



May 10, 2019

<p>Closing Date: Thursday, May 30, 2019 at 6:00 p.m.</p>

FROM: Vice President and Corporate Secretary

Guinea - Support to MSME Growth, Competitiveness and Access to Finance Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed credit and a proposed grant to Guinea for a Support to MSME Growth, Competitiveness and Access to Finance Project (IDA/R2019-0136/1), which is being processed on an absence-of-objection basis.

Distribution:

Executive Directors and Alternates

President

Bank Group Senior Management

Vice Presidents, Bank, IFC and MIGA

Directors and Department Heads, Bank, IFC, and MIGA

INTERNATIONAL DEVELOPMENT ASSOCIATION
PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED CREDIT
IN THE AMOUNT OF US\$15 MILLION
AND
A PROPOSED GRANT
IN THE AMOUNT OF SDR 10.9 MILLION
(US\$15 MILLION EQUIVALENT)
TO THE
REPUBLIC OF GUINEA
FOR A
SUPPORT TO MSME GROWTH, COMPETITIVENESS AND ACCESS TO FINANCE
May 8, 2019

Finance, Competitiveness, and Innovation Global Practice
Africa Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective March 31st, 2019)

Currency Unit = Guinean Francs (GNF)

GNF 9,228.13= US\$1

US\$1 = SDR 0,72033

FISCAL YEAR

January 1 – December 31

APIM ABBREVIATIONS AND ACRONYMS

AfDB	African Development Bank
APB	<i>Association des Professionnels des Banques</i> (Bankers' Association)
APIP	<i>Agence de Promotion de l'Investissement Privé</i> (Promotion Agency for Private Investment)
APIM	<i>Agence des Professionnels des Institutions de Microfinance</i> (Microfinance Institutions Associations)
BGEEE	<i>Bureau Guinéen d'Etudes et d'Evolution Environnementale</i> (Guinean Bureau of Studies and Environmental Assessment)
BCRG	<i>Banque Centrale de la République de Guinée</i> (Central Bank of Guinea)
BDS	Business Development Services
BSTP	<i>Bourse de Sous-Traitance et de Partenariats</i> (Suppliers and Partnerships Market Place)
CAPME	Centre d'Appui aux PME (MSMEs Support Center)
CPF	Country Partnership Framework
DA	Designated Account
ERR	Economic Rate of Return
ESIA	Environmental and Social Impact Assessment
FM	Financial Management
GDP	Gross Domestic Product
GoG	Government of Guinea
ICR	Implementation Completion and Results Report
ICS	International Card Scheme
IFC	International Finance Corporation
IMF	International Monetary Fund
IFR	Interim Financial Report
M&E	Monitoring and Evaluation
MFD	Maximizing Finance for Development
MFI	Microfinance Institution
MIGA	Multilateral Investment Guarantee Agency
MIS	Management Information System
MISME	Ministry of Industry and SMEs
MSMEs	Micro, Small, and Medium Enterprises

NGO	Nongovernmental Organization
NPF	New Procurement Framework
NPV	Net Present Value
OHADA	<i>Organisation pour l'harmonisation en Afrique du droit des affaires</i> (Organization for the Harmonization of Corporate Law in Africa)
PAPME	<i>Projet d'Appui aux Petites et Moyennes Entreprises</i> (Guinea MSME Development Project)
PDO	Project Development Objective
PE	Private Equity
PEFA	Public Expenditure and Financial Accountability
PFI	Participating Financial Institution
PFM	Public Financial Management
PIM	Project Implementation Manual
PIU	Project Implementation Unit
PNDES	<i>Plan National de Développement Economique et Social</i> (National Development Plan)
PPSD	Project Procurement Strategy for Development (PPSD)
PTBA	<i>Programme de Travail et Budget Annuel</i> (Annual Budgeted Activity Plan)
RSF	Risk Sharing Facility
RSFM	Risk Sharing Facility Manual
SFC	Seed Funding Committee
SIC	<i>Système d'Information de Credit</i> (Credit Registry)
SMEs	Small and Medium Enterprises
TA	Technical Assistance
ToR	Terms of Reference
UNDP	United Nations Development Programme
VC	Venture Capital
VfM	Value for Money

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Guinea	Support to MSME Growth, Competitiveness and Access to Finance	
Project ID	Financing Instrument	Environmental Assessment Category
P164283	Investment Project Financing	B-Partial Assessment

Financing & Implementation Modalities

<input type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Approval Date	Expected Closing Date
30-May-2019	29-May-2024
Bank/IFC Collaboration	Joint Level
Yes	Joint Project - involving co financing with IFC (loan, equity, budget, other) or staffing

Proposed Development Objective(s)

Support micro, small and medium enterprises' access to markets and access to finance in the Conakry urban area.

Components

Component Name	Cost (US\$, millions)
----------------	-----------------------



Support entrepreneurship and MSME Development	10.00
Support financial infrastructure	10.00
Develop financial services tailored towards MSMEs	8.00
Project Management and Monitoring	2.00

Organizations

Borrower:	Republic of Guinea
Implementing Agency:	Ministry of Industry and SMEs

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	30.00
Total Financing	30.00
of which IBRD/IDA	30.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	30.00
IDA Credit	15.00

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
National PBA	15.00	15.00	0.00	30.00
Total	15.00	15.00	0.00	30.00

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2019	2020	2021	2022	2023	2024
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Annual	0.48	7.50	6.54	5.32	6.57	3.59
Cumulative	0.48	7.98	14.52	19.84	26.41	30.00

INSTITUTIONAL DATA

Practice Area (Lead)

Finance, Competitiveness and Innovation

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has not been screened for short and long-term climate change and disaster risks

Explanation

Completed

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF	Yes
b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment	Yes
c. Include Indicators in results framework to monitor outcomes from actions identified in (b)	Yes

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● High
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● Substantial
7. Environment and Social	● Moderate



8. Stakeholders	● Substantial
9. Other	● Substantial
10. Overall	● High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

☐ Yes ☒ No

Does the project require any waivers of Bank policies?

☐ Yes ☒ No

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	✓	
Performance Standards for Private Sector Activities OP/BP 4.03		✓
Natural Habitats OP/BP 4.04		✓
Forests OP/BP 4.36		✓
Pest Management OP 4.09		✓
Physical Cultural Resources OP/BP 4.11	✓	
Indigenous Peoples OP/BP 4.10		✓
Involuntary Resettlement OP/BP 4.12		✓
Safety of Dams OP/BP 4.37		✓
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description

Schedule 2. I. A. (1). Steering committee

The Recipient shall establish not later than three months after the Effective Date, and thereafter maintain throughout Project implementation, with composition, mandate and resources satisfactory to the Association, a steering committee, to be chaired by the Ministry of Industry and SMEs (MISME) and comprised of inter alia representatives from key ministries, agencies and private sector associations (the “Steering Committee”), to be responsible for



providing overall strategic guidance and oversight for the Project.

Sections and Description

Schedule 2. I. A. (2) (b). Project Implementation Unit

not later than three (3) month after the Effective Date, recruit and thereafter maintain throughout Project implementation: (i) an internal auditor; (ii) an accountant; (iii) a monitoring and evaluation specialist; (iv) an environmental specialist; (v) a social specialist; and (vi) a gender specialist each of those with qualifications, experience and terms of reference acceptable to the Association.

Sections and Description

Schedule 2. I. A. (2) (c). Project Implementation Unit

not later than three (3) month after the Effective Date, install, and thereafter maintain throughout Project implementation, an accounting software for the Project acceptable to the Association.

Sections and Description

Schedule 2. I. A. (2) (c). Project Implementation Unit

not later than five (5) month after the Effective Date, recruit, and thereafter maintain throughout Project implementation, an independent external auditor with qualifications, experience and terms of reference acceptable to the Association.

Sections and Description

Schedule 2. I. A. (3). Technical Committee

The Recipient shall establish, not later than 3 months after the Effective Date and thereafter maintain, throughout Project implementation, with composition, mandate and resources satisfactory to the Association, a technical committee, to be chaired by a representative of MISME and comprised of technical staff from key ministries and agencies, to be responsible for monitoring and validation of the Project activities.

Conditions

Type	Description
Disbursement	Schedule 2. III. B. (1) (a). Notwithstanding the provisions of Part A above, no withdrawal shall be made (a) for payments made prior to the Signature Date
Type Disbursement	Description Schedule 2. III. B. (1) (b). under Category (6) until and unless: (i) the RSF Framework Agreement, in form and substance satisfactory to the Association, have been signed; (ii) the Recipient has prepared and adopted the RSF Manual in form and substance satisfactory to the Association; and (iii) the RSF Account has been established.



Type Effectiveness	Description Article V. 5.01. (a) the Recipient has adopted the Project Implementation Manual in accordance with Section I.G.1 of Schedule 2 to the Financing Agreement.
Type Effectiveness	Description Article V. 5.01. (b) the Recipient has established the Project Implementation Unit in accordance with Section I.A.2 (a) of Schedule 2 to the Financing Agreement.



I. STRATEGIC CONTEXT

A. Country Context

1. **Guinea is a low-income country in West Africa with a population of 12.4 million.** It has immense hydrographic potential (6,000 MW potential for hydropower); fertile land (6.2 million acres arable land); and a rich mineral potential (a third of the world reserves of bauxite, gold, diamond, the world largest untapped reserves of iron, manganese, zinc, cobalt, nickel, and uranium) largely underexploited.

