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INTERNATIONAL FINANCE CORPORATION  
MULTILATERAL INVESTMENT GUARANTEE AGENCY  
COUNTRY PARTNERSHIP FRAMEWORK  
FOR  
REPUBLIC OF GUINEA-BISSAU  
FOR THE PERIOD FY18-FY21**

**May 15, 2017**

**Senegal Country Management Unit  
Africa Region**

**The International Finance Corporation**

**The Multilateral Investment Guarantee Agency  
Sub-Saharan Africa Department**

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Currency Unit = CFA Franc (CFAF)

US\$1 = CFA Franc 602

### GUINEA-BISSAU GOVERNMENT FISCAL YEAR

January 1 – December 31

### ABBREVIATIONS AND ACRONYMS

<b>AfDB</b>	African Development Bank	<b>DPO</b>	Development Policy Operation
<b>ANAP</b>	National Agency for Acquisition	<b>DSA</b>	Debt Sustainability Analysis
<b>ASA</b>	Advisory Services and Analytics	<b>EAGB</b>	Electricity and Water Utility of Guinea-Bissau ( <i>Empresa de Eletricidade e Águas da Guiné-Bissau</i> )
<b>BCEAO</b>	Central Bank of West African States ( <i>Banque Centrale des Etats de l'Afrique de l'Ouest States</i> )	<b>ECF</b>	Extended Credit Facility
<b>BOAD</b>	West African Development Bank ( <i>Banque Ouest Africaine de Développement</i> )	<b>ECOMIB</b>	ECOWAS peace-keeping military mission
<b>CAS</b>	Country Assistance Strategy	<b>ECOWAS</b>	Economic Community of West African States
<b>CBO</b>	Community-Based Organization	<b>EGRG</b>	Economic Governance Reform Grants
<b>CDC</b>	Center for Disease Control and Prevention	<b>EU</b>	European Union
<b>CDD</b>	Community-Driven Development	<b>EU-PAANE</b>	EU-Support Program for non-state actors ( <i>Programa de Apoio aos Atores Não Estatais</i> )
<b>CEN</b>	Country Engagement Note	<b>FAO</b>	Food and Agriculture Organization
<b>CEM</b>	Country Economic Memorandum	<b>FCV</b>	Fragility, Conflict and Violence
<b>CERC</b>	Contingent Emergency Response Components	<b>FIDA</b>	International Fund for Agricultural Development
<b>CLR</b>	Completion and Learning Review	<b>FY</b>	Fiscal Year
<b>CPF</b>	Country Partnership Framework	<b>FUNPI</b>	Fundo de Promoção de Industrialização de Produtos Agrícolas
<b>CPIA</b>	Country Policy and Institutional Assessment	<b>GAVI</b>	Global Alliance for Vaccines and Immunization
<b>CPLC</b>	Community of Portuguese Language Countries ( <i>Comunidade dos Países de Língua Portuguesa</i> )	<b>GBV</b>	Gender Based Violence
<b>CSE</b>	Higher Council of Statistics	<b>GDP</b>	Gross Domestic Product
<b>CSO</b>	Civil Society Organization		
<b>DP</b>	Development Partner		

<b>HDI</b>	Human Development Index	<b>PLR</b>	Performance and Learning Review
<b>HIPC</b>	Heavily Indebted Poor Country	<b>PPFI AF</b>	Public Private Infrastructure Advisory Facility
<b>HR</b>	Human Resources	<b>PPP</b>	Public Private Partnership
<b>ICT</b>	Information and Communication Technology	<b>PRAO</b>	West Africa Fisheries Project
<b>IDA</b>	International Development Association	<b>PROGEDE</b>	Sustainable and participatory management of traditional wood-fueled energy generation
<b>IFC</b>	International Finance Corporation	<b>PSW</b>	Private Sector Window
<b>ILAP</b>	Poverty Assessment Survey ( <i>Inquérito Ligeiro de Avaliação da Pobreza</i> )	<b>REDISSE</b>	Regional Disease Surveillance Systems Enhancement
<b>IMF</b>	International Monetary Fund	<b>RIW</b>	Regional Integration Window
<b>INE</b>	National Institute of Statistics ( <i>Instituto Nacional de Estatística</i> )	<b>RHS</b>	Reproductive Health Services
<b>IRM</b>	Immediate Response Mechanism	<b>SCD</b>	Systematic Country Diagnostic
<b>ISN</b>	Interim Strategy Note	<b>SDG</b>	Sustainable Development Goal
<b>M&amp;E</b>	Monitoring and Evaluation	<b>SDI</b>	Service Delivery Indicator
<b>MIGA</b>	Multilateral Investment Guarantee Agency	<b>SME</b>	Small and Medium Enterprises
<b>NGO</b>	Non-governmental organization	<b>SPF</b>	State and Peace-Building Fund
<b>NPF</b>	New Procurement Framework	<b>SPS</b>	Social Protection Strategy
<b>NPL</b>	Non-performing loan	<b>SUF</b>	Scale Up Facility
<b>OMVG</b>	Gambia River Basin Development Organization ( <i>Organisation Pour La Mise En Valeur Du Fleuve Gambie</i> )	<b>T&amp;C</b>	Trade and Competitiveness
<b>PAIGC</b>	Party for the Independence of Guinea-Bissau and Cabo Verde ( <i>Partido Africano para a Independência da Guiné e Cabo Verde</i> )	<b>TA</b>	Technical Assistance
<b>PEFA</b>	Public Expenditure and Financial Accountability	<b>TAR</b>	Turnaround Regime
<b>PER</b>	Public Expenditure Review	<b>UN</b>	United Nations
<b>PET</b>	Public Expenditure Tracking	<b>UEMOA</b>	Union Economique et Monétaire Ouest Africaine (see WAEMU)
<b>PFM</b>	Public Financial Management	<b>UNDP</b>	United Nations Development Programme
<b>PforR</b>	Program for Results	<b>UNFPA</b>	United Nations Population Fund
<b>PIU</b>	Project Implementation Unit	<b>UNHCR</b>	United Nations High Commissioner for Refugees
		<b>UNICEF</b>	United Nations Children's Fund
		<b>UNIOGBIS</b>	United Nations Integrated Peace Building Office in Guinea-Bissau
		<b>UNWFP</b>	United Nations World Food Programme
		<b>WACA</b>	West Africa Coastal Management Project
		<b>WAEMU</b>	West African Economic and Monetary Union (see UEMOA) Water, Sanitation and Hygiene

<b>WASH</b>		<b>WDR</b>	World Development Report
<b>WARCIP</b>	Regional West Africa Access to Telecom Services	<b>WGI</b>	Worldwide Governance Indicator
<b>WBG</b>	World Bank Group	<b>WHO</b>	World Health Organization

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## Country Partnership Framework for Guinea-Bissau FY18-FY21

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## Country Partnership Framework for Guinea-Bissau FY18-FY21

### I. Introduction

1. **This World Bank Group (WBG) Guinea-Bissau Country Partnership Framework (CPF) will be the first full country strategy since 1997.** The development of the CPF has benefited from the findings of the 2016 Systematic Country Diagnostic (SCD) and the 2015 Fragility Assessment, and addresses the main lessons learned from the Completion and Learning Review (CLR) at Annex 2. It also reflects feedback from consultations with the Government, private sector, civil society, and development partners.
2. **The long-term objective of the WBG's engagement is to support Guinea-Bissau build the basis for meeting the twin goals of sustainable poverty reduction and shared prosperity in a context of high risk.** To that end, this CPF supports the national development plan, *Terra Ranka* (Fresh Start), which was developed by the Government elected in 2014. While this plan has been broadly endorsed by every subsequent government, implementation has been confronted by systemic political tensions and underlying political economy challenges. Despite recent regional and international mediation efforts, political dialogue and reconciliation have been slow to materialize with a fourth change in government since 2014 taking place in November 2016, and further instability possible. Some of the deep-rooted divisions and tensions are likely to persist through the upcoming general and presidential elections (scheduled for 2018 and 2019 respectively). Furthermore, the regional Economic Community of West African States (ECOWAS) peace-keeping military mission (ECOMIB) is set to withdraw by the end of June, 2017. This political instability and fragility are likely to continue throughout the CPF period and pose high risks to the achievement of the CPF objectives as well as to sustained poverty reduction and increased shared prosperity.
3. **The CPF proposes a selective and flexible WBG program.** The focus areas of the CPF program will be on increased access to quality basic services and expanded economic opportunities and enhanced resilience to shocks. The selective focus, with a limited number of CPF objectives, is expected to increase the chances of supporting transformational changes within the country. Gender and governance will permeate each objective as cross-cutting themes. Given the high political risk, there is a need to be flexible and open to adjustments at mid-strategy, to be reflected in the Performance and Learning Review (PLR).
4. **As Guinea-Bissau is a fragile country, the WBG will need to address implementation challenges in innovative and strategic ways.** First, it will focus on improving services and economic opportunities in areas outside the capital (rural areas and secondary cities), while solidifying existing WBG financed investments in the capital city, Bissau. Second, moving away from emergency support, WBG will seek to create incentives for change using result-based instruments to strengthen core-state sector functions, such as human resources (HR) policies, financial management, regulation and quality assurance. Third, it will also engage and empower communities and citizens to directly strengthen bottom-up demand and accountability mechanisms for better services. Finally, WBG will have a stronger in-country presence allowing for more effective WBG collaboration and development partner coordination, including with United Nations (UN) agencies. Under IDA 18 (the 18<sup>th</sup> replenishment of International Development Association (IDA) resources) the national allocation for Guinea-Bissau is expected almost to double compared to IDA 17, given the size of the replenishment and the changes to the allocation formula. The CPF also plans to make selective use of IDA18 facilities with a focus on the Regional Integration Window (RIW) and potentially the Private Sector Window (PSW), as well as expand resources through strategic trust funds and partnerships.



## II. Country Context and Development Agenda

### 2.1 Country social and political context<sup>1</sup>

5. **Guinea-Bissau is a small state in West Africa with a population of around 1.8 million.** Guinea-Bissau is bordered by Senegal to the north and Guinea to the south and east, and with a large archipelago, the *Bijagos*, consisting of over 100 islands to the west. The country is rich in natural resources (fisheries, forestry and agriculture) and biodiversity with a terrain of mostly low coastal plains with swamps of Guinean mangroves. Guinea-Bissau is a member of the Economic Community of West African States (ECOWAS), the West African Economic and Monetary Union (WAEMU) and the Community of Portuguese Language Countries (*Comunidade dos Países de Língua Portuguesa*: CPLP).

6. **The country is host to a large variety of ethnic groups, languages and religions.** Today only 14 percent of the population speaks Portuguese, while almost half the population (44 percent) speaks Crioulo, a Portuguese-based creole language, and the remainder speak a variety of native African languages. The main religions are African traditional religions and Islam with a Christian minority. Inter-religious and inter-ethnic relations are common, including marriages, and communal violence has so far been low. With high rates of fertility of 4.16 children per woman,<sup>2</sup> the population is expected to quadruple by 2100 and the working age population to double by 2040. The economy is dominated by agriculture and the production and export of raw cashew nuts, which also constitutes the main source of income for more than two thirds of households and virtually all small family farms.

7. **Guinea-Bissau has a history of political and institutional fragility dating back to its independence from Portugal in 1973.**<sup>3</sup> Since independence, four successful coups have been recorded in Guinea-Bissau, with another 16 coups attempted, plotted, or alleged. In addition to military coups, frequent government turnover is another manifestation of the country's political instability and fragility. Between 1999 and 2009, Guinea-Bissau experienced a change of government every year, and in the last 18 months the country has had four governments. Fragility in Guinea-Bissau manifests in a disconnect between state and society, with weak state institutions and a lack of state presence outside Bissau, which renders the state illegitimate in the eyes of many of its citizens.<sup>4</sup> Furthermore, military engagement in the political and economic spheres is strong, the justice sector is weak, and the economy is poorly diversified and captured by elite interests.<sup>5</sup>

8. **Fragility is also the result of competition for rents among elites.** Weak governance has allowed a "rentier" economy to fester, effectively diverting much of public resources toward individual private gain. Guinea-Bissau ranks in the bottom 10 percent of all ranking indicators measuring public sector capacity in the World Bank's Worldwide Governance Indicator (WGI). These institutional weaknesses translate into weak public financial management, as manifested in insufficient internal and external controls, execution of government programs and policies that do not reflect the budget made, and an outdated and regressive tax framework with ineffective tax management. Public administration is undermined by a large bureaucracy, notably the overrepresentation of the military. Exploitation of natural resources, including agriculture (cashew), fisheries and forestry, is the target of rent-seeking behavior due

<sup>1</sup> This section draws on the *Systematic Country Diagnostic* (World Bank, 2016) but will not repeat details from that document.

<sup>2</sup> World Development Indicators (World Bank, 2016)

<sup>3</sup> Officially recognized as independent in 1974

<sup>4</sup> Harmonized average CPIA for 2016 is 2.5, a decrease from the country's rating of 2.6 in 2012 and well below the cut-off point of 3.2 that defines the fragile states category.

<sup>5</sup> UN/World Bank Fragility Assessment (2015), UNDP G7+ update of Fragility Assessment (2016).

to weak controls and lack of oversight.<sup>6</sup> The country remains an important hub for cocaine trafficking from South America to Europe, and it ranks among the top-ten countries most at risk for money-laundering.<sup>7</sup> The illicit financial flows from Guinea Bissau were estimated at 7 percent of GDP in 2015.<sup>8</sup> Several sector decrees passed in Council of Ministers during 2017 also reflect the weak governance and rent-seeking behavior in the public sector, notably on cashews, restricting number of export licenses and prohibiting foreign traders and on the telecom sector giving one company monopoly to the international gateway.

9. **The cost of political and institutional fragility has been very high.** As shown in the 2011 World Development Report (WDR), there is a strong correlation between state fragility and low levels of economic development. In the case of Guinea-Bissau, the costs of recent political instability and fragility have been severe. In 2015, the International Monetary Fund (IMF) estimated that Guinea-Bissau's gross domestic product (GDP) per capita could have been 65-90 percent higher than in 2000 had it not been for its endemic fragility.<sup>9</sup> There is also close link between political developments and output: after the 2012 military coup, the economy contracted by 1.8 percent in 2012 and barely recovered in 2013 due to mismanagement of the cashew harvest, and the suspension of donor funds, which further led to halted public sector investments and increased arrears. The main consequences of this are the high poverty and lack of state presence outside the capital.

10. **Despite various legal instruments and programs promoting decentralization, commitments made through WAEMU,<sup>10</sup> and a strong focus on decentralization in *Terra Ranka*, political and fiscal decentralization is close to non-existent.** As a result, the capacity of local governments to provide basic services and public goods is totally dependent on resources provided through national government sectoral programs. The 1997 decentralization law anticipated that each region would be financially sustainable through transfers from the central government, but very few transfers are taking place. The National Decentralization Program envisages local authorities collecting a certain percentage of decentralized activities (customs, mines, ports, forestry and tourism). There are no decentralized treasury services and many payments are made in cash.

11. **The private sector is embryonic, mainly focused around processing of cashew, and foreign direct investment is very low due to the uncertain policy and regulatory environment and the high cost of doing business.** The country ranked 172 out of 191 on the 2016 *Doing Business* index. The weak business climate is characterized by difficulties in accessing basic services (transport and marketing infrastructure, water and electricity), poor institutional governance, and lack of transparency especially in tax and customs administration. The judicial system also works poorly despite recent improvements in registration of securities. Small and medium enterprises (SMEs) lack operating capacity (accounting, finance, tax, etc.) and there is a high degree of informality. The financial sector is also small with weak governance and is risk-adverse compared to banks in other countries in the region.

12. **Electricity is both scarce, with about 10 percent access in Bissau and <1 percent outside the capital, and very costly, at US\$0.50 per kWh making it among the most expensive in the continent.** Electricity supply currently relies on emergency, rental power plants (10 MW). The sector has experienced

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<sup>6</sup> <http://foreignpolicy.com/2016/01/06/how-not-to-deal-with-an-african-narco-state-guinea-bissau/>

<sup>7</sup> Basel Institute Anti Money Laundering Institute Index 2016

<sup>8</sup> Illicit financial flow: Report from the high-level panel on illicit financial flows from Africa (AU/ECA, 2015)

<sup>9</sup> International Monetary Fund, Staff Report for the 2015 Article IV Consultation and Request for a Three-Year Arrangement Under the Extended Credit Facility, Selected Issues (Country Report 15/194, July 2015)

<sup>10</sup> Lei No. 4/97, 1991 Constitution (revised in 1996), UEMOA Directiva 01/2011/CM/UEMOA, *Terra Ranka* (2014) (Programa 10 and 11) and National Decentralization Program (2015)

years of weak governance and inefficient management, with transmission and distribution losses of over 30 percent, and commercial losses of 10 percent, with a heavily subsidized tariff of US\$0.37 per kWh represents a monthly cost of US\$1.2 million for the government budget (1.5 percent of GDP). The upcoming connection to the Gambia River Basin Development Organization (*Organisation Pour La Mise En Valeur Du Fleuve Gambie* – OMVG) network is a unique opportunity to gain access to cheaper and sustainable energy but such access will require substantial improvement in the management capacity of the sector.

## 2.2 Recent economic developments – Positive outlook but with high downside risk.

13. **Guinea-Bissau has enjoyed fairly strong economic growth in recent years.** After recording annual average growth of only 2.1 percent between 2000 and 2013 (implying negative per capita GDP growth), real GDP growth accelerated to an average of 4.1 percent per year in 2014-2016. The pick-up in growth occurred in the context of increased demand for the country's main export crop (cashew nuts) on the international market. International prices rose by 40 percent between 2014 and 2016, which allowed the Government to increase the local reference price for cashew nuts. Aided by favorable weather conditions in 2015 and 2016, cashew production and exports climbed to close to 200,000 tons up from 140,000 tons a few years earlier. In this context, the primary sector expanded by an average of 4.4 percent. There were also notable expansions in the services and industry sectors enabled by increased production and supply of electricity and water.

14. **Inflation has been well within the target of 3 percent set by the WAEMU central bank (Central Bank of West African States - BCEAO) but has been higher than the regional average.** Inflation averaged 1.6 percent in 2016, up from 1.5 percent in 2015, reflecting higher prices for goods and services, health services and education. Inflation for WAEMU averaged 0.4 percent in 2016. Monetary policy (controlled by BCEAO) during 2016 contributed to keeping inflation low without stifling economic growth or threatening the regional currency peg to the Euro.

15. **Guinea-Bissau's external trade position has improved, but vulnerabilities remain.** Current account deficits of 1.1 percent of GDP (2015) and 2.2 percent (2016) compare favorably with deficits of about 6.5 percent of GDP between 2012 and 2014. Cashew exports and a surplus on the income account (largely reflecting the proceeds from the annual European Union fishing agreement) were the main drivers of the improvement in the current account. These surpluses were, however, partially offset by a decline in official transfers and a rise in payments for services. Official transfers in 2016 were 1 percent of GDP, down from 4 percent of GDP in 2014, due primarily to the suspension of budget support by some donors in the context of ongoing political turmoil and concerns about a government decision to recapitalize two private banks. Net official and private capital inflows were more than sufficient to finance the deficit, leading to a modest buildup in net foreign assets to just below 2 months of imports.

16. **The fiscal deficit continued to increase in 2016 underscoring ongoing governance challenges.** The fiscal deficit, including transfers, is estimated to have increased from 2.2 percent of GDP in 2014 to 4.2 percent of GDP in 2016. Stronger economic growth and improved tax compliance by large taxpayers resulted in higher tax revenues, but as a proportion of GDP it was only 10 percent, ranking among the lowest performers in Sub-Saharan Africa. Revenue mobilization has been disappointing during the first half of 2017, and grants fell by approximately 30 percent in response to the suspension of some donor-funded activities. Expenditures exceeded budgeted amounts, in spite of corrective measures to contain the impact of project grants. The IMF through its Extended Credit Facility (ECF) program has been helping

the authorities to tackle domestic arrears and claims on the budget from the state-owned enterprise sector (in particular the energy and the telecommunications companies)<sup>11</sup>.

<b>Table 1: Guinea-Bissau - Key Economic Indicators as of April 30, 2017</b>							
	2014	2015	2016e	2017f	2018f	2019f	2020f
<b>Economic Growth and Inflation</b>	<b>Annual percentage change</b>						
Real GDP	2.5	4.9	4.9	5.1	5.2	5.1	5.1
Per Capita GDP (USD Atlas Method)	0.0	2.4	2.5	2.6	2.7	2.7	2.7
<i>Contribution:</i>							
Agriculture	3.3	4.8	4.1	4.3	3.1	3.1	3.1
Industry	1.9	5.5	5.8	5.8	6.1	6.1	6.1
Services	1.9	4.8	5.4	5.7	6.7	6.5	6.5
CPI (average)	-1.5	1.4	2.4	2.6	2.8	2.7	2.7
<b>Fiscal Accounts</b>	<b>Percent of GDP</b>						
Revenues and grants	20.3	21.0	19.7	18.8	18.1	18.9	18.9
Expenditures	22.4	24.6	24.0	20.6	20.3	21.1	21.1
Overall balance	-2.2	-3.6	-4.2	-1.8	-2.1	-2.2	-2.2
<b>Selected Monetary Accounts</b>	<b>Annual percentage change</b>						
Credit to private sector	-2.7	14.6	14.1	2.4	2.8	2.8	2.8
<b>Balance of Payments</b>	<b>Annual percentage change, unless otherwise indicated</b>						
Current Account Balance (% of GDP)	-3.3	-1.1	-2.2	-2.2	-3.9	-5.0	-3.9
Exports of goods and services	9.4	41.3	15.2	6.1	1.7	9.2	14.5
of which: cashew	16.6	94.2	13.8	2.3	2.0	2.0	2.0
Imports of goods and services	15.0	2.5	14.4	8.9	4.1	6.6	11.3
of which: food	11.5	9.7	9.4	11.0	6.2	2.9	6.9
<b>Memo:</b>							
Cashew export price (US\$/ton)	1000	1210	1400	1400	1400	1400	1400
Public Debt Stock (percent of GDP)	48	47	48	48	47.1	46.9	46.9
Nominal GDP (CFAF billions)	521	601	667	703	750	801	855

Sources: Government of Guinea-Bissau, World Bank and IMF estimates as of April 30, 2017.

Notes: e = estimate, f = forecast.

17. **The November 2016 joint IMF-IDA Debt Sustainability Analysis (DSA) indicates that Guinea-Bissau's risk of debt distress remains moderate, although overall vulnerabilities have increased since 2015.** External debt indicators improved, due largely to good revenue performance in 2015 and benign developments in the terms of trade and nominal GDP. However, the overall public debt indicator worsened relative to the last DSA in 2015, mainly due an increase in domestic debt, reflecting realized

<sup>11</sup> The IMF's ECF program with Guinea-Bissau was approved on July 10, 2015. The first and second reviews under the program were delayed for more than a year amidst concerns about the controversial bailout of two banks. The second review was approved on December 2, 2016. As of May 4, 2017, ECF program remains largely on track with two out of five performance criteria appearing not to have been met by small amounts (ceilings on net domestic bank credit to central government and accumulation of external payment arrears). Priorities remain to increase domestic revenue mobilization, maintain fiscal discipline, improve debt management and develop contingency plan to deal with troubled banks.

contingent liabilities, new Treasury bill issuance and other new domestic loans. The economy remains vulnerable to adverse shocks from changes in the terms of trade or the non-realization of planned foreign direct investments.

18. **Unresolved issues in the financial sector point to continued distress.** In 2015, two of the four commercial banks in the country, accounting for over half of banking system assets, were considered insolvent requiring substantial capital injections, due to a high level of non-performing loans (NPLs). The then-Government bailed out the banks at a cost of approximately 5.5 percent of GDP. As a result, the ratio of gross NPLs to total gross credit fell from 25 percent to 7 percent. Following complaints about this bailout, which was carried out without any cabinet or Parliamentary scrutiny, a successor Government declared it null and void in October 2016. Unwinding the bailout entails a return to a high NPL ratio and the need for remedial actions by the banks to fix their balance sheets accordingly. The fiscal outlook could deteriorate should the courts rule the original bank bailout contracts legal,<sup>12</sup> and concerns persist regarding the willingness of bank shareholder to inject new capital.<sup>13</sup> The IMF is recommending the Government develop a contingency plan to address these risks.

19. **The current recovery in economic activity is expected to continue for several years, but sustaining growth requires structural reforms in the medium term.** The primary sector is expected to continue to drive economic activities and the resumption of the IMF program should allow for a return of donor financing that would support a recovery in other sectors. This growth path assumes a recovery in electricity and water generation, key inputs to economic production, and start-up investments in the phosphate sector, possibly scheduled for production in 2019. The resumption of reforms to improve domestic resource mobilization and the efficiency of public expenditures, coupled with recovery of grants, are expected to partially offset spending in the medium-term. The deficit on the external current account is projected to widen, reflecting increased spending on equipment for various capital projects that have been delayed. Inflation is expected to accelerate but remain with the target of 3 percent. However, reliance on cashew nuts for their livelihood exposes two-thirds of the population to risks of terms-of-trade and weather shocks. Diversification, through moving up the value chain, addressing agricultural technology and market support systems, or capitalizing on other agricultural potential, will be key to bolstering economic resilience. Emerging opportunities in fisheries, mining and tourism are also possible ways to broaden the economic base of the country and increase domestic resource mobilization.

20. **Guinea-Bissau remains susceptible to a number of economic risks.** Given the volatile operating environment, there is a high likelihood that major donor projects and key structural reform measures to strengthen public financial management will be delayed. Though recent efforts by the Government led to the resumption of the IMF program in late 2016, the fiscal outlook could deteriorate should the courts rule the bank bailout contracts legal. The authorities need to ensure that the banking sector complies with prudential reforms. Agricultural output remains vulnerable to adverse weather conditions and impacts from climate change, as explained in section 2.5 below.

