outlined in the ESMF. To better carry out its responsibilities, the PCU will require environmental management training as indicated in the ESMF.

Implementation arrangements

Component 1: City of Conakry Municipal Contract

6. The Conakry Municipal Contract will be implemented as follows:

7. *Waste Management*: Similar to phase 1, the waste management system will continue to be implemented through a public-private partnership: SMEs will be contracted out for pre collection of waste from households and street sweeping. The SPTD will transfer the waste from transfer sites to the landfill and operate the landfill management. The involvement of municipalities will continue through the SMEs contracting process (preparation of bidding documents, launching of bids, bids evaluation, negotiation and contracts signing) and the monitoring of SMEs contracts. The SPTD and the PCU will support the municipalities through advice and expertise as needed. The PCU will continue to facilitate the component implementation in collaboration with all parties involved. In that capacity it will continue to facilitate the public-private synergy through targeted support to SMEs in the field of: (i) improvement of service delivery, (ii) follow-up of IEC activities to improve residents behavior in waste collection and (iii) monitoring of results indicators (checking, validation and data compiling) for the whole waste management system.

8. *Neighborhood upgrading*. The municipalities are involved in the process of identification and selection of secondary roads upgrading programs included in the PIPs. During the annual execution of the MC, the municipalities will: (i) validate annual works tranches; (ii) participate in bids opening; (iii) participate in works oversight and reception; and (iv) produce annual progress reports. The CVS *(Cellule de Voirie Secondaire*) will

continue to carry out the sub-component implementation in close coordination with the *Chargé de Mission Infrastructure* of the PCU. The CVS will: (i) provide technical support to the formulation of the audit in the identification of annual programs; and (ii) oversee works, certify invoices and record monitoring data. The PCU will be responsible for the overall coordination of the following tasks: (i) develop and publish bidding documents based on the World Bank's observations; (ii) issue bidding invitations and coordinate bid opening; (iii) pay firms; and (iv) monitor indicators.

Component 2: Municipal Contracts for secondary cities

9. The design of the Municipal Contracts preparation and their implementation (role of the PCU, involvement of local authorities and their administrative and technical services) is detailed under Annex 4. The Municipal contracts will be prepared by the PCU in close collaboration with the local authorities and the population. The PCU will monitor the MCs implementation (PIP and MAP). The city will produce annual activity reports.

Component 3: Institutional Strengthening

10. The PCU will coordinate the implementation of component 3 activities in close collaboration with national authorities, in particular the DNI and the DND, and local authorities (the Governorate of Conakry and the municipalities).

11. In particular, the PCU will work closely with all the municipalities and the DND to monitor the timely counterpart funding of MCs, the implementation of the Municipal Adjustment Programs (MAP), the timely submission of annual reports prepared by the municipalities. It will also be in charge of coordinating with the national administration (DNI and DND) for all actions related to local government capacity building, local resources mobilization, local taxation and transfers to ensure a timely implementation of the tasks. See annex 4 for a detailed description of tasks and shared responsibilities for their implementation.

12. The street addressing activities will be carried out under the PCU responsibility in close collaboration with the municipalities. Concerning street addressing updates in Kaloum, Dixinn and Matam in Conakry, the PCU will be responsible for: (i) recruiting consultants; (ii) updating databases; and (iii) task coordination. This activity will include street surveys and update of doorways numbering, with the exception of signs installation. The street addressing in Ratoma and Matoto in Conakry, and in secondary cities (Kindia as a start) will include all usual steps from codification to base maps, doorways numbering and sign installation. The PCU will coordinate the entire process.

Annex 7: Financial Management and Disbursement Arrangements

GUINEA: Urban III - Phase II

Project Coordination Unit

1. The second phase of the Third Urban Development Project (UDP3) will continue to be executed by the existing PCU; thus the overall financial management and disbursement arrangements will be handled within that unit. The Coordination unit has been evaluated by the World Bank fiduciary team in coordination with others donors throughout UDP3 implementation and found to be satisfactory. Comprehensive action plans were developed after each supervision mission to address weaknesses and the project followed-up on recommendations in a satisfactory manner, e.g., (i) UDP3 staff attended fiduciary workshops organized by the World Bank both in Guinea and within the sub-region (such as in CESAG Dakar): (ii) the Procedures Manual and software were updated in accordance with recommendations, and (iii) all external auditors participated in a national workshop, organized by the World Bank in February 2006, to help in strengthening the quality of audit reports.

2. Reviews over the past four years of implementation have shown that the PIU has satisfactorily managed the first phase of the UDP3, e.g. (i) triggers for the second phase and performance indicators were met and even exceeded in some cases; (ii) the disbursement rate was around 100% for this first phase; (iii) audit reports were submitted on time and unqualified with only a few reserves, internal control has been strengthened updating the project manual of procedure and software, training project fiduciary staff. In addition, the PCU is preparing the required FMR and comments are being made on these reports by the Bank.

3. The project financial management unit will be responsible for the overall coordination and consolidation of financial management and disbursement information. Staffing at this unit already comprises a core management team including the National Coordinator, a Finance and Administrative Director, and a Senior Accountant. It is suggested that a procurement specialist be added to that team to handle the additional responsibilities during this second phase.

Financial Management risks

4. The financial management risks are related to: (i) counterpart funding problems mainly due to Government not meeting its contractual obligations in time (ii) the delays in submitting Financial Monitoring Reports (FMRs) and poor reliability of physical progress reports that are linked to the financial report; (iii) poor quality of annual external audit report; and (iv) availability of timely regular budget for the operations of the project (*Programme d'Activité Budgétisé).*

5. The strategy to mitigate these risks will involve the following measures: (i) the PCU should advocate for timely release of counterpart funding from the government; (ii) the Bank will continue training and coaching financial and accounting staff in preparing acceptable

FMRs; (iii) intensive follow up of the external audit report particularly by PCU, in addition, an IDF grant has been approved by the Bank and will be implemented to reinforce the capacity of the Ordre des Experts Comptables en Guinée.

6. The table below shows the results of the risk assessment from the Risk Rating Summary. It identifies the key financial management risks associated with project implementation and describes mitigation measures. Taking into consideration: (i) the country context; (ii) the capacity of the implementing agencies (i.e. the Project Implementing Unit (PCU); (iii) the mitigation measures and project implementation procedures in place; (iv) the Bank's capacity to detect problems through regular supervision missions, SOE reviews, audit report reviews; and (v) the PCU's capacity for adequate and timely follow-up on problems identified, the overall financial management risk is rated as moderate.

Risk Rating Summary

Type of Risk	*Risk Rating*	*Risk Mitigating Measures*	*Residual Risk Rating*
INHERENT RISKS (risk that arises from the environment in which project is situated)			
Country Level (determined at a portfolio level for each fiscal year taking into account, *inter alia*, quality of PFM, standard of financial accounting, reporting and auditing; and quality of FM profession). The risk is related to weak political leadership	H	- Two IDF grants for strengthening procurement and reinforcement of public expenditure management have been approved and are be implemented. - The IDF grant for enhancement of external auditor's capacities has also been approved and is being implemented. - A CPPR was conducted in December 2006 and recommendations are being implemented. - New government and willingness to embrace reforms.	H
Entity Level (determined based on information contained inter alia in ICR and CPPR where entity has been involved in implementation of Bank-finance operation in the past taking into account, *inter alia,* independence of entity's management and appropriateness of organizational structure)	S	- Phase 2 will be implemented by same project and government structures that successfully managed phase 1, in a difficult environment. - The central level, project fiduciary staff are already on board and are adequately qualified and experienced; they will be reinforced with an additional accountant and a procurement assistant. - Funding flow arrangements are the same as under phase 1 and worked well. - The project staff will be trained continuously during the life of project; the project software and manual of procedure are in place and will be updated or upgraded as necessary.	M
Project Level (assessed on a project specific basis taking into account relative size of the Bank loan, type of lending instrument, complexity of project)	S	- Phase 1 was disbursed around 100% successfully. The APL was well-managed and achieved very satisfactory results in a difficult environment; phase 2 of this APL will scale-up progressively to cover all Municipalities. - Phase 2 will use largely the same implementation procedures successfully piloted under phase 1.	M

CONTROL RISKS (risk that the project's financial management system is inadequate to ensure funds used economically and efficiently for intended purpose)			
Budgeting	M	- Phase 1 has a well functioning budgeting and financial planning system as well as procedures for regular review. - The Bank team and project staff will work closely to put in place comprehensive cost tables for Phase 2 ; as well as detailed work program and quarterly budgeting for the first 18 months of the project. - Phase 2 will provide additional training for project staff (at both central and regional level) in preparing realistic budgets consistent with their disbursement plans.	M
Accounting	M	- The accounting system is supported by the SUCCESS software. This software has been updated with a new version (SUCCES 2006) recently to accommodate UDP3 needs. - Fiduciary Staff at the central level will be trained ; - The procedures outlined in the PIM for Phase I were appropriate and the manual was updated as necessary during implementation; it is being updated for Phase 2 - the final draft has been reviewed during negotiations.	M
Internal Control	S	- The UDP3 does not have an internal control department. However, the administrative manual outlines approval and authorization procedures that worked relatively well during Phase 2 and the project's fiduciary team has attended several Bank training sessions over the last four years. - The project will be supervised on a regular basis and, if necessary, recruitment of internal control staff may be considered as an option to mitigate this risk.	M
Funds Flow	M	- The arrangements for the flow of funds as detailed in the PIM are acceptable to the Bank and worked well under Phase 1. - As was the case under Phase 1, there will be one designated account which will be managed by the PCU at the central level.	M
Financial Reporting	S	- The FMR (IFR) guidelines have been provided to the project management team and they have been using the Financial Monitoring Report over the last few years. However the project is not eligible yet to disbursement under the report based approach due to the weak quality of the reporting. - Training will be provided to financial and accounting this should lead the project to become eligible to disbursement under the report based approach. - The format, content, and periodicity of IFR has been discussed during appraisal and agreed during negotiations.	M
Auditing	M	- The first phase was audited annually and audit reports were all unqualified. However, the interim report was not prepared frequently. - A new auditor will be recruited prior to project effectiveness; the auditor's TOR will include all components and the interim report to be issued every six months. The TORs have been prepared by the PCU and a non objection has been provided by the Bank.	M

		- In commenting on audit reports, dates for receipt of an action plan from PCU will be agreed upon .	
OVERALL RISK	**S**		**M**

H – High S – Substantial M – Modest L – Low

7. In addition to what has been mentioned above on the strategy to mitigate these risks a regular Bank supervision and timely follow-up of management issues, will also be essential.