2. **Guinea remains one of Sub-Saharan Africa's poorest countries despite having achieved notable economic growth since 2010.** However, political unrest contributed to a decline in the per capita gross domestic product (GDP) growth from four percent in 2012 to 2.3 percent in 2013. According to official data, real GDP rebounded to 6.7 percent in 2017 against 5.2 percent in 2016, supported by the resumption of mining production, improved performances in the agriculture and energy sectors, and investments made in the construction sector. However, per GDP growth averaged a very low 0.6 percent from 1998 to 2016, about 1.2 percentage points lower than for Sub-Saharan Africa and 3.3 percentage points lower than for middle-income countries.

3. **The country per capita income of US\$508 (World Bank gross national income, 2016) is substantially lower than the regional average of US\$1,463 and among the lowest in the world.** Guinea ranked 175 out of 187 countries on the Human Development Index (2018) of the United Nations Development Programme (UNDP). Social losses brought about by the Ebola outbreak have exacerbated poverty. In 2017, on average, 55 percent of the Guinean population lived below the poverty line (against 52 percent in 2012), and unemployment was high, particularly among youth and women (2018, United Nations). The country also completed for the first time in its history a program with the International Monetary Fund (IMF) in 2016.¹ A new three-year program (2018–2020) for a US\$650 million non-concessional loan under the Extended Credit Facility was concluded with the IMF in 2017 to pursue macroeconomic reforms.

4. **The Guinean economy has experienced slow levels of structural transformation in the past 20 years with mining and agriculture being key sectors driving economic growth.** In 2015, the service sector accounted for 45 percent of GDP, followed by mining (25 percent), manufacturing (10 percent), and agriculture (20 percent). Mining generates 80 percent of exports but employs less than 200,000 people if one also includes artisanal mining. The country is a major exporter of bauxite, as well as gold and diamonds. The manufacturing sector is very small, concentrated in the agribusiness sector, manufactured goods and beverages, accounting for less than nine percent of GDP. The service sector is large representing 21.6 percent of GDP, mostly driven by activities in the informal sector, with focus on retail trade, construction, telecommunications, and finance. The current employment structure (52 percent of total employment in

¹ Guinea received a US\$170.1 million International Monetary Fund's (IMF's) Extended Credit Facility (ECF) and budget support programs during 2012–2016. Also, the country reached the Highly-heavily Indebted Poor Countries (HIPC) completion point in September 2012, leading to significant reductions in its external debt level and servicing costs. Debt servicing payments amounted to over four percent of GDP in 2008. However, by 2013, this had fallen to below 1 percent of GDP. Lower debt service costs enabled greater fiscal space for pro-poor spending.



agriculture and 34 percent in services) reflects the lack of skilled human capital, high informality, and poor infrastructure.

5. **Guinea's social and political context remains fragile and unstable.** The 2010 presidential elections were Guinea's first democratic election since the country's independence in 1958 and marked the end of a three-year period of military rule during 2008–2010. The political landscape is polarized in a context characterized by the organization of political parties along ethnic and regional lines. Violent demonstrations took place in the mining region against the lack of jobs and public services in late 2017 and 2018; strikes organized by the opposition and labor unions have repeatedly paralyzed the capital and protests due to frequent electricity shortages. The next presidential elections are scheduled in 2020.

6. **The 2016–2020 National Development Plan (*Plan National de Développement Economique et Social*, PNDES) of the Government of Guinea (GoG) places a strong emphasis on the critical role of the private sector.** The PNDES, grounded in the country's long-term vision (Vision Guinea 2040) with the stated goal of promoting strong, high-quality growth that will improve the well-being of Guineans, brings an economic structural transformation and places the country on a sustainable development path. The PNDES underscores “access to bank credit and diversified financial services fit to support private sector” as a main priority of the development agenda. The PNDES also focuses on “enhancing the digital economy as indispensable factors of development and a cross-cutting sector with direct multiplier effects on all other sectors of economic activity.” A National Financial Inclusion Strategy for the next five years has been drafted and is expected to be approved in 2019.

7. **Supporting this goal, the World Bank Country Partnership Framework (CPF)² has designed its 2018–2022 program.** The CPF is voluntarily selective, leveraging on the World Bank Group comparative advantages and synergies with development partners. Its three pillars are (a) fiscal and natural resource management, (b) human development, and (c) agricultural productivity and economic diversification. In a nutshell, the overarching objective of the CPF is to help Guinea achieve its tremendous development potential with dedicated interventions to boost productivity, enhance capacities, and bolster private sector competitiveness.

B. Sectoral and Institutional Context

Private Sector Development in Guinea

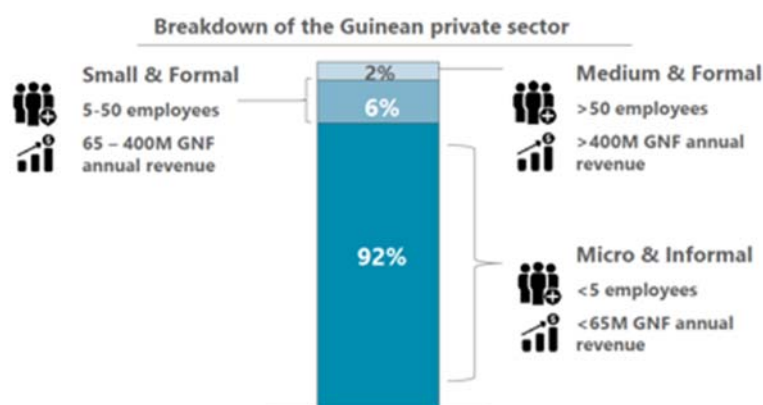
8. **A recent study—financed by the African Development Bank (AfDB), UNDP, and Guinea's Promotion Agency for Private Investment (*Agence de Promotion de l'Investissement Privé*, APIP)—found that over 90 percent of the Guinean private sector consists of informal micro, small, and medium enterprises (MSMEs) in agriculture, trade, or services, with low salaries (less than US\$50 per month) and low literacy rates (25 percent).** It is estimated that 80 percent of the workforce is employed in this sector. The same study provides a definition of MSMEs in Guinea as being firms with 5–100 employees and an annual turnover ranging from GNF 65 million to GNF 2,000 million or US\$6,500–US\$200,000, which suggests that Guinean MSMEs are not a homogenous group. They differ in size, degree of formality, experience,

² <http://documents.worldbank.org/curated/en/346601528601433676/Guinea-Country-partnership-framework-for-the-period-FY2018-FY23>



market orientation, and funding needs. The MSME sector, which can be classified based on size and growth, broadly presents five MSME segments: (a) small necessity entrepreneurs, (b) moderate growth entrepreneurs, (c) high-growth start-ups, (d) opportunity-driven MSMEs, and (e) gazelles³ (Graph 1).

Graph 1: Distribution of the Guinean private sector



Source: Dalberg (2018) using APiP, Turning Guinea's potential into prosperity for the Guinean people: 2016-20.

9. **The Guinea MSMEs ecosystem is weak compared to other Sub-Saharan African countries.** This is primarily due to the high level of informality, the lack of entrepreneurial culture, the lack of skilled professionals, and limited access to quality business development services (BDS) and financial services. To expand the number of high-growth MSMEs in Guinea capable of creating sustainable jobs, quality BDS must be developed along with financial solutions that can provide access to growth capital. It is also critical to

³ (a) small necessity entrepreneurs. They represent the largest segment, typically a microenterprise set up to achieve an income for the owners' family, aimed at survival rather than growth. This segment will not be a target segment for the project; (b) moderate growth entrepreneurs. Companies in this segment typically offer a product or service with a stable demand but usually do not deploy innovative products or production techniques. An annual growth rate of 2–3 percent increases the size of these firms over time in the direction of a mid-size enterprise. They are often family businesses with a higher rate of formality (around 20 percent) than the small necessity entrepreneurs. These will be targeted by the project. (c) High-growth start-ups. These are typically young entrepreneurs starting a business in the technology sector. Guinea has relatively few of these. The project will target these by supporting the development of an entrepreneurship ecosystem and by selecting each year several disruptive ideas that could be supported from development through expansion; (d) opportunity-driven MSMEs. These are MSMEs that engage in opportunistic business behavior, copying successful business models observed elsewhere, and regularly switching or adding new business activities. This group includes entrepreneurs that run several businesses at once (parallel entrepreneurs.) They tend to lack a long-term business vision and have limited market knowledge and client understanding. These will not be expressly targeted by the project; (e) Gazelles. Successful start-ups that have made the move from small to mid-size firms quickly, owing to high annual growth rates of around 10 percent, are called gazelles. Usually formally registered, they typically have 20–100 employees. They have achieved a mature financial performance and are generally headed by a strong business leader. Gazelles look for larger amounts of long-term financing to finance investments in assets. Gazelles usually have access to debt or other forms of financing. These companies will be among the prime targets of the project because they potentially hold the largest reservoir of job creation and which with the proper support system will be the most able to integrate the large companies supply chains, be they multinational or domestic companies.



expand the number and the capacity of existing incubators, accelerators, and start-up hubs, which are important to create a steady inflow of future high-growth MSMEs.