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<sup>12</sup> WAEMU Banking Commission opinion was issued in mid-April, 2017 and ordered the banks to make provisions for non-collateralized parts of non-performing loans (NPLs) transferred to Government in the bailout.

<sup>13</sup> Guinea Bissau – Policy Note for the Third Review under the Extended Credit Facility-supported Program (IMF, April, 2017)

## 2.3 Poverty and shared prosperity - A story of rural inequities<sup>14</sup>

**21. Poverty in Guinea-Bissau is high and increased between 2002 and 2010, particularly the rate of extreme poverty.**<sup>15</sup> Nearly 1.2 million people (69.4 percent) were poor in 2010. One-third of the population (33.1 percent) lived in extreme poverty, surviving on under US\$1 per adult equivalent per day (national extreme poverty line). Both absolute and extreme poverty rose between 2002 and 2010 (by 3.7 percent and 11.5 percent, respectively): the country's limited economic growth had no measurable or sustained poverty reducing benefits. Guinea-Bissau ranked 178<sup>th</sup> out of 187 countries on the 2016 Human Development Index (UNDP). Furthermore, the rapidly growing share of working age population constitutes a major risk as new jobseekers put pressure on the labor market. Given current underemployment and few job opportunities outside cashew, household income might fall as younger generation will add little additional income.

**22. Inequality is also high and has worsened over time.** The Gini coefficient for Guinea-Bissau was 0.50 in 2010 up sharply from 0.35 in 2002. In 2010, average consumption for the top ten percent was 23 times higher than for the bottom ten percent. While economic growth has benefitted the top income group, the rest of the population suffered from declining welfare. The lower quintiles are also the most deprived in terms of asset ownership and access to basic services. The increase in inequality is also symptomatic of policy making which has favored long-standing business and political elites.

**23. Rural standards of living are considerably lower than those in the capital city, Bissau, reflecting lower rural human and physical capital, low agricultural productivity, and low inclusiveness.** In addition to systematically lower per capita consumption in the rural areas, the difference in standard of living between rural and urban areas has also widened over time. In 2010, the median consumption per capita in rural areas was 38 percent less than in Bissau. In Gabu and Casheu regions, poverty rates are 83.5 and 80.5 percent, respectively, compared to 51.2 percent in Bissau. The concentration of extreme poverty is also higher in rural areas.

**24. Poverty is further compounded by multiple deprivations in non-monetary dimensions,** such as limited access to basic and social services, low human capital, and inadequate public infrastructure. While primary net enrollment increased from 45 percent in 2000 to 67 percent in 2010, only 64 percent of children complete primary education compared to 69 percent in Sub-Saharan Africa and 92 percent worldwide. Beyond enrollment and completion, very little learning takes place in schools. A 2014 evaluation revealed very low achievement levels in mathematics and Portuguese, and less than 40 percent of primary school teachers have received formal training.<sup>16</sup> Health outcomes are equally low, further limiting the ability of individuals to work and undermining their productivity. More than one-third of the population still lack access to safe water for drinking and bathing (while close to two-thirds have no access to modern sanitation).

**25. Most rural households are engaged in agriculture, mainly in cashews, and subsist with low returns.** This is rooted in large differences in ownership of physical and human capital, including land, between the non-poor, the poor and the extreme poor. Eighty percent of all workers are engaged in the agricultural sector and virtually all small farmers grow at least some cashew nuts. In recent years, there have been high prices and good returns on investment in cashew, and Bissau-Guineans have increasingly sought to concentrate their labor and other resources in cashew production. Households often use

<sup>14</sup> For more details, refer to Guinea-Bissau Systematic Country Diagnostic – Turning Challenges into Opportunities (World Bank, 2016).

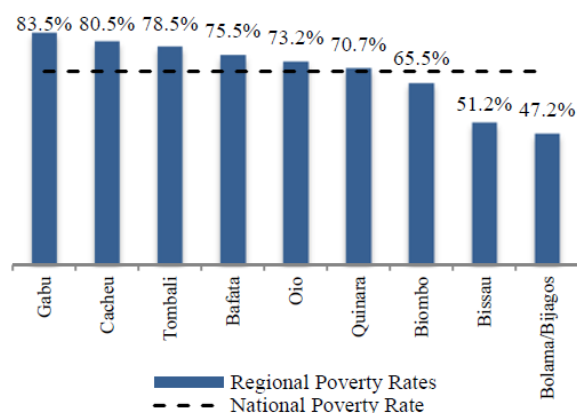
<sup>15</sup> 2010 ILAP is the last available poverty household survey.

<sup>16</sup> Education and Health Sector Diagnostic (Internal World Bank Document, 2016)

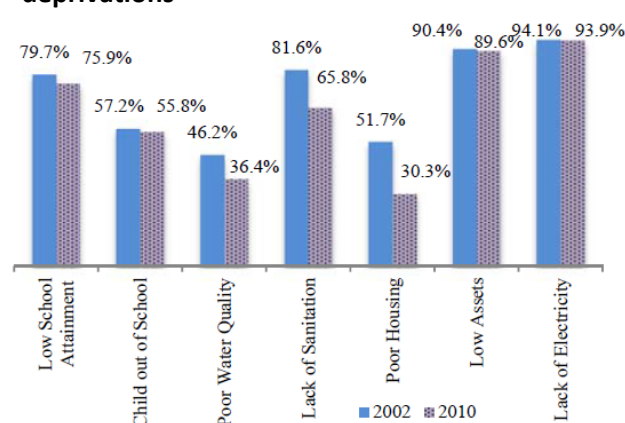
cashew in bartering for rice or other staples. The dependency of households on cashew has risen, reinforced by the nature of cashew production which only allows for very limited intercropping.

26. **When it comes to access to markets, jobs, and services, the poor outside of Bissau are disadvantaged.** There is poor rural infrastructure, such as roads, ports and telecommunications, and an almost complete lack of public investments. While the extent of the road network is broadly in line with other Sub-Saharan countries, the roads are in considerably poorer conditions, particularly during the rainy season, preventing efficient flows of goods and labor and creating high transaction costs. The only operating port in the country is Bissau, which is of limited capacity and inefficient, and also hard to access from outside Bissau (some potential traffic actually uses other ports in the region). Regarding internet and mobile phones, Guinea-Bissau faces problems of both accessibility (mostly limited to the capital<sup>17</sup>) and affordability, with households spending on average 19 percent of income on mobile telecom services (much higher than in neighboring countries). These constraints, along with the generally difficult business environment and low productivity, further impede economic diversification.

**Figure 1. Poverty rates for regions**



**Figure 2: Percentage of population with multiple deprivations<sup>18</sup>**



Source: Systematic Country Diagnostic (World Bank, 2016) using ILAP 2010 data

## 2.4 Gender inequities constrain female poverty reduction.<sup>19</sup>

27. **Women are particularly disadvantaged with regards to educational outcomes.** While there is relative parity between girls and boys in enrollment at the primary school level, there is still a large gender gap at secondary level.<sup>20</sup> Evidence suggests that pregnancy and early marriage are the most common reasons for girls to drop out of secondary school. The lack of proper sanitary facilities and long distances to school are also thought to be critical barriers to educational participation, especially for girls (14 percent-20 percent of poor children must travel 60 minutes or more to reach school).

28. **Health outcomes are particularly poor for women.** The maternal mortality rate (900 deaths per 100,000 live births) is one of the highest in the world. This is partly due to the persistently low use of obstetric services by expectant mothers, with only 45 percent of deliveries taking place within health

<sup>17</sup> Mobile penetration as measured by number of SIM cards is 81 percent in 2015, but since the average number of cards per subscriber is 2.1, this suggests that only 41 percent the population has a mobile phone.

<sup>18</sup> World Bank calculations using the 2009 Census and ILAP II 2010 (*Systemic Country Diagnostic*, 2016)

<sup>19</sup> Per OP/BP4.20, this CPF is informed by the 2015 Gender Assessment<sup>19</sup> (and other relevant analytical work).

<sup>20</sup> 2015 Gender Assessment (Internal World Bank).



facilities.<sup>21</sup> The burden of HIV in Guinea-Bissau is the highest in West Africa and it disproportionately affects women (female adults with HIV represent 58.6 percent of the population above 15 years old with HIV).<sup>22</sup> Fertility rates are also high, partly due to the low prevalence of contraception - only 16 percent of women between 15-49 years-old report using any contraceptive method, and the adolescent pregnancy rate is estimated at 28 percent.<sup>23</sup> The practice of female genital mutilation is quite prevalent (44.9 percent of women).

### **Box 1: Summary of the Systematic Country Diagnostic (SCD) Findings on the Main Drivers of Poverty in Guinea-Bissau**

The *Systematic Country Diagnostic – Turning Challenges into Opportunities* (World Bank, 2016) identified several interconnected binding constraints to sustainably reducing poverty and increasing shared prosperity as follows:

#### **1. Lack of inclusiveness and low rural productivity**

- *Low human capital:* Educational achievements are low, largely as a result of a weak and inefficient education system. Health outcomes are equality poor, limiting the ability of individuals to work and undermining their productivity.
- *Lack of physical capital:* Most poor households are engaged in agriculture. The lack of land ownership tends to bias farmers towards cultivation of lower value added raw cashews. Poor infrastructure disconnects farmers from markets and keeps transaction costs high and limits diversification incentives.
- *Vulnerabilities to climate change:* Risks from natural disasters and climate change disproportionately impact the poor who depend on subsistence agriculture.

#### **2. Low and unstable economic growth**

- *Stagnant economic structure:* Economy remains largely agrarian, dominated by low value added raw cashew production. Undiversified nature of economy makes the economy highly vulnerable to shocks.
- *Regressive taxation and poor quality of expenditures:* Public fiscal resources are low and volatile with the tax system regressive and distortionary. The quality of public expenditures is poor, not well allocated across sectors and undermined by an incomplete public financial management framework creating opportunities for the elites to extract rents.
- *Underdeveloped private sector:* The private sector is underdeveloped and informal, constrained by the inadequate state of public infrastructure and the poor business and regulatory environment.

#### **3. Fragility and weak governance**

- *Rentier economy:* Repeated cycles of fragility have been induced by competition for power among the elites and have undermined the institutions meant to govern the country and provide public goods to the population.
- *Poor functioning of markets:* The function of markets is exposed to rent seeking through the weak business regulatory environment.

**29. While statutory law provides equal land rights to men and women, customary practices impede women's land rights, as their access to land and other assets is often dependent on their marital status.** In the event of conjugal separation, women generally lose their land rights and separated women are rarely (if ever) granted land use rights in their family of descent. Insecure land rights not only constrain women's participation in cash crops but may also reduce their overall agricultural productivity by reducing

<sup>21</sup> MICS, 2014.

<sup>22</sup> Guinea-Bissau Health and Education Sector Diagnostic (World Bank, 2016).

<sup>23</sup> Ibid.



their incentives to invest in land. Women's agricultural productivity is also constrained by having less access to agricultural inputs. Female household find it difficult to access farm labor and have lower returns to that labor. Other productive inputs, such as credit, materials, equipment and training, are distributed according to the same patriarchal rules that rule land access. Women's ability to improve their welfare outside of agriculture is also constrained as a woman generally cannot operate a business without her husband's consent.

**30. Economically active women are disadvantaged in the labor market.** Just over half of women are engaged in the labor market. Women make up around 27 percent of the formal sector and are less likely than men to work in senior or skilled positions. Women also do not benefit as much as men from the economic returns from cashew, even though about half the cashew workforce is female. Women farm and harvest the cashews, peel and sort nuts, and are involved in processing the cashew stem or fruit, which is much less valuable than the nuts, which are seen as belonging to men.

## 2.5 Risks and vulnerabilities to climate change

**31. Guinea-Bissau's natural endowments, especially renewable natural resources (agriculture, fisheries, timber) are being rapidly depleted.** Guinea-Bissau has the highest proportion of natural wealth per capita in the West Africa region. This natural resource base is essential for the livelihoods of local communities, for biodiversity and public revenue streams. The gross value of fisheries corresponds to 20 percent of agricultural value and fisheries licenses contributes 15 percent to government revenues. Forestry constitutes an important source of revenue for communities. However, the sustainability of this endowment is being undermined by weak natural resource management and other anthropogenic pressures (charcoal making, slash-and burn agriculture, cashew plantation, and illegal logging and fishing). Existing institutions for natural resource management are under resourced and face severe challenges including lack of HR and information and data constraints. This depletion of alternative sources of income and the related, rising dependency on cashew, mentioned above, constitute a major vulnerability of households, since returns to cashew are at risk from harvest failure, political interference and commodity price falls.

**32. Climate change and climatic variability add extra pressure on the need to preserve natural habitats.** Low lying coastal areas of Guinea-Bissau host close to 80 percent of the population, but are highly vulnerable to rising sea levels, stronger tides and salinization of surface water and aquifers. Guinea-Bissau is the second most vulnerable country to climate change in the world after Bangladesh<sup>24</sup>. This vulnerability is reflected in the risks of flooding and coastal erosion impacting economic activity and infrastructure. Expansion of cashew plantations, pushing rice plantation into mangrove areas, further exacerbates this vulnerability. Changes in rain fall patterns are also a serious climatic risk. The country's national development strategy includes a climate change theme, calling for the implementation and further preparation of various climate related sectoral strategies.

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<sup>24</sup> The Climate Change Vulnerability Index (2014).

### III. World Bank Group Country Partnership Framework

**33. The WBG engagement will support the Government's development ambitions, reflected in its *Terra Ranka* strategy to develop the potential of Guinea-Bissau and build the basis for sustainable poverty reduction and shared prosperity.** This CPF is proposing a selective program focused on increased access to quality basic services and increased economic opportunities and resilience. It also draws on lessons from past ways of working and focus areas and will do things differently going forward. While solidifying investments in the capital city, new WBG interventions will be concentrated in areas outside Bissau. Furthermore, WBG will seek to create incentives for change through use of result-based financing, cash transfers, and citizen and community participation. As discussed below, the CPF has prioritized the WBG's engagement based on a series of selectivity filters used to define the WBG's program objectives, both at the strategic level (focus areas) and at the CPF objective level.

#### 3.1 Overview of past WBG engagement

**34. The WBG's engagement in Guinea-Bissau has been challenging and subject to frequent interruptions caused by internal political turmoil.** The last full WBG Country Assistance Strategy (CAS) was discussed in 1997, but implementation was disrupted after its first year due to violent internal conflict. Continuous political instability complicated the development of a subsequent WBG strategy document until 2009, when WBG support was reflected in the FY09-FY10 Interim Strategy Note (ISN). The development of a follow-on CAS was again interrupted by a military coup (in April 2012) with most donors suspending financial support. The World Bank immediately suspended all lending activities, but following an assessment mission, disbursements resumed in December 2012. With the election of a new government in 2014, the WBG again reengaged and has since operated on the basis of a Country Engagement Note (CEN) while the government prepared its own poverty reduction strategy. A Completion and Learning Review (CLR) evaluates the performance of the ISN and CEN and extracts lessons learned to inform this CPF (see below and Annex 2).

**35. The overall objective of the CEN was to provide immediate short-term support to consolidate the democratic transition and restore basic services while assisting the Government in designing a more sustainable poverty reduction strategy.** The CEN focused on three program areas: (a) core public sector institution building (public sector management); (b) basic service provision (access to water, electricity, education and health); and (c) support to productive sectors of the economy (cashew and rice production). WBG engagement in Guinea-Bissau was also supported by regional projects. These include the regional Gambia River Basin Development Organization (*Organisation de la Mise en Valeur du fleuve Gambie*: OMVG) energy project - designed to connect Guinea-Bissau to the regional power grid - and the West African Regional Fisheries Program - which focuses reducing illegal fishing and increasing local value added to fish products. Following the priorities of the CEN, Guinea-Bissau also qualified for access under IDA17's Turnaround Regime, at an annual exceptional allocation of US\$20 million for an initial period of two years (FY16-FY17). As set out in Box 2 above, experience with such access has been mixed and this CPF does not propose such access under IDA18.

**36. Under the CEN, International Finance Corporation (IFC) and Multilateral Investment Guarantee Agency (MIGA) sought to increase their engagement in Guinea-Bissau.** IFC's engagement focused on support to improving the investment climate. IFC advisory services have focused on improving prospects for agribusiness sector, particularly the cashew value added chain. IFC's last project investment took place in 1997. In the interim, several prospective deals fell through with sponsors withdrawing because of

political and regulatory instability. MIGA also sought to capitalize on its existing engagement during the CEN period in line with its objective of supporting post-conflict and fragile states. MIGA has one active project in Guinea-Bissau in support of the telecom sector.

### **Box 2: Summary of Turnaround Regime (TAR) Access for Guinea-Bissau**

Guinea-Bissau access to IDA's Turnaround Regime was granted on January 8, 2016, for a period of two years. The net effect was to increase IDA17 commitment authority for Guinea-Bissau by US\$10m/year for FY16 and FY17 (raising Guinea-Bissau's IDA17 total allocation from US\$30m to US\$60m). It was expected that much of this lending would be front-loaded in FY16 to underpin activities supporting the government's turnaround efforts. The turnaround program was expected to focus on two key areas that could have a visible impact:

- For FY16 the focus was to be primarily on rapid strengthening of basic services provision and social assistance to the poor, in particular outside Bissau.
- For FY17 the focus was expected to be on support for key reform efforts and investments required to boost inclusive growth and strengthen the country's development potential.

**Use of TAR under IDA17:** In FY16, the Board approved an additional IDA financing of US\$10m for the Community Driven Development operation, which has been and continues to be, the principal mechanism for engaging with communities beyond the capital. In FY17, the Board have approved US\$7m (national IDA), plus US\$14m (regional IDA) for Guinea-Bissau's participation in Regional Disease Surveillance Systems Enhancement (REDISSE) (a project to improve West African countries' ability to monitor and manage for disease epidemics), and US\$10m (national IDA), plus US\$25m (regional IDA) for Regional West Africa Access to Telecom Services (WARCIP) (a project to connect Guinea-Bissau to high speed Information and Communication Technology (ICT) links, and liberalize the ICT sector locally). An additional financing for the Emergency Energy and Water Service Upgrading project of US\$25 million will be presented to the Board on May 30, 2017.

**Status of TAR eligibility:** At the time that Turnaround access was agreed, the risk of political instability was clear. Since the dismissal of a reform-oriented government in 2015, four governments have been appointed. Because of tensions between the President, Prime Minister and National Assembly, the last two governments have not managed to get a program or budget approved, and mediation efforts have failed. While the IMF approved the review of their Expanded Credit Facility program in December 2016, all donor partners have suspended budget support. Looking at the indicators in the Monitoring Framework that was agreed for TAR access, there is a similarly mixed picture. Unless the WBG sees considerable progress in terms of the monitoring framework, Guinea-Bissau is not likely to be eligible for similar TAR access under IDA18.

### **3.2 Selectivity filters used for identifying CPF objectives**

**37. Given scarce WBG resources and the need to focus on transformational change in key sectors, the CPF has been selective in its support.** Three selectivity filters were applied as follows: (i) alignment with the Government's own program and requests for WBG support to date (including the legacy portfolio); (ii) focus on the priority areas identified by the SCD as well as the Fragility Assessment; and (iii) the comparative advantage and experience of the WBG. Results from consultations in Bissau and the region of Oíó as well as the client survey were also considered. Finally, IDA 18 strategic themes on fragility, climate change, governance and institutions, jobs and economic transformation, and gender are also taken into consideration. The results are set out in the program below. Examples of how the filters

impacted priorities include: the SCD, the 2015 Fragility Assessment, and the latest ECOWAS-led mediation efforts in Guinea-Conakry highlighted the need to support the Government to promote judicial reform as well as security reform (and demobilization of ex-combatants). These areas are however not seen as priority areas for the WBG CPF for two main reasons. First, other donor partners are actively engaged in these areas, including the European Union, UNIOGBIS and ECOWAS. Second, WBG does not have a comparative advantage in these areas apart from public expenditure reviews in the security sector.

**38. Selectivity Filter 1: Alignment with the ambitions of the Government's *Terra Ranka* program.**

The 2014 government strategy sets forth a vision for 2025 of a "Guinea-Bissau, politically stable through inclusive development, good governance, and preservation of its biodiversity." The operational plan is based on five strategic priorities: (1) governance and peace; (2) addressing the lack of infrastructure and limited urban development; (3) creating a favorable business environment and boosting the private sector; (4) conserving and sustainably developing the country's biodiversity and natural capital; and (5) developing the human capital potential of the Bissau-Guinean population. Although the strategy has been endorsed by subsequent governments and has support across the political spectrum, limited fiscal space and persistent political turmoil have limited the implementation of the program. Nonetheless, it remains the most recent and relevant articulation of overall Government priorities.

**39. Selectivity Filter 2. Focus on SCD priority areas and drivers of fragility.** As discussed above, the SCD identified a full range of development challenges and constraints facing Guinea-Bissau. While the SCD identified a long list of twenty-one policy areas that reflect the needs and context of Guinea-Bissau, a prioritization exercise ranked these areas based on three criteria: 1) poverty reduction impacts; 2) feasibility (political and institutional capacity); and 3) traction (the ability of policy action to deliver results). To increase the chances of launching transformational changes within the country, the CPF has identified a limited number of focus areas and objectives that take into account the SCD prioritization exercise as well as the legacy engagement from the CEN/ISN period. A significant number of SCD priorities, although critical, will not be addressed by the CPF. See Table 2 below for SCD priorities, legacy projects, how these are considered in the CPF, or how they are otherwise expected to be addressed.

**Table 2: SCD Priorities, Legacy Projects and CPF Objectives.**

#	SCD Priority Areas (by theme and in order of prioritization)	Current projects	Reflected in CPF
1	Improve the delivery and reliability of basic services <sup>25</sup>	IDA Emergency Water and Electricity Upgrading Project (P148797)	Yes, through CPF Objectives 1 and 2
2	Improve agricultural productivity and market support services	IDA Emergency Private Sector and Agribusiness Project, Trade and Competitiveness (T&C) advisory services	Indirectly through Objective 3. Other development partners (DP) active include African Development Bank (AfDB), International Fund for Agricultural Development (FIDA) and EU who are focusing on rice. IFC investment in agribusiness and advisory services to

<sup>25</sup> Shaded area of the first six rows corresponds to the SCD binding constraint of **lack of inclusiveness and low rural productivity**

#	SCD Priority Areas (by theme and in order of prioritization)	Current projects	Reflected in CPF
			develop cashew value-chain. Analytical activities on agriculture diversification planned.
3	Reduce vulnerabilities of households to systemic and idiosyncratic shocks	No	Yes, directly included in the second focus area (Objectives 3, 4 and 5)
4	Reform land tenure and management systems	T&C advisory services	Not a priority area due to low feasibility of reform, however need to remain flexible if demand arises.
5	Develop productive safety nets and public works	IDA Community Driven Development	Yes, directly through CPF Objective 5
6	Enhance market access and bargaining power for farmers	IDA Emergency Private Sector and Agribusiness Project, IFC advisory services	Yes, through CPF Objective 3
7	Improve economic resilience through diversification <sup>26</sup>	IDA Emergency Private Sector and Agribusiness Project, IFC advisory services	Yes, economic resilience is a focus of Objective 3 by increasing access to markets.
8	Improve cross-cutting economic and production support services (electricity, roads, ports and telecommunications)	IDA Emergency Water and Electricity Project (+AF), PPIAF funded ASA on public private partnerships (PPPs)	Yes, directly through Objective 3
9	Increase financial inclusion	No	Analytical activity planned under Objective 3.
10	Enhance fiscal discipline and public revenue collection and efficiency	IDA Public Sector Support Project, PER (FY17)	Indirectly through Governance cross-cutting theme. Other DPs providing technical assistance (TA) include IMF, EU, WAEMU and AfDB
11	Reform the legal labor code	No	Sector support to improving HR policies will be provided in Objectives 1 and 2
12	Make the most of regional integration of markets and infrastructure networks	OMVG	Yes, potentially through regional connectivity program and regional energy project in pipeline.
13	Address the allocative and regressive inefficiencies in public spending <sup>27</sup>	IDA Public Sector Support Project, PER (FY17)	Indirectly through Governance cross-cutting theme. Other DPs providing TA include IMF, EU, WAEMU and AfDB

<sup>26</sup> Area of the rows from seven to 12 corresponds to the SCD binding constraint of **low and unstable economic growth**.

<sup>27</sup> Shaded area of rows 13-21 corresponds to the SCD binding constraint of **fragility and weak governance**.

#	SCD Priority Areas (by theme and in order of prioritization)	Current projects	Reflected in CPF
14	Improve public financial management systems	IDA Public Sector Support Project, PER (FY17)	Indirectly through Governance cross-cutting theme. Other DPs providing TA include IMF, EU, WAEMU and AfDB
15	Reform public sector incentives and raise overall capacity	IDA Public Sector Support Project	Yes, through Objectives 1 and 2 which aims at raising performance of civil servants in education and health through incentive-based salaries.
16	Strengthen business regulatory environment	IDA Private Sector and Agribusiness Project, IFC advisory services	Not directly
17	Advance security sector reform	No	No – UNIOGBIS, UNDP, ECOWAS and others active
18	Improve transparency and accountability	Somewhat through IDA Public Sector Support Project, PER (FY17), BOOST	Yes, directly through
19	Reform the management of natural resources to preserve the country's natural wealth	Fisheries Regional Project Phase I	Yes, directly through Objective 4
20	Strengthen the justice sector	No	No - UNIOGBIS, UNDP, ECOWAS, EU and others active
21	Strengthen the political system	No	No – UNIOGBIS and UNDP working on this

**40. Selectivity Filter 3: WBG Comparative Advantage and Experience.** The WBG engagement to date has focused on strengthening the ability of the state to deliver effective services through improved public sector management. This has included strengthening provision of basic services to the poor in health and education, electricity and water; and, improving food security by restoring production in key agriculture sectors. As the CLR notes, the implementation and achievement of development outcomes of the WBG portfolio objectives and outcomes has been uneven. Efforts at core public sector institution building and supporting productive sectors have been particularly affected by political instability that has negatively impacted project preparation and implementation. However, working at the community level has proven an effective way to deliver resources to poor people, despite the country's continued political turmoil. In light of this experience this CPF proposes below to use community-driven development (CDD) approaches in education (school grants), transport (some rural roads selected through CDD participatory approach) and through community empowerment programs.