The project software

8. The accounting system is based on a well-functioning computerized system. To that end, the financial management, accounting and procurement units of UDP3 have been equipped with a computerized and integrated financial management appropriate to the scale of the project. The computerized financial management system namely SUCCESS is multi-currency and includes the following modules which comprise of: general accounting, cost accounting, monitoring and evaluation, assets management, preparation of withdrawal applications and tracking of disbursements by donors, reports generating, including quarterly IFR (interim Financial Reports) and annual financial statements. This software will have to be updated to meet the needs of the second phase. Staff will be trained accordingly. During the appraisal mission, the TORs for updating the software have been prepared by the PCU and a non objection has been provided by the Bank.

Manual of procedures

9. A Project Administrative, Financial and Accounting Manual is already in place. It describes: (i) the overall organization of the program including an organizational diagram and job description of the key persons of the PCU including the accounting and financial staff; (ii) the accounting system which will be on accrual basis; (iii) the main transaction cycles; format, content, and timing of the project financial reporting, i.e., financial statements and other financial reports including IFRs, filing system, etc.; (iv) the various operational procedures including budget management (planning, execution and monitoring) and management of assets, procurement of goods and services, and disbursement; and (v) internal control procedures. The consulting firm, which produced the manual, will be requested to review and update the document with regard to the project new phase. The final version of this manual will be issued before the effectiveness of the project. During the appraisal mission, the TORs for updating the manual of procedures have been prepared by the PCU and a non objection has been provided by the Bank.

Financial Reporting and Monitoring

10. Similar to phase 1 of the project, transaction-based disbursement procedures, as described in the World Bank Disbursement Handbook of May 2006, will be followed i.e. direct payment, reimbursement, and special commitments. At least two sets of financial reports will be prepared by the implementing team within the financial unit. The quarterly IFRs, as required by the Bank and the annual project's financial statements will include the

project's consolidated financial statements. The quarterly IFRs agreed upon during appraisal will be prepared and submitted to the Bank not later than 45 days after closing of the quarter following the date of effectiveness. The IFRs will be based on formats developed in the Bank's Guidelines on Financial Monitoring Reports (IFRs), agreed to with the project Financial and Administrator and the accountants with some adjustments. The IFRs will include financial statements and complemented by project physical progress report and procurement status information that is useful to the Borrower while also providing the Bank with sufficient information to establish whether: (i) funds disbursed to the project are being used for the purpose intended; (ii) project implementation is on track; and (iii) budgeted cost will not be exceeded. A copy of Financial Monitoring Report (IFR) Guidelines has been provided to the team and has been used over the past years.

Audit Arrangements

11. The project's consolidated financial statements will be audited annually by an independent auditor acceptable to the Bank, in accordance with auditing standards also acceptable to the Bank. Audit reports of reasonable scope and detail will be submitted to the Bank within six months after the end of the reporting period. The auditor will provide a professional opinion on: (i) the project financial statements; (ii) the Statement of expenditures (SOE); and (iii) the Special Account (SA). During the appraisal mission, the TORs have been prepared by the PCU and a non objection has been provided by the Bank. The auditor is expected to be appointed before September 2007.

12. The auditor will also issue a separate management report on internal and operational procedures, outlining any recommendations for improvements to internal accounting controls and operational procedures identified as a result of the financial statement audit. Detailed terms of reference for the selection of the project's auditor should be prepared, discussed and agreed upon before negotiations so that selection of the auditor could take place as soon as possible to avoid effectiveness delays. The Audit scope will be tailored to the project's specific risks in accordance with Bank's requirements and agreed with the Borrower. The selection of an auditor acceptable to the Bank is a condition of effectiveness.

13. In addition to financial audits, to ensure proper accountability of funds, technical audits will be carried out on a sample basis. These audits will focus on the oversight and technical execution of the works (technical quality and progress), systems in place to ensure appropriate maintenance, and the availability of basic information to track the use of the funds (receipts, contracts, comparison of prices/bids, etc.). Where funds are inappropriately utilized, the Project will cease supporting activities until all funds have been accounted for or refunded. In cases where fraud/corruption is suspected, local authorities will be notified.

Accounting and internal control

14. Detailed procedures have been developed for project accounting for each component. The objective of the detailed procedures is to ensure consistent financial reporting. The underlying accounting systems take into account the specific needs and circumstances for each component.

15. Internal accounting controls for the project are set out in detail in the financial procedures of the Project Implementation Manual and are satisfactory for providing reasonable assurance that accounts are properly recorded and resources safeguarded. The accounting system has been evaluated over the past years and found to perform satisfactory.

Work programs and budgets

16. As part of the preparation of its annual work program and budget, each component included in UDP3 phase-2 implementation will be subjected to specific performance indicators specifying clear targets to be achieved in the course of the year regarding improved access and quality of service delivery. These targets reflect the goals implementing agencies want to achieve during Project implementation. Work programs will follow the implementation and monitoring rules included in the Municipal Contracts. Technical audits will be carried out annually to assess the quality and quantity of works implemented according to the MCs work programs.

Disbursement arrangements

17. The amounts and percentages to be financed under the grant are detailed in the Table below. The grant will be disbursed over a period of four years, from July 2007 till July 2011. The grant closing date has been set at six months after the expected date for completion of project activities (December 31, 2011), to allow for the orderly processing of final disbursement requests and the production of the project's final audit and annual progress reports.

18. The Project will be funded by the IDA Grant, municipalities' contributions and the Government of Guinea. (See Annex 5 - Project costs - for further details). The Country Financing Parameters (CFP) for Guinea have been approved in June 2007 and 100% funding exclusive of taxes is applied to this Project, except for (i) civil works, as per the table of withdrawal of proceeds on page 70 and (ii) operating costs.

Method of Disbursement

19. The Project will not be ready for report-based disbursements by effectiveness. Thus, at the initial stage, the transaction-based disbursement procedures (as described in the World Bank Disbursement Handbook) will be followed, i.e. direct payment, reimbursements, special commitments and replenishments of the Designated Account.

20. Where the reports are adequate and produced on a timely basis, and the borrower requests conversion to report-based disbursements, a review will be undertaken by IDA to determine if the project is eligible for this method. The adoption of report-based disbursements by the project will enable it to move away from transaction-based disbursement method to IFR-based (Interim Financial Report) disbursements to the Project's Designated Account, based on IFRs.

Use of statements of expenditures (SOEs)

21. Disbursements for all expenditures will be made against full documentation, except for items claimed under the Statement of Expenditures (SOE) procedure. SOEs will be used for payments claimed under contracts for: (a) works in an amount inferior to US$ 500,000 (b) goods in an amount inferior to US$ 250,000; (c) consulting firms in an amount inferior to US$ 100,000 and (d) individual consultants in an amount inferior to US$ 50,000 as well as small equipment, office supplies and training. Documentation supporting all expenditures claimed against SOEs will be retained by the PCU and made available for review when requested by IDA periodic supervision missions and project external auditors. All disbursements are subject to the conditions of the Financing Agreement and the procedures defined in the Disbursement Letter.

Designated account

22. The PCU will maintain one Designated Accounts in US Dollars with respective equivalent in current accounts in Guinean Francs. Funds will be used to make payments to suppliers in the respective contract currencies. Interest income received on these accounts will be deposited to the respective accounts.

23. The Designated Accounts in US dollars with respective equivalent in local currency current accounts would be opened by the PCU in a stable and reputable commercial bank on terms and conditions acceptable to IDA. The ceiling would be US$ 1.8 million for the Designated Account. The respective allocations will cover about six (6) months of eligible expenditures. The Designated Account will be replenished through the submission of Withdrawal Applications on a monthly basis and will include reconciled bank statements and other documents as required until such time as the borrower may choose to convert to report-based disbursement. The Recipient may also choose to pre-finance project expenditure and seek reimbursement from the Bank as needed.

24. Upon grant effectiveness, the Bank will deposit the amount of US$ 1.8 million into the Designated Account. The Designated Account will be used for all payments inferior to twenty percent of the authorized allocation and replenishment applications will be submitted monthly. Further deposits by the Bank into the Designated Account will be made against withdrawal applications supported by appropriate documents.

Action Plan

25. The action plan to be implemented before Grant Effectiveness is tabulated below.

ACTION	Target Completion Date
1. Selection of the financial and technical external auditors.	By effectiveness
2. Update of project software (Success)	By effectiveness
3. Implementation Manual completion	By effectiveness

Supervision Plan

26. Supervision activities will include: review of quarterly IFRs; review of annual audited financial statements and management letter as well as timely follow up of issues arising; and participation in annual project supervision missions including field visits to regional level/communities. The Bank fiduciary team conducts yearly SOE reviews for the country portfolio as a whole. Some weaknesses were found and addressed during the SOE exercise such as lack of supporting documents, ineligibility of some expenditures, poor quality of IFRs, poor quality of internal control system particularly at the decentralized level. An action plan was developed by the Bank mission and helped to address these findings. The SOE review exercise will continue to be conducted during Phase II of the UDP3 and the Bank financial management specialist for Guinea will continue to play a key role in monitoring the timely implementation of the financial management arrangements.