10. **The high rate of informality creates unfair competition for MSMEs that operate formally, which in turn creates a disincentive for smaller informal MSMEs to formalize.** The tax regime, the length, and cost of procedures are major deterrents to the formalization of MSMEs. In addition, MSMEs in Guinea are not well informed on the services available to them including information on market opportunities, financial services, or favorable government regulations. A 2017 study⁴ revealed that nearly half of Guinean MSMEs (46 percent) believe that the Government does not understand their needs versus 28 percent that believe they do. Likewise, 63 percent consider that the Government is not doing enough to promote MSMEs compared to neighboring countries such as Côte d'Ivoire or Senegal. About 72 percent of MSMEs surveyed are not aware of MSME-related services offered by the Government, and 89 percent are not familiar with the new investment code for MSMEs.

An Unfavorable Business Climate

11. **Private sector development is significantly constrained by a poor business environment and a lack of access to finance resulting in low levels of private investment.** The GoG has taken the following positive steps in the past five years to improve the business:

- An investment code and its implementing decrees were adopted in 2015
- A regulatory and legislative framework for the promotion of industrial production was developed
- The National Charter of MSMEs, the National Quality Policy, and the National Strategy for the Promotion of Intellectual Property were also adopted
- The business registration tax rate was reduced from five percent to two percent to encourage new companies. That contributed to improving the country's Doing Business ranking from 163 in 2017 to 153 out of 190 countries

An Underdeveloped Entrepreneurship Ecosystem

12. **Guinea's MSME entrepreneurship ecosystem scores lower than most other West African countries according to the Global Entrepreneurship Index (130/137) and Global Innovation Index (119/126).** However, the last three years have seen an increase of nonfinancial and financial intermediaries such as incubators (*Saboutech* and *Osez Entreprendre*) which are able to provide a wide range of services to support the rise of entrepreneurs and start-ups. Access to readily available growth capital is a major constraint to the development and expansion of these start-ups with high growth potential. The proposed project will use the Maximizing Finance for Development (MFD) approach to catalyze a risk capital market to promote future champions in Guinea. Viable financing alternatives for start-ups such as pre-seed and seed would be channeled through entrepreneurship support institutions leveraging private investment, in addition to a strategic investment made across the ecosystem support in business development intermediaries to enable them to foster more and better-quality start-ups and provide them with the support services needed to succeed.

⁴ https://cdn.ymaws.com/www.andeglobal.org/resource/resmgr/1_workingfolder/CTG_WA_Guinea_EN_Final_corre.pdf



The Financial Sector in Guinea

13. **Guinea's financial sector is dominated by the banking sector which represents more than 90 percent of total assets in the financial sector.** The financial sector consists of 16 private commercial banks, 25 microfinance institutions (MFIs), 10 insurance companies, 42 exchange bureaus, and 33 money lenders. The banking sector is almost exclusively made of subsidiaries of foreign groups (two French, eight from the West African region, one from the Central African Region, one private Malagasy bank, and four from the Middle East and North Africa Region). Three banks dominate the market and hold over 57 percent of assets, 62 percent of deposits, and 57 percent of loans. Domestic credit to private sector as a ratio of GDP amounted to 10.7 percent,⁵ below the regional average for Sub-Saharan Africa of 28.5 percent in 2016 and one of the lowest in the region after Chad. Total outstanding credit of the banking system reached GNF 7,473 billion (approximately US\$829 million) at the end of 2017, a 6.4 percent increase compared to the previous year.

14. **According to the most recent data available, Guinea's banking system is broadly sound but faces challenges.** The banking sector shows favorable aggregated indicators as of June 2018 with a regulatory capital to risk-weighted assets ratio of 17 percent (above the 10 percent requirement); profitability remains robust (with return on assets [RoA] and return on equity [RoE] of 2.1 percent and 17 percent respectively, well above regional average, and an improving nonperforming loan (NPL) ratio at 8.7 percent. Following tight liquidity conditions in 2016 and early 2017, liquidity in the banking system started to improve in the second half of 2017. The reduction in the reserve requirement ratio from 18 percent to 16 percent in March 2017 freed up liquidity in the banking system. Furthermore, the increase in annual deposits growth at about 13 percent in 2017, which continued at 17 percent in the first quarter of 2018, improved banks' liquidity.

15. **The risk level associated with the loan portfolio is underestimated.** Banks are rapidly provisioning and reclassifying restructured loans as performing loans. Guinean banks enjoy significant profitability owing to negative real interest rates on deposits and high interest rate spreads (+18.2 percentage points) and banking fees (Guinean banks indicated that about 40 percent of their labor force is unproductive, which might explain the large intermediation costs). This reflects low income levels, lack of competition (the largest three banks represent about 57 percent of banking sector assets), limited physical access to financial institutions, and other barriers to credit such as weak credit reporting, poor property rights, and bankruptcy procedures. Finally, improved liquidity conditions in the banking system had only a limited impact on credit to the economy.

16. **The massive borrowing of the Government from commercial banks contributes to constrain credit to the private sector.** Between 2016 and the first quarter of 2018, commercial bank lending to the Government increased by over 42 percent, while lending to the private sector declined by 3.1 percent. Commercial banks' lending to the Government increased by 16.5 percent in 2017 (average, year-on-year). Furthermore, commercial banks' lending increased by 2.8 percent in the first quarter of 2018 (compared to end-2017) to finance the repayment of expenditure arrears accumulated in 2017.

⁵ source: IMF - <https://www.imf.org/en/Publications/CR/Issues/2019/01/28/Guinea-Second-Review-of-the-Arrangement-under-the-Three-Year-Extended-Credit-Facility-46557>



Limited Access to Finance for MSMEs

17. **Limited access to financial resources constitutes the most critical binding constraint to MSME development and growth in Guinea.** According to the most recent World Bank Enterprise Survey (2016), 30 percent of firms identify access to credit as a major business constraint in Guinea (compared to 42 percent in Sub-Saharan Africa). Although 98 percent of small firms have access to a checking or savings account, only 3.9 percent have a bank loan or line of credit (compared to 21.6 percent in Sub-Saharan Africa). Only 2.5 percent of small enterprises and eight percent of medium enterprises have a loan or a line of credit. Overall, firm investments in Guinea are primarily financed internally—92 percent—compared to 2.8 percent by banks. In addition, the collateral remains high, above 150 percent of the loan amount.

18. **The financial needs of microenterprises are small on average, and the banks often find it difficult to provide credit of such small amounts.** Transaction costs of small loans are either equivalent to or higher than those associated with large loans and the level of nonperforming MSME loans is very high. MSMEs are also less likely to generate fee income on other services that large enterprises use (such as letters of credit). Profits generated from small business loans are significantly lower than those from large loans. As a result, commercial banks are reluctant to engage in the MSME loan market. MFIs play a significant role as credit providers to very small unorganized enterprises, many of which are street-based enterprises.

19. **The microfinance sector is highly concentrated and faces important challenges.** The microfinance sector comprises 10 credit cooperatives (Category 1); 10 savings and credit organizations concentrated on a target group (for example, rural microfinance) (Category 2); and 5 typical open-door MFIs (nongovernmental organizations and associations). All are regulated by the Central Bank of Guinea (*Banque Centrale de la République de Guinée*, BCRG). In 2017, MFIs mobilized a total of saving deposits of GNF 336 billion (US\$37million) (20 percent higher than in 2016) and an outstanding credit portfolio of GNF 316 billion (US\$34 million), (29 percent higher than in 2016). The microfinance sector is concentrated in four large MFIs (*Credit Rural de Guinée* [Rural Credit of Guinea] with 60 percent market share, Cofina, Finadev, and Yete Mali), which account for 90 percent of the customer base, 96 percent of deposits, and 87 percent of outstanding credit in 2016. The current situation of the microfinance sector is characterized by a rebound from the Ebola crisis that devastated the microfinance sector, particularly smaller institutions. In the affected areas, all the smaller MFIs greatly reduced their interface with clients in 2014 and 2015, ceasing both collections and advances. Despite the recovery, the sector faces several challenges which include but are not limited to funding constraints, high operational costs, deficient management information systems (MIS),⁶ and limited management capacity/expertise.

20. **Important reforms in the legal and regulatory framework of the microfinance and electronic money have been introduced in 2017.** With the help of the World Bank and financing from the Financial Sector Reform and Strengthening (FIRST) Initiative, a new Law on Inclusive Financial Institutions was approved by the Parliament in July 2017 and became effective in June 2018. The law introduces new

⁶ The quality of the management information is very poor, including for the data on compliance with prudential rules provided to the BCRG. The operational and business information reported by the MFIs was in most cases lacking and containing several inconsistencies. Most of the MFIs are likely noncompliant with the prudential rules and regulations from the BCRG, especially on capital adequacy and loan loss provisioning. Few MFIs (CRG, Yete Mali, RAFOC, and FINADEV) have a basic IT system to support their operations and, when available, these systems are often found lacking in configuration of reporting and performance monitoring.



regulations governing the activity and control of MFIs as well as of the electronic money institutions and the financial services of the Guinean Postal Services. Specifically, the law introduced (a) resolution powers for the financial sector regulator (BCRG) and (b) more stringent prudential and non-prudential measures such as consumer protection and (c) enhanced supervision including a tool derived from the Capital adequacy, Asset quality, Management, Earnings, and Liquidity (CAMELS) approach (in the process of implementation).