**41. The CLR (see Annex 2) of the ISN FY09-FY10 and CEN FY15-FY16 has yielded several lessons for program and project design and implementation:** 1) Timeliness and realism: setting realistic objectives and timeframes for implementation, but also recognizing the need to respond in a timely way; 2) Implementation arrangements are crucial in weak institutional settings: keeping implementation arrangements simple; but also providing strong implementation support; ensuring that Monitoring and Evaluation (M&E) is simple; and working closely with communities and non-governmental organizations (NGOs) in delivery of capacity building and programs for sustainable impact; and 3) Consistency of



engagement is central to sustainable progress: WBG should be seeking to dampen fluctuations and not increase them. Remaining engaged even when the political situation is uncertain is important to support sustained sector policies and the delivery of services to the population.

### **Box 3: Current WBG Portfolio**

The current active World Bank portfolio totals US\$205.00 and is comprised of four national IDA operations for a net committed amount of US\$65.61 million (of which US\$28.43 million remain undisbursed), four regional IDA operations (US\$146.00 million), and one trust fund operation (US\$3.5 million). It is a relatively young portfolio with the average age for national project of three years and two years for regional project. In terms of sectoral focus, the portfolio mainly encompasses Energy and Water (49 percent), Telecom Infrastructure (17 percent), Social Protection and Labor (15 percent), T&C (12.5 percent) and Governance (7.62 percent).

IFC's activities have focused on providing advisory services to support access to finance and to improving the investment climate, jointly with the World Bank, especially on enhancing the cashew-value chain. IFC currently has no investment exposure in Guinea-Bissau but is currently considering an agribusiness investment.

MIGA has a single guarantee exposure in the telecommunications sector at \$8.96 million.

### **3.3 Input from stakeholder consultations and client survey**

**42. Formal consultations with Government, private sector and civil society took place in separate sessions in Guinea-Bissau on April 5-7, 2017. Regional consultations with local authorities, private sector and civil society also took place in Djalicunda, Oíó region on April 6, 2017.** More than 150 participants were present throughout the three days of consultations. In addition, a donor consultation was held in Bissau on April 7, 2017. Participants broadly agreed with the proposed CPF focus areas and objectives, particularly the focus on health, education, rural transport, energy and fisheries. The focus on areas outside of Bissau and the cross-cutting areas of governance and gender were also welcomed, as was the proposal to work more directly with civil society organizations and communities. There were, however, also requests to focus on agriculture, youth and private sector development.

**43. Both civil society and private sector expressed skepticism regarding the legitimacy of *Terra Ranka* as a national plan. It was perceived more as a “vision” presented in March 2015 at a roundtable conference held in Brussels aimed at mobilizing donor resources.** Both groups confirmed that very little implementation has taken place. Civil society further conveyed that the performance of government institutions is impacted by weak human capacity, inexistence of regulatory frameworks and policies at sector level, an ineffective justice sector and a poor governance environment.

**44. Private sector representatives highlighted the lack of access to finance and credit as a major contributor to economic stagnation, which limits private sector investments and thus economic diversification.** The establishment of a “development bank” to support SME's and local initiatives was mentioned as one of the priorities. They also conveyed the lack of trust on the political class and the disconnection between the government and the private sector and noted the negative impact of the uncertain regulatory framework, as well as the unknown national budget and allocations at the sector levels. They highlighted the challenges to the business environment posed by continuous political

instability over time. Concerns were expressed about upcoming withdrawal of ECOMIB, the ECOWAS peacekeeping mission during the period of April to June, 2017.

**45. Concerns and priorities expressed by participants at the consultations in the Oíó Region were strongly aligned with those expressed during consultations in the capital.** They reiterated the view that the absence of state institutions to provide basic services contributes to poor living conditions. In addition, participants felt that, in general, access to infrastructure is a major road block to private sector development outside the capital. They noted that electricity supply is very limited and non-existent in some rural areas and rural households are isolated due to lack of roads. Further, the participants in Oíó Region indicated that telephone and internet connectivity is not available in the majority of the rural areas, education and sanitation services are poor and limited. Vulnerable population groups like women and youth were particularly vocal in expressing their exclusion from society and economic activities.

**46. The priorities for engagement in the CPF also correspond to the development priorities identified in the 2014 Guinea-Bissau Client Survey.** Notably, education was on top with sixty-five percent and energy scored second, followed by security/reconstruction and health. In terms of people's impression of the fastest contributor growth, agriculture, economic development and education were ranked on top. Better employment for young people and education and training that better support job requirements were ranked as top priorities for achieving shared prosperity. Respondents further said that the WBG should focus its resources on energy, education and health, which is very closely reflected in the CPF Objectives 1, 2 and 3.



#### IV. Proposed WBG Country Partnership Framework (FY18-FY21)

**47. The two focus areas of the CPF are: 1) Increased access to quality basic services; and 2) Expanded economic opportunities and enhanced resilience.** Within each focus area and program objective, particular attention will be paid to the two cross-cutting themes of gender and governance. These themes are directly reflected in the WBG program objectives and they will also be incorporated into the design of the proposed lending and non-lending instruments. The CPF program objectives are described below and presented, with the accompanying outcome indicators, in Annex 1.

**Table 3: CPF Focus areas and objectives**

Focus area I: Increased access to quality basic Services	Focus area II: Expanded economic opportunities and enhanced resilience
1. Increased access to and quality of primary education	3. Improved logistics for market access
2. Increased access to and quality of maternal and child health services	4. Improved natural resources and disaster risk management
	5. Strengthened social safety nets

##### 4.1 Cross-cutting themes

**48. Considering the extreme importance of enhancing gender-equality and improving governance and institutions to poverty reduction and shared prosperity, these cross-cutting themes will permeate WBG CPF focus areas and objectives.** In addition to CPF objectives, new projects are expected to be critically informed by these cross-cutting themes. Therefore, for each CPF objective, there are corresponding indicators which reflect progress on gender and governance aspects of that objective. In the results framework these are tagged as either Gender or Governance indicators.

**49. Cross-cutting theme – Gender:** Support for promoting gender equality during the CPF period will adhere to the WBG’s Gender Strategy for FY16–FY23. Specifically, the Strategy’s four priority areas will be addressed: (i) promoting human endowments; (ii) more and better job opportunities; (iii) women’s ownership and control over assets; and (iv) enhancing women’s voice and agency and engaging men and boys. In addition, this CPF is expected to contribute to the WBG meeting three IDA18 gender policy commitments: 100 percent operations address gender-based disparities in primary and secondary education (CPF Objective 1 addressing primary education); Maternal and reproductive health operations will target availability and affordability of Reproductive Health Services (RHS), including for Gender Based Violence (GBV) survivors (CPF Objective 2 through improved access and quality of maternal and child health services); and at least half of all World Bank financing operations support better access to the Internet and better access to ICT services for women (CPF Objective 3). The gender assessment by AfDB and UN-Women,<sup>28</sup> as well as the WBG own gender analysis,<sup>29</sup> have informed the development of this CPF. The legacy IDA *Private Sector and Agribusiness Project (P127209)* is supporting female entrepreneurs through a business mentoring and financing program, and going forward, Objectives 1 and 2 will focus on increasing access to education and health care for women with a focus on maternal health in Objective 2.

<sup>28</sup> AfDB/UN Women Gender Assessment of Guinea Bissau (2014).

<sup>29</sup> Internal document.

Each new project during the CPF period will need to address how they take gender into account and to the greatest extent possible go beyond the mere inclusion of sex-disaggregated indicators.

**50. Cross-cutting theme – Governance:** Weak governance, controls and systems are impacting the effectiveness of WBG programs in all sectors. The building of core-state functions in such areas as public financial management, monitoring and evaluation, HR systems and sector strategies will be key to ensuring that resources are allocated for to, and properly utilized for, poverty reduction efforts. The legacy IDA *Public Sector Support Project (P150827)* focuses on enhancing capacities in the Ministry of Finance and specifically customs, budget preparation, tax authority and economic data collection, but has faced delays in implementation, largely due to frequent changes in the Ministry. This project is expected to contribute to the development of a medium-term expenditure framework for the country. This project has also been supported by a Public Expenditure Review (PER) and BOOST. Going forward, the need for increased transparency and improved governance will be addressed mainly through WBG sectoral interventions that support public resource management and enhanced accountability mechanisms in energy and water, health, education, natural resource management. For example, Public Expenditure Tracking will be used for health and education services, and education interventions will support community school management. Each project proposed during the CPF period will need to specify how they intend address governance concerns. A legal framework for stemming illicit financial flows has been proposed to the government (IMF, 2016) and the World Bank will explore using the Financial Market Integrity's Risk Assessment Tool for Money-Laundering and Terrorist Financing (ML/TF). As mentioned above, each CPF objective has a corresponding CPF objective indicator related to governance.

#### 4.2 Focus areas and objectives

##### Focus area I: Increased access to quality basic services

**51. The very limited and extremely unequal access to basic services in Guinea-Bissau is inimical to achieving either of the WBG's goals.** As discussed above, education, health, and water and sanitation, and human development outcomes are poor, particularly outside Bissau and especially for women. While there is a physical dimension to the challenge of service delivery, discussed under Focus area II below, there are three key obstacles to better service delivery. The first is the limited fiscal space and weak public financial management within Government, which limits the efficiency with which public resources are allocated to support service provision. The second is the weakness of sector governance, including HR and financial management systems and lack of transparency. Third, the demand for better services is weak and accountability mechanisms are non-existent.

**52. The CPF aims to improve access to quality basic services while strengthening accountability and governance mechanisms at the central as well as at community levels.** This takes forward the WBG support under the CEN where the focus was on short-term immediate needs, such as funding for teachers' and health care workers' salaries, rehabilitating schools and other basic services, and dealing with the threat of Ebola. The on-going portfolio supports these objectives by improving the sustainability and institutional capacity of the water and energy utility (which also serves as a key input to educational and health services) and the ability of the Health Ministry to support the country in coping with disease epidemics through the Regional Disease Surveillance Systems Enhancement (REDISSE II) Program (P159040). The first two CPF objectives focus on how the WBG will build beyond this current engagement.

### ***CPF Objective 1. Increased access to and quality of primary education***

**53. As described in the SCD, low educational achievement poses a major obstacle to improving labor productivity and generating income for the population.** *Terra Ranka* also focuses on the challenge of education and jobs and calls for a “blue-print for education 2015-2025”. Improving the quality of education will require innovation, including drawing communities into schools’ oversight. The CPF is considering support to this objective through a proposed IDA Primary Education Project, a CDD project, a Rural Electrification Project and a Rural Transport Project. The proposed IDA Primary Education Project could leverage resources from the Global Partnership for Education (GPE) which has committed US\$5 million in trust fund resources for Guinea-Bissau to be administered by the World Bank. This will focus on support to a national curriculum, testing and certification of teachers, and administering school grants. The intervention will also aim to strengthen core institutional functions such as strategy development, public financial management (PFM), civil service reform, and monitoring and evaluation. Public expenditure tracking and other community accountability mechanisms (parent monitoring) will be used to help strengthen demand for quality education. It will also address the need for improved school infrastructure and transport through the CDD-component of the proposed Social Safety Net project, the Rural Electrification Project, as well as through the rural transport project. The proposed Primary Education Project could address the lack of data to monitor progress through the development of Service Delivery Indicators (SDI) during FY18. This objective will contribute to meeting IDA18 gender policy commitment on “100 percent operations address gender-based disparities in primary and secondary education” with a focus on primary education. The WBG’s support will be coordinated with the Education Donor Group in Bissau which includes United Nations Children’s Fund (UNICEF), GPE, Portuguese Cooperation and the EU.

#### **CPF Objective 1. Increased access to and quality of primary education**

Sustainable Development Goal (SDG) 4. Ensure inclusive and quality education for all and promote lifelong learning.

CPF objective indicators:

- Increased primary enrollment rates (gender disaggregated)
- Increased teachers’ basic knowledge in Math and Portuguese (gender disaggregated)

### ***CPF Objective 2. Increased access to and quality of maternal and child health services***

**54. Improving health outcomes is also a priority to help improve productivity, especially among the poorest, and to build the human capital of the next generation.** Improved health outcomes for mothers and children will require improved access to health care services by expanding and strengthening the community-based primary health care service delivery model. It will also require increasing transparency and accountability within the public health system and strengthening information systems for disease surveillance and rapid response to disease outbreaks. Support for the government’s health objectives will come from a proposed IDA National Health Strengthening Project, which will also work to strengthen core ministry functions and explore collaboration with non-traditional service providers. The intervention will also aim to promote quality of service through expanded use of solar panels for electricity in health centers, which will allow for cold chain for essential medicines and vaccines. Support to this objective will also come from the ongoing IDA Regional Disease Surveillance Systems Enhancement (REDISSE II) Project (P159040) and the IDA Emergency Water and Electricity Services Upgrading Project (P148797) (and additional financing), plus the proposed IDA Strengthening Health Service Delivery to Improve Maternal and Child Health project. Service Delivery Indicators (SDIs) survey, a public expenditure review (PER) of the sectors, a public expenditure tracking (PET) tool, a health workforce survey and an assessment of

demand-barriers to access health services by pregnant women and mothers will also be developed during FY17 and FY18. This objective will help meet the IDA18 gender policy commitment related to “Maternal and Reproductive Health Operations will target availability and affordability of RHS, including for GBV survivors.” Support will be coordinated by the WBG health donor coordination group, which includes UNICEF, United Nations World Food Programme (UNWFP), UNICEF-Water, Sanitation and Hygiene (WASH), UNDP, United Nations Population Fund (UNFPA), the Portuguese Cooperation, European Union, Center for Disease Control and Prevention (CDC), Global Fund, and Global Alliance for Vaccines and Immunization (GAVI).

**CPF Objective 2. Increased access to and quality of maternal and child health services**

SDG3. Ensure healthy lives and promote well-being for all at all ages.

CPF objective indicators:

- Increase % of assisted deliveries (attended by a qualified health worker)
- Increase % of pregnant women having at least 3 antenatal care visits before delivery

**Focus area II: Expanded economic opportunities and enhanced resilience**

**55. In Guinea-Bissau addressing the WBG twin goals also requires tapping into the potential to foster economic opportunities and growth.** Agricultural potential is significant, including the potential to increase productivity and add value through processing in the cashew sector, and expand other crop production, such as rice, cereals, groundnuts, and fruits. The mining sector is in early stages of development with potential mainly in phosphate and bauxite, and fisheries constitute an important source of economic potential as well as revenues for the government. Guinea-Bissau has more than 2 million hectares of forest, considerable biodiversity, and potential for tourism development which currently remains largely untapped. Forestry and fisheries, along with cashew, are also crucial in sustaining rural incomes and livelihoods. However, these economic opportunities and potential sources for growth are difficult to unlock due to limited connectivity and a poor business environment. The opportunity to leverage these alternative sources of growth is further threatened by the dominance of the cashew sector, rent-seeking and rapidly depleting and unsustainable practices.

**56. Enhanced resilience is important for households in Guinea-Bissau, which are highly vulnerable to systemic shocks.** Vulnerability arises from the lack of diversification and unsustainable management of natural wealth, macro-economic shocks, commodity price decline, harvest failures, as well as natural disasters and climate change. At the same time, both public and private risk mitigation and coping mechanisms are weak or non-existing.

**57. The CPF will support government efforts.** The objectives under this focus area are the following: Increased access to markets; improved sustainable natural resource wealth management; and strengthened social safety nets.

***CPF Objective 3. Improved logistics for market access***

**58. The potential for economic growth is constrained as most poor rural households subsist with low returns,** which are anchored in poor infrastructure that disconnects farmers from markets and keeps transaction costs high. This includes poor connectivity in terms of both transport and limited telecommunications. The under-provision and high cost of energy also pose critical constraints to diversification, economic growth and increased household welfare. Electricity access rates in urban areas are around six percent while in rural areas they are less than one percent. Economic potential is further

constrained by a poor business environment and limited access to finance. Guinea-Bissau ranks at the bottom of all the *Doing Business* indicators. Under this objective the World Bank Group aims to support the Government's *Terra Ranka* program focus on factors underpinning improved market access. Infrastructure development in the transport, power, water, and telecom sectors, particularly in rural areas are major elements of the government plan. It also seeks to improve the overall regulatory framework to make it more business friendly, and focuses on the promotion of four growth sectors: agriculture, fishing, tourism and mining.

**59. The WBG has several current projects supporting this objective.** These include the IDA Emergency Water and Electricity Services Upgrading Project (P148797), the IDA Regional Gambia River Basin Development Organization (OMVG) Project (P114874), the IDA Regional West Africa Access to Telecom Services Project (P155876) (WARCIP) – which focus on improving access to energy and ICT services, while the IDA Agribusiness Rehabilitation and Private Sector Development Project (P127209) and the IFC advisory services project aim to strengthen the competitiveness and inclusiveness of the cashew sector. The IDA Agribusiness Rehabilitation and Private Sector Development Project focuses on strengthening linkages between cashew farmers and processors, fostering entrepreneurship with a focus on women, and key investment climate reforms (such as facilitating access to borders, land and customs). A Public Private Infrastructure Advisory Facility (PPIAF) trust fund supported project is providing TA with the objective to establish an improved framework for public-private partnerships and identify sector opportunities for PPPs.

**CPF Objective 3. Improved logistics for market access**

SDG6 Ensure access to water and sanitation for all, SDG7 Ensure access to affordable, reliable and modern energy for all and SDG8 Promote inclusive and sustainable economic growth, employment and decent work for all

CPF objective indicators:

- Expanded electricity services
- Expanded rural road access
- Improved access to mobile internet (gender disaggregated)
- Improved business environment (Trading Across Borders Doing Business indicator)

**60. Going forward, to help expand rural incomes, the WBG will facilitate diversification and increase access to market through investments in basic rural infrastructure and continued support to key policy reforms.** Programs will focus on providing expanded access to agriculture and alternative markets in rural areas, notably through the proposed IDA Rural Transport Project focusing on rural roads and fluvial transport. Recognizing the important role of rice as the main food-stable in Guinea Bissau, the CPF is also proposing analytical work to determine opportunities for agriculture diversification. It will also help lay the groundwork to expand access to energy and water outside of Bissau through a proposed IDA Rural Electrification Project and potential IDA Regional Energy Access Project. Regarding key policy reforms, it will continue supporting business enabling reforms and private sector participation through the on-going private sector and agri-business project, which focuses on the incentive framework for cashew producers and traders improving the management of the state utility (Electricity and Water Utility of Guinea-Bissau - EAGB) and the overall energy strategy for the country (production plan, fiscal analysis) through the ongoing energy and water project and developing a national road and transport plan. IFC will support this objective via IFC advisory services and explore investment opportunities in Agribusiness, PPP/Infrastructure and the Financial Sector. MIGA's ongoing guarantee in the telecommunication sector

also supports this objective. IDA will support analytical activities to support increased productivity and diversification in agriculture, leveraging current programming by other donor partners, which are mainly focused on rice. Joint IFC and IDA advisory services will continue supporting Guinea Bissau in improving their Doing Business ranking, particularly regarding “trading across borders” and “access to land” indicators. This objective will help meet IDA18 gender policy commitment of “at least half all World Bank financing operations support better access to the Internet and better access to ICT services for women.”

#### ***CPF Objective 4. Improved natural resource wealth and disaster-risk management***

**61. Guinea-Bissau is highly vulnerable to natural disasters and climate change**, and anthropogenic pressures have increased that vulnerability. Climate stress and anthropogenic pressure can also accelerate deforestation and degradation of forest cover. Natural resources also offer opportunities for rural households: fishing is an economic activity that has great potential in Guinea-Bissau, and forestry revenues are also important sources of livelihoods. One of the main pillars of the government’s *Terra Ranka* program is devoted to biodiversity and sustainable management of natural capital. This includes building capacity in environmental and forestry management and improving knowledge and surveillance of fishery and forest resources.

**62. The WBG proposes to support the government’s efforts by working at both the national level to improve tracking and monitoring of environmental outcomes, particularly in coastal areas, and at the community level through enhanced oversight and management support for fisheries and forestry to protect rural incomes.** Regional interventions will be the key instrument to support this objective, including the Regional Fisheries Project (P119380) (PRAO phase I – ongoing and II) and potentially the West Africa Coastal Management Project (WACA) and IDA Regional Sustainable and Participatory Management of Traditional Wood-Fueled Energy Generation (PROGEDE), which focuses on sustainable forest management at community level as well as efforts to combat illegal logging. Different disaster risk management tools and instruments, such as Immediate Response Mechanism – Contingent Emergency Response Components (IRM-CERC), will also be explored. The PROGEDE program has a strong gender focus by improving methods of traditional wood-fueled energy generation, which is mainly done by women, and increasing women’s income.

#### **CPF Objective 4. Improved natural resource wealth and disaster-risk management**

SDG13 Take urgent action to reduce climate change and its impacts, SDG14 Conserve and sustainably use the oceans and forests, combat desertification, halt and reverse land degradation, halt bio-diversity loss.

CPF objective indicators:

- Improved forestry management
- Improved fisheries management
- Improved coastal area and disaster risk management

#### ***CPF Objective 5. Strengthened social safety nets***

**63. Public risk management and coping mechanisms fundamentally do not exist, exposing the population to great risks from even common life events.** Limited fiscal space, and a regressive and distortionary taxation system mean that there is limited room for the Government to mitigate shocks, whether they are from the local economy or from natural events. The Government’s limited presence in



rural areas means that these areas are particularly vulnerable to shocks. As such, the country lacks social security and social assistance programs to protect against these income shocks, help smooth consumption over the life cycle, reduce poverty, and promote greater human development.

**64. The Government's *Terra Ranka* plan includes a policy area focused on large-scale reduction of poverty, through the creation of a safety net and real empowerment opportunities for the most vulnerable.** The high level of vulnerability of the poor presents an opportunity to develop a Social Protection Strategy (SPS) for the country. This is particularly pressing for the one-third of the population who lives in extreme poverty, for women, and for rural populations who lack the most basic assets and mechanisms to exit poverty. This could involve introducing cash transfer programs to benefit the poorest households and increase rural incomes, which could be used as a mechanism to promote a focus on improving health, nutrition and educational outcomes, in particular for women and girls.

**65. The WBG proposes to support this objective through a social protection program,** for which an IDA operation is planned in FY18. The legacy IDA public sector support project is also contributing to this objective with the expectation to support the development of a medium-term expenditure framework. Additionally, it will support the development of a social protection strategy. WBG efforts will be coordinated with UNWFP, UNICEF, UNDP and EU, and among other priorities aim at piloting development of a government-owned, unique registry to identify poor and vulnerable populations, which might connect to the wider World Bank ID4D initiative. Further, the WBG is considering additional technical assistance to the National Statistics Institute, in addition to current support through the WAEMU/World Bank project on harmonized poverty household surveys.

#### **CPF Objective 5. Strengthened social safety nets**

SDG1. End poverty in all its forms everywhere

CPF objective indicators:

- Increased number of individuals reached through cash-transfer program
- Number of families benefitting from accompanying measures (nutrition, maternal health, HIV/AIDS service)

## **V. Implementing the Country Partnership Framework**

**66. Given the country's ongoing political fragility as well as upcoming parliamentary elections (2018) and presidential elections (2019), there is a need for the WBG program to remain flexible and responsive to changing circumstances.** Even as the WBG program moves in new directions, the pre-existing portfolio will, for now, remain part of the WBG's efforts in Guinea-Bissau. Given the prospects of a new government, and a possible shift in the Government's development program, the WBG is proposing to undertake a four-year strategy, the end of which will coincide with completion of parliamentary and presidential elections in 2021. At the time of the proposed Performance and Learning Review (PLR) in January 2020, progress towards the achievement of CPF objectives will be assessed and a decision on whether to adjust the proposed CPF priorities, timeline, and outcome indicators will be made. In case of a substantial turn-around situation, the case for accessing IDA18's Turnaround regime could also be re-evaluated. Additionally, WBG will explore the scope to conduct a political economy risk analysis around each project, which would allow for more frequent adaptation of the project to respond to changing circumstances, and for better targeting and more effective monitoring of results.

## 5.1 Addressing implementation challenges heads on – Doing things differently

**67. This WBG CPF presents an opportunity to do things differently and learn lessons from the implementation of the ISN and CEN.** Two dimensions of doing things differently have been identified: (a) Expanding interventions outside of Bissau (rural areas and secondary cities); and (b) Moving from emergency support to creating incentives for change.