Conclusions

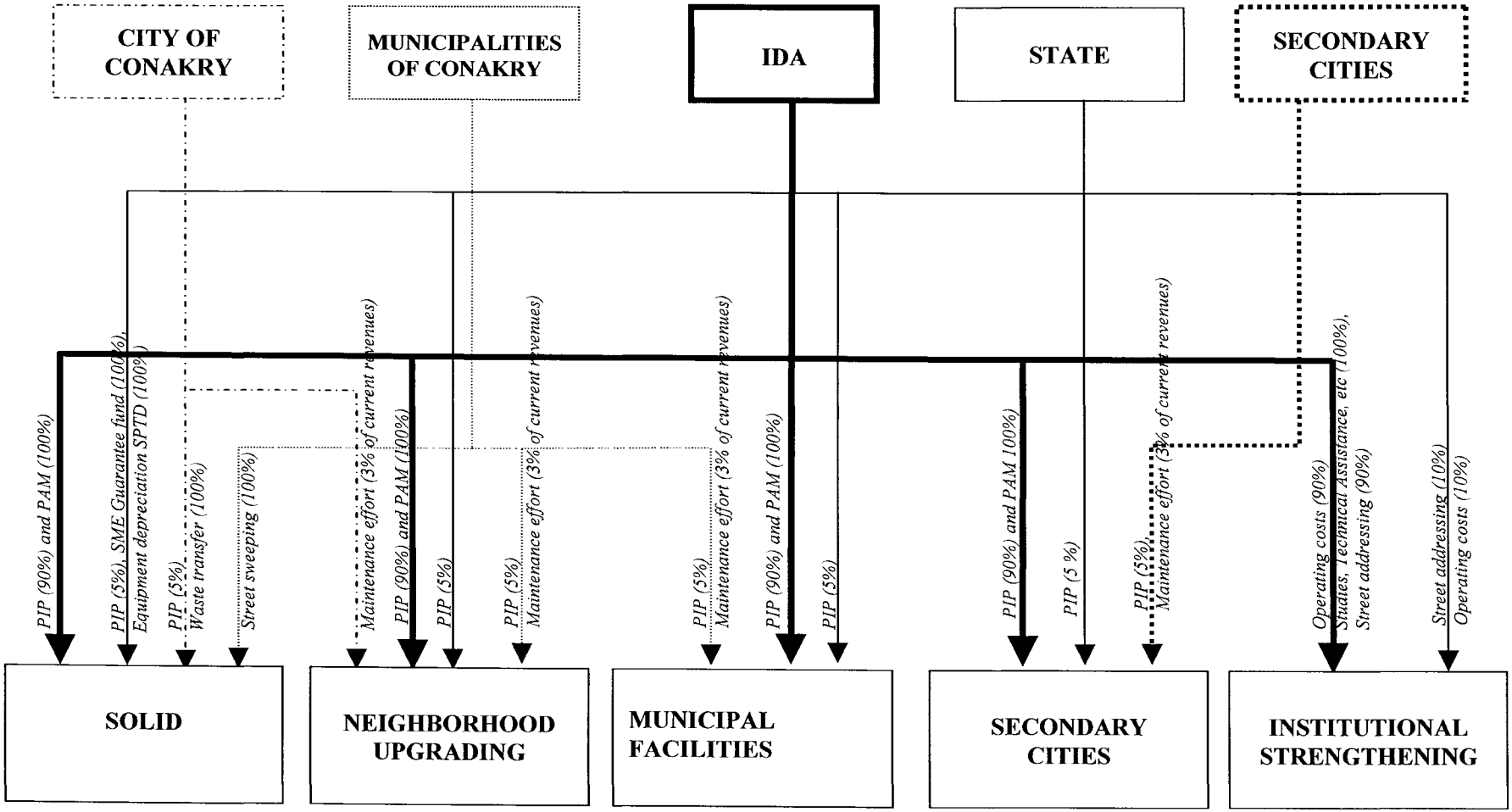
27. The overall conclusion of the FM system is that the current financial management arrangements are satisfactory to meet IDA FM requirements provided all recommendations are implemented.

Expenditure category	Amount in USD	Financing percentage
1. Civil works	9 040 000	90%
2. Equipment and materials	1 680 000	100%
3. Consultants' services, audits and training	1 400 000	100%
4. Incremental operating costs	1 720 000	90% inclusive of taxes
5. Refunding of the Project Preparation (PPF)	960 000	Amount due pursuant to section 2.02 (c) of the Development Credit Agreement
6. Unallocated	200 000	
Total Project Costs	**15 000 000**	

THIRD URBAN DEVELOPMENT PROJECT (phase II)

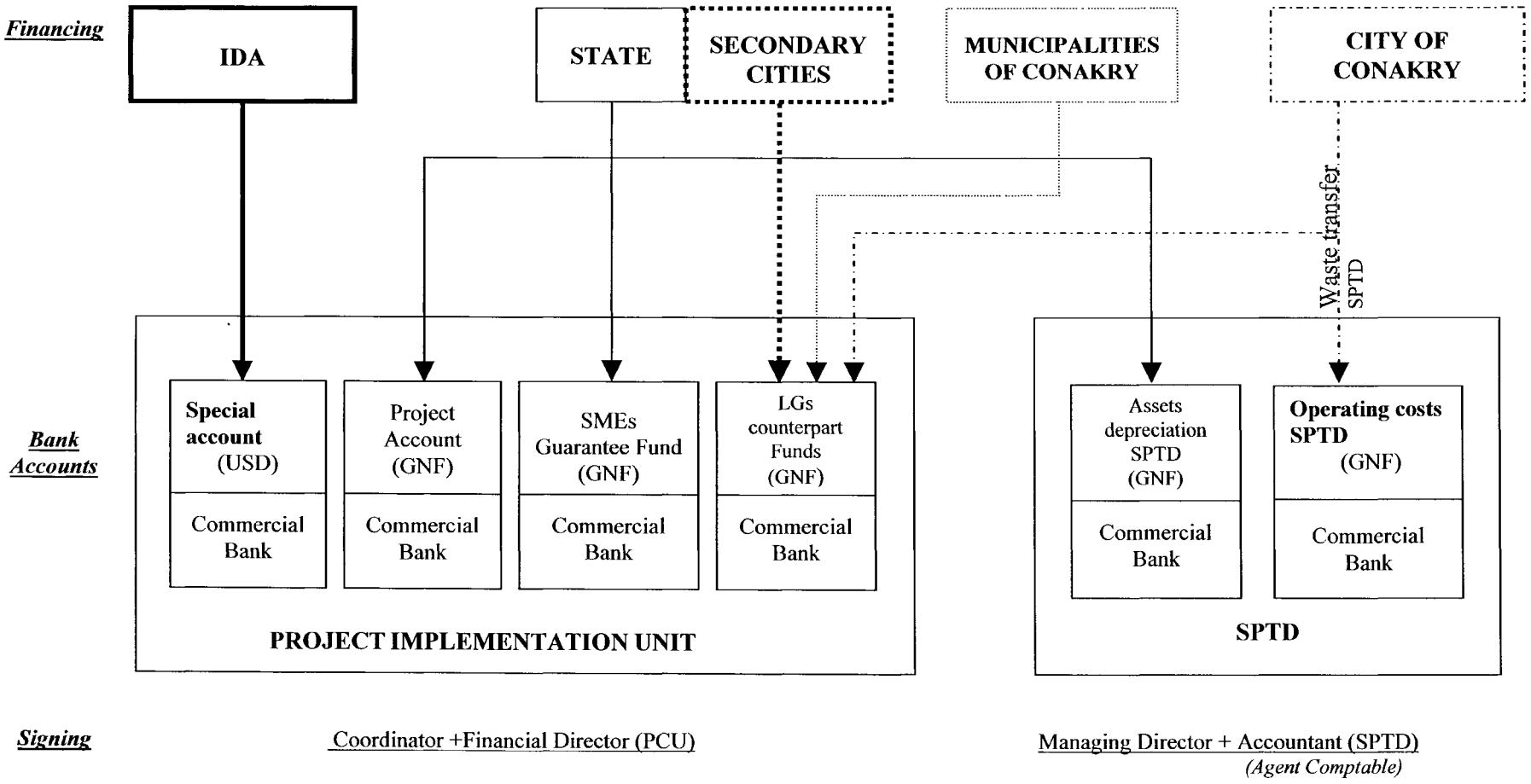
GENERAL FINANCING PLAN

(see Annex 5 - Project costs for further details)



THIRD URBAN DEVELOPMENT (phase II)

FLOW OF FUNDS



Annex 8: Procurement Arrangements

GUINEA: Urban III - Phase II

A. General

1. Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 revised October 1st 2006; and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 revised October 1st, 2006, and the provisions stipulated in the Legal Agreement. The general description of various items under the different expenditure categories are described below. For each contract to be financed by the Credit, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior review requirements, and time frame will be agreed between the Borrower and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Advertising

2. A General Procurement Notice (GPN) will be prepared and published in United Nations Development Business (UNDB), in Development Gateway's (dgMarket) and in at least a national newspaper after the project is approved by the Bank Board, and/or before effectiveness. The GPN would show all International Competitive Bidding (ICB) for works and goods contracts and all International consulting services. Specific procurement Notices (SPN) for all goods and works to be procured under ICB and Expressions of Interest (EOI) for all consulting services to cost the equivalent of US$ 200,000 and above would also be published in the UNDB, dgMarket as well as in the national press.