Promoting Digital Financial Services to Improve Access to Finance

21. **Between 2014 and 2017, the World Bank-funded MSME Support Project (P128443) in collaboration with AfDB helped establish the framework for the development of a modern national payment system infrastructure in Guinea.** The MSME Development Project (P128443) financed some technical assistance (TA) to set up an oversight of payment systems in BCRG (and a backup center) while AfDB-financed key payment systems infrastructure such as an interbank system for retail electronic fund transfers (that is, an automated clearing house and a large value interbank settlement system (that is, a real-time gross settlement system). However, in the absence of a national switch platform, interoperability is nonexistent. In 2011, the BCRG had created *Société Monétique de Guinée* (the Switch Company of Guinea) to ensure interoperability of electronic payments but it failed to be operationalized for issues related to inadequate governance in place. This situation creates important challenges in the development of retail payment infrastructure and limits access to finance to individuals, small firms, and the wider public. The payments aspects of financial inclusion's report⁷ show that a strong, efficient, and dynamic payment system contributes to the promotion of access to finance.

22. **Digital financial services are used by a mere two million subscribers, a number significantly below the market potential.** While three e-money issuers (Orange, MTN, and PAYCARD) have been licensed, the supply of services stagnates at the level of transfers and payments, not reaching second generation services targeting credit and savings through a more integrated financial sector. As a result, several mobile money account holders fall into inactivity, which worsens the percentage of dormant accounts. The situation is mainly due to a lack of integration among stakeholders that can potentially trigger innovative and alternative business models to serve the financial needs of MSMEs and individuals.

23. **The lack of an interoperable retail payment platform hampers full access to digital financial services in Guinea.** The implementation of the digital platform will allow mobile money interoperability hence deeper integration of various digital transactions. Mobile money providers such as Orange and MTN will join the platform as direct participants alongside the banks and the MFIs which will come onboard at a later stage. Overall, the platform will gather 15 banks, 3 e-money issuers, and at least 15 MFIs, hence creating a dynamic ecosystem of digital financial services. The key expected results of such digital transformation are to increase access and usage of financial services including social services and government payments, induce cost reduction of individual transactions, and in turn, contribute to GDP growth.

24. **Further to the above, the digital platform has the potential to help address the asymmetry of information hampering access to credit by MSME.** The digital platform will be an enormous database of

⁷ <http://documents.worldbank.org/curated/en/806481470154477031/Payment-aspects-of-financial-inclusion>



consumer data and analytics that can potentially inform decision making by lenders. The digital platform will be managed under the purview of a separate company created, led, and supervised by the BCRG that has a mandate to increase financial inclusion as stated in their Maya Declaration. The Cybersecurity and Data Protection Law (N. L/2016/037/AN)⁸ approved by the Parliament in July 2016) will govern the sharing of consumer data and analytics. The law introduces rights on protection and privacy of information, and trigger transparency that will democratize information sharing and consumers' rights. The law transforms consumers from "subjects" into "clients".

25. **In the microfinance sector, the lack of automated and well-performing MIS limits the ability of MFIs to embrace digitization.** Nonetheless, the substantial outreach potential of these institutions, their contribution to access to finance for MSMEs is stifled by the lack of modernization on both front office and back office operations. Most are under financial distress and lack the capacity to invest in alternative and innovative delivery channels. MFIs in Guinea are essential contributors of access to credit with GNF 415 billion in loans awarded to the private sector.

Strengthening Guinea's Financial Infrastructure to Support Access to Finance

26. **The lack of reliable MSMEs credit information to lenders constitutes a barrier for the former to obtain financing from the latter.** Credit reporting systems address the problem of asymmetric information between borrowers and lenders and, by doing so, they contribute to improve access to finance. Lenders' access to accurate information on MSMEs would enhance their ability to assess MSME creditworthiness and make fact-based credit risk assessments.

27. **Guinea has made positive changes in financial sector infrastructure recently, but it needs to be strengthened to promote financial intermediation.** With the help of the World Bank Group, a thorough revamp of the Credit Registry (*Centrale des Risques*) was undertaken in 2017 for the development of an advanced information sharing system. While the system is an improvement as it allows full data sharing automation between banks and the BCRG, it is not fully implemented, mainly because of delays on provision of data from the lenders, especially MFIs that do not possess the technical infrastructure nor the financial capacity to commit and carry out compulsory data sharing with the Credit Registry. As of June 2018, only 2,236 borrowers (1,659 individuals and 577 enterprises) were registered in the Credit Registry. An appraisal of the registry, prepared in August 2018, stressed basic but crucial limitations of the current system (no automated data quality and validation checks are run by the system. Because the system is not provided with a matching algorithm, homonymy cases need to be processed manually. Due to the lack of automated validation and audit controls of quality of data, there is no functionality of 'rejects'; no credit history (granular data) is offered, just an aggregated figure on the total exposure, and so on). Furthermore, the lack of a collateral registry creates a major drag, in terms of cost and time, for the origination and execution of credit transactions.⁹ The current legal framework for secured transactions

⁸ This law, like most Data Privacy Act passed in Africa, is based on the European Union Directive of 1995-96, concerning confidentiality of information (already replaced by the new General Data Protection Regulation enforced all over the EU territory on 25th May 2018). The Guinean legislation establishes the basic principles of the best data protection legislation in line with international best practices.

⁹ Overall, the lack of an electronic collateral registry prevents banks, nonbank financial institutions, and other potential lenders from using financial assets to channel credit to the private sector. Currently, banks and other lenders accept as guarantees against loans only immovable property (land, buildings, and other immovable property rights), thus effectively preventing borrowers,



in Guinea is scattered among various laws and regulations with different laws covering the same subject matter.¹⁰

B. Relevance to Higher-Level Objectives

28. **The project fosters private sector participation in economic development to stimulate job creation and social inclusion through MSME development and growth.** The project will apply a market-oriented approach to maximize the impact of project activities on MSME beneficiaries and their contribution to jobs, wealth creation, and social inclusion in the Conakry urban area. Two critical binding constraints inhibiting the emergence of a dynamic MSME ecosystem will be addressed: (a) access to the market and (b) access to finance. A description of the project's theory of change is provided in figure 1, pages 26 and 27.

29. **The project aligns with International Finance Corporation (IFC) 3.0 top priority to attract the private sector through the creation of a conducive business environment.** The project is also designed to support IFCs goal of increasing investments in fragile countries by helping to create new markets.

30. **The project aligns with and contributes to the Digital Economy for Africa (DE4A) Initiative.** Learning from African innovation and reflecting clients' call for a new business model, the World Bank and IFC are partnering to design an innovative development framework to support the region in achieving the goal of an inclusive and sustainable digital economy. The project supports that initiative by focusing on promoting digital entrepreneurship on the one hand, and on the other hand, supporting the pervasiveness and use of digital payments system by MSMEs.

31. **The project builds on outcomes from the preceding Guinea MSME Development Project – P128443 (*Projet d'Appui aux Petites et Moyennes Entreprises, PAPME*) which supported the development of MSMEs in targeted value chains and improved selected business processes of the investment climate.** Specific activities include the operationalization of the Conakry MSMEs Support Center, formalization of MSMEs, the MSME linkage program, and the development of financial infrastructure which were initiated under PAPME and will be further developed.

32. **The project will build on the experience and lessons learned from PAPME for the implementation of an effective MSMEs linkage program.** A close coordination between all active World Bank Group projects in Guinea, including the IFC Investment Climate Advisory Services and IDA MSME,

including MSMEs from using movable assets such as inventory, machinery, equipment, accounts receivables, crops, stock, and so on as a collateral. Also, the lack of a centralized legal framework and registry prevents the banks from checking in one place whether movable securities are 'clean' to be used as guarantees for loans. The introduction of a movable collateral registry will allow borrowers to use movables to secure loans, thus removing the burden from banks to require only immovable security, and thereby increasing financial access to the unbanked population and MSMEs.

¹⁰ The secured transactions legal regime is governed by the Commercial Code which follows the OHADA (Organization for the Harmonization of Corporate Law in Africa) (*Organisation pour l'harmonisation en Afrique du droit des affaires*) Model law of Commercial Code. Other parts of the secured transactions framework, particularly the laws concerning individuals and diverse types of secured transactions (such as account receivables, mortgages, leasing, intellectual property rights, and so on) are in separate laws and regulations. A deep review of the existing legal framework that covers secured lending in Guinea is ongoing in the World Bank-financed project about improving climate within OHADA (P164728).



was key in achieving project objectives. The project team will continue to work closely with IFC investment teams to link MSMEs with finance and will leverage the Suppliers and Partnerships Market Place (*Bourse De Sous-Traitance Et De Partenariats*, BSTP) supported by the Finance, Competitiveness and Innovation, and the IFC's Investment Climate Reform in Guinea Investment Policy and Taxation (project# 00594887) to create links between trained MSMEs and large buyers.

33. **PAPME added value to ongoing World Bank Group operations in Guinea.** It supported the Mineral Governance Support Project¹¹ (September 2012) which focused on institutional capacity building in the mining sector and IFC's Guinea Local Supplier Development Initiative that supported the Government in developing an investment code and drafting new regulations for MSMEs. The initiative also helped upgrade the managerial capacity of Guinean MSMEs. The MSME project not only complemented but expanded this work by helping build the backbone infrastructure for business registration, investment promotion, and access to finance.

34. **PAPME supported the design and implementation of a framework to help improve business environment and improve private sector participation.** Several institutions were put in place including a public-private platform that drove a significant number of reforms to support private sector development: APIP that implemented a single window business registration platform and an investor incentive package that contributed to improving the country's Doing Business ranking from 175 (out of 190 countries) in 2014 to 153 in 2018.