- a. **Expanding interventions outside of Bissau:** As noted above, poverty and extreme poverty are higher in rural areas, with median per capita consumption 38 percent lower outside of Bissau. Except for the IDA Community Driven Development, the IDA Emergency Agribusiness and Private Sector Development, and the IDA Bio-Diversity Projects, the WBG has not invested in any large-scale operations outside of Bissau. The approach in this CPF will be to solidify investments in Bissau (for example in water and electricity), while increasingly focusing on reducing poverty in rural areas and secondary cities. As such, the proposed education and health projects are expected to work mainly in rural areas, the proposed transport project will focus on improving rural roads and fluvial transport in the regions of Oíó, Bafata and Casheu, and the proposed support to energy and water is expected to lay the ground work for increased access to those services outside of Bissau. Rural incomes and livelihoods will also be indirectly supported through these enabling programs and directly supported through the IDA regional fisheries project component on artisanal fisheries, the regional sustainable and participatory management of traditional wood-fueled energy generation (PROGEDE); in addition to IFC investment in agribusiness and the IFC advisory services work to develop the cashew value-chain.
- b. **Moving from emergency support to creating incentives for change:** Most WBG programs in the last decade have been emergency projects, such as the IDA Emergency Water and Electricity Services Upgrading Project (P148797) that financed gasoline for the electricity generators to keep the lights on in Bissau; and the IDA Community Driven Development Project (P090712) which paid salaries for teachers and health workers in 2014 and 2015. Success in supporting legislative or key policy reforms has been limited due to ongoing political and institutional fragility. This CPF marks the WBG move away from emergency support and towards a focus on incentives for change using both innovative instruments to support core state functions, and bottom-up approaches:
  - i. **Innovative instruments to support core state functions:** The proposed projects in the CPF will be implemented using results-based financing when feasible to incentivize reform. This could include results-based financing in health and education to incentivize proper sector planning, HR systems and governance. Similarly, in energy and transport, key governance and institutional reforms could be incentivized through results-based financing. Program for-Results (PforR) financing and Development Policy Operations (DPO), however, are unlikely to be suitable at this time because of the weak macro-fiscal framework and insufficient controls.
  - ii. **Increasing bottom-up demand for better services:** Creating demand for better services through awareness raising, empowered communities and effective accountability mechanisms can be a powerful tool to change behavior and stimulate change. The 2015 Fragility Assessment and 2016 SCD both highlight the need to engage with alternative stakeholders in planning, implementation and monitoring of government and WBG portfolio to increase development impact. The current WBG portfolio engages citizens mainly through the IDA Community Driven Development Project and some limited consultations. There is also limited use of surveys and empowerment of civil society and communities to participate in decision making both at the



local and central levels. With increasing mobile-phone penetration and considering other donor partner initiatives to support civil society and communities (EU-PAANE, UNIOGBIS Infrastructure for Peace and TOSTAN among others), there is a clear opportunity to reinforce engagement with communities and Community-Based Organizations (CBOs). In this regard, the WBG plans to develop and implement a Citizen Engagement roadmap, and develop ways to implement this approach at the project level.

## 5.2 Financial envelope and instruments

**68. The indicative volume of resources allocated to Guinea-Bissau under IDA18, is likely to be close to twice the volume provided under IDA17.** Under the proposed IDA18 financing framework, Guinea-Bissau is benefiting from the scale-up in concessional resources for small and fragile states. As in IDA17, grant eligibility will be determined based on the latest available debt sustainability analysis. In addition to the estimated national IDA allocation of \$90 million, the World Bank will strategically draw on other resources, including the IDA18 Regional Window, trust funds and partnerships. See Annex 2 on how CPF addresses IDA 18 Special Themes.

**69. The Guinea-Bissau CPF envisages the use of a range of investments and instruments to implement the program, and to benefit from several IDA18 windows.** The priorities would be the Regional and Private Sector Windows. While Guinea-Bissau is also eligible for the IDA 18 Refugee sub-window and the Scale Up Facility (SUF), country circumstances make these windows of lower priority. The populations of Guinea-Bissau and neighboring countries are closely linked, making precise definition of who is a refugee problematic—any intervention would be better classified as for the population as a whole. For SUF, there are few current opportunities to scale up projects that promote transformational change:

- a. **Regional Integration Window (RIW):** Guinea-Bissau is expected to be able to leverage significant additional resources through the Regional Integration Window, particularly related to national resource management, energy and core data. Today it is benefitting from West Africa Telecommunication Project (WARCIP), Regional Gambia River Basin Development Organization (OMVG), the West Africa Fisheries Project (PRAO I) and the Regional Disease Control Project (REDISSE), and support through WAEMU to the harmonized poverty household survey. The country is likely to benefit further through PRAO II, Regional Energy Access Project, and the Sustainable and Participatory Management of Traditional Wood-Fueled Energy Generation Project (PROGEDE) and potentially the West Africa Coast Management Project (WACA). Guinea-Bissau is also likely to benefit from a possible Country Economic Memorandum (CEM) on WAEMU that could help examine some regional issues on taxation and trade/logistics challenges.
- b. **Private Sector Window (PSW):** Guinea-Bissau will be eligible for PSW resources during the CPF period most notably in the energy and agribusiness sectors, however challenges in the overall business environment may make it less feasible to leverage PSW products. Through the new IFC 3.0, IFC seeks to create new and stronger markets by targeting sector-specific development strategies and leverage partnerships with the World Bank and MIGA. In fragile states, such as Guinea-Bissau, IFC will initially seek to scale up advisory services at the firm and market levels to build capacity. If appropriate, it will also explore to increase the use of de-risking instruments such as those proposed in the IDA18 Private Sector Window. As such, IFC is exploring investments in agribusiness mainly fruit processing and possibly also cashew in Guinea-Bissau, while also providing important technical and analytical support, which will contribute to improving the policy environment for private investors. In addition, investments in IPPs could be an option, and the

Bank's energy and water project is supporting improvements in the overall policy framework and utility that could make the sector more attractive to private investors. Finally, the ongoing PPPIAF funded technical assistance on the PPP framework should contribute to expanding a structured role for private investors. IFC projects in Guinea Bissau may be able to also benefit from the Local Currency Facility.

**70. Results-based financing:** As mentioned above, different forms of results-based financing will be tried in health, education and energy/water. In the absence of DPO and PforR lending, this would be a way to incentivize important policy reforms.

**71. Trust funds will also continue to be an important source of financing for Guinea-Bissau during the CPF period.** This will include a Global Partnership for Education grant as co-financing of the IDA education project. PPIAF TF is currently funding an analytical activity related to creating a framework for public-private partnerships. The World Bank is also planning to apply for resources from the UN-World Bank Trust Fund for Humanitarian-Peace-Development nexus to promote joint analysis, coordination and collaboration in the areas of community empowerment and citizen engagement.

**72.** The proposed use of these resources (net of the amount already committed) is shown in Table 4 below.

**Table 4: Proposed CPF Lending Pipeline and Advisory Services and Analytics (Managed by WBG: all funding sources)**

Focus area	Instruments	
	Knowledge and convening	Lending
<b>Focus Area I: Increased access to basic services</b>	<ul style="list-style-type: none"> <li>SDI indicators for health and education</li> <li>Health sector public expenditure review</li> <li>Citizen engagement mainstreaming and roadmap (with potential support from UN-World Bank TF)</li> <li>WAEMU harmonized household poverty survey</li> <li>IDA TA to Strengthen Procurement and Statistics Capacities</li> </ul>	<ul style="list-style-type: none"> <li>IDA Primary Education Project (FY18, US\$10 million IDA and US\$5 million GPE)</li> <li>IDA National Maternal and Child Health Strengthening Project (FY18, US\$25 million)</li> <li>IDA Rural Electrification Project (FY19, US\$15 million)</li> <li>IDA Rural Transport Project (FY18, US\$15 million)</li> <li>IDA Regional Energy Access Project (FY20, TBD)</li> </ul>
<b>Focus Area II: Expanded economic opportunities and enhanced resilience</b>	<ul style="list-style-type: none"> <li>Opportunities for agriculture diversification</li> <li>Social protection strategy</li> <li>IDA disaster risk management tools and early detection systems for harvest failure</li> <li>PPIAF Public-Private Partnerships TA</li> </ul>	<ul style="list-style-type: none"> <li>IDA Social Safety Nets/Cash Transfer Project (FY18, US\$15 million)</li> <li>IDA Rural Transport Project (FY18, US\$15 million)</li> <li>IDA Rural Electrification Project (FY19, US\$15 million)</li> <li>IDA Regional Energy Access Project (FY20, TBD)</li> </ul>

	<ul style="list-style-type: none"> <li>• Governance Review on core functions/PEFA</li> <li>• PER and BOOST follow up</li> <li>• IFC AS TA (Doing business, land, customs, port procedures)</li> <li>• IFC advisory services</li> </ul>	<ul style="list-style-type: none"> <li>• IDA Regional Fisheries Project, Phase II (FY18, National IDA contribution US\$5 million)</li> <li>• IDA Regional Sustainable and Participatory Management of Traditional Wood-Fueled Energy Generation Project (FY19, National IDA contribution US\$6 million)</li> <li>• IDA Regional West Africa Coastal Management (WACA) project (FY19, National IDA contribution US\$5 million)</li> <li>• IFC Investment in Agribusiness (FY18)</li> <li>• IFC investment in PPPs/Infrastructure</li> <li>• IFC investment in financial services</li> </ul>
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**73. Disaster-risk management instruments:** Because of Guinea-Bissau's high vulnerability to environmental and economic shocks, the CPF will seek to include Disaster Risk Management provisions, so called Immediate Response Mechanism – Contingent Emergency Response Components (IRM-CERC) in each project. Analytical activities are also proposed to analyze and establish early warning systems in the case of cashew harvest failure and other climactic events. The WBG will also work closely with the United Nations UNIOGBIS and their efforts to establish an early detection system for electoral violence and religious extremism.

**74. The CPF includes strategic Advisory Services and Analytics (ASAs) to underpin proposed WBG projects and policy dialogue.** This knowledge work is intended to be strategic following the priorities set out in the CPF focus areas and foster dialogue on key sector issues (Table 4). On-going analytical work includes a PPIAF-funded activity on the PPP Framework; public expenditure review, work on decentralization; and an IFC advisory services project on cashew sector competitiveness; together with Doing Business support to land reform issues and business registry. For the CPF period, other analytical activities may include IFC advisory services at the firm and market levels for capacity building, agriculture diversification, financial sector assessment and disaster risk management tools, as well as activities that would help strengthen the capacity of the government to collect and analyze data, including through the SDIs in health and education and the WAEMU harmonized household poverty surveys.

### 5.3 Financial management, procurement, and government systems – and data collection challenges

**75. Financial Management:** WBG projects does not use country systems for financial management because of the substantial risk. General institutional weaknesses and lack of controls in the public financial management system are noted above.

**76. Procurement legislative framework:** Guinea-Bissau has developed and adopted the WAEMU Directives on the management of public finance, one of which relates to procurement. Guinea-Bissau has accordingly developed a new Code of Public Procurement and has developed and is using tender documents for WAEMU markets. The regulations creating the regulatory authority and separating the function of control from regulation has been developed and adopted, but they are not operational in terms of organization and staffing. There are significant delays in the implementation of procurement

reforms, the absence of efficient dispute mechanisms, no HR strategy and no procurement audits. As such, government systems are not being used for WBG projects.

**77. Procurement Institutional Framework and Capacity Management:** The Procurement Directorate and the National Agency for Acquisition (ANAP) are the national procurement institutions. The first institution is in charge of procurement control, and the second, created in 2012, is in charge of the procurement process. However, institutional responsibilities are rather unclear and apparently duplicative between the Procurement Control Body and ANAP. In addition, the two institutions' visions to develop procurement capacity in the country are different. The Procurement Directorate want to create a procurement unit in each department and ANAP is in favor of centralizing procurement. The procurement capacity is very low, and the agency faces many of the same issues as the regulatory agency.

**78. Data-collection and Statistics:** The National Statistical System (SEN) is characterized by poor institutional and technical coordination. Laws establishing the organization of the system exist, notably the statistical law voted in 2007 (Law number 6/2007 of September 10, 2007) but the decree of application remains unsigned. The Higher Council of Statistics (CSE), whose composition and competencies have been specified by this law, is not functional. The National Institute of Statistics (INE), which should function as a public administrative institution with management autonomy, continues to operate as a departmental directorate. Moreover, technical coordination between producers (methods, concepts, definitions, and nomenclatures), users and donor partners to ensure standardization and harmonization is weak. Like staff, financial and material resources are also largely insufficient. The budget of the INE (CFAF 43 million in 2015), is hardly enough to support the salaries of the staff. Statistical production is largely financed by partners. Nevertheless, INE manages to ensure a certain production, mainly around economic statistics. Harmonized Consumer Price Index (IHPC) is of good quality and is produced regularly. Basic trade statistics (exports and imports by product) are also produced regularly, but not the foreign trade indices. The WBG supports INE through a regional WAEMU project on harmonized household surveys and is considering additional technical assistance. Household poverty data in Guinea-Bissau is due to be collected in 2017 (two rounds) and in 2019. Furthermore, SDI indicators will be developed under the health and education projects.

#### 5.4 Coordination and partnerships

**79. The CPF strengthens the government's capacity to reach the SDGs.** Specifically, it will support the country efforts to meet most SDGs, with the exception of SDGs 11 (Make cities and human settlements inclusive, safe, resilient and sustainable) and 12 (Ensure sustainable consumption and production patterns). WBG has a particular strong portfolio addressing SDG7 (Ensure access to affordable, reliable and modern energy for all) and SDG8 (Promote inclusive and sustainable economic growth, employment and decent work for all), where the United Nations agencies are not active.

**80. The largest financial and technical assistance development partners (DPs) in Guinea-Bissau are the African Development Bank (AfDB), the West Africa Development Bank (BOAD) and the European Union (EU).** Budget support has not been provided by any of these DPs since the start of the political crisis in 2015. IMF provides financial support under an Extended Credit Facility (ECF) and technical assistance to the Ministry of Finance. The Arab Bank for Economic Development in Africa (BADEA) and the Saudi Fund are also expanding support to Guinea-Bissau. The United Nation development agencies (UNDP, UNFPA, UNICEF and UNWFP, FAO, UN-Women, UNHCR and WHO) play an important role in enhancing

service delivery, while the peacekeeping mission UNIOGBIS provides support to political dialogue and justice and security sectors.

**81. Coordination with other donor partners is happening on a sector by sector basis, and has significantly improved with the reposting of a WBG Resident Representative to the Guinea-Bissau Country Office.** WBG has taken the lead in organizing the donor partners group for health (UNICEF, UNWFP, UN-WASH, UNDP, UNFPA, the Portuguese Cooperation, European Union, CDC, Global Fund, GAVI), and is participating in the education, social protection and public financial management DP coordination groups (AfDB, EU, IMF and WBG).

## VI. Assessing and Managing Risks to the CPF Program

**82. The WBG's framework for operations risk management is based on the principle that risks should be assessed based on their impact on the implementation of the CPF program and the achievement of development results associated with the operational engagement.** Risk for the proposed WBG engagement and the achievement CPF objectives is rated as **High**. Many of the risks to achieving development objectives are directly associated with the underlying fragility, political instability and weak governance in Guinea-Bissau, including political rivalries and risk of turbulence, instability in the security sector, and the challenge of working with weak institutions and limited government capacity. The CPF recognizes the country risks, discussed below, as critical to achieving the CPF objectives. A risk rating assessment by risk category is summarized in Table 5.

**Table 5: Systematic Operations Risk-Rating Tool (SORT) for Guinea-Bissau**

	Risk Rating	Rating (H, S, M, L)
1	Political and governance	H
2	Macroeconomic	S
3	Sector strategies and policies	H
4	Technical design of project/program	S
5	Institutional capacity for implementation and sustainability	H
6	Fiduciary	S
7	Environmental and social	H
8	Stakeholders	S
	<b>Overall</b>	<b>H</b>

**83. Political and governance:** The risks here are rated as high given that the CPF will take place in the run-up to election years (parliamentary elections in 2018 and presidential elections in 2019). This adds to the already difficult political environment and on-going tensions between the President, the Prime Minister and the Parliament which make significant legislative reforms extremely challenging. The short-lived governments and weak controls, oversight and systems provide an enabling environment for rent-seeking both in the public and private sectors, as the example of the 2016 audit of the *Fundo de Promocao*

*de Industrializacao de Produtos Agricolas* (FUNPI) makes evident. The weak policy and regulatory environment also make it difficult for local and international private sector actors to invest. While the WBG proposes to strengthen core state functions through sector interventions, such as PFM and regulatory and monitoring capacities, the main avenue for managing for this risk will be the development of bottom-up approaches to strengthening demand for better political and economic governance, and working increasingly with non-state actors, such as communities, citizens and CSOs. Lending instruments will also be adapted to include more results-based financing and possibly recurrent cost financing to build incentives for reform. Close coordination with other donor partners and UNIOGBIS will also play an important role in mitigating the political and governance risks. Finally, in case of further deterioration in the governance framework, as monitored by IMF and WBG, or further deterioration in the political environment, the WBG might consider scaling back its interventions. WBG will explore monitoring political economy risks around each project and ways to adapt projects and program accordingly.

**84. Macro-economic risks:** Macro-economic risk for Guinea-Bissau is rated as substantial. While real GDP growth is estimated at 5.2 percent in 2016 and is projected to remain robust over the CPF period, mainly because of improvements in the terms of trade and strong agriculture performance, growth is very narrow and vulnerable to shocks. Membership in WAEMU has kept inflation low but necessitates fiscal prudence. The risks of debt distress remain “moderate,” and authorities plan to continue to meet external financing needs through concessional loans. The bank-bailout from 2015 has not been fully resolved and there is high uncertainty as to the solvency of national banks. The narrow economic base oriented towards cashews, particularly on the fiscal side, makes the macroeconomic environment very vulnerable to external and internal shocks. For example, the recent very public debate within government on whether to allow foreign traders has sowed confusion during the cashew campaign, which may have led to increased smuggling with potential negative impact on fiscal revenues. While the WBG does not propose to undertake a DPO, much of the portfolio is exposed to macroeconomic risk. The adequacy of the government’s policy response to any significant deterioration in the macroeconomic environment will play an important role in how the WBG responds, including possibly scaling back WBG interventions.

**85. Sector strategies and policies:** Sector strategies and policies are weak or non-existent with the result that this risk category is rated as high. Even in cases where plans have been adopted, implementation is not taking place. This is partly due to lack of resources, but also a consequence of unstable governments with little legislative mandate. The WBG is supporting efforts to build “core state” functions, including sectoral strategies and capacities, and is also working with alternative stakeholders. The CPF proposes the use of results-based financing to incentivize reforms and stronger implementation and results. The government’s response to those incentives will determine the pace at which financing is disbursed.

**86. Technical design of projects and program:** The risk from the technical design of projects and programs is considered substantial in Guinea-Bissau because of weak HR capacities in ministries and a difficult operating environment for technical specialists because of the remoteness of the country and language barriers. This risk is being partially mitigated through increased in-country presence with the return of a Bissau-based Country Representative and a recognition that ongoing implementation support is needed.

**87. Institutional capacity for implementation and sustainability:** As institutional capacity for implementation is very low with respect to both technical and operational skills, this risk category is rated as high. To address this risk, the WBG will explore working increasingly with non-state-actors (civil society,

communities and the private sector), while also ensuring that the State has the capacity to regulate and monitor. To ensure results and reforms, the World Bank could use performance- linked disbursements and potentially recurrent financing. It will also coordinate closely with donor partners to avoid duplication in capacity-building activities.

**88. Fiduciary risks:** Fiduciary risks are substantial mainly because of weak HR capacity, unclear institutional and policy frameworks, and often lack of proper regulations. To manage for this risk, WBG is working with the Procurement Authorities to provide advice on how to ensure an effective and efficient national system for procurement with support from the IDA public sector project. At the same time, the New Procurement Framework (NPF) offers flexibility and extra support to fragile and conflict affected (FCV) countries. This includes use of simplified template to prepare the Project Procurement Strategy for Development, and simplified procurement arrangements and hands-on expanded implementation support. More frequent implementation support would be needed as well. WBG is also considering providing additional technical assistance to the Procurement Authorities.

**89. Environment and social risks:** The social and environmental risks to WBG projects are high given weak government capacity to manage for environmental and social impacts. As such, several projects are working with the Environmental Impact Assessment Agency (IDA Water and Energy Emergency Project and the IDA Private Sector and Agribusiness Emergency Project) to support sector focused assessments. Access to better data on environmental impacts through potential IDA regional West Africa Coastal Management project (WACA), Regional Fisheries project (PRAO II) and IDA Sustainable and participatory management of traditional wood-fueled energy generation (PROGEDE) will also support better management of natural resources.

**90. Stakeholder risks:** As noted above, civil society is weak and fragmented in Guinea-Bissau. As the WBG explores ways to work with non-state actors, this weakness is a significant risk to implementation of this CPF, although it may not directly pose a significant risk to WBG lending. By involving civil society in the development, implementation and monitoring of projects, this relationship is proposed to be strengthened through the CPF. A more difficult risk stems from private sector. With foreign direct investment, almost non-existent, and close links between local private sector and government, weak governance practices pose a risk to any WBG support.



## Annex 1: Results Framework

### Guinea-Bissau: Country Partnership Framework FY18-FY21

Focus area I: Increased access to quality basic services		
<p>Education, health, and water and sanitation, and human development outcomes are poor, particularly outside Bissau and especially for women. While there is a physical dimension to the challenge of service delivery, discussed under Focus area II below, there are three key obstacles. The first is the limited fiscal space and weak public financial management within government, which limits the efficiency with which public resources are used to support service provision. The second is the weakness of sector governance, including HR and financial management systems and lack of transparency. Third, the demand for better services is weak and accountability mechanisms non-existent. The CPF aims to improve access to quality basic services while strengthening accountability and governance mechanisms at the central as well as at community levels. The on-going portfolio supports these objectives by improving the sustainability and institutional capacity of the water and energy utility (which also serves as a key input to educational and health services) and the ability of the health ministry to support the country in coping with disease epidemics through the Regional Disease Surveillance Systems Enhancement (REDISSE II) program. The first two CPF objectives focus on how the WBG will and build on this current engagement to support the fourth pillar of <i>Terra Ranka</i> (developing the human capital potential of Bissau-Guinean population).</p>		
CPF Objective 1. Increased access to and quality of primary education		
<p>Low educational achievement poses a major obstacle to improving labor productivity and generating income for the population. <i>Terra Ranka</i> focuses on the challenge of education and jobs and calls for a “blue-print for education 2015-2025”. Improving the quality of education will require innovation, including drawing communities into schools’ oversight. The CPF is considering support to this objective through a proposed IDA primary education project, a CDD project and a rural transport project. The proposed IDA primary education project could leverage resources from the Global Partnership for Education which has committed US\$5 million in trust fund resources for Guinea-Bissau to be administered by the World Bank. This will focus on support to a national curriculum, testing and certification of teachers and administering of school grants. The intervention will also aim to strengthen core institutional functions such as strategy development, PFM, civil service reform, and monitoring and evaluation. Public expenditure tracking and other community accountability mechanisms (parent monitoring) will be used to help strengthen demands for quality education. It will also address the need for improved school infrastructure and transport through the proposed IDA Social Safety Net Project (Community Driven Development Component) as well as through the proposed rural transport project. The proposed primary education project could address the lack of data to monitor progress through the development of Standard Service Indicators (SDI) during FY17 and FY18. The WBG’s support will be coordinated with the Education Donor Group in Bissau which includes UNICEF, Global Partnership for Education, Portuguese Cooperation and the EU.</p>		
CPF Objective Indicators	Supplementary Objective Indicators	Indicative WBG Program
<ul style="list-style-type: none"> <li>Primary enrollment rate Base year: 68.2% total (2017) Boys: 50.8% of total Girls: 49.2% of total Target: 72% total (2021) Boys: 50% of total Girls: 50% of total</li> </ul>	<ul style="list-style-type: none"> <li>Standards and certification processes for teachers in place and operationalized (Governance) Base year: No (FY17) Target: Yes (FY19)</li> </ul>	<p><b>On-going Projects:</b></p> <ul style="list-style-type: none"> <li>- IDA Community Driven Development Project (P090712)</li> <li>- IDA Emergency Water and Electricity Services Upgrading Project</li> </ul>



<ul style="list-style-type: none"> <li>Percentage of teachers' basic knowledge in Math and Portuguese<sup>30</sup> Base year: 0% (2017) Target: 20% (2021)</li> </ul>	<ul style="list-style-type: none"> <li>Policy framework for increased transparency of management of resources at school and community level, including Public Expenditure Tracking (PETs) (Governance) Base year: No (FY17) Target: Yes (FY19)</li> <li>Number of community school based management committees created, financed and functional: Base year: 0 (FY17) Target: 100 (FY20)</li> </ul>	<p>(P148797) and Additional Financing (P161630)</p> <ul style="list-style-type: none"> <li>IDA Regional West Africa Access to Telecom Services Project (P155876) (WARCIP)</li> <li>ASA: SDI Indicators</li> <li>IDA Regional Gambia River Basin Development Organization (<i>Organisation de la Mise en Valeur du fleuve Gambie</i>: OMVG)</li> <li>IDA Regional Energy Access Project (FY20, TBD)</li> </ul> <p><b>Proposed*</b></p> <ul style="list-style-type: none"> <li>IDA Primary Education Project and GPE grant (FY18) (P160678)</li> <li>IDA Rural Transport Project (FY18) (P161923)</li> <li>IDA Rural Electrification Project (FY19)</li> <li>ASA: Citizen engagement mainstreaming and roadmap (with potential support from UN-World Bank TF)</li> </ul>
<b>CPF Objective 2. Increased access to and quality of maternal and child health services</b>		
<p>Improved health outcomes for mothers and children will require improved access to quality health care services by expanding and strengthening the community-based primary health care service delivery model. It will also require increasing transparency and accountability within the public health system and strengthening information systems for disease surveillance and rapid response to disease outbreaks. Support for the government's health objectives will come from a proposed IDA national health strengthening project, which will also work to strengthen core ministry functions and explore collaboration with non-traditional service providers. The intervention will also aim to promote quality of service through expanded use of solar panels for electricity in health centers. Support to this objective will also come from the ongoing Regional Disease Surveillance Systems Enhancement (REDISSE II) Project, the Emergency Water and Electricity Services Upgrading Project (and additional financing), a Community Driven Development Project and proposed Strengthening Health Service Delivery to Improve Maternal and Child Health Project. Service Delivery Indicators (SDIs) survey, a public expenditure review (PER) of the sectors, a public expenditure tracking (PET) tool, a health workforce survey and an assessment of demand-barriers to access health services by pregnant women and mothers will also be developed during FY17 and FY18. Support will be coordinated by the WBG</p>		

<sup>30</sup> As measured through certification based on new teacher standards and regular testing of both community school and public school teachers.

health donor coordination group, which includes UNICEF, UNWFP, UNICEF-Water, Sanitation and Hygiene (WASH), UNDP, UNFPA, the Portuguese Cooperation, European Union, CDC, Global Fund, GAVI, etc.		
CPF Objective Indicators	Supplementary Objective Indicators	Indicative WBG Program
<p>Percentage of assisted deliveries (attended by a qualified health worker) (Gender)</p> <p>Share of number of births: Baseline: 45% in 2017 (last estimate 2014) Target: 80% in 2021</p> <p>Percentage of pregnant women having at least 3 antenatal care visits before delivery</p> <p>Share of Women: Baseline: 56% in 2017 Target: 80% in 2021</p>	<ul style="list-style-type: none"> <li>Increased accountability and transparency within the public systems<sup>31</sup> (Governance) Community health care centers with published PETs: Base year: 0 (FY17) Target: 50 (FY20)</li> <li>Implementing new processes for selecting, hiring and deploying health professionals (Governance) Policies developed and applied: Base year: No (FY17) Target: Yes (FY20)</li> <li>Increased share of daily production of safe water in Bissau Baseline: 37% in 2017 Target: 125% in 2020</li> <li>Community health centers with access to electricity through solar panels Baseline: &lt;10% in 2017 Target: 75% in 2020</li> </ul>	<p>On-going:</p> <ul style="list-style-type: none"> <li>IDA Regional Disease Surveillance Systems Enhancement Project (REDISSE II) (FY17)</li> <li>IDA Emergency Water and Electricity Services Upgrading Project and AF</li> <li>ASA: Health and Education Diagnostic (FY17)</li> <li>ASAs: SDI Indicators</li> <li>ASA: Health sector public expenditure review</li> </ul> <p><b>Proposed*</b></p> <ul style="list-style-type: none"> <li>IDA National Maternal and Child Health Strengthening Project (FY18)</li> <li>IDA Rural Transport Project (FY18)</li> <li>IDA Rural Electrification Project (FY19)</li> <li>IDA Regional Energy Access Project (FY20)</li> </ul>
<b>Focus area II: Expanded economic opportunities and enhanced resilience</b>		
<p><b>Guinea-Bissau has wide potential to foster economic opportunities and growth.</b> Agricultural potential is significant, including the potential to increase productivity and add value through processing in the cashew sector, and expand other crop production, such as rice, cereals, groundnuts, and fruits. The mining, forestry and fisheries sectors constitute important revenue or potential revenue sources, as well as important in sustaining rural incomes and livelihoods. These economic opportunities and potential sources of growth and domestic resource mobilization are however difficult to unlock due to limited connectivity and a poor business environment. The opportunity to leverage these alternative sources of growth is further threatened by the dominance of the cashew sector, rent-seeking and unsustainable practices. Furthermore, this lack of diversification leaves households and the economy extremely vulnerable to systemic shocks, such as macro-economic shocks, falling commodity prices, harvest failures, as well as natural disasters and climate change. At the same time, both public and private risk mitigation and coping mechanisms are weak or non-existent. The objectives under this focus area are the following: Increased access to markets; improved sustainable natural resource wealth management; and strengthened social safety nets.</p>		

<sup>31</sup> Through pay-for-performance, non-monetary incentives, in-service and pre-service training and establishing monitoring mechanisms.