PROCUREMENT METHODS

Procurement of Civil Works

3. Civil Works procured under this project would include: (i) consolidation of waste management in Conakry; (ii) improvement of secondary roads in poorly services and densely populated neighborhoods; (iii) provision of municipal infrastructures (e.g. construction/rehabilitation of markets, bus stations, public administration buildings, schools, health centers etc,) and; (iv) priority infrastructure programs in 10 cities.

- Each civil works contract package estimated to cost US$ 500,000 and more would be procured through International Competitive Bidding (ICB). Prequalification of civil works contracts is not expected for this project.
- National Competitive Bidding (NCB), advertised locally, would be carried out in accordance to procedures, acceptable to IDA that assure competition, transparency, efficiency, economy, and broad consistency with key objectives of the Bank Guidelines. The Government will use bidding documents acceptable to IDA. Each civil works

contract package estimated to cost less than US$ 500,000 may be procured using National Competitive Bidding (NCB) procedures.

- Shopping procedures. Smaller works contracts, estimated to cost less than US$ 50,000 each may be procured through Shopping procedures on the basis of three written price quotations and the contract award will be made to the lowest evaluated responsive bidder who has appropriate experience and financial resources to complete the works successfully.

Procurement of Goods

4. Goods procured under this project would include: procurements of computer equipments, office equipments and furniture, vehicles, motorcycles etc.

- Each goods contract package estimated to cost US$ 250,000 and more per bid package would be procured through International Competitive Bidding (ICB).
- Contract estimated to cost less than US$ 250,000 and locally available at commercial price would be procured through National Competitive Bidding (NCB) procedures acceptable to IDA.
- Procurement for ready available off-the-shelf goods that cannot be grouped or standard specification commodities for individual contracts for less than:
  US$ 50,000 equivalent may be procured through Shopping according to procedures as detailed in paragraph 3.5 and 3.6 of the "Guidelines: Procurement under IBRD Loans and IDA Credits" and June 9, 2000 Memorandum "Guidance on Shopping" issued by the Bank.

Selection of Consultants

5. Consultancy services which include: engineering studies, technical assistance, specialized studies, control and supervision of works, financial studies and institutional strengthening activities etc. The selection method would include Quality and Cost Based selection (QCBS); all consultancy services contracts estimated to cost less than US$ 100,000 equivalent for firms could be awarded through Fixed Budget (FBS), Consultant Qualification (CQ), Least Cost Selection (LCS), and Single Source (SS) as appropriate. Specialized advisory services would be provided by individual consultants selected by comparison of qualifications of three candidates and hired in accordance with the provisions of Section V of the Consultant Guidelines.

- Short lists of consultants for services estimated to cost less than US$ 100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines. However, if foreign firms expressed interest, they would not be excluded from consideration.
- Single Source (SS): in exceptional cases, this method would be used in accordance with the provisions of paragraphs 3.9 to 3.13 of the Guidelines, with IDA's prior agreement (no-objection).

Training and Workshops

6. Training activities will comprise workshops and training in the region and abroad, based on individual needs as well as group requirements, on-the-job training, and hiring consultants for developing training materials and conducting training. All training and workshop activities will be carried out on the basis of approved annual programs that will identify the general framework of training activities for the year, including: (i) the type of training or workshop; (ii) the personnel to be trained; (iii) the institutions which will conduct the training and (iv) the duration of the proposed training as well as the outcome and impact of the training.

7. The Expenditures for these activities will be carried out on the basis of approved annual programs.

Operating Costs

8. The grant would finance the operating costs associated with project implementation. Operating costs would be procured using the implementing agency's administrative procedures which were reviewed and found acceptable to the IDA.

9. The procurement procedures and the Standards Bidding Documents (SBDs) to be used by the implementing agencies for each procurement method, as well as model contracts for works and goods procured, will be well defined in the Urban III Project Procurement section of the Implementation Manual (PIM) that is being developed.

B. Procurement Capacity Assessment

Procurement risks at the Country level

10. The Country Procurement Assessment Report (CPAR) is based on an analytical review of current procurement practices in Guinea, intended to measure the impact of reforms undertaken as of 1997. Such reforms enabled the adoption of a revised Public Procurement Code, and the relevant documents that define the applicability of its rules and procedures, bidding documents, and information systems on bid evaluation. Procurement practices include the regulatory, and institutional framework, as well as the competitiveness aspects of the national industrial private sector, and the adequacy of commercial practices regarding procurement. Nevertheless, following the initial stages of reform, institutional capacity, as required by the Code, proved weak, in addition to deliberate and negligible practices, conducive to the reinstatement of corrupt practices, in the absence of an independent, effective control system, and sanctions. The CPAR identifies several adverse issues: small and medium scale enterprises lack adequate funds to develop, de facto creating monopolies noticeably among basic products (sugar, cement, etc.,); the informal sector, a wide range of the - so called "structured" economy - is in control of too large a share of the county's economy; this often leads the formal sector to proceed with informal-type procedures in order to survive; fiscal evasion is persistent, particularly as it concerns

customs practices, where fraud is rampant; all of these issues have fostered a private sector that remains in its earliest stages, heavily dependent on the public authority. An action plan is recommended by the CPAR to fight corruption, reinforce transparency and competitiveness, and achieve efficient practices, and quality services. Recommendations address: certification of budgetary expenditures; enforcement of procurement practices as defined by the Public Procurement Code, ensured by internal controls; provision of training and technical assistance in the development, and dissemination of procurement documents (pre-qualification, bidding, and evaluation documents); and; promotion of independent auditing to conduct a posteriori assessments, ensuring as well the application of adequate sanctions.

Procurement risk at the Project Level:

11. The Bank's Procurement Analyst has conducted an assessment of the capacity of the Implementing Agency to implement procurement actions for the project during the project appraisal mission on April 21, 2007 in accordance with Procurement Services Policy Group (OCSPR) guidelines dated August 11, 1998. The assessment reviewed the project's components and the organizational structure for implementing the project and the interaction between the project's staff responsible for procurement and MTPUH, the DUIUR, the DNI and the SPTD. The technical organization appears to have clearly identifiable responsibilities for the decisions, project ownership and project management which results with a minimum of political interferences. The technical organization's priority is to ensure that the project implementation team is composed of high quality individuals and the Line Ministry keeps these individuals in key roles. The assessment revealed that the Project Coordination Unit has adequate experience in implementing World Bank financed projects, gained during the implementation of UDP3-phase 1 (APL).

12. The key issues and risks concerning procurement for implementation of the project have been identified and include: (i) lack of a procurement specialist in place to manage the procurement function for implementation; (ii) lack of structured procurement filing systems; (iii) delays in all steps of a bidding process specially in awarding contracts, and contract's execution, including payments.

13. The key issues and risks concerning procurement for implementation of the project have been identified. The corrective measures that will be put in place to address the issues and risks are reflected in the table below. The plan has been agreed with the Borrower during appraisal and it includes:

Schedule of actions to be carried out

	Action	Responsibility	Due Date	Remarks
1	Procurement Plan for the first 18 months prepared and agreed with the Bank		April 30, 2007	Finalized during negotiations.
2	Recruitment of procurement specialist. The selection process should start before negotiations in order to have the contract awarded before effectiveness.		September 2007	In process
3	Adoption of the Bank Standard Bidding Documents for use under NCB in lieu of lack of National Standard Bidding Document		By Negotiations	Approved during negotiations
4	Set up adequate electronic filling system for project records. Designate a responsible staff for data management		September 2007	To ensure easy retrieval of information/data
5	Preparation of a comprehensive Project Implementation Manual (PIM), acceptable to the Bank and adopted before the project effectiveness. The manual would include both organizational functions, with a specific chapter on procurement that details all the procedures including timeframe for the various procurement phases, channels of responsibilities and flow of documentation with a maximum timeframe for the internal approvals. The manual should also include a description of the functions for the newly recruited project's procurement specialist		By effectiveness	Draft available
6	Participation in procurement training workshop at specialized institutions for project staff		Not later than 3 months into project implementation.	To improve project staff skills in Bank's procurement.
7	Inclusion of the procurement system (planning, monitoring		December 2007	To monitor effectiveness and

	and contract management) with the computerized project financial management system.			efficiency of procurement

- Timeframe of procurement process

Activities	Timeframe
- Preparation of bidding documents	4 weeks (12 for large contracts)
- Time for bid preparation by bidders	4 weeks (6-10 for ICB)
- Bid evaluation	2 weeks (4 for large contracts)
- Signature of contract	2 weeks
- Payments	3 weeks

14. The overall project risk for procurement is **High**, due to context of the country highlighted in the CPAR.

C. Procurement Implementation Arrangements

15. Given the current context of uncertainty of the country, and based on the experience and the good performance of the PCU during the project phase one, the Government of Guinea decided that the procurement activities for the project phase two will be performed by a Project Coordination Unit (PCU) within the Ministry of Public Works, Urbanism and Housing Urban Planning and Housing in order to ensure expeditious processing, efficiency and adequate resource management. The PCU will be responsible for preparing bidding documents, request for proposals and all related procurement process for the project in partnership with the following specialized entities: (a) The Urban Development Department "Direction de l'Urbanisme et des Infrastructures Urbaines (DUIUR)"; (b) "Direction Nationale des Impôts" (DNI); (c) The Secondary Road Maintenance Unit "Cellule de Voirie Secondaire (CVS)"; (d) The Solid Waste Management Unit "SPTD". The PCU will seek the no objection of IDA for all contracts subject to prior review.