Support to National Development Plan of Private Sector Development

35. **The project contributes to Guinea's 2016–2020 PNDES that makes supporting private sector development a top priority for achieving its developments of addressing youth unemployment, gender inclusion, and reduction of poverty.** More specifically, it is expected that MSMEs will drive economic growth, job and wealth creation, and social inclusion by tapping into opportunities in high-growth sectors and value chains. The proposed project will support Guinea MSMEs by helping to strengthen institutional support, access to market, BDS, and financial services.

Contribution to CPF Objectives

36. **The project contributes to the CPF's objective 8 of fostering private sector and MSME development with a focus on sectors that can support MSMEs rapid growth in the Conakry urban area.** The project will help integrate local MSMEs in the supply chains of large companies to the former with revenue growth opportunities, which in turn will contribute to addressing urban drivers of fragility including youth unemployment and women's inclusion. The project will work with local industry associations and relevant government agencies to identify and prioritize high-growth urban value chains around which a two-tier system MSME development system can be established. The first tier will link established local companies and large multinationals and the second tier, local MSMEs and established large local companies. Project support to MSMEs growth activities will revolve around access to quality BDS and TA.

¹¹ <http://projects.worldbank.org/P122916/mineral-governance-support-project?lang=en>



37. **The project supports the CPF's objective 8 of addressing MSMEs constraints with regard to accessing financial services, including promoting the use of mobile technology.** The project will support MSME access to finance and promote the CPF's objective to support the development of the mobile money market, that is, its seamless integration into the financial sector landscape. Specifically, it will include support to facilitate access to credit for entrepreneurs and MSMEs, with a focus on supporting female entrepreneurship.

38. **The project will support the CPF goal (Objective 9) to maximize access to job opportunities through entrepreneurship with a focus on young urban dwellers.** In its effort to support entrepreneurship, the proposed project will collaborate closely with the ongoing World Bank-financed Skills Development Project¹² (P146474) to bolster the CPF proposed approach to support the expansion of the technical and vocational education and training sector to provide eligible youth with adequate skills to start and grow their business activities in high-growth sectors.

39. **The project was enabled for MFD by leveraging existing and tested solutions of the International Finance Corporation (IFC) in terms of MSME lending and tailored advisory services for financial institutions targeting these MSMEs.** The envisaged financing tools will both be provided under the IDA18 IFC-MIGA Private Sector Window (IDA-PSW), created in 2017 based on the recognition and understanding that the private sector plays an essential role when it comes to achieving the Sustainable Development Goals and the need to mitigate the risks to private sector investment to expand its scale. A joint IDA-IFC Risk Sharing Facility (RSF) will be created to encourage participating institutions to serve MSMEs by partially mitigating creditor risk through first-loss cover.

II. PROJECT DESCRIPTION

A. Project Development Objective

40. PDO Statement:

To support micro, small, and medium enterprises' access to markets and access to finance in the urban Conakry area.

41. Progress toward the PDO will be measured by the following indicators:

PDO Level and Intermediate Indicators

PDO Level Indicators

(a) **Support entrepreneurship and MSME growth**

- Number of sales contracts won by MSME supported by the project
- Number of startups and innovative companies supported by the project

¹² <http://documents.worldbank.org/curated/en/455351468252644060/Guinea-Stepping-Up-Skills-Project>



(b) Strengthen financial infrastructure

- Monthly volume of transactions processed by the National Switch
- Credit registry coverage (% of individuals and firms listed in a credit registry)

(c) Increase financial services for MSMEs

- Loans provided to MSMEs by the participating financial institutions in the RSF

Intermediate Results Indicators

- (a) Number of large domestic and foreign companies signed up for MSME linkage program
- (b) Number of entrepreneurship ecosystem providers strengthened
- (c) National switch fully operational
- (d) Number of MFIs digitally transformed
- (e) Number of inquiries received by SIC on a monthly basis
- (f) A collateral registry established and operational
- (g) Risk-Sharing Facility is created and operational
- (h) Number of grass root events, workshops, and strategic engagements with civil society representatives for broad-based consultations on the implementation and impact of MSME programs

B. Project Components

Component 1: Support entrepreneurship and MSME development (US\$10 million, SDR 7.20 million equivalent)

42. **The objective of this component is to strengthen MSMEs' ability to grow, create jobs, and wealth and effectively contribute to the socioeconomic inclusion of youth and women.**

43. **Identified MSMEs' binding constraints limit MSMEs' ability to grow, create jobs and wealth, and prevent the effective socioeconomic inclusion of youth and women.** Four constraints were identified: (a) the prevalence of informality preventing businesses from accessing market opportunities, (b) lack of capacity of local MSMEs preventing them from capturing market opportunities from multinationals and large domestic companies, (c) an undeveloped entrepreneurial ecosystem preventing potentially disruptive and transformative projects from emerging businesses, and (d) highly limited access to MSME growth capital.

Subcomponent 1.1: MSME business development services (US\$1 million)

44. **This subcomponent will finance MSME institutional support activities by providing the Conakry SME Support Center with consultant services, TA, and expertise to develop and implement a sustainable business and financial model.** The project will support the recruitment of experts including (a) a program director for the management of the center, (b) a training expert to coordinate capacity-building and



linkage programs, and (c) a financial expert for MSME access to finance programs. Three support staff for critical business registration services and strategic partnership programs will also be funded by the project.

45. **This subcomponent will finance space planning and interior arrangement of the SME Support Center as well as the necessary systems and equipment to make the center fully compliant with World Bank-approved safety standards.** This activity will provide the resources to divide and reorganize office space to (a) upgrade the SME Center facility with small works and equipment and (b) implement safety measures to ensure workers' protection and safety.

46. **The proposed project will support the long-term financial and operational sustainability of the Conakry SME Support Center by financing** (a) TA to develop a viable fee-based financial and revenue model that will make the center financially independent and (b) domain expert consultants to help launch and manage the centers' activities while transferring knowledge and competence to local staff who will take over the management and administration of the center after the project closes.

Subcomponent 1.2 Connect MSMEs to sales contract opportunities (US\$4 million)

47. **MSMEs in Guinea are missing sizeable local contract opportunities procured through large companies.** The project will fund activities that will help identify and select local MSMEs with the capacity to win and execute contracts with large domestic or multinational companies in high-growth sectors through an MSME linkage program that enables and connects local MSMEs to contracting opportunities offered by large domestic or multinational companies in high-growth sectors of the Conakry urban area.

48. **The activity will finance an MSME linkage program.** The MSME linkage program will be managed by the SME Support Center of Conakry and delivered through a partnership with partners. Partners will be selected competitively and assigned the mission of delivering on the program's key performance indicators and transferring knowledge and competence to MSMEs' Support Center (*Centre d'Appui aux Petites et Moyennes Entreprises (CAPME)*) staff in charge of the management of CAPME. The program will assess end-buyers' procurement needs and supply chain participation requirements. The program will design and partner with private sector companies to finance trainings, capacity building, and certification programs for quality improvement aimed at building MSMEs' capacity to meet norms and standards required by large local companies or multinationals for these MSMEs to become part of their supply chains. A portfolio of about 30 private companies participating in the linkage program to award contracts to local MSMEs will be constituted based on market screening and through collaboration including APIP, the investment promotion agency. The 3–5-year procurement needs of the private companies will be also assessed. The project will work jointly with the private sector to identify the local MSMEs that could fulfill these procurement needs and design the matching capacity-building program for the qualifying MSMEs identified. Furthermore, the MSME linkage program will be designed to include behavioral training on managerial and operational capabilities for MSMEs working jointly with IFC advisory services for input on MSME onboarding/training.

49. **The program will be designed as a cost-sharing activity with the beneficiaries to support the TA provided as well as the acquisition of some equipment that can maximize the MSME value proposition in the procurement process.** A Project Implementation Manual (PIM) will be drafted to outline the program eligibility criteria, guidelines, and standard operating procedures. Primarily focusing on the



Conakry area, the program will assess the opportunity to extend its services to the Boke area once a critical mass of MSMEs has been reached in Conakry and core services of the center have been well established and functioning. The project will seek to target at least 150 MSMEs supporting individual TA packages averaging US\$25,000 per MSME supported.

50. **The CAPME MSME linkage program will work in a close, collaborative strategic partnership with IFC supported BSTP.** The newly established BSTP is a supplier development platform established by IFC's Mining Investment Climate Project to match companies seeking to purchase goods, services, or works with qualifying local SME suppliers. The formal strategic partnership between CAPME and the BSTP will focus on the following areas: (a) the BSTP will be able to leverage CAPME's MSME capacity-building program to support MSMEs that require a training or certification program to win and execute a contract within its reach, (b) MSMEs supported in CAPME's linkage program will be able to register with the BSTP to have access to broader market opportunities, (c) the project will strengthen the BSTP's management team who can benefit from project-funded domain-specific training and certification to enhance their capabilities as a newly formed entity to help deliver on the BSTP's strategic objectives, and (d) a BSTP antenna will be established in CAPME.

Subcomponent 1.3: Support to entrepreneurship and ecosystem providers (US\$5 million)

51. **The objective of this subcomponent is to strengthen the capacity of entrepreneurship ecosystem providers to provide pre-seed and seed support to entrepreneurs translating ideas into fundable and marketable products and services.** Ecosystem provider(s) such as incubators will carry out business incubation services along with the building of skills and literacy.