### CPF Objective 3. Improved logistics for market access

Most rural households are engaged in family farming agriculture, mainly in cashews, and subsist with low returns. The lack of basic infrastructure, services and value-chain organization prevents households from accessing markets and the economy from diversifying. The potential of the economy to contribute more to growth is further constrained by a difficult business environment and limited access to finance. Going forward, the WBG will facilitate diversification and increase access to market through investments in basic rural infrastructure and continued support to key policy reforms. Programs will focus on providing expanded access to agriculture and alternative markets in rural areas, notably through the proposed IDA Rural Transport Project focusing on rural roads and fluvial transport. Recognizing the important role of rice as the main food-stable in Guinea Bissau, the CPF is also proposing analytical work to determine opportunities for agriculture diversification. It will also help lay the groundwork to expand access to energy and water outside of Bissau through a proposed IDA Rural Electrification project and potential regional IDA energy access project. Regarding key policy reforms, it will continue supporting business enabling reforms and private sector participation through the ongoing private sector and agri-business project, improve the management of the state utility (EAGB) and the overall energy strategy for the country (production plan, fiscal analysis, etc.) through the ongoing energy and water project and develop a national road and transport plan. IFC will support this objective via IFC Advisory Services and explore investment opportunities in Agribusiness, PPP/Infrastructure and the Financial Sector. MIGA's ongoing guarantee in the telecommunication sector also supports this objective. IDA will support analytical activities to support increased productivity and diversification in agriculture, leveraging current programming by other donor partners, which are mainly focused on rice. Joint IFC and World Bank advisory services will continue supporting Guinea Bissau on improving Doing Business ranking, particularly regarding "trading across borders," "access to land" indicators and tracing, training and certifying cashew farmers as organic allowing for access to higher-value markets.

CPF Objective Indicators	Supplementary Objective Indicators	Indicative WBG Program
<ul style="list-style-type: none"> <li>• Expanded electricity services Rural population provided electricity services Baseline: &lt;1% in 2017 Target: 10% in 2021</li> <li>• Expanded rural road access km of rural roads with improved all-season ready Baseline: 0 in 2017 Target: 200 in 2021</li> <li>• Improved access to mobile internet Mobile internet penetration (as % of population, gender disaggregated) Baseline: 4.6 in 2017 Target: 12.4 in 2021</li> <li>• Trading across borders, Distance to Frontier (Doing Business), % from top performing country</li> </ul>	<ul style="list-style-type: none"> <li>• EAGB governance improved (regular board meetings and semi-annual audit reports) (Governance) Baseline: No (FY17) Target: Yes (FY19)</li> <li>• Number of cashew farmers complying with environmental, social and trade standards<sup>32</sup>: Baseline: 0 (FY17) Target: 2,000 (FY21) (gender disaggregated)</li> <li>• National road and transport plan develop and adopted<sup>33</sup>: Baseline: No (FY17) Target: Yes (FY20)</li> <li>• Customs one-stop shop decree adopted and functional: Baseline: No (FY17)</li> </ul>	<p><b>On-going:</b></p> <ul style="list-style-type: none"> <li>- IDA Regional West Africa Access to Telecom Services Project (WARCIP)</li> <li>- IDA Emergency Agribusiness Rehabilitation and Private Sector Development Project</li> <li>- IDA Emergency Water and Electricity Project</li> <li>- IDA Regional Gambia River Basin Development Organization (OMVG)</li> <li>- ASA: PPIAF Public-Private Partnerships TA</li> <li>- ASA: IFC AS TA (Doing business, land, customs, port procedures)</li> </ul>

<sup>32</sup> Certified as complying with European Union organic cashew standards providing access to international markets.

<sup>33</sup> Plan to be adopted by ministry of public works, be gender informed and address road maintenance issues.

Baseline: 52.86 (2017) Target: 58.00 (2021)	Target: Yes (FY19)	<ul style="list-style-type: none"> <li>- MIGA Guarantee in Telecommunication Sector</li> </ul> <p><b>Proposed*</b></p> <ul style="list-style-type: none"> <li>- IDA Rural Transport Project (FY18)</li> <li>- IDA Rural Electrification Project (FY19)</li> <li>- IDA Regional Energy Access Project (TBD)</li> <li>- IFC investment in Agribusiness (expected FY17)</li> <li>- IFC investment in PPPs/Infrastructure</li> <li>- IFC investment in financial services</li> <li>- ASA: IFC advisory services</li> <li>- ASA: Opportunities for agriculture diversification</li> </ul>
<b>CPF Objective 4. Improved natural resource wealth and disaster-risk management</b>		
<p>Artisanal fisheries and forestry provide additional income to rural households. These resources however are being rapidly depleted through illegal and unsustainable practices and further threatened by climate change. The WBG will support the government's efforts through increasing data collection, management and strengthening oversight of fisheries and forestry. It will also support community level efforts to sustainably use and manage forest resources, and increase revenues from artisanal fishing. Regional interventions will support the government's efforts, including the Regional Fisheries Project (PRAO phase II) and potentially the West Africa Coastal Management Project (WACA) and IDA Sustainable and Participatory Management of Traditional Wood-Fueled Energy Generation Program (PROGEDE). There is also potential to include other financing options to increase resilience and disaster risk management, such as Immediate Response Mechanism – Contingent Emergency Response Components (IRM-CERC) in all projects.</p>		
<b>CPF Objective Indicators</b>	<b>Supplementary Objective Indicators</b>	<b>Indicative WBG Program</b>
<ul style="list-style-type: none"> <li>• Improved forestry management (Governance) Forest area under sustainable management<sup>34</sup> (ha) Baseline: 0 (2017) Target: 200,000 (2021)</li> <li>• Improved fisheries management Fisheries management plans implemented (number) (corporate results indicator - CRI)</li> </ul>	<ul style="list-style-type: none"> <li>• Forest inventory mapping completed and inventory protocol in place (Governance) Baseline: No (2017) Target: Yes (2021)</li> <li>• Strengthened capacity to monitor fisheries license and vessels</li> </ul>	<p><b>On-going:</b></p> <ul style="list-style-type: none"> <li>- Regional IDA: Regional Fisheries (PRAO I)</li> </ul> <p><b>Proposed*</b></p> <ul style="list-style-type: none"> <li>- Regional IDA: Regional Fisheries Project (PRAO II)</li> <li>- IDA Regional West Africa Coastal Management (WACA)</li> </ul>

<sup>34</sup> Sustainable forest management plans prepared and starting implementation

<p>Baseline: 0 in 2017 Target: 2 in 2020</p> <ul style="list-style-type: none"> <li>Improved coastal area disaster risk management Multi-sectoral investment plan for coastal resilience prepared and validated Baseline: No (2017) Target: Yes (2021)</li> </ul>	<p>Lists of fishing licenses, infractions and fines are published and controlled every semester Baseline: 0 (2017) Target: 6 (2021)</p> <ul style="list-style-type: none"> <li>Early detection system for risk to cashew harvest (weather, flooding, wind, etc.) Detection system established Baseline: No (2017) Target: Yes (2020)</li> <li>Female participation in village forest management committees (Gender) Baseline: 0% (2017) Target: 50% (2020)</li> </ul>	<ul style="list-style-type: none"> <li>IDA Regional Sustainable and participatory management of traditional wood-fueled energy generation project (PROGEDE)</li> <li>ASA: Disaster risk management tools and early detection systems for harvest failure</li> </ul>
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#### CPF Objective 5. Strengthened social safety nets

Public risk management and coping mechanisms fundamentally do not exist, exposing the population to great risks from even common life events. Limited fiscal space, and a regressive and distortionary taxation system mean that there is limited room for the Government to mitigate shocks, whether they are from the local economy or from natural events. The government's limited presence in rural areas means that these areas are particularly vulnerable to shocks. As such, the country lacks social security and social assistance programs to protect against these income shocks, to help smooth consumption over the life cycle, reduce poverty, and promote greater human development. The Government's *Terra Ranka* plan has a policy area focused on large-scale reduction of poverty, through the creation of a safety net and real empowerment opportunities for the most vulnerable. The WBG proposes to support this objective through a social protection program, for which an IDA operation is planned in FY18. Additionally, it will support the development of a social protection strategy. WBG efforts will be coordinated with UNWFP, UNICEF, UNDP and EU, and among other priorities aim at establishing a government owned data-base/unique registry to identify poor and vulnerable populations. Further, the WBG is considering additional technical assistance to the National Statistics Institute, in addition to current support through the WAEMU/World Bank project on harmonized poverty household survey.

CPF Objective Indicators	Supplementary Objective Indicators	Indicative WBG Program
<ul style="list-style-type: none"> <li>Number of individuals reached through cash-transfer program Baseline: 0 in 2017 Target: 100,000 in 2021 (% female led households)</li> <li>Number of families benefitting from accompanying measures<sup>35</sup> (Gender) Baseline: 0 in 2017</li> </ul>	<ul style="list-style-type: none"> <li>Social safety net strategy developed and adopted (Governance) Baseline: No in 2017 Target: Yes in 2019</li> <li>Unique registry to identify poor and vulnerable households established and functioning Baseline: No in 2017 Target: Yes in 2020</li> </ul>	<p><b>On-going</b></p> <ul style="list-style-type: none"> <li>IDA Community Driven Development Project - Additional Financing</li> <li>IDA Public Sector Management Project</li> <li>ASA: Africa Catalytic TF Cash-Transfer Pilot</li> <li>IDA Regional support to WAEMU Harmonized Household Poverty Survey</li> </ul>

<sup>35</sup> Number of families gaining access to nutrition, maternal health care, HIV/AIDS care, etc. because of cash-transfer program.

Target: 15,000 in 2021	<ul style="list-style-type: none"> <li>• <b>WAEMU Harmonized Household Poverty Survey undertaken in FY17 and FY19</b> Baseline: No (April, 2017) Target: 4 rounds undertaken (2020)</li> </ul>	<p><b>Proposed*</b></p> <ul style="list-style-type: none"> <li>• IDA Social safety nets/cash transfer (FY18)</li> <li>• ASA: Social Safety Strategy (FY18)</li> <li>• Governance Review on core functions/PEFA</li> <li>• PER and BOOST follow up</li> <li>• IDA TA to Strengthen Procurement and Statistics Capacities</li> </ul>
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## Annex 2: IDA 18 Special Themes in Guinea-Bissau

Special Theme	How Addressed
<b>Climate Change</b>	Guinea-Bissau is highly vulnerable to natural disasters and climate change. Anthropogenic pressures increase that vulnerability, including through degradation of forests. Guinea-Bissau has a complex and fragile coast line, protected by mangrove swamps that are under pressure from agriculture. One of the main pillars of the government's <i>Terra Ranka</i> program is devoted to biodiversity and sustainable management of natural capital. The WBG will support government's efforts by working at both the national level to improve tracking and monitoring of environmental outcomes, particularly in coastal areas, and at the community level through enhanced oversight and management support for fisheries and forestry. Regional interventions will be the key instrument to support this objective, including for fisheries, coastal management, and sustainable and participatory management of traditional wood-fueled energy generation, which focuses on sustainable forest management at community level as well as efforts to combat illegal logging. Different disaster risk management tools and instruments will also be explored.
<b>Fragility, Conflict, &amp; Violence</b>	Guinea-Bissau is classified as a fragile state. The whole CPF is built around managing for the risks arising from that fragility, which both pillars seek to address. Implementation arrangements also seek to be adaptive and flexible to changing circumstances, reflecting the unpredictability inherent in a fragile environment. Given the nature of fragility in Guinea Bissau, the program aims to support sectoral ministries strengthen core state functions (HR, financial management, strategy, M&E, etc.), while also focusing on specific investments to improve service delivery and raise incomes outside of Bissau. The CPF will also aim to strengthen accountability from the bottom up which is important in fragile states (see governance section below).
<b>Gender</b>	This is a cross-cutting theme, consistent with the WBG's Gender Strategy for FY2016–23. Three out of four priorities from that strategy will be addressed: (i) promoting human endowments; (ii) increasing job opportunities and women's ownership and control over assets; and (iii) enhancing women's voice and agency and engaging men and boys. The CPF will also contribute to meeting three IDA 18 gender policy commitments: 100 percent operations addressing gender-based disparities in primary and secondary education (CPF Objective 1); Maternal and reproductive health operations will target availability and affordability of RHS, including for Gender Based Violence (GBV) survivors (CPF Objective 2); and at least half all World Bank financing operations support better access to the Internet and better access to ICT services for women (CPF Objective 3). The current, IDA Emergency Private Sector and Agribusiness Project is supporting female entrepreneurs through a business mentoring and financing program, and going forward, Objectives 1 and 2 will focus on increasing access to education and health care for women with a focus on maternal health in Objective 2. Each new project during the CPF period will need to address how they take gender into account and to the greatest extent possible go beyond the mere inclusion of disaggregated indicators.

<b>Governance &amp; Institutions</b>	<p>Governance is a cross-cutting theme. Building of core-state functions in such areas as public financial management, monitoring and evaluation, HR systems and sector strategies will be key. The current IDA Public Sector Support Project focuses on enhancing capacities in the Ministry of Finance and specifically customs, budget preparation, tax authority and economic data collection. This project is expected to contribute to the development of a medium-term expenditure framework for the country. This project has also been supported by a Public Expenditure Review (PER) and BOOST. Complementing the focus on strengthening PFM at the central level, the CPF will support public resource management and enhanced accountability mechanisms in key sectors, such as energy and water, health, education, natural resource management, etc. For example, Public Expenditure Tracking will be used for health and education services, and the education interventions will support community school management. Each project proposed during the CPF period will need to specify how they intend address governance concerns. The achievement of some CPF objective will be assessed against governance indicators.</p>
<b>Jobs &amp; Economic Transformation</b>	<p>Guinea-Bissau has wide potential to foster job opportunities and economic growth. In the lifespan of the CPF the priorities are in (i) agriculture (including increasing productivity and adding value in the cashew sector, and diversification to rice, cereals, groundnuts, and fruits); (ii) mining (mainly in phosphate and bauxite); and (iii) fisheries. In the longer term, biodiversity-based tourism could create a large number of jobs, both directly and indirectly. However, unlocking this potential depends on tackling currently limited connectivity, and a poor business environment, compounded by rent-seeking distortions in the cashew sector. During the CPF period, WBG aims to address some of these constraints through investments in basic rural infrastructure and continued support to policy reforms, including through a proposed project focusing on rural roads and fluvial transport. WBG will also finance projects to help lay the groundwork to expand access to energy and water outside of Bissau and improve regional energy access. Regarding key policy reforms, WBG will continue supporting business enabling reforms through the on-going private sector project, improve the management of the state utility (<i>Empresa de Eletricidade e Águas da Guiné-Bissau</i> - EAGB) and the overall energy strategy for the country, and develop a national road and transport plan. IFC will support this objective via IFC advisory services and explore investment opportunities in Agribusiness, PPP/Infrastructure and the Financial Sector. MIGA's ongoing guarantee in the telecommunication sector also supports this objective. Joint IFC and World Bank advisory services will continue supporting Guinea Bissau on improving their Doing Business ranking, particularly regarding the "trading across borders" and "access to land" indicators.</p>



## Annex 3: Completion and Learning Review (CLR) FY09-FY16

### THE REPUBLIC OF GUINEA-BISSAU

<b>Date of Interim Strategy Note (ISN):</b>	May 20, 2009
<b>ISN Report Number:</b>	48466 - GW
<b>Period covered by ISN:</b>	FY09-FY12
<b>Date of Country Engagement Note (CEN):</b>	March 19, 2015
<b>CEN Report Number:</b>	82529-GW
<b>Period covered by CEN:</b>	FY15-FY16
<b>Period covered by CLR:</b>	FY09-FY16
<b>Date of the CLR Report:</b>	December 15, 2016

### INTRODUCTION

- This Completion and Learning Review (CLR) is a self-evaluation by the World Bank Group (WBG) of an Interim Strategy Note for Guinea-Bissau (ISN) covering FY09-FY10 and a Country Engagement Note for Guinea-Bissau (CEN) for FY15-FY16.** The CLR draws on several sources, including World Bank staff, self-evaluation documents (ISRs, ICRs, aide-mémoires), IEG evaluations, OP/BP 7.30 assessment report, sector reviews, country surveys, and documents from development partners. The main text highlights results and key lessons learned from the period under review, while Annex 1 summarizes an assessment of results planned under the ISN. Several outcomes planned under the CEN could not be fully assessed at this stage as relevant activities are still being implemented. Annex 2 seeks to assess achievements to the extent possible.
- The last full WBG Country Assistance Strategy (CAS) was approved in 1997.** Due to internal conflict, the implementation of the CAS was disrupted after its first year, and most projects were not realized as planned, or implemented with significant delays. No CAS Progress Report, CAS Completion Report, or IEG Country Assistance Evaluation was prepared. An ISN for FY09-FY10, discussed by Executive Directors (EDs) on May 20, 2009, was the World Bank's first strategic country document since 1997, excluding the Joint Staff Assessment of Guinea-Bissau's PRSP. Between 2009 and 2011, Guinea-Bissau experienced sustained stability and significant economic and social development, including an average annual growth rate of 3.8 percent (despite global financial and food crises) as well as progress in public administration, public expenditure management, and the business environment. WBG also supported the country's achievement of its HIPC completion point in 2010. However, a military coup in April 2012, followed by the fall in cashew prices, led to a political and economic crisis. As a result, most donors suspended financial support. The World Bank immediately triggered OP/BP 7.30 (*'Dealing with de facto governments'*) and suspended all lending activities. Following an assessment mission, the WBG was the first development partner to resume disbursements in December 2012 and WBG management authorized selected new operations in critical areas to respond to emergencies in the country.
- WBG engagement in Guinea-Bissau has been sustained but continues to be affected by political instability.** After a largely peaceful two-year transition, a new Government was elected in June 2014 which put together a strong poverty reduction strategy (*Terra Ranka*), which received significant donor support. The WBG prepared a CEN, discussed by EDs in March 2015, in support of this strategy, and that in turn led

to Guinea-Bissau being the first country to qualify for enhanced access under IDA 17's Turnaround Regime. However, since August 2015, the WBG has also been operating in an environment of political crises with frequent changes in government.

4. **World Bank Group Performance.** Despite repeated crisis and suspension of operations, the WBG remained engaged through its ongoing program and scaled up support during the transition through an emergency program. The WBG adapted quickly, and its decision to remain engaged to ensure basic service delivery had an important impact on protecting the poor during the 2012 to 2014 period. Both country strategy documents reviewed for this CLR identified focus areas that intend to contribute to achieving the WBG goals of reducing poverty and increasing shared prosperity, in a sustainable manner.

5. **Key lessons learned from this CLR,** which will inform WBG engagement with Guinea-Bissau going forward, include: (i) timeliness and realism: setting realistic objectives and timeframes for implementation, but also recognizing the need to respond in a timely way; (ii) implementation arrangements are crucial in weak institutional settings: this requires keeping implementation arrangements simple; but also providing strong implementation support; and ensuring that M&E is simple; and working closely with communities and non-governmental organizations (NGOs) in delivery of capacity building and programs for sustainable impact; and (iii) consistency of engagement is central to sustainable progress, so that in a fluctuating environment WBG should be seeking to dampen fluctuations.

## I. SUMMARY OF CLR FINDINGS

### A. Review of the ISN FY09-FY12

6. **The ISN had two principal pillars as noted below. The review of the ISN is based on its Results Matrix.** An indicative IDA-15 envelope of approximately US\$19 million was expected to support the World Bank's program. The ISN intended to support the Government in implementing a basic transitional program, consistent with the 2006 PRSP (Documento de Estratégia Nacional para a Redução da Pobreza-DENARP).

#### ***ISN Pillar 1: Strengthening Economic Management and Laying the Foundations for Improvements in the Productive Sectors***

7. The WBG's two objectives under the first Pillar of the ISN were aimed at (a) Strengthening Economic Management and (b) Laying the Foundation for Improvements in the Productive Sectors. The results are assessed below:

- a. **Strengthening Economic Management.** As planned, the World Bank delivered a programmatic series of Economic Governance Reform Grants (EGRG), complemented by a third EGRG in 2011, which achieved progress in the management of public resources, including improved transparency in government's accounts. Despite changes in policy priorities following the 2012 coup, not all progress achieved under the EGRG series was reversed. A PEFA assessment, conducted jointly with the EU in 2013, noted that basic administrative structures had remained in place, and the financial management information system, although not fully functional and systematically bypassed, could be reactivated with some technical assistance. In the extractives sector, the World Bank made a great effort in raising awareness among government and civil society, including environmental aspects. Work was completed in 2011 to identify gaps and weaknesses in existing policies and institutions. WBG support - through the EGRG series and technical assistance in Economic

Governance and PFM TA financed by the State and Peace Building Trust Fund (SPF) - supported the country in achieving the HIPC Completion Point by December 2010.

- b. Laying the Foundations for Improvement in the Productive Sectors.** Achievements towards the objective during the ISN period were primarily in rice production, electricity and water services. The Multi-Sector Infrastructure Rehabilitation Project (MIRP) helped maintain and restore electricity services during a difficult period and IDA reallocation was essential to maintain a minimum level of electricity supply in the capital and avoid a complete blackout with possible humanitarian implications. In the water sector, 91,350 project beneficiaries were connected to improved water supply sources through new piped household water connections and 54 kilometers of water distribution network were extended to un-served areas. In the electricity sector, the number of direct and indirect beneficiaries increased (172,000 people, 85,656 of which are women). Rice production between 2009 and 2011 on land rehabilitated by the Food Price Crisis Response Program amounted to 9,378 tons by the end of the third season and significant progress was made in the rehabilitation of feeder roads to facilitate the flow of agricultural products to markets in residential and commercial centers. Community participation and involvement of national NGOs increased the likelihood of continued capacity building and sustainability of impact. The Coastal and Biodiversity Management Project supported the ISN pillar by increasing government capacity to collaboratively manage coastal environments for conservation and sustainable development, and it informed subsequent projects, including the West Africa Regional Fishery Project.

### ***ISN Pillar 2: Increasing Access to Basic Services, Especially in Rural Areas***

8. The objective of the second ISN Pillar was to increase access to basic services, especially in rural areas, and was demonstrated by (i) increased enrollment in primary education, (ii) improved basic health services, and (iii) satisfactory beneficiary feedback on World Bank-funded rural development projects. In the education sector, the number of students enrolled in classrooms built or rehabilitated under the CDD Project, amounted to 2,953 in September 2012. The World Bank provided support when Guinea-Bissau received a GPE grant of US\$12 million (2012-2016) in support of its education sector; following the coup the project was transferred to UNICEF. In the health sector, the number of health facilities providing a basic health package at the district level increased by more than 10 percent in each of the regions (Bafata, Cacheu, Gabu) targeted by the SPF-funded Second National Health Development Plan Project. Overall, informal feedback from beneficiaries on World Bank-funded rural development projects was positive. The CDD approach involved communities in the preparation and monitoring of project activities and proved successful in delivering social services to populations in rural areas that might be otherwise left underserved by traditional state structures.