D. Procurement Plan

16. The Borrower, at appraisal, developed a procurement plan for project implementation that provides the basis for the procurement methods. This plan has been agreed between the Borrower and the Project Team during the appraisal mission.

17. Immediately upon approval of the Credit, with the borrower's agreement, the plan will be published on the Bank's public website and the Borrower's intranet website. Once approved during negotiations the procurement plan shall be updated by the Borrower on an annual basis or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Publication of Results and Debriefing

18. Online (DG Market, UN Development Business, and/or Client Connection publication of contract awards would be required for all ICB, LIB, Direct Contracting, and the Selection of Consultants for contracts exceeding a value of US$ 200,000. In addition, where prequalification has taken place, the list of prequalified bidders will be published. With regard to ICB and large-value consulting contracts, the Borrower would be required to assure publication of contract awards as soon as IDA has issued its "no objection" notice to the recommended award in UN Development Business (UNDB) online and dgMarket. With regard to Direct Contracting and NCB, publication of contract awards could be in aggregate form on a quarterly basis and in local newspapers. All consultants competing for an assignment involving the submission of separate technical and financial proposals, irrespective of its estimated contract value, should be informed of the result of the technical evaluation (number of points that each firm received) before the opening of the financial proposals. The Project Coordination Unit would be required to offer debriefings to unsuccessful bidders and consultants should the individual firms request such a debriefing.

Fraud, Coercion, and Corruption

19. All procuring entities, as well as bidders, suppliers, and contractors shall observe the highest standard of ethics during the procurement and execution of contracts financed under the project in accordance with paragraphs 1.15 & 1.16 of the Procurement Guidelines and paragraphs 1.25 & 1.26 of the Consultants Guidelines.

E. Frequency of Procurement Supervision

20. In addition to the prior review supervision to be carried out from Bank offices, the preliminary capacity assessment of the Implementing Agency has recommended at least two (2) supervision missions to visit the field to carry out post review of procurement actions, complemented with an Independent Procurement Review (IPR).

21. An annual independent technical audit will be carried out during the project implementation, to report on the procurement process, contract management, fiduciary compliance, etc.

E. Details of the Procurement Arrangements Involving International Competition

22. A detailed procurement plan for the first 18 months of implementation has been prepared at appraisal and attached as Appendix I. The thresholds for procurement methods and Bank prior review will be as follows:

Threshold for procurement Methods and Prior Review

Expenditure Category	Contract Value (Threshold)	Procurement Method	Contracts Subject to Prior Review
	US $ thousands		**US $ millions**
1. Works	>= 500,000	ICB	All
	< 500,000	NCB	First 3 contracts
	<50,000	Shopping	First 3 contracts
2. Goods	>=250,000	ICB	All
	< 250,000	NCB	First 3 contracts
	<50,000 No threshold	Shopping Direct Contracting	First 3 contracts All
3. Consultants Firms	No threshold	QCBS	All contracts of 100,000 and more
	< 100,000	CQ, LCS, other	None (Post Review)
Individuals	No threshold	IC	All contracts of 50,000 and more
	No threshold	Single Source Selection of Firms & Individuals	All
All TORs regardless of the value of the contract are subject to prior review			

Overall Procurement Risk Assessment:

High	**x**
Average	
Low	

Attachment I. Procurement Plan

Details of the Procurement Arrangements Involving International Competition

1. **Goods, Works, and Non Consulting Services**

Ref. No.	Contract (Description)	Estimated Cost (US$)	Procurement Method	P-Q	Domestic Preference	Review by Bank	Expected Bid Opening
1	2	3	4	5	6	7	8
1. Goods and Works							
(a) List of contract Packages which would be procured following ICB :							
1	Improvement works of the Minière landfill	265,000	NCB	YES	NO	PRIOR	Aug-16-07
2	Rehabilitation works of secondary roads (phase 1) Lot1- Kaloum Lot2-Dixin Lot3-Matam Lot4-Matoto Lot5-Ratoma	 173,000 163,000 149,000 498,000 821,000	ICB	NO	YES	PRIOR	Aug-03-07
3	Rehabilitation works of secondary roads (phase 2) Lot1- Kaloum Lot2-Dixin Lot3-Matam Lot4-Matoto Lot5-Ratoma	 184,000 174,000 159,000 530,000 126,000	ICB	NO	YES	PRIOR	Dec-12-08
4	Construction/ rehabilitation of City hall buildings, health centers, schools, markets, etc…	1,000,000	ICB	NO	YES	PRIOR	Dec-23-07
5	Construction of central market in N'Zérékoré	700,000	ICB	NO	YES	PRIOR	Dec-23-07

6	Supply of 3 trucks and 20 containers Supply of one mechanical shovel	610,000	ICB	NO	YES	PRIOR	Jul-29-07
7	Rehabilitation of works of central market in Kindia	400,000	NCB	NO	NO	PRIOR	Apr-09-08
8	Street Addressing in the municipalities of Matoto & Ratoma (sign installation) and Kindia	170,000	NCB	NO	NO	PRIOR	Oct-22-07
9	Supply of equipment and furniture	356,000	ICB	NO	NO	PRIOR	Jan-23-08
	TOTAL						

2 Consulting Services

(a) List of Consulting Assignments with short-lists including international firms.

Ref. No.	Description of Assignment	Estimated Cost (US$)	Selection Method	Review by the Bank	Expected Proposal Submission	Comments
1	2	3	4	5	6	7
1	Improvement of fiscal registers	160,000	QCBS	PRIOR	Jul-04-08	
2	Technical assistance to the PCU	150,000	QCBS	PRIOR	Dec-04-07	
3	Financial audits	60,000	QCBS	PRIOR	Aug-03-07	
4	Technical audits	60,000	QCBS	PRIOR	Aug-03-07	

5	Communicatio n and dissemination activities	80,000	IC/CQ	PRIOR	Jan-19-08	
6	Support to the DNI for local revenues management and tax collection	50,000	IC/CQ	PRIOR	Jan-30-08	
7	Support to DUIUR for preparation of Urban Reference Plans	50,000	IC/CQ	PRIOR	May-08-08	
	TOTAL			**PRIOR**		

(b) Consulting Services

- Consultancy services estimated to cost above US$ 100,000 equivalent per contract for Firms and US$ 50,000 and above for Individuals and all Single Source selection of consultants will be subject to prior review by the Bank.

- Short lists composed entirely of national consultants: Short lists of consultants for services estimated to cost less than US$ 100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Annex 9: Economic and Financial Analysis

GUINEA: Urban III - Phase II

1. The project will include the following three components: (i) City of Conakry Municipal Contract which finances solid waste management, neighborhood upgrading, and municipal facilities (total: US$ 6.5 Million); (ii) Municipal contracts for secondary cities (US$ 4.5 Million); and (iii) institutional strengthening (US$ 2.8 Million). As investments to be funded under the municipal contracts sub-component are not yet known, the approach developed below consists in presenting the economic analysis that shall be carried out as part of the selection process of those investments.

2. To determine net incremental costs and benefits, "with" and "without" project were considered. On the basis of these scenarios, the net incremental financial benefits and costs of the proposed investment programs are assessed. These are then adjusted for the impact of taxes, subsidies and externalities to arrive at the economic cost and benefit streams. Cash flows are discounted using a discount rate of 12%. **Costs** include capital costs, operation and maintenance costs, and rehabilitation costs.

3. **Benefits** of provision of urban services in Conakry and secondary cities are expected to improve the quality of life of the poorest residents in those cities. The investment will have the following socio-economic quantifiable and non-quantifiable benefits.

(i) Improvement in the quality of life through improved physical living conditions, environmental management;

(ii) Increased productivity and efficiency arising from reduced flooding and avoided flood damages to economic property;

(iii) Increases in property value due to improved overall amenities;

(iv) Enhanced investment climate due to improved service delivery;

(v) Improved health with reduction in waterborne disease and reduced medical costs;

(vi) Enhanced local government capacity to fulfill their service delivery mandate;

(vii) Employment generation, open up markets, promote increased private sector participation in the provision of services; by dimensioning public works appropriately and using labor-intensive methods, the project will create employment opportunities for unskilled and semi-skilled labor and promote SMEs in construction and urban services;

(viii) Decreased production costs due to lower vehicle maintenance and transport costs resulting from road improvements.

4. It is clear that many Economic Rate of Returns to be calculated for the project are likely to understate some of the above mentioned social and environmental benefits expected to be gained in the targeted cities.

5. From a macro-economic perspective, by targeting the main cities in Guinea, the project is expected to have a positive impact linked to:

a. Economic growth. The project investments will contribute to directly deliver economic growth, in particular through the provision of economic infrastructure (markets, health centers, etc.).

b. Employment generation. The project would generate a considerable amount of short-term employment (SMEs and consultant firms) since labor (mainly unskilled labor) accounts for about 20% of total project investment.

6. Given the fact that the interventions in all neighborhoods of the considered cities differ, as the access to services and physical characteristics are not homogenous, an overall Economic Rate of Return and Net Present Value are not calculated.

Neighborhood Upgrading *(Désenclavement de quartiers)*

7. Road rehabilitation and construction carried out under this component will have the following impact on the local economy: (a) reduced travel time; (b) reduced vehicle operating costs; (c) reduced works rehabilitation costs (due to a lengthening of their useful life); (d) reduced transport times (due to a reduction of the demand on the primary network and an increase in the use of alternate routes); (e) improved mobility for the population (more accessible employment areas and expanded transport activity); (f) development of trade and local service activities in previously inaccessible neighborhoods; (g) use of local inputs; (h) development of technical skills of existing contractors, and creation of new contractors, due to the increased volume of public works within the reach of very small contractors; and (i) creation of jobs for local contractors. Economic analysis shall be carried out using non-direct methods as market data are non-existent or insufficient. Two types of methodology can be used: hedonic pricing or contingent valuation. Through the Hedonic pricing, a study will need to be carried out to gather past transactions in the housing market and then derive values for non-market attributes such as drainage, access to services. Through the contingent valuation, surveys will be conducted asking people their willingness to pay for specific services (drainage, etc.).