52. **The intended impact is the creation of more and better-quality startups and innovative enterprises with potential for receiving seed, early-stage, and early-growth financing.** This fits into the private sector-led youth employment strategies in Guinea to improve job opportunities for youth. The subcomponent will have a transformational impact on the Guinean entrepreneurship ecosystem as well as a catalytic one of the deal flow side with provision of seed funding. The component will raise the overall profile of innovation and technologies and its role to support Guinea's economic growth. It is expected that ten ecosystem providers will be strengthened, at least 150 startups will be supported with financial support at pre-seed and seed stages, and that at least 30 innovations and technologies will be tested with market traction. Overall the subcomponent will directly benefit up to 2,000 youth and indirectly create hundreds of jobs.

53. **The project will support activities that help address the lack of technical talent and skills, mentors, and role models and expansion of ecosystem providers' capabilities to build skills and startups.** The subcomponent will finance the three following activities:

- (a) Results-based financing (performance contract) in the form of grant(s) to ecosystem provider(s) (competitively selected) to strengthen their operations and their ability to foster innovative entrepreneurship based on mutually agreed self-improvement plans to increase the quality and sustainability of services provided and extend pre-seed support to selected startups. The project will select five eligible ecosystem providers in the first year and five more in the second year. The ten eligible ecosystem providers, in addition to their self-improvement plans, will be expected to mobilize expertise for at least five startups per year (in a cohort-based fashion to ease reporting) as



well as organize one entrepreneurship training bimonthly. The project will directly contribute to at least the Project Implementation Unit (PIU) professionalization of 10 ecosystem providers, 150 startups, and 1,800 enterprising young innovators. It is expected that the funding will be limited to three years for both the ecosystem provider and its beneficiaries. An average of US\$70,000 will be mobilized annually for self-improvement plan (HR, equipment, capacity building, and select running costs); US\$20,000 for expertise support to five startups; and finally, US\$10,000 for trainings (for example, coding, digital marketing, finance, and so on). A total of US\$2 million will be allocated. Beneficiaries will sign contracts with a consulting firm legally mandated by the ministry in charge of SMEs or the ministry itself. Eligible expenses will be defined in the Project Implementation Manual (PIM). At midterm review, the project can decide to reallocate funding depending on the performance of ecosystem provider(s) or any other relevant factor approved by the World Bank.

- (b) Seed financing to entrepreneurs (10 per year) translating ideas into fundable and marketable products and services in the form of a cohort-based competitive selection process that awards financial support to entrepreneurs for early testing or development phases of a business concept, idea, or model (grant) or the commercialization phase of products/services. Biannually, the project will organize a call for innovative and growth ventures open to startups that are legally established (for less than 5 years) to access funding. The startups showing market traction will be selected by a Seed Funding Committee (SFC) comprising five private sector members, whose CVs will have to be submitted to the World Bank for no-objection, or any other ecosystem actor approved by the World Bank. The SFC will select up to 10 startups per year for four years (equivalent to 8 calls). Each startup will be granted seed funding amounting to maximum US\$50,000, with an average of US\$10,000. The investment strategy, eligible sectors, and expenses will be defined in the PIM. At midterm review, startups performing well could receive follow-on funding. A total of US\$2.5 million be allocated with US\$2 million in seed funding and another US\$500,000 needed to communicate, proceed to the selection, perform due diligence for expected beneficiaries, and cover the running costs of the SFC, including the recruitment of the implementation agency and the independent verification institution which will ensure the conformity of the process with TORs and relevant conditions.
- (c) Organization of open innovation competition and hackathon by ecosystem providers to help foster co-creation of innovative solutions and the adoption of disruptive technologies based on the demand of large public and private organizations. The project will identify the needs and problems of large corporations and public authorities that are interested to externalize part of their problem-solving and/or innovation processes and support the organization of hackathons. Based on the demand of large public and private organizations, categories will be prioritized. The winners of the hackathon will be granted support to further develop the solution. One open innovation week per year will be organized, with ten startups matched with large public and private organizations, and one or two receiving support to execute the contractual relationship(s). It is expected that over 15 innovations will be recognized with a market traction (B to B) and five startups be granted a contract while receiving support from the project. A total of US\$450,000 will be allocated.

Component 2: Support financial infrastructure (US\$10 million, SDR 7.20 million equivalent)

54. **The objective of Component 2 is to finance critical financial infrastructure in Guinea to encourage sustainable, viable, and significant improvements in access to MSME finance. The**



strengthening of Guinea's financial infrastructure will improve financial access for all firms, but MSMEs benefit proportionately more, as the problems of opacity and information asymmetry are more severe in the case of smaller firms.

55. **This component will help set up a retail payment platform connecting financial institutions, making it more efficient for them to provide funding to businesses at a lower cost.** Digital data derived from financial transactions processed by the new platform will feed into scoring mechanisms that allow for creditworthiness evaluation of micro-entrepreneurs. The national switch platform has the potential to address the asymmetry of information hampering access to credit. Beyond interoperability, digital platforms today can provide consumer data and analytics that are used as decision-making tools by lenders.

56. **Information asymmetries represent a significant challenge for MSMEs to obtain adequate external financing.** Credit reporting systems address the problem of asymmetric information between borrowers and lenders and, by doing so, they contribute to improve MSME access to financing. Lenders' access to timely and accurate information on MSMEs enhance their ability to assess MSME creditworthiness and to make fact-based credit risk assessments.

Subcomponent 2.1: Retail payment infrastructure (US\$5 million)

57. **This subcomponent will finance the hardware and software required for the design and implementation of a national switch platform that will create an interoperable and interbank payment network with interconnected points of sales, including ATMs and mobile devices.** The switch platform to be funded by the project will be designed to allow interoperability of digital payments, international transactions, payments at point-of-sales (POS), mobile money, and online transactions. Holders of cards issued in Guinea will be able to execute transactions at all ATMs and POS displaying the system's logo. Cards are also used rarely, either debit or credit cards. There are a few ATMs or POS terminals, most of which are in Conakry. Currently, in Guinea, international credit cards are accepted in a few locations, mainly hotels and the airport. Under this new project, holders of cards issued outside Guinea through international card schemes (ICS) will be able to make payments for goods and services directly through terminals at merchants which display the appropriate international scheme's logo. Payments for goods and services made with the use of ICS cards will be executed in compliance with the international scheme's rules. The system will also provide full functionality for setup of mobile money products with the creation of prepaid accounts. Furthermore, it is envisaged that the new platform will allow Guineans to have access to Internet purchases through a payment gateway.

58. **The project will fund a comprehensive TA to the BCRG and stakeholders to improve technical and operational expertise of switch platform systems.** TA activities will include (a) training of frontline technical staff, (b) acquisition of new platform (hardware and software), (c) support to the design of technical specifications of the switch platform and drafting of request for proposal, and (d) a broad-based communication campaign to raise awareness and increase adoption of the new system and the related benefits of transitioning of adopting a digital over a cash system.



Subcomponent 2.2: Digitization of microfinance activities (US\$2 million)

59. **This subcomponent will finance hardware, software, and capacity-building programs to make the operations of MFIs more efficient and allow the BCRG to have a better supervision of their activities.** Activities will include (a) a mutualized MIS, that can be used remotely by participating MFIs for future connection to the national switch; (b) operating costs for the shared-use MIS for two years (the MIS will integrate mobile money applications and modules to allow MFIs to offer digital finance products in rural areas); (c) hardware/software TA needs for the BCRG staff and MFIs joining the mutualized MIS, including capacity development in internal controls and financial management (FM); and (d) workshops on digital transformation of MFIs.

Subcomponent 2.3: Strengthening credit reporting (US\$2 million)

60. **This subcomponent will finance a TA to the Central Bank of Guinea (BCRG) to improve the existing credit registry (SIC), the development of a medium-term national credit reporting strategy, and a TA to build a conducive legal and regulatory environment (data sharing, borrowers' rights, credit bureau, and so on).** With the stabilization of the SIC and the increased utilization and maturity of the lenders, the project will also provide technical support to the BCRG to move toward a future credit bureau. Specific activities that will be funded by the project include (a) TA to develop the legal and regulatory environment to create a credit bureau; (b) TA to the BCRG to help them work with the SIC's provider to ensure sufficient services to meet international global standards; (c) TA to support the BCRG for the development of a well-defined and realistic national medium-term credit reporting strategy, with the intended outcome of turning the SIC into a credible source of credit data for the banking system; (c) a capacity-building program within the BCRG for the modernization of credit reporting schemes (including assistance to improve data quality¹³ and completeness), conducting awareness campaigns and delivering training to lenders.

Subcomponent 2.4: Creation of an electronic collateral registry for lending and leasing (US\$1 million)

61. **The project will finance the hardware, software, and capacity building for a centralized electronic collateral registry.** The collateral registry for movable assets would have to fulfill two key functions: notify parties about the existence of a security interest in movable property (of existing liens) and establish the priority of creditors—in relation to third parties. This registry will be designed to be (a) the place where security interests over movables are registered, (b) cost-efficient, (c) designed as a notice-filing system, and (d) electronically accessible.

Component 3: Develop financial services tailored toward MSMEs (US\$8 million, SDR 5.76 million equivalent)

62. The objective of Component 3 is to establish one RSF to provide incentives for participating financial institutions (private commercial banks and microfinance institutions (MFIs) - PFIs) to lend to

¹³ Guinea's BCRG requires that data providers (banks and MFIs only) report all their loans for individuals and firms to the CIS and only negative data is reported. Also, information on updates on existing loans is not done event-based. While the introduction of credit reporting has been useful for the automation of collected data, the SIC should be upgraded to improve data quality and completeness, enable wider participation, and in general, to ensure that it fulfills its role of effectively assisting banks and other lenders in their credit risk assessments.