### ***Cross-Cutting Theme: Support for Capacity Development***

9. The cross-cutting theme of support for capacity development aimed at strengthening institutional capacity for more effective governance and project implementation. Cooperation was planned with the United Nations, with trust fund support. An action plan on Capacity Development was developed, however, following the 2012 coup, the program was cancelled.

10. **Analytical work.** An Investment Climate Policy Note and a Diagnostic Trade Integration Study were completed to provide analysis on potential sources for export revenue and inform strategies for enabling economic growth. A Country Economic Memorandum presented key elements for the planned 'high-impact' medium term growth program. A Public Expenditure Management and Financial

Accountability Review (PEMFAR), completed in FY10, provided analysis on public expenditures and measures for improving the impact of public spending. A WBG Education Country Status Report in FY10 informed the country's EFA-FTI funding proposal. A Gender Portfolio Review, conducted in 2012, found that 82 percent of the portfolio was gender informed (nine out of eleven projects), above the IDA-16 target of 60 percent.

## **B. Review of the CEN FY15-FY16**

11. **The CEN focused on three program areas as outlined below. The review of the CEN is based on its Monitoring Framework.** The main aim of the CEN was to provide immediate support for the restoration of basic services, while assisting the government in designing a more sustainable strategy poverty reduction in the long term. As most projects under the CEN are still ongoing, preliminary results are assessed below to the extent possible:

### **Program 1: Core Public Sector Institutional Building**

12. The WBG's approach under this program focused on strengthening the ability of the state to deliver effective services through improving public sector management. Building on the 2013 PEFA assessment, the Public Sector Strengthening Project aims to assist the Government to re-establish basic systems for PFM. As of December 2016, implementation has been rated "moderately unsatisfactory", especially due to political instability since August 2015. Strong implementation support and support through international and local consultants imbedded in institutions and Project Implementation Unit (PIU) aim at mitigating the risks of operating in the fragile country context. Recent positive project results include the training of 100+ government officials at the Tax Administration Directorate, procurement of office materials and equipment, and support to the government in implementing a new tax policy. Under the PATSIE project, WBG is providing technical assistance to help build the institutional foundation for the emerging extractives sector and has supported trainings, development of improved systems for future geological mapping, and analysis of environmental impacts. The government has twice requested a new TA project to strengthen its understanding and readiness for future institutional building and sector development. The Biodiversity Conservation Project, supported by a GEF trust fund grant, supports increased capacity of the Institute for Biodiversity and Protected Areas (IBAP) in sustainable management of protected areas; which this supports improving public sector management in this area throughout the country, given IBAP's national reach and cross-sectorial nature.

### **Program 2: Basic Services Provision**

13. The program aimed at strengthening the provision of basic services to the poor in health, education, electricity and water. After the 2012 coup, the CDD project provided substantial support to the health and education sectors. The second Additional Financing of US\$15 million to the Rural CDD Project enabled expansion of project activities to increase basic social services. The World Bank completed several activities and outputs under a TA on the post-crisis strengthening of the education and health sectors, designed to re-engage and inform the lending program, and to support the government in putting in place an effective response system to address critical social services.

- a. **Improve water supply.** Implementation of the Emergency Water and Electricity Services Upgrading Project is largely on-track; it aimed at construction 80 kilometers of water networks and one water tank as well as construction of private connections and public standposts to help provide water to 76,800 additional people in Bissau. As of May 2016, the number of people in target areas with access

to improved water sources (upgraded by the CDD project) amounts to 58,029 beneficiaries; with 181 improved community water points constructed or rehabilitated. An economic analysis of the CDD project conducted in June 2016 points to the high economic rates of return of these water points.

- b. Improve electricity supply.** The political situation prevented the team of the Emergency Water and Electricity Upgrading Project from continuing dialogue with authorities on the reform of the sector. After the project faced problems with the breakdown of two fuel generators, implementation is now largely on track. The Gambia River Basin Development Organization (OMVG) Interconnection Project was approved on April 29, 2016, with the objective of enabling electricity trade between Senegal, Guinea, Guinea-Bissau and The Gambia.
- c. Improve basic primary education.** Schools that were built or rehabilitated under the CDD project have led to increased enrollment at the primary level. Between November 2014 and May 2016, 75 new classrooms were built or rehabilitated and 11,029 students were enrolled. There was no interruption of the 2014/2015 school year and all teachers in the Folha Única were paid by the project (until completion of the activity in June 2015).
- d. Improve health delivery.** In September 2014, the WBG approved the restructuring of an existing program (Rural CDD) to reallocate funds to finance a health contingency plan to deal with the Ebola epidemic. Together with the World Health Organization, the WBG put together a US\$750,000 facility to finance an Ebola emergency response and information campaign. Fortunately, no case of Ebola was reported in Guinea-Bissau. Under the CDD project, 346 community health agents received Ebola prevention training. In addition, all health workers in the Folha Única were paid by the project (until completion of the activity in June 2015). The World Bank's contribution to the payment of salaries for health staff was key in ensuring continuity of care throughout the country and it helped improve the Government's payment system, through the identification and opening of World Bank accounts for staff.

### **Program 3: Supporting Productive Sectors**

14. The third program intended to strengthen economic recovery through support for key infrastructure and productive sectors, and aimed at improving food security by strengthening agribusiness, especially in the cashew and rice sectors. The Second Emergency Food Security Support Project was approved in October 2014 and was designed to scale up the activities initiated under the first project. Due to the coup, project preparation was interrupted. Once the WBG re-engaged, only 18 months were left before the end of the TF to support the program, which made it difficult to measure efficacy of the project interventions and its contribution to improved food security. Overall 312,612 food rations were distributed for food-for work activities and 16,259 smallholder rice farmers (74 percent of which are women) used improved agricultural technology by the end of September 2015. Partly in response to a World Bank study, the government suspended a surcharge on cashew (FUNPI) which was found to have negative effects on farmers and food security. While it is too early to report on progress, the Private Sector Rehabilitation & Agri-Business Development Project aims to support the development of the cashew agribusiness sector and to promote entrepreneurship in other sectors of the economy. The project became effective in September 2014 and results are expected in Q3 and Q4 of FY17 (during the next cashew campaign). The project works closely with IFC and other partners, and has supported food security and diversification by distributing seeds and materials for 500 hectares of rice to farmers. WBG has closely

worked with counterparts in the Ministry of Economy and Finance providing targeted technical assistance in the area of business environment reform.

15. **Analytical work.** Analytical work to inform government policymaking included the Guinea-Bissau Poverty Monitoring, Country Economic Memorandum, and a Systematic Country Diagnostic to inform the preparation of the CPF. Analytical work also included sector diagnostics in health and education, telecom/ICT sector note, Inclusive Green Growth study, and review of pensions to support the government in designing a pension system, including for civil servants and the military.

### C. Role of IFC and MIGA

16. **IFC.** IFC's strategy under the ISN focused on improving the investment climate, supporting the development of SMEs, and pursuing a proactive involvement in the infrastructure, financial and agribusiness (cashew nut) sectors. IFC worked closely with IDA in support of an emergency rehabilitation program for the state utility, *Empresa de Eletricidade e Águas da Guiné-Bissau* (EAGB), in 2010. In January 2012, IFC started a new Investment Climate reform program, as part of an integrated program with IDA to improve the business environment and helped prepare EAGB for investment under a public private partnership; however, operations were suspended following the coup in April 2012. Under the CEN, World Bank and IFC jointly completed an Investment Climate Policy Note in 2015 and IFC has been working closely with the World Bank to improve the cashew sector value chain.

17. **MIGA.** Guinea-Bissau became a member of MIGA in 2006. During the ISN period, MIGA had two guarantees in the telecommunications and tourism sectors, which aimed at improving Guinea-Bissau's investment climate and supported South-South investments from regional investors (Mali and Senegal). The tourism sector guarantee was discontinued as it was no longer considered necessary by the holder. As of September 30, 2016, MIGA's guarantee exposure (gross) in the telecommunications sector stood at US\$9.1 million.

## II. WORLD BANK GROUP PERFORMANCE

18. While the previous section reviewed results of the ISN and CEN separately, the following sections review the overall World Bank Performance and lessons learned from both cycles.

### A. Design of the ISN and CEN Programs

19. **Relevance of Strategies.** The use of short- and medium-term strategies responded to the country's circumstances, supported immediate emergency measures, and was aligned with Government's priorities, where possible. The ISN allowed the WBG to assist the government in carrying out a core transitional program. The use of the CEN was appropriate to help guide the WBG's gradual re-engagement during and after the transition, and identified objectives relevant to addressing the country's immediate development challenges and government priorities. Despite the broad range of needs in the country, the objectives and interventions were selective and attempted to ensure continuity, while taking into account WBG's comparative advantage and making the most efficient use of limited resources.

20. **Indicators and expected results.** Overall, the monitoring frameworks for the ISN and CEN were relevant for assessing the WBG's engagement, although there is room for improvement with regard to indicators and expected results. It was estimated at ISN approval that the 12 initial outcome indicators would be simple, straightforward and realistic. However, certain indicators could not be validated until

several years after the ISN period, because funding was not forthcoming. Indicators that can be evaluated during the early phases of implementation, rather than at the end of the project cycle, would have been preferable. Some indicators (e.g., on beneficiary feedback) were difficult to measure and missing baseline data. The CEN adopted a monitoring framework which relied on selected project milestones to help assess achievement of progress. Some indicators could have benefitted from more realistic milestones to help measure progress towards the achievement of the planned objective (e.g., improved health delivery and measuring the ‘improved ability to deliver’).

21. **Managing for Risks.** Guinea-Bissau is a small country with a long history of fragility. Most of the risks to WBG engagement are related to this history. A joint World Bank/UN Fragility Assessment in 2015 identified five key drivers of fragility: an unfinished political transformation and a persistent disconnect between state and society; military engagement in political and economic spheres; impunity and a weak justice sector; a poorly diversified economy that has been captured by elite interests; and, lack of state legitimacy especially in rural areas. These fragility drivers map well onto most of the risks identified in the ISN and CEN. The other main risk has been from macroeconomic shocks, given an undiversified export sector. The fragility assessment therefore validates the risks identified in the ISN and CEN. Both documents aimed to manage for the risks identified through continued engagement, based on a combination of measures including: (i) intensive supervision by staff based in Dakar and Washington DC; (ii) working closely with development partners (including with the IMF on macroeconomic issues); (iii) selecting interventions that were politically achievable; (iv) emphasizing consultative approaches and particularly a community-led approach to local development; and (v) strengthening public sector fiduciary capacity.

22. However, during the ISN period, several risks materialized: (a) political instability, including the coup d’état in April 2012; (b) macroeconomic risks, with the fall in prices for cashew leading to a reduction in farm-gate prices (although they subsequently recovered); and (c) governance risks. The risk management arrangements noted above limited the impact of these events on the WBG program. Despite the disruptions flowing from these events the WBG was able to continue implementation of part of its program and remain engaged with the de facto Government, when disengaging could have had serious implications for the social and economic development of Guinea-Bissau’s population. The August 2015 political crisis and subsequent political instability were further evidence of the continuing potency of the fragility drivers. However, the same risk management approach has been validated, and strengthened with the appointment of a Bissau-based Country Representative who has been able to both to strengthen WBG supervision and further build relations in-country with development partners. It is particularly noteworthy that the most successful operation throughout the period covered by the ISN and CEN has been supporting community-driven development in rural areas, an approach which has embodied many risk management elements, including selecting interventions that are politically achievable; emphasizing consultative approaches; and strengthening public sector fiduciary capacity.

## B. Implementation of the ISN and CEN Programs

23. **Mobilization of resources.** During FY09 to FY12, the World Bank mobilized US\$67.8 million (US\$49.2 million financed by IDA resources and US\$18.6 million by trust fund grants). Between FY14 and FY16, the approved amount was US\$157.9 million, of which US\$144.6 million was financed by IDA resources and US\$13.3 by trust fund grants.

24. **Even though WBG strategies have been relevant for Guinea-Bissau, implementation has consistently been a major challenge.** Progress has been made on a variety of issues as noted below and

in Annexes 1 and 2, however, the scale of that progress has been significantly affected by issues around the timeliness, realism, and appropriateness of WBG implementation arrangements; and the consistency of WBG engagement. Persistent political instability has disrupted the implementation of the WBG program. As a result of the 2012 coup, the WBG triggered OP 7.30 on working with *de facto* governments, and suspended all operations. In December 2012, after assessment of the situation, disbursements for the ongoing portfolio resumed and WBG was the first development partner to lift suspension. A WBG mission in June 2013 re-assessed development since August 2012 and noted that the transitional government had made significant progress towards implementing recommendations of the joint mission in December 2012 carried out by ECOWAS, UN, EU and AU. In October 2013, the Regional Vice President authorized preparation of a country strategy to guide WBG engagement in the near term, including selected new FY14 operations in critical areas to respond to emergencies, in order to help alleviate the poverty impacts of the crisis, limit backsliding on previous development achievements, and help prevent the shutdown of basic service provision. Guinea-Bissau remained under OP 7.30 until June 2014.

25. **The WBG remained engaged in Guinea-Bissau**, despite the crisis triggered by the coup, the suspension of operations under OP7.30, and a scaling down of field presence. WBG did so first through its ongoing program, which focused on community driven development and the provision of basic and emergency services, and second through an emergency program during the transition. The emergency program consisted of three fast-disbursing projects that helped to pay the salaries of teachers and health workers, provide emergency electricity and water services, and support the country's main export, the cashew sector. Following the transition, the WBG strengthened its engagement through a medium-term strategy that included continued support to the ongoing portfolio, the request for additional funding through the IDA Turnaround Regime, and the formulation of a CEN for FY15-FY16. Under the ISN and CEN, the WBG program also complemented support provided by other development partners, including regional development and security organizations – including ECOWAS, UEMOA and the African Union – donor agencies, in particular the UN, ADB, EU, and other bilateral donors.

26. **Portfolio Performance.** Following the coup, the World Bank's active portfolio consisted of five IDA-funded projects, totaling US\$42.8 million focusing on infrastructure rehabilitation, natural resources management, community-driven development and fisheries (regional). Trust-funded grants provided an additional US\$14.95 million for emergency food security, coastal and biodiversity management, participatory rural development, and technical assistance for the emerging extractive industries sector. Three of the active projects were at advanced implementation stages before OP/BP 7.30 was triggered: (i) Emergency Food Security Support with 85 percent disbursement was extended to December 2012; (ii) Emergency Multi-Sector Infrastructure Rehabilitation Project with close to 80 percent of combined financing disclosed; and (iii) Restructured CDD project with an overall disbursement rate of 50 percent. The Biodiversity Conservation and Fisheries project were at early stages of implementation and the TA for the emerging extractive industries sector, signed in February 2012, had not yet started. Two SPF-funded TA operations supporting the National Health Development Plan and Economic Governance reform closed in December 2011 and May 2012, respectively. Suspension of disbursements resulted in suspensions of civil works, consultant services and delays in the execution of procurement plans and project implementation. However, despite the challenging country environment and suspension of disbursements for more than four months, the portfolio overall remained healthy. The August 2012 OP 7.30 Assessment also included a review of development objectives and risks of each project and proposed actions. The transitional government committed to the continued implementation of all World Bank-financed programs and projects as agreed. Despite considerable turnover at the political levels of ministries and public agencies, PIU staff remained in place. In FY14, the World Bank delivered three emergency IDA operations amounting to US\$45.5 million, five times the average yearly allocation for



Guinea-Bissau. The portfolio had zero problem projects and at end of FY14 the disbursement rate was 77 percent, surpassing the regional disbursement target of 22 percent.

### C. Turnaround Regime (TAR) Access

27. **Guinea-Bissau was one of the first two countries to access additional financing provided under IDA's Turnaround Regime (TAR).** The case for such access was first identified in late 2014, and noted in the CEN, however, for a combination of reasons—both procedural and substantive—confirmation of access to an exceptional allocation of US\$20 million for FY16 and FY17, was agreed only at the end of 2015, and discussed with EDs on February 4, 2016.

28. **TAR priorities were consistent with the objectives in the CEN,** and were twofold: (i) focus on rapid strengthening of basic service provision and social assistance to the poor, particularly outside Bissau, in order to build people's confidence in government, strengthening the social contract, and start to bridge the urban-rural divide; and (ii) support key reforms and investments, including through investment in rural areas and sustaining gains in service delivery in Bissau, as well as promoting investments in transportation and logistics sector. An initial review of the monitoring framework for TAR access, to the extent possible, is provided in Annex 3.

29. **TAR access was not rapid.** It was important to provide the evidence and analysis to demonstrate a robust case for access under TAR, consistent with IDA policies, but the result on the ground has been problematic, as the window in which to maximize the effectiveness of these additional resources had dwindled by the time access was agreed, because of the intermittent political crises that began in August 2015. While the WBG still expects to successfully commit and use the TAR resources, earlier access could have led to additional commitments at a time when there was a government that could have ensured that impact was maximized.

### III. ALIGNMENT WITH THE WORLD BANK GROUP CORPORATE GOALS

30. **The focus of the WBG's program in Guinea-Bissau is well aligned with the WBG Corporate Goals, of reducing poverty and increasing shared prosperity in a sustainable manner.** The ISN was prepared prior to the announcement of the twin goals. Nevertheless, in retrospect, the ISN aimed to support areas which are vital to addressing the corporate goals, including helping the government in strengthening economic management, supporting productive sectors, and increasing access to basic services, especially in rural areas through a combination of lending, analytical and advisory support. The CEN focused on (i) Core Public Sector Institutional Building, (ii) Basic Service Provision, and (iii) to support productive sectors of the economy. Given the high level of extreme poverty (one third of the population in 2010), both strategies had a clear focus on poverty eradication, especially in rural areas, which is where the concentration of extreme poor households is higher and the poor are most directly affected. The engagement in Guinea-Bissau is also aligned with the WBG's continued focus on support to fragile states. Both strategies acknowledge that taking opportunities to support the poor, outweighs the risks of operating in a difficult country context.

### IV. KEY LESSONS LEARNED

31. The review of the Guinea-Bissau ISN FY09-FY10 and CEN FY15-FY16 has yielded the following country and World Bank-wide lessons:

32. **Timeliness and realism.** In fragile and post-conflict countries, project objectives and design should be defined as realistic and straightforward as possible and take into account local capacity constraints. Experience from WBG engagement in Guinea-Bissau also demonstrates that short project implementation periods can present major operational constraints, which reinforces the importance of setting realistic objectives and timeframes for implementation, but also recognizing the need to respond in a timely manner.

33. **Implementation arrangements are crucial in weak institutional settings.** Limited performance of local actors can have a negative impact on project implementation and achieving development objectives. Poor procurement performance is a serious constraint for projects; inadequate procurement capacity and performance may slow the pace of project execution and disbursement. Minimal implementation arrangements and conditions are necessary and can help address challenges related to low capacity. In addition, strong implementation support is needed. Developing the capacity of a strong Project Implementation Unit (PIU) is crucial and the use of qualified personnel trained through other WBG projects can support project execution. Monitoring and evaluation design also needs to be simple in weak institutional settings. This includes realistic and measurable core indicators that directly link to project activities and could be tested out in early phases of preparation and implementation. In addition, outcome indicators should not depend on future reports for which funding may not be assured. WBG engagements in Guinea-Bissau demonstrates the benefit of working closely with communities in preparing and monitoring activities. Strengthening the engagement with civil society organization and beneficiaries is important given the lack of trust among the citizens in the government's ability to make meaningful changes for its people.

34. **Consistency of engagement is central to sustainable progress.** Supporting improved living conditions requires a long-term and consistent engagement, so that in a fluctuating environment WBG should be seeking to dampen fluctuations. A recent report<sup>36</sup> by the Independent Evaluation Group (IEG) on conflict, fragility and violence, supports this and notes that "maintaining a presence (even nominal) in former conflict zones is essential to help sustain peaceful development". Similarly, a country survey conducted in 2014 shows that 85 percent of respondents believe that the WBG should have increased local presence to be a more effective development partner.

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<sup>36</sup> Independent Evaluation Group. 2016. World Bank Group Engagement in Situations of Fragility, Violence, and Conflict. <https://ieg.worldbankgroup.org/Data/Evaluation/files/fcv-full.pdf>

Sub-Annex 1 - Guinea-Bissau FY09-FY10 ISN Results Matrix

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
<b>ISN Pillar 1: Strengthening Economic Management and Laying the Foundations for Improvements in the Productive Sectors</b>			
<p><i>Objective: Strengthening Economic Management</i></p> <p><b>Outcome 1:</b> Set up a modern and stable legal and accounting framework for PFM. Milestone: PEFA rating (C) on</p>	<p><i>Objective: Strengthening Economic Management</i></p> <p>The program, through the EGRG series and SPF financed Economic Governance and PFM TA, supported the country to achieve the HIPC completion point by December 2010. Key outcomes in support of the ISN program included significant progress in managing public resources, through the computerization and integration of the budget cycle with the installation of the SIGFIP accounting module, improved transparency in government's accounts and better debt and civil service management.</p> <p>The World Bank delivered a programmatic series of three <b>Economic Governance Reform Grants</b>. The PEFA assessment was not conducted until 2013. Jointly carried out with the EU in September/October 2013, its main finding was that despite the negative impact of the coup on the performance of the PFM system, basic administrative structures have remained in place, and the financial management information system, although not fully functional and systematically bypassed, could be reactivated with some technical assistance. (IEG notes that the efficacy in achieving the project objectives was substantial, mainly due to progress on efficiency in the use of public resources and improved transparency on the PFM side,</p>	<ul style="list-style-type: none"> <li>• <b>Programmatic Series of 2 DPOs (Economic Governance Reform Grant I –FY09 [P107493] and Grant II–FY10, [P114937])</b></li> <li>• <b>Economic Governance Reform Grant (EGRG III)</b></li> <li>• <b>Emergency Public Sector Service Delivery (P109722)</b></li> <li>• <b>Coastal and Biodiversity Rehabilitation, FY05 (P083453, P049513)</b></li> <li>• <b>West Africa Regional Fishery Project FY11, (P119380)</b></li> <li>• <b>Multi-sector Infrastructure Rehabilitation Project, F06, (P097975)</b></li> <li>• <b>FPRC-Emergency Food Security Project (FY09, P113468; EU</b></li> </ul>	<p>P083453/P049513:</p> <ul style="list-style-type: none"> <li>◦The budgetary implications of rural/outdoors nature of many project activities were inadequately accounted for in project design and became a constraint.</li> <li>◦Inadequate procurement capacity and performance slowed the pace of project execution and disbursement.</li> <li>◦The sustainability of projects in countries like GB benefits from multiple, donor-supported interventions over a lengthy period of time.</li> <li>◦Intense and sustained supervision is entirely appropriate for high-risk environments like GB but does not need to be costly or always direct face-to-face encounters with counterparts.</li> <li>◦Poor procurement performance is a serious constraint for projects in GB</li> </ul>

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
<p>effectiveness of internal controls for non-salary expenditure</p> <p><b>Outcome 2:</b> Strengthen HR management in public administration. Milestone: PEFA rating (C) on effectiveness of payroll controls.</p> <p><b>Outcome 3:</b> Government commits to and starts to apply EITI principles in the mining sector. Milestone: Government endorses EITI track and makes substantive progress on requirements for candidacy.</p> <p><i>Objective: Laying the Foundations for Improvements in the Productive Sectors.</i></p>	<p>combined with a significant improvement in the legal framework and business registration on the PSD side. The lack of computer equipment undermined some PFM reforms. The <b>Emergency Public Sector Service Delivery Project (P109722)</b> was also completed during the ISN period. The project, which focused on the education sector, faced challenges with regard to payroll management (e.g. “ghostworkers” on payrolls, and requiring evidence of teachers’ presence in class for them to receive pay).</p> <p><b>Outcome 1:</b> P107493: The ICR notes that improvements on internal controls have been reflected in the reduction of government arrears in 2009-11. Nevertheless, the PEFA assessment of 2013 states no change in performance and continues to rate effectiveness of internal controls for non-salary expenditure as D+.</p> <p><b>Outcome 2:</b> P107493: The PEFA assessment of 2013 notes a slight improvement in performance and rates effectiveness on payroll controls as C+ (“D” rating in 2008).</p> <p><b>Outcome 3:</b> In 2008, the Government of Guinea-Bissau requested Technical Assistance in the Extractive Industries (EI) Sector and expressed interest to apply the Extractives Industries Transparency Initiative (EITI) principles. The World Bank made great effort in raising awareness among government and</p>	<p><b>Co-financing, P120214)</b></p> <ul style="list-style-type: none"> <li>• <b>SPF Economic Governance &amp; Public Financial Management (FY09)</b></li> <li>• <b>Investment Climate Policy Note, FY09 (P102238)</b></li> <li>• <b>Diagnostic Trade Integration Study (FY10)</b></li> <li>• <b>Country Economic Memorandum Multi-Sector High Impact Program FY11, (P118091)</b></li> <li>• <b>PEMFAR (FY10)</b></li> <li>• <b>MIGA Guarantees Telecoms, Tourism</b></li> </ul>	<p>due to the lack of in-country capacity.</p> <ul style="list-style-type: none"> <li>◦ CDD approach melded with conservation incentives/goals works well even in the poorest communities.</li> <li>◦ Building capacity and empowering community beneficiaries through continuous “learning by doing” which extends well beyond the specific micro-project cycle is prudent and innovative.</li> <li>◦ Project utilized qualified personnel from private sector project for technical assistance in financial management and procurement to support project execution.</li> </ul> <p>P097975:</p> <ul style="list-style-type: none"> <li>◦ Adaptability and flexibility is important, when designing multi-sectoral projects in small fragile state.</li> <li>◦ Multi-sectoral projects require engaged multi-sectoral supervision teams.</li> <li>◦ PDO and outcomes need to be defined</li> </ul>