Economic Analysis of Municipal Investments to be carried out under the municipal contracts

8. The sub-projects included in this sub-component are of three categories: markets, bus terminals, and health centers. Each sub-project will be selected on the basis of its economic feasibility.

- For those projects whose benefits are measurable in monetary terms and whose output has a market price which is relatively easy to assess, cost benefit analysis will be applied. This will apply to income-generating, commercial infrastructure projects (e.g. markets, bus terminals). In such cases, the standard "with" and "without" project will be used to measure the incremental benefits arising from the project.

- Health center projects do not have a readily accessible market price or are not easily measurable in monetary terms. In such case, cost-effectiveness analysis will be used, with benefits being measured in non-monetary terms, such as the number of beneficiaries.

9. The following matrix will be used to assess the economic analysis of each sub-project.

Social facilities
(Case of a health center)

Name of Project City Region Beneficiaries

	Yes	No	Comments
Project identification (PIP) Current condition of health facilities: - insufficient - poor condition Does facility meet future demand (5 years horizon) - totally - partially Facility management and maintenance - provisions made for staffing - provisions made to cover maintenance costs? Facility's characteristics - compliance with the Ministry's standards - other standards ? if yes, provide norm reference - if no norm, provide reference to similar facilities			

Commercial Facilities
(Case of a bus terminal)

Name of Project City Region Beneficiaries

	Yes	No	Comments
Project identification (PIP) Current condition - No facility - Poor condition - Size of facility does not meet current demand - Demand Estimate - Integration of additional commercial space - Operating mode envisaged - City operated - Delegated management (if yes, type of delegation) - Facility profit-earning capacity (for projects over US$ 15,000).			

Solid Waste Program

10. The economic costs and benefits of a solid waste program are always difficult to quantify due to the intangible nature of benefits, such as health and quality of life. Therefore, a comparison of the cost-effectiveness of various service delivery options for collection and transfer to the landfill will be undertaken as part of the project appraisal. The incremental costs consist of project costs, including land acquisition, workshops, compactor trucks, containers, landfill equipment and construction and engineering services.

Annex 10: Safeguard Policy Issues

GUINEA: Urban III - Phase II

1. The project has triggered OP 4.01 Environmental Assessment and OP 4.12 Involuntary Resettlement due to the planned construction and rehabilitation activities. The safeguard screening category is S2, and the environmental screening category is B. The sections below outline the steps taken by the Borrower to address potential adverse environmental and social impacts during project implementation.

2. **OP 4.01 Environmental Assessment:** This policy has been triggered due to the potential adverse environmental impacts of future construction activities and the potential for medical waste generation. Potential negative environmental and social impacts due to construction activities are likely to include soil, air and water pollution, loss of vegetation, interruption of economic activities, and an increase in malaria due to standing water in quarries, while increased waste generation, including asbestos, is to be expected from improved markets, schools, and health centers. In the case of health centers, safe medical waste management will be of critical importance to prevent the spread of HIV/AIDS through improper handling of infected waste.

3. Because the actual sites and potential localized negative impacts of the future investments could not be identified prior to appraisal, and to ensure that the proposed project addresses potential adverse environmental and social impacts properly, the Borrower has prepared an Environmental and Social Management Framework (ESMF) which was disclosed in Guinea and at the Bank's Infoshop on December 29, 2006.

4. The ESMF: (i) outlines an environmental and social screening process (screening, assignment of the appropriate environmental screening category, carrying out of the appropriate environmental work based on the screening results; public consultations; review and approval, and monitoring and evaluation), as well as mitigation and monitoring measures that will allow qualified personnel to identify and mitigate potential adverse impacts at the time the investments are planned; (ii) includes an Environmental and Social Management Plan (ESMP) which outlines the institutional responsibilities and related costs for the implementation and monitoring of mitigation measures under the proposed project and will be included in the Project Implementation Manual; (iii) outlines the capacity building needs for the various project implementers and related costs; (iv) includes a summary of the Bank's safeguard policies; and (v) includes a copy of Guinea's National Medical Waste Management Plan (May 2002) which will guide the proposed project in determining the training, equipment, management needs and costs for safe medical waste management at its health centers.

5. The ESMP aims at establishing environmental management capacity through the (i) inclusion of environmental clauses in bidding documents; (ii) cooperation among partners in the proposed project; (iii) raising of awareness among project staff of environmental issues; (iv) effective planning and selection of project activities; (v) strengthening of positive environmental impacts of the investment program; and (vi) periodic environmental

compliance monitoring on part of the PCU and the monitoring of project activities by an external expert. It also includes mitigation and monitoring measures for managing malaria and disposing safely of asbestos.

6. To ensure effective implementation of the ESMF, it is recommended that: (i) the PCU receive technical support in the development of environmental guidelines for contractors to be included in the bidding documents; (ii) the municipalities receive technical support in the identification, preparation, implementation monitoring, operation and evaluation of their projects; (iii) training be provided to the main actors and beneficiaries of the proposed project to ensure the environmental and social aspects are incorporated into project design and implementation (the training modules are to be developed by consultants; proposed environmental training requirements include, for example: (a) environmental and social challenges of infrastructure investments and environmental assessment procedures; (b) review of the Bank's safeguard policies; (c) environmental monitoring; and (d) proper management of construction sites; and (e) public education and awareness campaigns are carried out to ensure an appreciation of the environmental and social aspects of urban management.

7. The proposed technical support measures include the preparation of an infrastructure maintenance and management manual; the preparation of environmental assessments; the development of environmental baseline data for urban areas; environmental and social guidelines for bidding documents, the development of waste standards, and monitoring and evaluation at the Project Coordination Unit.

8. Monitoring and evaluation activities will be carried out by: (a) consultants who join the construction crews during the construction phase, and subsequently prepare an evaluation; (b) members of the municipal technical services who will monitor regularly throughout the construction phase; (c) the Project Coordination Unit, the Environmental Focal Points of the Services Techniques Communaux and Operations Units at mid-term and at the end of the sub-projects (preparing a retrospective); and (d) the decentralized technical services participating in the project. Monitoring indicators are presented in the ESMF.

9. The ESMF was prepared in consultation with a number of key stakeholders (representatives of relevant ministries, solid waste management services, pest management services, environmental assessment services, municipalities, NGOs). They indicated that the benefits of the project are highly appreciated as the planned infrastructure investments will contribute to an improved quality of life of the population, and recommended, for example, that the project: (i) choose sites in consultations with the beneficiaries and the municipalities, (ii) compensate affected persons appropriately, (iii) provide environmental training at the local level; (iv) develop a re-evaluation mechanism for the *contrats de ville* in case personnel at the municipalities change; (v) strengthen partnerships for urban environmental management; (vi) plan for green spaces in future investment plans; and (vii) ensure that local populations participate in the construction activities. In addition, the consultant visited representative sites, and carried out a literature review.

10. The total costs for the implementation of the ESMF, including the ESMP, are estimated at $400,000 for the duration of the project. These measures are intended to operationalize environmental management under the proposed project, to develop environmental management capacity, and to protect the urban environment and safety and health of the population. These activities will be implemented under component 3.

11. **OP 4.12 Involuntary Resettlement:** This policy has been triggered due the fact that some of the future infrastructure investments might require land. Since the exact locations of future investments could not be determined prior to appraisal, the Borrower has prepared a Resettlement Policy Framework (RPF). The RPF describes the population living in the project areas and identifies the types of infrastructures that are likely to affect the residents. The RPF estimates that potentially 5,850 persons will be affected, and an area of about 179,700 square meters of land will be required to accommodate the investments. Chapter 5 of the RPF describes the principles, objectives and procedures to be applied in the event that land acquisition should become necessary, and subsequent chapters address the compensation rights of various groups and individuals; the evaluation of assets and compensation rates; grievance mechanisms; monitoring and evaluation; consultation and disclosure processes; implementation responsibilities for the RPF.

12. The RPF has been disclosed in Guinea and at the Bank's Infoshop on December 29, 2006.

Annex 11: Project Preparation and Supervision

GUINEA: Urban III - Phase II

	Planned	Actual
PCN review		04/13/2006
Initial PID to PIC		07/17/2006
Initial ISDS to PIC		07/17/2006
Appraisal	02/19/2007	04/18/2007
Negotiations	04/02/2007	05/22/2007
Board/RVP approval	07/26/2007	
Planned date of effectiveness	10/26/2007	
Planned date of mid-term review	10/26/2009	
Planned closing date	12/31/2011	

Key institutions responsible for preparation of the project:

The Ministry of Public Works, Urban planning and Housing, the City of Conakry and all municipalities involved in the project, the Project Coordination Unit as implementing agency in coordination with SPTD, CVS and CVP, Ministry of Economy, Finance and Planning , Ministry of Interior and Security.