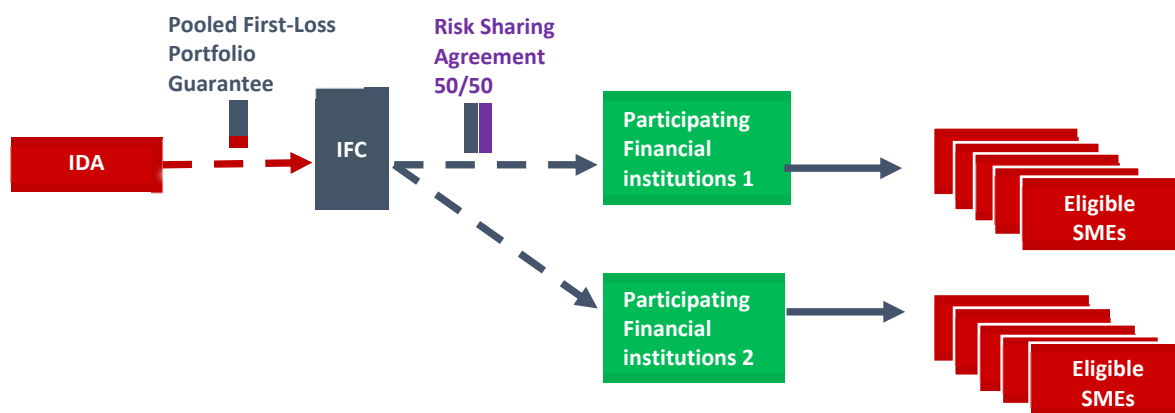
eligible MSMEs. Such facility will be complemented with mandatory technical assistance aimed at supporting participating financial institutions in designing, piloting, and rolling out financial products to successfully expand their outreach to eligible MSMEs.

3.1 Risk Sharing Facility (US\$6 million)

63. **This subcomponent will expand MSMEs' access to finance by increasing financial institutions' incentives to lend to MSMEs**

- i. A joint IDA-IFC Risk Sharing Facility (RSF) of US\$6 million will be created to provide a portfolio risk guarantee through a first-loss cover to PFIs to lend to eligible MSMEs (See Figure 1 below)
- ii. The RSF will cover 50 percent of the losses, on a pari passu basis, that participating banks and microfinance institutions may incur in their lending operations to eligible MSMEs, enabling them to lower excessive collateral requirements for loans to MSMEs. As a result, the RSF will encourage the participating financial institutions to serve new cohorts of eligible MSME clients.
- iii. The RSF will leverage IFC's strategic objectives and experience in the region to bolster MSME financing with a focus on MSMEs located primarily in the urban area of Conakry, with the flexibility to be extended to other areas.
- iv. The sizing of the proposed RSF will be based on the needs and absorption capacity of PFIs, following an IFC's field assessment and participating bank appraisals. The IFC will manage the proposed RSF and will conduct due diligence of PFIs to ensure that sound institutions with proper risk-management capabilities are selected. A Risk Sharing Framework Agreement will be signed by the Ministry of Industry and SMEs, IFC and IDA.
- v. The RSF will be implemented through competitively selected financial institutions under the overall coordination of the PIU in partnership with the Ministry of Industry and SMEs.

Graph 2: IDA-IFC Risk-sharing facility structure



Subcomponent 3.2: Technical assistance (US\$1.6 million)

64. **This subcomponent will provide mandatory TA to banks and microfinance institutions to strengthen their institutional, human, and business capacities to effectively serve the MSME market (such**



as design of MSME products, marketing approaches, adaptation, origination, and decision-making methodology for MSME credit origination, specific credit scoring, and promotion of leasing). The TA will be implemented by the Bankers' Association (*Association des Professionnels des Banques*, APB) and the Association of Microfinance Institution. About US\$0.8 million will be ear-marked for funding TA to banks and US\$0.8 million for funding TA to MFIs.

Subcomponent 3.3: Equity investment ecosystem (US\$0.4 million)

65. **This subcomponent will finance a private equity and/or venture capital ecosystem study to assess the development of the private equity/venture capital (PE/VC) industry in Guinea and identify legal, regulatory, supervisory, and business environment impediments to the development of the industry.** Increasing companies' access to private equity at all stages of development—venture, growth, and pre-Initial Public Offering—can have a significant impact on innovation, productivity, employment creation, and competitiveness. Also, the PE/VC industry can be an additional source of finance for the MSME sector in Guinea.

Component 4: Project management and monitoring (US\$2 million, SDR 1.44 equivalent)

66. **This component will finance the establishment and operation of the PIU.** The component will also finance TA to support project implementation costs for procurement, FM, communication, and the monitoring and evaluation (M&E) of the project. It will include operational expenditures, consultant fees and trainings costs, knowledge sharing, and goods and services to equip the PIU and finance the audits. PIU staff to be recruited and maintained at all times will be: (i) a project coordinator, (ii) an FM specialist, and (iii) a procurement specialist. Based on needs, additional PIU staff will include: (i) an internal auditor; (ii) an accountant; (iii) a M&E specialist; (iv) an environmental specialist; (v) a social specialist; and (vi) a gender specialist. The project will also recruit two experts to support the PIU, one MSME development expert and one expert in access to finance issues.

67. **In addition, this component will finance a TA to the Ministry of Industry and SMEs (MISME) to strengthen its capacity of the MISME to coordinate activities, as being the implementation agency.**

C. Project Beneficiaries

68. **Public sector stakeholders.** Government ministries, departments, and agencies that will receive support from the project, including the following: (a) MISME, (b) Ministry of Mining and Geology, (c) Ministry of Budget (through CGAs), (d) Ministry of Justice, (e) APIP, (f) CAPME-SME Support Center, and (g) the BCRG.

69. **Private sector stakeholders are:**

- MSMEs supported by the CAPME-SME Center and the Bourse with improved competitiveness;
- Entrepreneurs, startups, and innovative MSMEs, and nonfinancial entrepreneurship intermediaries: (a) existing MSMEs and potential entrepreneurs who presently suffer from the absence of or very restricted access to an adapted ecosystem and risk capital to fund their business ideas and (b) critical infrastructure components of the innovation ecosystem



including incubators, accelerators, angel networks, business advisory service providers, applied research facilities, and technology transfer facilities among others;

- PFIs (banks and MFIs that will enhance their capacity to sustainably serve their clientele, including MSMEs);
- Industry associations and various private sector representatives;
- Civil society; and
- Services' providers.

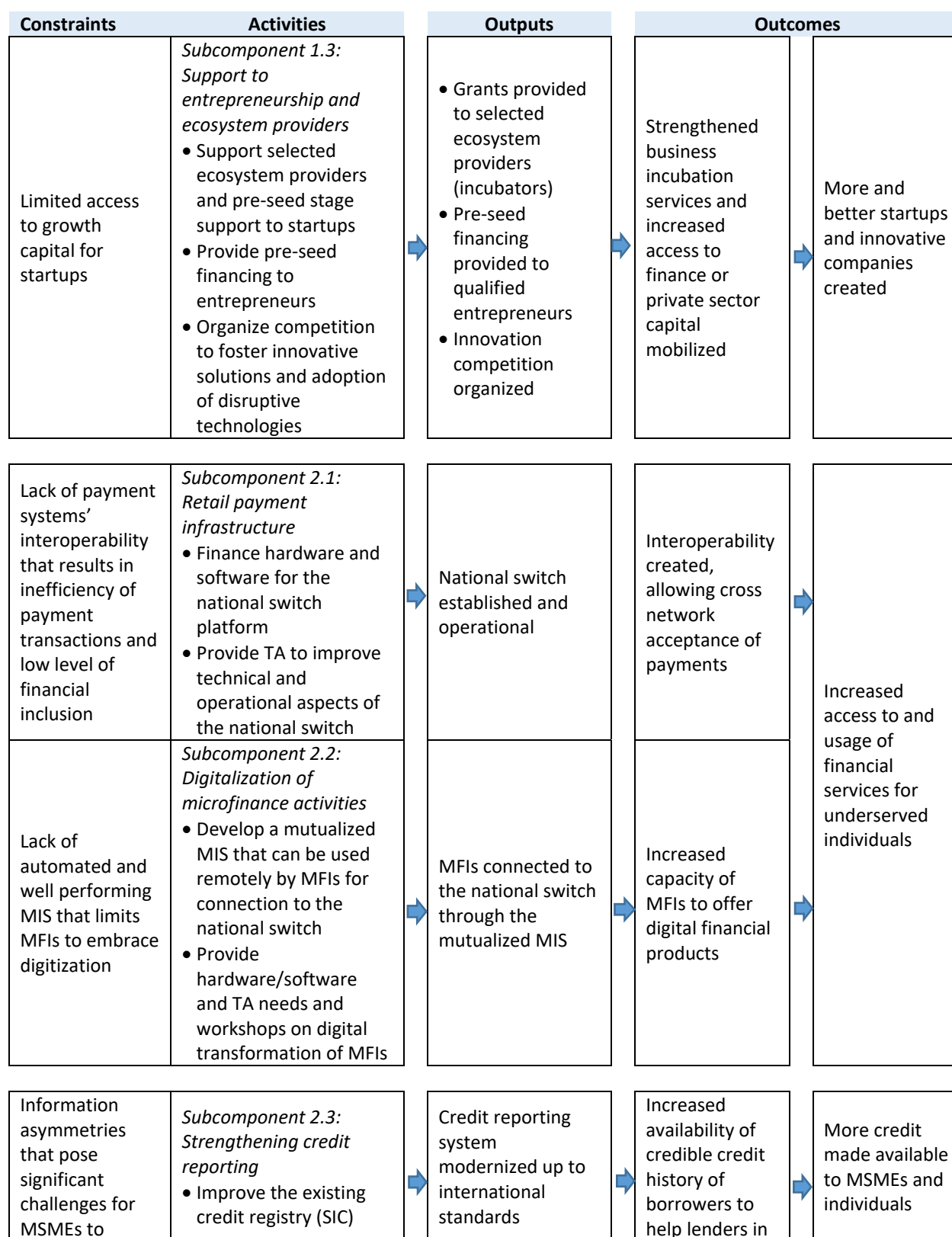
70. Specifically, the MSMEs will benefit from improved access to finance from improvements to the financial infrastructure for MSMEs finance (for example, collateral registry, strengthening of the credit registry). The proposed project is expected to particularly benefit women, many of whom are involved in small businesses, production, and commerce.