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
<p><b>Outcome 4:</b> Sustainable provision of electricity of at least 5 MW over ISN period. Milestone: 5W operating continuously vs. 1.5 MW as of April 2009; electricity collection rate increased from 40% to 60%.</p> <p><b>Outcome 5:</b> Rehabilitated roads in Bissau. Milestone: 3km of urban roads rehabilitated in Bissau.</p> <p><b>Outcome 6:</b> Bissau water network extended. Milestone: 10km of additional water distribution network.</p>	<p>civil society, on the extractives sector, including environmental aspects. A scoping study of the Extractive Industries value chain in Guinea-Bissau was completed in April 2011 (with funding from the SPF) to identify gaps and weaknesses in existing policies and institutions in the value chains for mining and petroleum and to inform the project design for a EI Sectors Technical Assistance project (P119620).</p> <p><i>Objective: Laying the Foundations for Improvements in the Productive Sectors</i></p> <p>Achievements towards the objective were primarily in the area of rice production and electricity and water services.</p> <p>The <b>Multi-Sector Infrastructure Project (P097975)</b>, approved in June 2006, contributed to three outcomes under the ISN results framework. The project underwent three restructurings (in July 2010, September 2012, and May 2013). The first restructuring cancelled some activities in the water and road sectors and reallocated IDA funds to emergency power generation. Activities co-financed by BOAD for rehabilitation and installation of urban distribution network were completed during the first two years of project implementation and contributed to improved performance mainly through reduction in electricity losses and improved collection rate. The project helped to maintain and restore electricity services during a very difficult period and increased power</p>		<p>realistically in capacity constrained and fragile countries.</p> <ul style="list-style-type: none"> <li>◦ Importance of building a strong Implementation Unit.</li> <li>◦ Willingness of private sector invest in fragile states should be realistically assessed in project design. The risk regarding the willingness of the private sector to invest in a small fragile state was underrated.</li> <li>◦ The limited performance of the power utility EAGB had a negative impact on project implementation and achievement of PDO.</li> <li>◦ M&amp;E should be simple in weak institutional setting.</li> </ul> <p>P109722:</p> <ul style="list-style-type: none"> <li>◦ Potential unintended project impact on incentives in de-linking payments and performance</li> </ul> <p>P113468:</p> <ul style="list-style-type: none"> <li>◦ Country ownership ensures achievement of</li> </ul>

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
<p><b>Outcome 7:</b> Increase in rice production using environmentally sustainable approaches. Milestone: 2,000 tons new rice produced in rehabilitated mangrove/lowland areas</p>	<p>distribution for end-users. The IDA reallocation was essential to maintain a minimum level of electricity supply in Bissau and avoid a complete blackout of the city, which could have had humanitarian implications. While EAGB's financial viability was not improved sufficiently, the project strengthened technical and managerial capacities of the utility.</p> <p><b>Outcome 4:</b> P097975: The original project indicator (to increase electricity generation from 2.6MW to 15MW) was revised. While the number of beneficiaries increased, electricity distribution decreased in 2014 because of problems with the supply of fuel:</p> <ul style="list-style-type: none"> <li>- Annual electricity distribution to end-users (GWh) in Bissau was 12.2 GWh (35% achieved).</li> <li>- 172,000 people, of which 85,656 were female, benefitted directly or indirectly from electricity supply services</li> <li>- Collection rate of electricity bills was 73 (77% achieved)</li> </ul> <p><b>Outcome 5:</b> P097975: Two sub-components on road rehabilitation works were cancelled (dropped at restructuring of Project). The rationale for cancellation was that the European Union (EU) was preparing a project that would include a larger roads rehabilitation program, making the small road components in this project obsolete. The WBG provided</p>		<p>development objectives, particularly in fragile countries where government leadership is lacking.</p> <ul style="list-style-type: none"> <li>oCommunity participation enhances sustainability of impacts.</li> <li>oInvolvement of national NGOs in providing TA and on-the-job training to producer groups increases likelihood of continued capacity building and guarantees that new development management skills stay in communities that need them most.</li> <li>oAnalysis of local capacity for all aspects of project management must be priority during preparation.</li> <li>oClarify the roles of each actor.</li> </ul> <p>P120214:</p> <ul style="list-style-type: none"> <li>oCollaboration among implementing agencies is key. Transparency and sharing information is important.</li> <li>oAppropriate design and implementation</li> </ul>

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
	<p>technical assistance to develop a Transport Sector Strategy.</p> <p><b>Outcome 6:</b> P097975: The planned financing of a water reservoir was cancelled. However, availability of water supply increased under the project: 91,350 people were provided with access to “improved water sources” through new piped household water connections and water distribution networks were extended by 54 kilometers to reach un-served areas.</p> <p>Following the 2008 international food price crisis, the World Bank approved two Emergency Operations: A US\$5 million project from the Global Food Security Response Program (<b>Food Price Crisis Response Program, 113468</b>) – complemented by a parallel operation of US\$3.9 million funded by the EU (<b>P120214</b>) – aimed at supporting food security and smallholders rice production in Guinea-Bissau. Considerable progress was made in feeder roads rehabilitation, to facilitate the flow of agricultural products to markets in residential and commercial centers: with 67km of roads completed in February and 205 km by June 2011. However, achievements were modest, e.g. due to delays, the school feeding program started only after the beginning of the school year. In addition, resources seemed insufficient to have a major impact on food security.</p> <p><b>Outcome 7:</b> P113468: IEG notes that the project baseline of zero production was not</p>		<p>of project M&amp;E is critical.</p> <ul style="list-style-type: none"> <li>○P107493/P114973: - Outcome indicators should not depend on future reports for which funding is not assured (e.g. heavy reliance on PEFA indicators)</li> <li>○EGRGs were useful in maintaining an agenda for reforms that had benefited from analytical and operational work done ahead of time and for which technical assistance and project support were available.</li> <li>○IFC Smart Lessons: in fragile and conflict-affected improving living conditions requires a longer-term engagement; challenges emerge when different counterparts within government signal mixed priorities to the donor community, as in the case of the water and electricity sector.</li> </ul>

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
	<p>realistic for rehabilitated lands, as there must have been some type of crop production before the project. In total, 969,454 meters of dikes were built and 54,939 meters of canal were dug, rehabilitating 2,880 hectares of lowland fields and 2,741 hectares of mangrove rice fields. Rice production for 2009–11 on land rehabilitated by the project reached 9,378 tons by the end of the third season (125 % of the target).</p> <p>In addition, under the EU-financed project (P120214), 1,200 tons paddy were produced on a lowland area covering 600 ha (2t/ha) and 677 tons in mangrove land covering approximately 400 ha (1.7t/ha), totaling 1,877.</p> <p>Under the <b>Coastal and Biodiversity Management Project (CBMP) (P083453, and GEF TF P049513)</b> the government capacity to collaboratively manage coastal environments for conservation and sustainable development increased. Under CBMP, the Institute for Biodiversity and Protected Areas (IBAP) was established as a financially and administrative autonomous entity with the government mandate of overseeing and implementing PAs and biodiversity conservation activities. The project also created a sustainable financing mechanism through the Bio-Guinea Foundation (FBG), which was created as private entity with public utility, staff is being competitively selected and the FBG is overseen by a Board (including non-majority representation by Government). The Environmental Impact Assessment Unit (CAIA)</p>		



ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
	<p>within the Prime Minister's office was created in 2004, however has experienced issues in funding. Project experiences and lessons from CBMP influenced new operations, including the Community-Driven Development Project and the <b>West Africa Regional Fishery Project (P119380)</b>.</p> <p><b>Analytical work:</b> Investment Climate Policy Note, Public Expenditure Review (Public Expenditure Management and Financial Accountability Review/PEMFAR-PER), Diagnostic Trade Integration Study, Economic Governance TA, and Assessment of Public Debt Management Performance (DeMPA), and CEM Multi-Sector High Impact Program.</p> <p><b>IFC:</b> In 2009, IFC did not have a committed portfolio in Guinea-Bissau. IFC's strategy under the ISN FY09-FY10 focused on improving the investment climate, supporting the development of SMEs, and pursuing a proactive involvement in the infrastructure, financial and agribusiness (cashew nut) sectors. IFC was working on the following projects: (i) a warehouse financial deal with Ecobank Guinea-Bissau to facilitate cashew export, (ii) a Public-Private-Partnership (PPP) advisory project with the electricity and water utility (EAGB), and (iii) an investment climate reform program. IFC's advisory services aimed at improving the investment climate, and closely collaborated the IDA Private Sector Rehabilitation and Agribusiness Project. In January 2012, IFC started a new Investment Climate reform</p>		

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
	<p>program, part of an integrated program with IDA to improve the business environment, however operations were suspended following the coup in April 2012. Under the EAGB PPP project, IFC made significant progress in undertaking the due diligence to prepare EAGB for a PPP and to generate donor interest. (The project remained on hold after the coup and the advisory contract with the government expired in June 2013.) IFC worked closely with the World Bank (in support of the emergency rehabilitation program of 2010).</p> <p><b>MIGA:</b> Under the planned ISN FY09-FY10, MIGA reviewed possible support to the water sector, which did not materialize. In FY07, MIGA issued a guarantee of US\$0.6 million to Société Malienne de Promotion Hôtelière (SMPH), for its equity investment in Société Guinéenne de Promotion Hôtelière, for a period of ten years. The guarantee in the tourism sector was discontinued as it was no longer considered necessary by the holder. In FY08, MIGA issued guarantees totaling US\$25.9 million to the Société Nationale des Télécommunications du Sénégal S.A. (Sonatel), for a ten-year coverage of equity investment and shareholder loan in Orange Bissau S.A. Both MIGA guarantees aimed at improving Guinea-Bissau's investment climate and have supported South-South investments from regional investors (Mali and Senegal).</p>		
<b>ISN Pillar 2: Increasing Access to Basic Services, Especially in Rural Areas</b>			
<i>Objective: increasing access to basic</i>	<i>Objective: increasing access to basic services, especially in rural areas</i>	<ul style="list-style-type: none"> <li>• <b>Emergency Public Sector</b></li> </ul>	○P115208: Efforts to support health

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
<p><i>services, especially in rural areas</i></p> <p><b>Outcome 8:</b> Increased enrollment in primary level education. Milestone: Increase in enrollment rates (and improvement in ratio of girls to boys) in primary education.</p>	<p>In 2012-13, enrollment at the primary level education reached 319,534, more than 10% higher than enrollment in 2009-11.<sup>37</sup> The <b>Community-Driven Development Project (P090712)</b> supported increased enrollment through building/rehabilitating classrooms. The <b>EFA-FTI project</b> (later Global Partnership for Education-GPE) faced several challenges, including delays related to parallel processes, and political uncertainty. Guinea-Bissau joined the GPE in 2010, and received a GPE grant of US\$12 million (2012-2016) in support of its education sector. Approval of an EFA-FTI Basic Education funding proposal for US\$16.5 million was postponed in Spring 2011, due to lack of funds in the EFA-FTI Catalytic Fund. In 2012, given the coup, WBG's operation under OP/BP 7.30, and an approaching deadline to allocate funds- the EFA-FTI/GPE project was transferred to UNICEF. Given country circumstances, WBG's operation under OP/BP 7.30 and approaching deadline for the financing agreement with GPE, the Development Partner Group proposed a change of implementation modality in 2012. UNICEF has since been implementing the program as managing entity and coordinating agency. During the first phase the GPE program contributed to improving access, learning conditions, and learning outcomes in the education sector through: (i) construction/rehabilitation of 55</p>	<p><b>Service Delivery Project, FY08, (P109722)</b></p> <ul style="list-style-type: none"> <li>• <b>National Health Development Plan Support- Second Phase, FY09, (P115208)</b></li> <li>• <b>West Africa Regional Fishery Project FY11, (P119380)</b></li> <li>• <b>Participatory Rural Development Project (P117861)</b></li> <li>• <b>Rural Community-Driven Development Project, FY10 (P090712)</b></li> <li>• <b>FPRC- Emergency Food Security Project (FY09, P113468; EU Co-financing, P120214)</b></li> <li>• <b>Social Service Sector Review, FY09</b></li> <li>• <b>Education Country Status</b></li> </ul>	<p>sector should take into account institutional fragility at regional level and challenges of coordination especially with intermediary management level</p>

<sup>37</sup> Rapport d'état du système éducatif, pour la reconstruction de l'école Bissau-Guinéenne sur de nouvelles bases, August 2016, Table 2.1 (EB1+EB2)

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
<p><b>Outcome 9:</b> Improved ability of health facilities to provide the basic health package at district level in three targeted regions. Milestone: 10% increase in number of health facilities providing pre-defined basic health package in 3 targeted regions.</p> <p><b>Outcome 10:</b> Beneficiaries of World Bank-funded rural development projects (CDD, PRD, EFSS) are satisfied with services and goods delivered. Milestone: 70% of female and male direct beneficiaries rank the quality of goods and services delivered as satisfactory.</p>	<p>classrooms and providing 27 schools with adequate sanitation facilities; (ii) securing 1.35 million textbooks to be distributed to all primary schools; (iii) supporting curricula development for grades 1-2; and (iv) develop a national examination system for assessing learning in primary education.<sup>38</sup></p> <p><b>Outcome 8:</b> P090712: As part of restructuring of the project, the indicator was modified. The Project became effective in July 2010. As of 09/30/2012, the number of students enrolled in classrooms built/rehabilitated by the project was 2,953. (03/31/2012: 2,465)</p> <p>Prior to the 2012 coup, the Ministry of Public Health recognized the magnitude of challenges in the health sector, and in 2011, started to train and rapidly build-up the number of nurses and physicians. Due to the coup, these gains were reversed. Lack of financing, an acute shortage of health personnel and their uneven deployment among the regions, poor quality of care, insufficient and chronic underfunding, an underdeveloped pharmaceutical policy and supply chain, and limited institutional capacity have all contributed to the poor health status of the population. Under the project, there were gains in terms of training of midwives, however availability of skilled staff at regional level was a challenge.</p>	<p><b>Report FY10, (P110613)</b></p>	

<sup>38</sup> Global Partnership for Education: Support to Education for All Implementation in Guinea-Bissau Progress Report No. 2 (March 2014 – February 2015)

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
	<p><b><u>Outcome 9:</u></b>  P115208: Under the National Health Development Plan Project the number of health facilities able to provide basic health package at district level increased by more than 10% in the targeted regions:  (i) Bafata: 31/12/2008: 53% (End Target 73%); 11/2011: 86%  (ii) Cacheu: 31/12/2008: 55% (End Target: 75%); 11/2011: 83%  (iii) Gabu: 31/12/2008: 42% (End Target: 63%); 11/2011: 84%</p> <p><b><u>Outcome 10:</u></b>  While data on the number/percentage of female and male direct beneficiaries of the projects is not available, formal and informal feedback has been collected through various assessments of the World Bank-funded rural development projects. Feedback gathered for a social/technical assessment of the CDD project (June 2016)<sup>39</sup> shows that beneficiaries are very satisfied with the project activities and that activities correspond with the needs of the community. An economic analysis report of August 2016 notes that water-points and construction of roads, developed under the project, have a high impact in the community. Interviewees expressed deep relief due to the project and agreed that it had an overall positive effect on their lives, in both economic terms and overall happiness.  Feedback from the Emergency Food Security Support project was also</p>		

<sup>39</sup> Based on assessment from 2014 and 2016 (Rapport d'audit technique du PDDC)

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
	<p>positive. In informal interviews, beneficiaries generally expressed satisfaction with the project. Beneficiaries especially appreciated the food-for-work program, because the ration enabled them to eat one meal at the work site and take food home on a daily basis, while their labor contributed to future food production and earnings. The EU-funded food security project held a meeting with at least 150 participants from neighboring villages, during an Implementation Completion Mission in February 2012. The feedback was positive, in terms of need and likely impact.</p> <p><b>Analytical work:</b> A Social Sector Review for Guinea-Bissau was completed in January 2009 (prior to the ISN which went to Board in May 2009). An Education Country Status Report (P110613) was completed in May 2010.</p>		
<b>Cross-Cutting: Capacity Development</b>			
<p><b><u>Outcome 11:</u></b> Demand-side governance and leadership activities launched for increased accountability of public entities. Milestone: 200 public servants and 200 private sector/civil society members trained, with strong participation by women.</p> <p><b><u>Outcome 12:</u></b></p>	<p>Cooperation in this area was planned together with the UN, supported by a trust fund. However, activities did not materialize during the ISN period since funding did not materialize.</p> <p><b><u>Outcome 11:</u></b> Program was cancelled</p> <p><b><u>Outcome 12:</u></b> Program was cancelled</p>		<p>oCountry presence and consistent engagement supports collaboration with Development Partners</p>

ISN Outcomes and Milestones	Status/Outcomes Summary	WBG Support Lending and Non-lending Activities	Lessons Learned
CD Action Plan launched. Milestone: Focused training series launched.			

Sub-Annex 2 - Guinea-Bissau FY15-FY16 CEN Monitoring Framework

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<b>Program 1: Core Public Sector Institutional Building</b>			
<p><i>CEN Objective</i></p> <p><u>Improve public sector management</u></p> <p><i>CEN Milestones:</i></p> <p>1. Technical assistance delivered through training and operational support</p>	<p><u>Objective: Improve public sector management</u></p> <p>Some progress has been achieved in this area, although it has been limited by political instability. The <b>Public Sector Strengthening Project (P150827)</b> aims at assisting government in re-establishing basic systems for PFM. Some first progress has been achieved as of September 2016.</p> <p>1. P150827: As of September 2016, more than 100 government officials at the Tax Administration Directorate were trained. Operational support was provided through procurement of office materials and equipment (furniture, hardware, and software, computers, cars and generators) for the Ministry of Finance, Customs and Tax administration. Bank disbursement and fiduciary teams have helped the Reform Coordination Unit to advance some administrative fiduciary issues (e.g. opening the special account, request withdrawals).</p> <p>P151036: PFM and Governance TA was completed in July 2015 to start</p>	<ul style="list-style-type: none"> <li>• <b>Public Sector Strengthening Project (P150827)</b></li> <li>• <b>Guinea-Bissau Biodiversity Conservation Project (P122047) and GEF TF (P114756)</b></li> <li>• Public Expenditure Review (P156640)</li> <li>• Preparation of the EITI</li> <li>• <b>2015 CEM</b></li> <li>• <b>Pension review note (P151663)</b></li> </ul>	<p>P150827 PSSP:</p> <ul style="list-style-type: none"> <li>◦ Lack of procurement capacity and frequent rotation/political uncertainty negatively affect project implementation</li> </ul> <p>P151036 PFM and Governance TA:</p> <ul style="list-style-type: none"> <li>◦ Numerous missions on site and the use of Portuguese-speaking consultants were key factors of success.</li> <li>◦ P122047: Initial lessons learned include that by being independent of government, IBAP is not directly affected by institutional and political change. Working through administratively and financially</li> </ul>



CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<p>2. Revenue and expenditure administrations restored and functioning</p> <p>3. Closure of most government accounts opened in commercial banks</p> <p>4. National Public Procurement Office Re-equipped and functioning</p> <p>5. Management of Effectiveness Tracking Tool for existing National Parks</p>	<p>the reinforcement of public services in the field of PFM and Governance and to inform preparation of the Public Sector Strengthening project.</p> <p>2. P150827: With regard to revenue administration, the Bank is helping the government to implement a new tax policy and draft tax legislation that will support tax enforcement/collection and the establishment of a tax payers unit. In March, project reports and Interim Financial Reports, including activities in the area of public sector reform in 2015 and the first quarter of 2016, were shared with the World Bank, using the new accounting system.</p> <p>3. P150827: As of September 2016, there was a reduction of 10 bank accounts in commercial banks. 12/16/15: 100 (Baseline); 04/06/16: 0; 09/15/16: 10; 12/31/18: 60 (End Target)</p> <p>4. African Development Bank is active in this area and currently contracting a procurement specialist.</p> <p>5. P122047: IBAPs' management of the parks continued to improve throughout the execution of the BCP. METT aggregate Score Card results: Baseline (2009): 433; Target 448; Actual (2015): 507</p>		<p>autonomous entities has allowed for continuity and helped address risks of operating in the context of poor governance and institutional instability.</p>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	<p>As of May 2016, the PDO for the <b>Biodiversity Conservation Project (P122047)</b> was achieved, with Institute for Biodiversity and Protected Areas (IBAP) staff showing increasing capacity in sustainable management of protected areas (tools, approach, communication) and the BioGuinea Foundation (BGF) being operational and having secured seed capital financing equipment. The GEF Management Effectiveness Tracking Tool (METT) has been used to measure the effect on IBAP's management of the national strategy for protected areas since 2011. Every 6 months, the METT questionnaire is completed by the Park Management Council and reviewed for quality and consistency by the IBAP Coordinator and Monitoring and Planning Unit. According to METT aggregate Score Card results, IBAP's management of the parks has continued to improve.</p> <p>WBG has provided TA in the extractives sector to help build the institutional foundation for transparent, socially inclusive, and environmentally sustainable management of the emerging EI sectors. Based on a supervision mission in February 2016, progress is satisfactory and achievements to date include trainings sessions delivered, including on</p>		

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	<p>regulations and strategic assessment of social and environmental impacts. The PATSIE project also supports the development of a modernized system for mining cadastres and recording of geological data, as this information will be the backbone for developing future geological maps to support the EI development. In addition, support was provided to further analyze environmental impacts compliance measures and feasibility issues in the Farim site (phosphate occurrences) as a request from the government's environmental agency (AAIC). The government has officially requested, twice, a new TA project to strengthen its understanding and readiness for future institutional building and sector development.</p> <p><b>Analytical work:</b> Chapter 4 of the Country Economic Memorandum (CEM) of January 12, 2015, focuses on the public sector agenda. A TA was completed in June 2015 to support the government in designing a pension system in particular for the formal sector including civil servants and the military. Findings included that the total cost of the pension and gratuity fund for military demobilization exceeds the committed external support; the payment of the military pension after 2020 comes within the</p>		

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	scope of the creation of a State Pension Fund for the military and the civil servants; current eligibility criteria and pension benefits are not sustainable in the long term; the country lacks experiences of good governance of pension fund; limited HR and social cohesion call for seeking synergy between the functioning of the public and private pension funds and administration.		
<b>Program 2: Basic Services Provision</b>			
<p><i>CEN Objective</i></p> <p><u>Improve water supply</u></p> <p><i>CEN Milestones:</i></p> <p>6. People in project areas with access to improved water source (rural) from 19,775 (2013) to 23,500 (2015).</p>	<p><u>Improve water supply</u></p> <p>As of May 2016, 181 improved community water points were constructed or rehabilitated under the CDD project, and the number of people in target areas with access to improved water sources improved under the project, reaching 58,029 beneficiaries. An economic analysis of the CDD project conducted in June 2016 showed that water points have very high economic rates of return (54%).</p> <p>6. P090712: The project baseline was adjusted, after restructuring of 09/06/2014- 29,775, and after the Second AF-100,000. People in project areas with access to improved water source (rural): Target Value: 100,000;</p>	<ul style="list-style-type: none"> <li>• <b>Emergency Electricity and Water Rehabilitation Project (<i>ongoing financing</i>) (P148797)</b></li> <li>• <b>Community Driven Development Project (P090712) and Planned Second AF (P151443)</b></li> <li>• <b>Poverty Mapping (P152725)</b></li> <li>• <b>2015 CEM</b></li> </ul>	<p>P090712 –CDD:</p> <ul style="list-style-type: none"> <li>◦CDD projects have proven to be an effective entry point to engage even in situations of ongoing conflict</li> <li>◦Non-traditional structures can be effective in delivering social services in countries with weak government capacity; PIU can successfully deliver social services to populations that would otherwise be left underserved by</li> </ul>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	<p>Nov 2014: 45,906; Dec 2015: 55,597; May 2016: 58,029</p> <p>The Emergency Water and Electricity Services Upgrading Project (P148797) became effective on July 28, 2014. The DPO is to restore and increase access for the population of Bissau to safe water and improve quality of water series, and to improve reliability of electricity supply to the population of Bissau. The political situation prevented the team from continuing dialogue with authorities on the reform of the water and electricity sectors. According to the most recent ISR (May 2016), the overall Implementation Progress is now largely on-track; water and electricity works (about 50% of total amount of project) will be launched soon so that the works can start after the rainy season.</p> <p><b>Analytical work:</b> The Guinea-Bissau Poverty Monitoring (P152725) and Country Economic Memorandum were completed in FY15. The poverty map, a result of joint work between INE and the World Bank, provide measures of monetary and non-monetary poverty disaggregated for the 30 sectors that comprise the country. Technical Assistance on Social Safety Net Systems Support (P153602) and</p>		<p>traditional state structures</p> <ul style="list-style-type: none"> <li>◦CDD approach supports state presence and state building at the local level and helps build relationship with citizens</li> <li>◦Intensive community training for the maintenance of community-driven infrastructure development need to be included in sub-project design</li> <li>◦Combination of IDA and TF worked well</li> <li>◦Approach involves communities in the preparation and monitoring of project activities and in selecting and identifying micro-projects that addresses community needs</li> <li>◦Economic analysis of CDD projects in other countries demonstrates high economic rates of return by micro-projects.</li> </ul>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	Pensions (P157693) are planned for FY17.		An economic analysis conducted in June 2016 shows that
<p><i>CEN Objective</i></p> <p><u>Improve electricity supply</u></p> <p><i>CEN Milestones:</i></p>	<p><u>Improve electricity supply</u></p> <p>Access of the urban population to electricity and water is low by regional standards and the lack of reliability of public supply makes the service erratic and unsafe. It is estimated that 58 percent of Bissau's population has (intermittent) access to electricity supplied by Energia e Agua de Guinea-Bissau (EAGB) - Electricity and Water Utility of Guinea-Bissau - through about 26,700 service connections. Most of the large electricity consumers, such as enterprises and international organizations, and about 800 to 1,000 households use their own diesel-based electricity generators or are supplied by individual producers and distributors of electricity, who charge three to four times EAGB's tariff. Although the water resources are abundant and inexpensive, only 31 percent of the population of Bissau has access to the water distributed by EAGB, through about 9,600 household service connections and 127 stand posts. The remainder of the population is supplied mostly with unsafe water through shallow dug wells and informal suppliers. The political situation prevented the team from continuing dialogue with authorities on the reform</p>	<ul style="list-style-type: none"> <li>• <b>Emergency Electricity and Water Rehabilitation Project (Ongoing financing) (P120910)</b></li> <li>• <b>Emergency Water and Electricity Services Upgrading Project (P148797)</b></li> <li>• Country Gender Assessment</li> <li>• <b>OMVG Interconnection Project (P146830)</b></li> </ul>	<p>water points have very high ERR (54%), while feeder roads and schools have lower ERR (-7%) due to cost of maintenance and issues with complementary inputs for education.</p>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<p>7. Number of people benefitting from enhanced electricity services under the World Bank funded Emergency Water and Electricity Upgrading Project from 0 (2013) to 90,000 (2015)</p>	<p>of the water and electricity sectors (P148787). In addition, the project faced problems with the breakdown of fuel generators. However, the project went to the Board in May 2015, and as of May 2016, the overall Implementation Progress is largely on-track. The World Bank also prepared the <b>OMVG Interconnection Project (P146830)</b>, was approved on April 29, 2016, to enable interconnection and electricity trade between Senegal, Guinea, Guinea-Bissau and The Gambia.</p> <p>7. P148797: Number of people benefitting from enhanced electricity services under the project (Number, Custom) 04/15/15: 0.00; 10/23/15: 0.00; 04/30/16: 0.00; 06/30/18: 208,000 (End Target)</p> <p>The <b>Emergency Electricity and Water Rehabilitation Project (P120910)</b> became effective in December 2010 and focused on assisting the government in the rapid restoration and improvement of water supply services in Bissau. The <b>Emergency Electricity and Water Services Upgrading Project (P148797)</b> became effective on July 28, 2014. The DPO is to restore and increase access for the population of Bissau to safe water and</p>		