Bank staff and consultants who worked on the project included:

Name	Title	Unit
Catherine Farvacque-Vitkovic	Lead Urban Specialist/TTL	AFTU2
Zie I. Coulibaly	Infrastructure Specialist	AFTU2
Ousseynou Diop	Sr. Water and Sanitation Specialist	EWDAF
Babaly Deme	Engineer/Consultant	AFTU2
Denise Vaudaine	Municipal Finance Specialist/Consultant	AFTU2
Henri Aka	Procurement Specialist	AFTPC
Aissata Zerbo	Procurement Analyst	AFTU2
Marie-Adele Tchakounte	Program Assistant	AFTU2
Jean Vincent Koua	Information/Program Assistant	AFTU2
Racky Dia Camara	Team Assistant	AFMGN
Sameena Dost	Sr. Counsel	LEGAF
Amadou Tidiane Toure	Lead Procurement Specialist	AFTPC
Gnoleba Mathieu Meguhe	Procurement Analyst	AFTPC
Edeltraut Gilgan-Hunt	Environmental Specialist	AFTS2
Bella Lelouma Diallo	Sr. Financial Management Specialist	AFTFM
Franck Bousquet	Sr. Financial Specialist	AFTU2
Agnes Albert-Loth	Sr. Finance Officer	LOAG1
Richard Scobey	Sector Manager	AFTQK

Mathiew Glasser	Lead Urban Specialist/Peer Reviewer	AFTU1
Maria Emilia Freire	Sr. Adviser/Peer Reviewer	TUDDR

Bank funds expended to date on project preparation:

1. Bank resources: US$ 236,300.18
2. Trust funds: N/A
3. Total: US$ 236,300.18

Estimated Approval and Supervision costs:

1. Remaining costs to approval: US$ 50,000
2. Estimated annual supervision cost: US$ 80,000

Annex 12: Documents in the Project File

GUINEA: Urban III - Phase II

1. Guinea Urban III phase I – Project Appraisal Document,
2. Aide-memoires supervision missions – Guinea Urban III phase I
3. Guinea Urban III phase I – Implementation Completion Report (ICR), December 2005
4. Aide-memoires preparation, pre-appraisal and appraisal missions – Guinea Urban III phase II
5. « *Rapport final de la mission de contrôle des voiries des villes de l'intérieur, des travaux préparatoires de la voie express, de la transversale T7 et l'access a la décharge de Kagbelen* », Ministry of Urban and Housing, financed by IDA and the Republic of Guinea, June 2005
6. «*Rapport final de suivi environnemental et post fermeture du Centre d'Enfouissement des Déchets de la Minière de la ville de Conakry, Guinea*», PDU3/SPTD, prepared by Tractebel Development Engineering, June 2005
7. «*Manuel de préparation budgétaire des communes urbaines de Guinée*», prepared by Tafsir Audit & Conseil, June 2005
8. «Rapport sur la formation des charges de mission et chefs de cellules opérationnelles en études d'impact environnemental et social (EIE-S)», financed by IDA, Cameroon April 2005

Annex 13: Statement of Loans and Credits

GUINEA: Urban III - Phase II

Project ID	FY	Purpose	Original Amount in US$ Millions				Cancel.	Undisb.	Difference between expected and actual disbursements	
			IBRD	IDA	SF	GEF			Orig.	Frm. Rev'd
P077317	2006	GN-Elec. Sec. Eff. Impr. SIL (FY06)	0.00	0.00	0.00	0.00	0.00	7.35	0.00	0.00
P065126	2005	GN-Health Sec Supt SIL (FY05)	0.00	25.00	0.00	0.00	0.00	23.67	4.25	0.00
P065127	2005	GN-Natl Rural Infrastructure (FY05)	0.00	30.30	0.00	0.00	0.00	29.38	11.24	0.00
P073378	2003	GN-Multi-Secal AIDS SIL (FY03)	0.00	0.00	0.00	0.00	0.00	7.46	2.16	0.00
P074288	2003	GN-Decentr Rural Electrification (FY03)	0.00	5.00	0.00	0.00	0.00	3.36	2.30	0.00
P042055	2003	GN-GEF Decentr Rural Elec (FY03)	0.00	0.00	0.00	2.00	0.00	2.09	2.00	0.00
P050046	2002	GN-Education for All APL (FY02)	0.00	70.00	0.00	0.00	0.00	31.01	19.77	2.12
P050732	1999	GN-Village Com Sup Prgm (APL) - Phase 1	0.00	22.00	0.00	0.00	0.00	3.85	-3.32	-1.05
		Total:	0.00	152.30	0.00	2.00	0.00	108.17	38.40	1.07

GUINEA
STATEMENT OF IFC's
Held and Disbursed Portfolio
In Millions of US Dollars

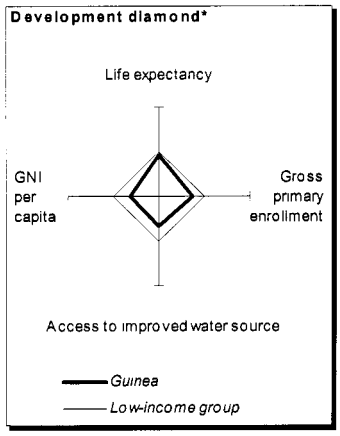
FY Approval	Company	Committed				Disbursed			
		IFC				IFC			
		Loan	Equity	Quasi	Partic.	Loan	Equity	Quasi	Partic.
1993	SGHI	1.91	0.00	0.00	0.00	1.91	0.00	0.00	0.00
2006	SIMFER	0.00	2.50	2.50	0.00	0.00	0.00	0.00	0.00
	Total portfolio:	1.91	2.50	2.50	0.00	1.91	0.00	0.00	0.00

FY Approval	Company	Approvals Pending Commitment			
		Loan	Equity	Quasi	Partic.
	Total pending commitment:	0.00	0.00	0.00	0.00

Annex 14: Country at a Glance

GUINEA: Urban III - Phase II

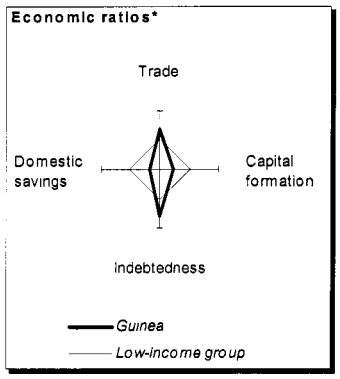
POVERTY and SOCIAL	Guinea	Sub-Saharan Africa	Low-income
2005			
Population, mid-year *(millions)*	9.4	741	2,353
GNI per capita *(Atlas method, US$)*	370	745	580
GNI *(Atlas method, US$ billions)*	3.5	552	1,364
Average annual growth, 1999-05			
Population *(%)*	2.2	2.3	1.9
Labor force *(%)*	2.0	2.3	2.3
Most recent estimate (latest year available, 1999-05)			
Poverty *(% of population below national poverty line)*	..	..	..
Urban population *(% of total population)*	33	35	30
Life expectancy at birth *(years)*	54	46	59
Infant mortality *(per 1,000 live births)*	101	100	80
Child malnutrition *(% of children under 5)*	33	29	39
Access to an improved water source *(% of population)*	50	56	75
Literacy *(% of population age 15+)*	29	..	62
Gross primary enrollment *(% of school-age population)*	79	93	104
Male	87	99	110
Female	71	87	99



KEY ECONOMIC RATIOS and LONG-TERM TRENDS

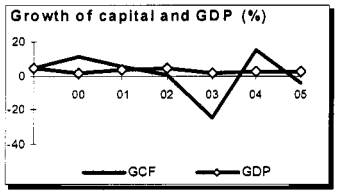
	1985	1995	2004	2005
GDP *(US$ billions)*	..	3.7	3.8	2.7
Gross capital formation/GDP	..	16.6	10.8	11.7
Exports of goods and services/GDP	..	20.8	21.8	33.1
Gross domestic savings/GDP	..	12.8	6.5	8.4
Gross national savings/GDP	..	8.8	4.6	7.1
Current account balance/GDP	..	-7.7	-6.2	-4.6
Interest payments/GDP	..	1.2	1.1	..
Total debt/GDP	..	87.8	93.7	..
Total debt service/exports	..	23.2	20.8	..
Present value of debt/GDP	..	..	41.8	..
Present value of debt/exports	..	..	191.2	..

	1985-95	1995-05	2004	2005	2005-09
(average annual growth)					
GDP	3.8	3.5	2.7	3.0	5.5
GDP per capita	0.2	1.3	0.5	0.8	5.0
Exports of goods and services	3.1	3.3	3.6	3.8	8.7

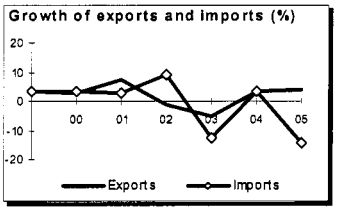


STRUCTURE of the ECONOMY

	1985	1995	2004	2005
(% of GDP)				
Agriculture	..	21.5	25.5	25.6
Industry	..	33.1	37.5	37.6
Manufacturing	..	4.9	4.1	4.1
Services	..	45.4	37.0	36.9
Household final consumption expenditure	..	81.0	87.8	85.2
General gov't final consumption expenditure	..	6.2	5.7	6.4
Imports of goods and services	..	24.5	26.1	36.3



	1985-95	1995-05	2004	2005
(average annual growth)				
Agriculture	3.7	4.5	4.1	4.0
Industry	2.8	4.3	2.9	4.0
Manufacturing	4.2	4.1	2.0	3.5
Services	3.5	2.6	1.6	3.8
Household final consumption expenditure	4.0	3.5	2.2	0.1
General gov't final consumption expenditure	0.3	2.1	-13.8	-6.9
Gross capital formation	2.2	1.7	14.9	-4.2
Imports of goods and services	1.9	1.4	3.5	-14.5



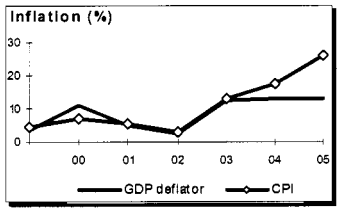
Note: 2005 data are preliminary estimates.

This table was produced from the Development Economics LDB database.