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	<p>improve quality of water series, and to improve reliability of electricity supply to the population of Bissau. One issue faced by the project was the breakdown of two ABC heavy fuel generators which led the authorities to lease diesel generators with a total of 10 MW output and to restructure the project to enable the purchase of diesel for the leased generators. According to the most recent ISR from May 2016, water and electricity works (about 50% of total amount of project) will be launched soon so that the works can start after the rainy season.</p>		
<p><i>CEN Objective</i></p> <p><u>Enhance basic primary education</u></p> <p><i>CEN Milestones:</i></p>	<p><u>Enhance basic primary education</u></p> <p>The crisis following the April 2012 military coup had a negative impact on the education sector. Teachers were not paid on a regular basis due to a lack of fiscal resources, and wage arrears accumulated. Teachers went on strike at the beginning of the 2013/14 academic year but returned to work in mid-November 2013 after the government cleared some wage arrears. Through the CDD operation, IDA provided bridge financing for the temporary payment of salaries for the period from January to June 2014 to 7,395 teachers (and 1,999 health workers) for a total amount of US\$9.4 million. As a result there were many fewer strikes and schools were</p>	<ul style="list-style-type: none"> <li>• <b>Community Driven Development Project (P090712) and Planned Second AF (P151443)</b></li> <li>• Planned Social Safety nets Project</li> <li>• Health/Education Sector Diagnostic</li> <li>• Pension Reform</li> <li>• <b>Poverty Mapping (P152725)</b></li> <li>• Country Gender Assessment</li> </ul>	



CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<p>8. At least 30 additional classrooms built or rehabilitated at the primary level</p> <p>9. No interruption of 2014/15 school year due to nonpayment of current salaries from project effectiveness until end of the 2014/15 school year respectively with graduations</p> <p>10. Teachers' salaries are paid.</p>	<p>operating on a more regular basis. During the CEN period, the CDD project contributed to the primary education sector through the following:</p> <p>8. P090712: Between November 2014 and May 2016, 75 new classrooms were built or rehabilitated under the project. As of May 2016, 11,029 students were enrolled in classrooms built/rehabilitated under the project.</p> <p>Additional classrooms built or rehabilitated resulting from a Project intervention: Target value: 275; Nov 2014: 75; Dec 2015: 150; May 2016: 150</p> <p>9. P090712: There was no interruption of 2014/2015 school year. Teachers were on strike for only 2 days (May 15-16, 2014) from the effectiveness of the first AF when this activity was introduced until the end of the 2013/14 school year.</p> <p>Ratings: 03/31/15: Highly satisfactory (HS) (=less than 5 days); 06/30/15: HS (Note that the latest rating are from March 2016 because activity was completed by end-June 2015 and 2<sup>nd</sup> AF does not finance this component.)</p>		

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	10. P090712: All teachers in the Folha Única were paid by the project during project duration (03/31/15 and 09/30/2015: 100%, note that 2 <sup>nd</sup> AF does not finance this component)		
<p><i>CEN Objective</i></p> <p><u>Improve health delivery</u></p> <p><i>CEN Milestones:</i></p> <p>11. Health workers' salaries paid</p>	<p><u>Improve health delivery</u></p> <p>Following the 2012 coup d'état, the WBG's engagement in education and health sectors was limited to support through the CDD project (including building of schools, payment of teachers/health workers). In health, an AF to the CDD project was completed in September 2014 to prevent the spread of Ebola. The World Bank provided US\$750,000 to finance an information campaign and health worker training on Ebola prevention measures through the CDD project. 346 community health agents received training. A TA program for FY15-FY16 was designed to re-engage in education and health sectors and inform lending projects in the sectors going forward. The TA was also successful in leveraging additional funding to the HD sectors in Guinea-Bissau.</p> <p>11. P090712: All health workers in the Folha Única were paid by the project during its duration (03/31/15 and</p>	<ul style="list-style-type: none"> <li>• <b>Community Driven Development Project (P090712) and Planned Second AF (P151443)</b></li> <li>• Health sector diagnostic</li> </ul>	

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	09/30/15: 100%; 2 <sup>nd</sup> AF does not finance this component)		
<b>Program 3: Supporting Productive Sectors</b>			
<p><i>CEN Objective</i></p> <p><u>Improve food security by strengthening agri-business, especially the cashew and rice sectors</u></p> <p><i>CEN Milestones:</i></p>	<p><u>Improve food security by strengthening agri-business, especially the cashew and rice sectors</u></p> <p>In 2011, the government introduced a new surcharge on cashew for a fund intended to finance agri-business and cashew processing (FUNPI). In 2014, the World Bank studied the effect of the FUNPI surcharge on farm-gate prices and poverty, and found that the surcharge aggravated food insecurity. Partly in response to the study, the government suspended the surcharge in 2015.</p> <p>The WBG provided emergency support to the agriculture sector, especially rice, before resuming operations in FY14. The <b>Private Sector Rehabilitation &amp; Agri-Business Development Project (P127209)</b> aims to support this objective by focusing on inclusive development of the cashew agribusiness sector and promotion of entrepreneurship in other sectors of the economy. The Project was approved in May 2014 and became effective in September 2014. It will run until December 2019. Progress is ongoing and on track; achievements</p>	<ul style="list-style-type: none"> <li>• <b>Private Sector Rehabilitation and Agri-Business Development Project (P127209)</b></li> <li>• <b>Second Emergency Food Security Support Project (P148886)</b></li> <li>• IFC advisory services in Access to Finance (Africa Leasing Facility 2, warehouse receipts, UEMOA regional Credit Bureau)</li> <li>• IFC Global Warehouse Facility Program</li> <li>• <b>Investment Climate Advisory Note (P151400)</b></li> </ul>	<p>P127209:</p> <ul style="list-style-type: none"> <li>◦ Procurement requirements should be simple, especially in a context of low government capacity</li> <li>◦ Identifying PIU with appropriate language skills can take time and guidance</li> <li>◦ Project design took into account potential risk of change in government and has worked closely with communities</li> </ul> <p>P148886:</p> <ul style="list-style-type: none"> <li>◦ Dependence on cashew production and exports had direct impacts on the poorest segments of the population in terms of inclusiveness and food security.</li> </ul>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<p>12. Rations distributed in food for work activities i.e. rehabilitation of rice land (supported by World Bank funded projects)</p> <p>Baseline (2013): 0 Target (2015): 250,000</p> <p>13. Smallholder rice farmers who have adopted improved</p>	<p>for CEN are expected in the next 3-6 months (during the next cashew campaign). The project works closely with other partners and facilitated IFC's assessment of opportunities in cashew processing. It is working with the Public Sector Strengthening project to simplify import/export procedures. The project support food security and diversification, and has provided seeds and other materials for 500 hectares of rice to cashew farmers (Biombo region). Activities under the project support achievement towards the CEN Objective, including by supporting institutional reform with suspension of FUNPI, a price information system to improve cashew farmer's bargaining power, evaluation of quality of cashew processing plants, and support to extension services for cashew farmers aimed at improving their agricultural practices to increase productivity and food security. Three indicators under the CEN monitoring framework are linked to this project and assessed below:</p> <p>12. P148886: Rations distributed in food for work activities (number): 06/30/2015: 250,000; 09/30/2015: 312,613 (Indicator was 125% achieved).</p>		<ul style="list-style-type: none"> <li>○Importance of adjusting the implementation time frame with the scope of the planned intervention. Project preparation was interrupted due to coup, and left only 18 months to use the TF to support this program.</li> <li>○Strong collaboration among implementation entities was a major contributor to project achievements. Reliance on partner development agencies with comparative advantage is important for achieving success.</li> <li>○Importance of sound M&amp;E system and accountability for results.</li> <li>○The use of proven local stakeholder participation</li> </ul>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<p>technology (supported by World Bank funded projects)</p> <p>Baseline (2013) 0 Target (2016) 4,000</p> <p>14. Smallholder cashew farmers organized and receiving technical support from World Bank funded projects</p> <p>Baseline (2013):0 Target (2016): 1,500</p>	<p>13. P148886: Number of farmers using an improved agricultural technology prompted by the project (% of which female): 06/30/2015: 4,000 (20%); 09/30/2015: 16,259 (74%). (Indicator was 406% achieved).</p> <p>14. Progress is ongoing. 2,000 cashew farmers were identified to benefit from support under the project. There is potential to reach a total of 6,000 farmers.</p> <p>Guinea-Bissau received US\$7 million raised from a Global Food Security Response Program Trust Fund to support additional activities under the Emergency Food Security, working with the Government and WFP, as implementing agency and World Bank's legal counterpart. The <b>Second Emergency Food Security Support Project (P148886)</b> was approved in October 2014. It was designed to scale up the activities initiated under the first project (P113468). Due to the coup, project preparation was interrupted and after WBG re-engaged only 18 months were left before the end of the TF to support the program, which made it difficult to measure efficacy of the project interventions. The WFP delivered school feeding between February and June 2015. It provided</p>		<p>processes used in the first Food Security Project, and effective collaboration among partners helped to optimize the technical efficiency of the activities for implementation.</p>

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
<p>15. Procurement of raw cashew nuts from farmers to be used in existing processing plants;</p> <p>16. Support in starting cashew community-based processors, building warehouses, and preparing business cases for investors;</p> <p>17. Implementation of food for work program; Provision of improved agricultural inputs and services;</p>	<p>one meal a day to 35,115 students of which 17,052 were female (150 schools). Take home rations benefited 5,299 girls who received a total of 105.8 tons of rice. The project generated employment of 250,000 work days (100 days per participant for 2,500 farmer participants) and provided food rations to 17,500 direct and indirect farmer household beneficiaries under the food-for-work program (land rehabilitation). The rehabilitation of rice land was undertaken during 71 days from May to July 2015 and took between 10-40 days. During this period at least 100,000 work days were generated, with 4,402 participants. Despite these outputs, according to the ICR, the PDO is rated as Marginally Unsatisfactory because discussion of the link between the project outputs and improved food security of the vulnerable populations is weak. The following indicators under the CEN monitoring framework, are linked to the Second Emergency Food Security Project.</p> <p>15. The project has supported linking cashew farmers and processors, in order to allow that processors buy raw cashew directly from farmers. A contract between farmers association and processing plant is being finalized.</p>		

CEN Outcomes and Milestones	Status/Outcomes Summary	WBG Support/Lending and Non-Lending Activities	Lessons Learned
	<p>16. The project supports establishment of relationship between communities and processors, three warehouses are being rehabilitated for the project, and preparation of business cases for investors is completed.</p> <p>17. P148886: School feeding, food for work scheme and provision of Agricultural inputs were implemented using the best option available for achievement the most advantageous cost-benefit ratio</p>		

### Sub-Annex 3 - Guinea-Bissau Turnaround Program Monitoring Framework

Indicators	Milestone/Timing	Status and Comments
<b>1.Continued constitutional government</b>		
A. The continued presence of a constitutionally appointed President and Prime Minister.	Continuous	<ul style="list-style-type: none"> <li>Current President, José Mário Vaz, and parliament were elected in 2014, in a process generally regarded as democratic. However, since August 2015 and dismissal of PM Perreira, three different Prime Ministers have been appointed (Correia and Dja; followed by the appointment of PM Umaro Sissoco Embalo in November 2016).</li> </ul>
<b>2. Continued international partner's backing for the government reform program</b>		
A. Evidence that Guinea-Bissau is moving in the right direction to sustain the turnaround	Reports of donor roundtables (Brussels follow-up), biannual IMF assessments of the ECF, UN Security Council Briefings, and ECOWAS updates on SSR. SCD and CPF will also provide key inputs (March and June 2016)	<ul style="list-style-type: none"> <li><b>Donors Roundtable:</b> Given the fragile political situation since August 2015, there has been reluctance to honor pledges made at the donor roundtable.</li> <li><b>IMF assessment of the ECF:</b> the IMF Executive Board completed the first and second reviews under their Extended Credit Facility, and approved a US\$6.9 m disbursement on December 2, 2016.</li> <li><b>UN Security Council:</b> In June 2016, UNSC commended security forces for their non-interference in the political crisis; in October 2016, UNSC welcomed Conakry agreement and six-point ECOWAS road map to end political crisis, although this is not yet implemented.</li> <li><b>ECOWAS updates on SRR:</b> In June 2016, ECOWAS mission in Guinea-Bissau (ECOMIB) was extended. ECOMIB is widely perceived as deterrent to political interference by GB armed forces.</li> </ul>
<b>3. Progress with reforms, including for the security sector</b>		
A. GoGB salary payments channeled through Government HR system and through the banking system.	Payments for the military, education and health sectors channeled by June 2016.	World Bank provided technical assistance on Pensions (P157693), September 2016. Most salaries are paid through



Indicators	Milestone/Timing	Status and Comments
		Banking system, however some discrepancies remain in the list of personnel. Progress is expected by the end of 2016.
B. Security Sector Reform: retirement of selected military personnel under the special pension scheme for the military.	Continuous; ultimate target 2,200.	No progress.
C. Progressive suppression of the FUNPI tax.	Continuous.	On track. Private Sector Rehabilitation & Agri-Business Development Project supports institutional reform for suspension of FUNPI tax.
D. Implementation of energy tariff reforms	December 2016.	No progress.
E. Staff recruitment for Education and Health moving progressively towards strategic and merit-based selection.	Development of a medium term framework for teacher recruitment by June 2016. Review of process to recruit contract teachers by June 2016.	Efforts towards both reforms, however delayed due to teacher strikes. Revised recruitment process was approved. New procedures were planned to be fully implemented by December but delayed by strikes.
F. Development of PPP framework.	June 2016	No progress.
<b>4. Growing presence of the State outside of Bissau</b>		
A. Satisfactory progress with the provision of basic services in rural areas.	Increasing no of community development plans completed, and being implemented. Number of projects implemented in communities. Survey shows improved rural access to basic services by July 2017.	Not yet due.
B. Successful cash transfer pilot	Process evaluation by June 2017	Not yet due.
C. Development of a national electrification program	June 2017	Not yet due.

Sub-Annex 4 - Guinea-Bissau Lending Operations Proposed and Approved in FY09-FY16

FY	Ongoing/Proposed Operations in ISN/CEN			Approvals	
	Project Name	US\$ m	Project ID	Project Name	Commit. (US\$ m)
FY05	Coastal and Biodiversity Rehabilitation*	3	P083453	Coastal and Biodiversity Management Project	3
	GEF Coastal and Biodiversity Rehabilitation*	4.8	P049513	Coastal and Biodiversity Management Project	4.8
FY06	Multi-sector Infrastructure Rehabilitation Project*	15	P097975	Multi-sector Infrastructure Rehabilitation Project	15
FY08	Emergency Public Sector Service Delivery Project*	10	P109722	Emergency Public Service Delivery	10
	GEF Coastal and Biodiversity Rehabilitation*		P049513	Coastal and Biodiversity Management Project	1.9
FY09	Economic Governance Reform Grant I**	8	P107493	Economic Governance Reform Project	8
	SPF Economic Governance & Public Financial Management TA**	1.7	P116367	GW-SPBF-Economic & Governance Support	1.7
	FPCR Emergency Food Security Project* EU Co-financing: US\$4m) **	5	P113468	Food Price Crisis Response Program	5
			P120214	European Union Food Crisis Rapid Response Facility Trust Fund	3.8
	SPF Participatory Rural Development Project**	5	P117861	Participatory Rural Development Project	5
	SPF 2 <sup>nd</sup> National Health Devt. Plan**	2	P115208	National Health Development Plan Support – Second Phase	2.04
FY10	Economic Governance Reform Grant II**	4	P114937	Economic Governance Reform Grant - DPG 2	6
	Community-Driven Development Project**	5	P090712	Rural Community-Driven Development Project	5
	<i>EFA/FTI Transition Fund – Education** (transferred to UNICEF)</i>	10			
FY11	Multi-sector Infrastructure Rehabilitation Project Additional Financing**	2			
	West Africa Regional Fishery Project**	1-2	P119380	Second APL (APL-B1) West Af. Reg. Fisheries Program (Guinea Bissau)	6
			P114756	Guinea Bissau Biodiversity Conservation Trust Fund Project	0.9
			P122047	Guinea-Bissau Biodiversity Conservation Project	1.9
			P120910	Guinea-Bissau: Emergency Electricity and Water Rehabilitation Project	14.9
FY12			P123685	GW-Economic Governance Reform Grant III (EGRG 3)	6.4

FY	Ongoing/Proposed Operations in ISN/CEN		Approvals		
	Project Name	US\$ m	Project ID	Project Name	Commit. (US\$ m)
			P127209	Private Sector Rehabilitation & Agribusiness Development	1
FY14			P090712	Rural Community-Driven Development Project	15
			P128793	Guinea-Bissau: Extractive Industries Sectors TA	2.8
			P127209	Private Sector Rehabilitation & Agribusiness Development	8.2
			P148797	Emergency Water and Electricity Services Upgrading Project	22.4
FY15			P148886	Second Emergency Food Security Support Project	7
	Public Sector Strengthening Project***	5	P150827	Public Sector Strengthening Project	5
	Regional OMVG Energy Project***	71.1	P146830	OMVG Interconnection Project	78
FY16	<i>Social Safety Net Project***</i>	8			
	<i>Water/Energy Sector Rehabilitation &amp; Port Improvements***</i>	tbd			
	<i>Supporting the Productive sectors of the economy (esp. Agriculture)***</i>	tbd			
	Second CDD Additional Financing***	15.49	P090712	Rural Community-Driven Development Project	10
			P151443	Second Add. Fin. to Rural Community-Driven Development Project	3.5
			P155876	West Africa Regional Communications Infrastructure Project - SOP3	6

Note – Annex 3:

\* projects listed as ongoing in the ISN FY09-FY10 program

\*\* projects listed as new in the ISN FY09-FY10 program

\*\*\* projects listed as new in the CEN FY15-FY16 program

Sub-Annex 5 - Guinea-Bissau Non-Lending Operations Proposed and Delivered in FY09–FY16

FY	Proposed Task in ISN/CEN	Task ID	Status	Date
FY09	Investment Climate Policy Note* (ESW)	P102238	Completed in FY09.	10/14/2010
	Education Country Status Report (ESW)	P110613	Completed in FY10.	05/28/2010
FY10	PEMFAR* (PEMFAR-PER)	P107518	Completed in FY10.	03/31/2010
	DeMPA Guinea-Bissau (ESW)	P118458	Completed in FY10.	09/30/2010
	Diagnostic Trade Integration Study* (ESW)	P108336	Completed in FY10.	10/30/2009
FY11	GW - Economic Governance TA	P121641	Completed in FY11.	06/30/2011
	Country Economic Memorandum Multi-Sector High Impact Program* (ESW)	P118091	Completed in FY11.	06/02/2011
FY12	Trust Fund Support for EITI++* (TA)	P119620	Completed in FY12.	06/29/2012
FY13	<i>Improving ICT Connectivity(TA)</i>	<i>P127392</i>	<i>Dropped.</i>	
	<i>GDLN Center Bissau (TA)</i>	<i>P123138</i>	<i>Dropped.</i>	
FY14	<i>IDF/PPIAF for Capacity Building (TA)</i>	<i>P119605</i>	<i>Legacy Dropped.</i>	
	<i>Preparation of a Capacity Development Strategic Plan for the Effective Implementation of the DENARPII (TA)</i>	<i>P129787</i>	<i>Legacy Dropped.</i>	
	<i>GW: Port Rehabilitation and Reform (TA)</i>	<i>P129125</i>	<i>Dropped.</i>	
	<i>Economic Governance TA II (TA)</i>	<i>P143799</i>	<i>Dropped.</i>	
	<i>GW: Public Expenditure and Ins. Review (ESW)</i>	<i>P133747</i>	<i>Dropped.</i>	
	Guinea-Bissau: Extractive Industries Sectors TA	P128793	Completed in FY16.	02/29/2016
	Guinea-Bissau Joint PEFA with EU (ESW)	P146776	Completed in FY15.	12/15/2014
	2015 CEM** (ESW) Report No. 58296		Completed in FY15.	01/12/2015
FY15	Guinea-Bissau – Improving Connectivity (TA)	P148092	Completed in FY15.	12/15/2014
	Guinea-Bissau – ICT Sector strategy (TA)	P152148	Completed in FY15.	06/29/2015
	Pension review note** (TA)	P151663	Completed in FY15.	06/25/2015
	Poverty mapping** (TA)	P152725	Completed in FY15.	06/23/2015
	T&C advisory services on Investment Climate Reforms**		See P151400 Investment Climate Policy Note.	
	Health/Education sector diagnostic**	P153233	Completed in FY16	06/22/2016
	Systematic Country Diagnostic** Report No. 106725	P155165	Completed in FY16.	June 2016

	Fragility and Conflict Assessment, focus on equity and inclusion**		Completed in FY15.	June 2015
	<i>Country Gender Assessment** (conducted by AfDB)</i>			
	<i>Security Sector Public Expenditure Review (ESW)</i>	P157453	<i>Dropped.</i>	
	Public Private Participation in Energy and Water and/or Port (with support from IFC Advisory and the Public Private Infrastructure Advisory Facility) **	P158647		
	Investment Climate Policy Note (ESW) **	P151400	Completed in FY16, jointly with IFC.	04/26/2016
	Guinea-Bissau PFM and Governance TA	P151036	Completed in FY16.	07/15/2015
	Inclusive Green Growth study: informing implementation of <i>Terra Ranka</i> version (ESW)	P156460	Ongoing. Planned delivery in November 2016.	
	Effects of the Crisis on Social Sectors (Post-Crisis Strengthening of Education and Health Sectors in Guinea-Bissau)	P153233	Completed in FY17.	11/02/2016

Note:

\* ISN Planned Program

\*\* CEN Planned Program

#### Annex 4: Guinea-Bissau: Bank Portfolio Performance, FY10-FY16

Data as of	FY10	FY11	FY12	FY13	FY14	FY15	FY16
Portfolio and Disbursements							
Active Projects (Number)	5	7	5	5	5	6	4
Net Commitments Amount (US\$, m)	36	53.25	41.85	41.85	72.46	64.56	65.61
Total Disbursements (US\$, m)	11.56	17.85	28.81	34.17	28.31	25.5	29.06
Total Undisbursed Balance (US\$, m)	25.47	38.16	15	9.48	45.1	35.77	33.39
Disbursements in FY (US\$, m)	4.97	6.29	14.63	5.36	7.81	16	8.21
Disbursement Ratio for IPF only %	34.4	31.6	49.4	36.1	107.7	40.1	26.1
IBRD/IDA Disbursements Ratio	23.2	33.9	52.1	34.4	121	33	26.1
Slow Disbursements (%)	20	28.6	20	20	0	0	25
Portfolio Riskiness							
Actual Problem Project (Number)	2	0	0	0	0	1	1
Problem Project (%)	40	0	0	0	0	16.7	25
Potential Problem Projects	1	4	3	2	2	0	2
Projects at Risk (#)	3	4	3	2	2	1	3
Projects at Risk (%)	60	57.1	60	40	40	16.7	75
Commitments at Risk (US\$, m)	25	39.9	34.9	29.9	25	20	57.41
Commitments at Risk (%)	69.4	74.9	83.4	71.4	34.5	31	87.5
Proactivity (%)	100	100					100

Source: Business Intelligence, Portfolio Trends (FY10-FY17)

#### Annex 5: MIGA Portfolio in Guinea-Bissau, as at 08 May 2017

Management Sector	Contract	Effective Date	Expiry Date	Investor Name	Project Name	Business Sector	Region Name	Host Country	Investor Country	Priority Area	Gross Exposure (\$USD)
INF	08623-01	09/28/2007	09/27/2017	Sonatel	Orange Bissau	Infrastructure	Sub-Saharan Africa	Guinea-Bissau	Senegal	IDA;CA	8,963,941
Grand Total 1 Contract											8,963,941

Annex 6: Map IBRD 33415