* The diamonds show four key indicators in the country (in bold) compared with its income-group average. If data are missing, the diamond will be incomplete.

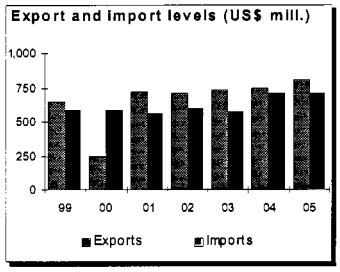
PRICES and GOVERNMENT FINANCE

	1985	1995	2004	2005
Domestic prices				
(% change)				
Consumer prices	..	5.6	17.5	25.8
Implicit GDP deflator	..	4.5	13.2	13.2
Government finance				
(% of GDP, includes current grants)				
Current revenue	..	11.0	11.5	15.5
Current budget balance	..	1.9	-0.6	3.4
Overall surplus/deficit	..	-6.7	-5.9	-1.5



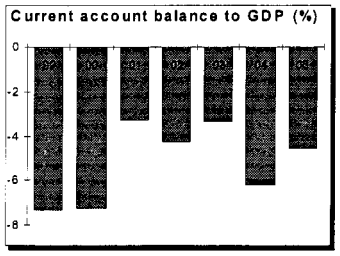
TRADE

	1985	1995	2004	2005
(US$ millions)				
Total exports (fob)	..	649	743	807
Bauxite	..	301	292	343
Alumina	..	96	163	171
Manufactures	..	121	743	636
Total imports (cif)	..	809	708	703
Food	..	77	0	0
Fuel and energy	..	82	0	0
Capital goods	..	88	0	0
Export price index *(2000=100)*	..	99	99	101
Import price index *(2000=100)*	..	104	96	95
Terms of trade *(2000=100)*	..	95	103	106



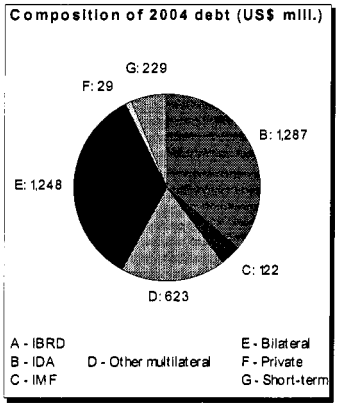
BALANCE of PAYMENTS

	1985	1995	2004	2005
(US$ millions)				
Exports of goods and services	..	766	824	889
Imports of goods and services	..	906	986	976
Resource balance	..	-140	-162	-87
Net income	..	-85	-60	-47
Net current transfers	..	-62	-11	11
Current account balance	..	-286	-233	-123
Financing items (net)	..	299	259	176
Changes in net reserves	-8	-13	-26	-52
Memo:				
Reserves including gold *(US$ millions)*	..	198	116	125
Conversion rate *(DEC, local/US$)*	24.3	9914	2,225.0	3,642.9



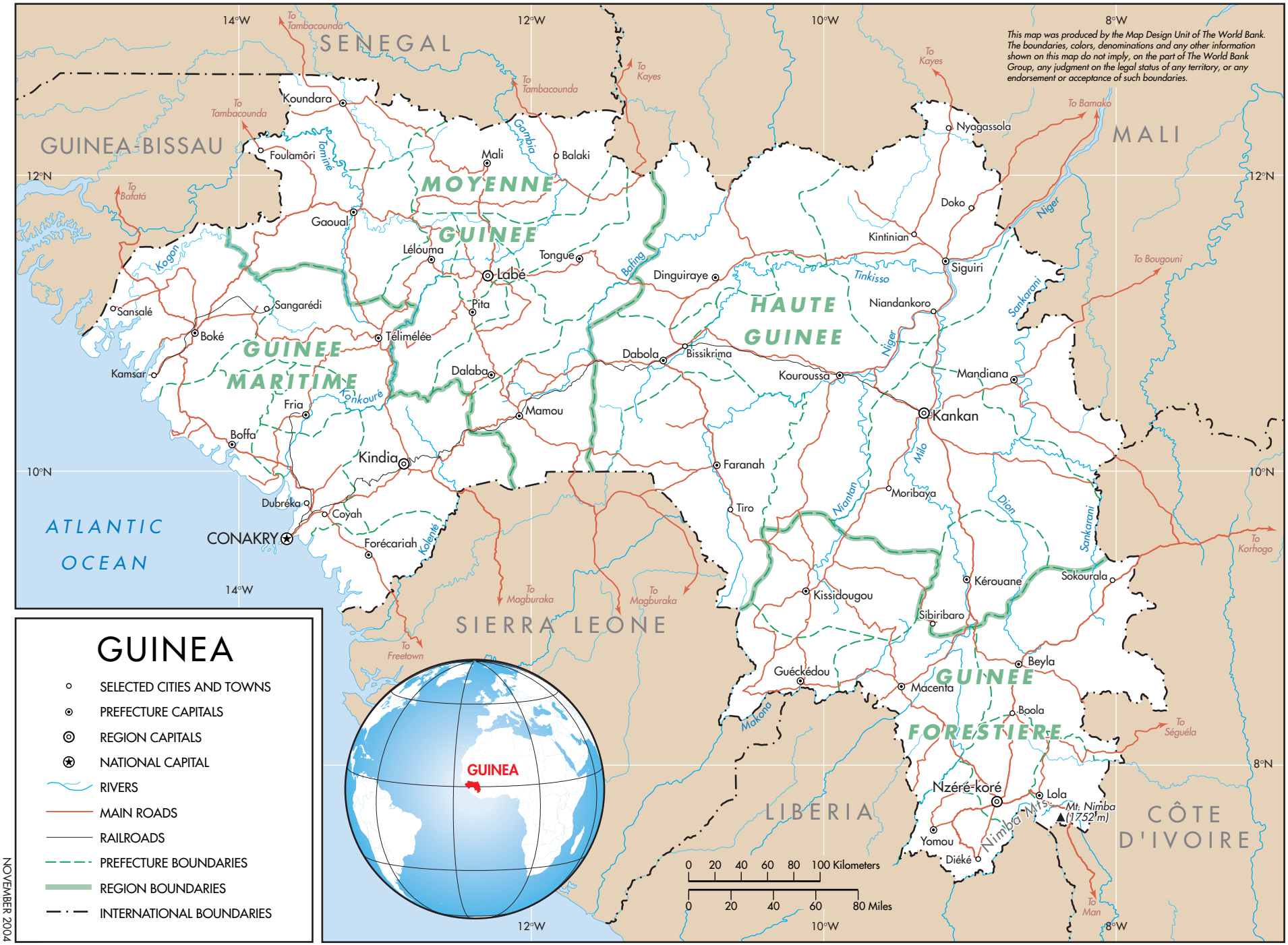
EXTERNAL DEBT and RESOURCE FLOWS

	1985	1995	2004	2005
(US$ millions)				
Total debt outstanding and disbursed	1,465	3,242	3,538	..
IBRD	55	0	0	0
IDA	117	847	1,287	1,205
Total debt service	72	178	172	..
IBRD	8	0	0	0
IDA	1	8	16	32
Composition of net resource flows				
Official grants	45	235	194	..
Official creditors	48	64	-65	..
Private creditors	18	-15	0	..
Foreign direct investment (net inflows)	1	1	100	..
Portfolio equity (net inflows)	0	0	0	..
World Bank program				
Commitments	33	43	30	..
Disbursements	22	59	38	32
Principal repayments	5	2	7	22
Net flows	17	57	31	10
Interest payments	4	6	8	10
Net transfers	12	51	23	0



Note: This table was produced from the Development Economics LDB database. 8/13/06

MAP SECTION


GUINEA
SELECTED CITIES AND TOWNS
PREFECTURE CAPITALS
REGION CAPITALS
NATIONAL CAPITAL
RIVERS
MAIN ROADS
RAILROADS
PREFECTURE BOUNDARIES
REGION BOUNDARIES
INTERNATIONAL BOUNDARIES
This map was produced by the Map Design Unit of The World Bank. The boundaries, colors, denominations and any other information shown on this map do not imply, on the part of The World Bank Group, any judgment on the legal status of any territory, or any endorsement or acceptance of such boundaries.
SENEGAL
GUINEA-BISSAU
MALI
SIERRA LEONE
LIBERIA
CÔTE D'IVOIRE
ATLANTIC OCEAN
MOYENNE GUINEE
HAUTE GUINEE
GUINEE MARITIME
GUINEE FORESTIERE
CONAKRY
Koundara
Foulamôri
Mali
Balaki
Gaoual
Lélouma
Labé
Tongue
Pita
Sangarédi
Sansalé
Boké
Télimélée
Kamsar
Dalaba
Dabola
Bissikrima
Dinguiraye
Kouroussa
Mamou
Fria
Boffa
Kindia
Dubréka
Coyah
Forécariah
Faranah
Tiro
Kankan
Mandiana
Niandankoro
Siguiri
Kintinian
Doko
Nyagassola
Kérouane
Kissidougou
Sibiribaro
Sokourala
Guéckédou
Macenta
Beyla
Boola
Nzéré-koré
Lola
Yomou
Diéké
Mt. Nimba (1752 m)
Nimba Mts.
Gambia
Tominé
Kogon
Bafing
Tinkisso
Niger
Sankarani
Milo
Niantan
Dion
Konkouré
Kolenté
Makona
To Tambacounda
To Kayes
To Bamako
To Bafatá
To Bougouni
To Korhogo
To Séguéla
To Man
To Freetown
To Magburaka
GUINEA
0 20 40 60 80 100 Kilometers
0 20 40 60 80 Miles
14°W
12°W
10°W
8°W
12°N
10°N
8°N
NOVEMBER 2004
IBRD 33414