D. Project Results Chain

71. The project results chain is presented in table 1.

Table 1. Project Results Chain

Constraints	Activities	Outputs	Outcomes
High level of informality which prevents businesses from access to finance and markets opportunities	<p><i>Subcomponent 1.1: MSME business development services</i></p> <ul style="list-style-type: none"> • Capacity building to the Conakry SME Center • A sustainability strategy for the SME Center including a business plan and a financial model • Provide resources to upgrade building of Conakry SME Center 	<ul style="list-style-type: none"> • Conakry SME Center operational with adequate staffing and capacity to implement MSME programs • A sustainable business and financial model implemented by the SME Center 	<p>Increased business formalization and access to BDS</p> <p>Increased opportunities for business growth</p>
MSMEs lack of capacity to deliver quality products and services at the standards required by large companies	<p><i>Subcomponent 1.2: Connect MSMEs to sales contract opportunities</i></p> <p>Implement MSME linkages program (assess buyers' procurement needs, supply chain requirements; design and implement training, capacity building, certification programs; and development of manuals)</p>	<ul style="list-style-type: none"> • Training, capacity building, certification and quality improvement support provided to MSMEs in the Conakry area • Enhanced MSME operational and business management skills 	<p>Enhanced capacity of MSMEs to meet norms and standards required by large companies (local/multinational)</p> <p>Improved MSME productivity</p> <p>Increased MSMEs' access to markets</p>





Constraints	Activities	Outputs	Outcomes	
obtain adequate financing Credit Bureau (private) does not exist Credit Registry (public) has over 3,161 individuals and firms listed (2017)	<ul style="list-style-type: none"> Develop a medium-term national credit reporting strategy Improve legal environment for credit reporting and TA to move forward to a future credit bureau 		the appraisal process	
Only 3.9% of all firms have a bank loan; only 2.5% of small firms and 8% of medium firms have a bank loan (2016)	Subcomponent 2.4: Creation of an electronic collateral registry for Lending and Leasing Finance hardware, software, and provide capacity building for a centralized electronic collateral registry	A centralized electronic collateral registry established	Increased willingness of financial institutions (lenders) to accept movables as collateral	Increased access to finance for underserved MSMEs
	Subcomponent 3.1: Risk Sharing Facility (RSF): Create a joint IDA-IFC RSF for banks and MFIs and provide TA to PFIs Subcomponent 3.2: Technical assistance (TA) for banks and MFIs	<ul style="list-style-type: none"> RSF created and operational 	<ul style="list-style-type: none"> Increased willingness of banks to lend to MSMEs Increased access to finance for MFIs to on-lend to micro businesses 	Increased access to finance for underserved MSMEs
	Subcomponent 3.3: Private equity and VC study Finance a PE and VC study to assess the PE/VC industry to identify opportunities to develop the PE/VC sector	PE/VC study conducted	Constraints to PE/VC industry addressed	Increased availability of PE/VC finance for private sector/MSMEs

E. Rationale for Bank Involvement and Role of Partners

Rationale for Bank involvement

72. **The World Bank offers significant value to the project activities through provision of financing, TA, and convening services.** The World Bank has experience in developing and supporting the



implementation of projects designed to foster entrepreneurship and private sector-led growth, particularly in fragility, conflict, and violence countries. The Republic of Guinea National Development Plan covering the next five years strongly emphasizes the necessity to have private sector participation if the country is to achieve its development goals, particularly in terms of job creation for the youth and women.

73. The Republic of Guinea requires aggressive reforms, public investments, and facilitation through well-established and functioning institutions dedicated to supporting investment in high-growth sectors such as agribusiness, mining, and services. Specifically, in Guinea, the World Bank has funded a project that will help build such institutions and lay the foundation for deep engagement with the investment community and the private sector at large through support provided to the National Investment Promotion Agency, the BCRG, and the Guinea Business Forum.

Role of Partners

74. The World Bank Group has fostered excellent relationships with donor partners in Guinea. The World Bank Group's portfolio, which is the largest among development partners in Guinea, has also helped encourage donor coordination in sectors such as energy, mining, agriculture, private sector development, and public financial management (PFM). The World Bank Group is the lead coordinating institution of the Donor-Government Dialogue for energy and mining. It also led the preparation of a Consultative Group meeting for development partners in November 2017.

75. The project has been designed and will be implemented to align with ongoing and planned interventions by other donors and development agencies. The project team is coordinating with donors in specific sectors and activities envisaged by the proposed World Bank funded operation, to ensure strategic sequencing of investments, leverage synergies, and avoid duplication of effort. More specifically, the French Development Agency (*Agence Française de Développement*), the AfDB, the Islamic Development Bank, and the European Union have planned or are implementing MSME development programs that have significant synergies with the proposed World Bank funded project and mutual consultations took place during project preparation to ensure projects are coordinated, leverage one another, and have the optimal impact on development objectives.

F. Lessons Learned and Reflected in the Project Design

76. The project is closely connected to on-going or closed World Bank activities in Guinea. The project concept builds on a set of lessons learned from the previous MSME project (P128443), which closed in December 2017. The design of the project takes into account lessons related to (i) the selectivity and focus of the project by limiting the number of activities, keeping them simple and limiting the number of stakeholders, (ii) spatial distribution by narrowing geographically the project's scope to the greater city of Conakry for realistic results and building on the pilot experience set up there, (iii) and selecting results indicators that are clearly attributable to the project. The project also builds on the implementation of a technical assistance project funded by FIRST Initiative Trust Fund related to strengthening the microfinance sector and financial inclusion (P157019) that financed the development of Guinea's National Financial Inclusion Strategy (NFIS). The collateral and credit registry activity of the project builds on the finding of an ongoing IFC TA engagement Creating Markets Advisory (CMA) Window: Women MSME Deep Dive in addition to the recommendations of the NFIS.



77. **The MSME development component of this project builds on extensive previous international experience.** Trainings are a common intervention to support MSMEs. However, global evidence suggests that traditional curricula, which aim to impart only hard skills such as book-keeping and marketing, have been largely ineffective (McKenzie and Woodruff, 2013), particularly so for women. The design of the component builds on promising new research in Ethiopia, Togo and Mexico. This new research has shown that mindset-oriented entrepreneurship training, emphasizing gains in psychological attributes such as confidence, grit and personal initiative, can have much larger impacts on catalyzing business growth and improving access to finance. The project will therefore incorporate non-cognitive skills development into the approach, alongside training aimed at improving financial practices. The design of the component also considers lessons learned consultations with local business development providers, such as the Centre de Gestion Agree, the APIP and the Suppliers and Partnerships Market Place, especially for the design of the linkage program.

78. **Also, new evidence from international experiences emphasized the innovative aspects of startups and the lack of support to innovative MSMEs to develop and transform their inventions into innovations.** The growing demand for the World Bank Group to provide financial support to this neglected, but crucially important, segment of the market was underlined by the growing list of early stage equity and early stage debt financing projects that the institution has developed over the past three years in India, Lebanon, Malaysia, Morocco, Jordan, and Jamaica. It is the result of the increasing awareness of the need to support innovative startups – and the evolution of thinking in this regard over the past decade, in developing countries. Case studies of successful financing have helped: (i) filling gaps when specific market barriers stop good innovations from reaching the market; (ii) creating new businesses and generate economic wealth (case of Malaysia); (iii) speeding up time to market; and (iv) increasing the competitiveness of MSMEs through innovation.

79. **WBG's in-house expertise and experience from projects in financial infrastructure recommends strategic early-on partnerships, adequate amount of local and global expertise and sustainability through increased human capacity.** The project concept builds on lessons learned from other collateral and credit registries 'projects. For the set-up of a credit bureau, a review of the experiences undertaken in Azerbaijan, Kyrgyzstan, Tajikistan, and Uzbekistan as well as in the WAEMU region that recently launched its regional Credit Bureau ("*Bureau d'Information de Credit*"). Many studies show a compelling link between efficient Credit reporting System and increased access to finance for individuals and small businesses. Governments in developing countries increasingly recognize the need to upgrade their credit reporting infrastructure to benefit their countries' financial and economic sectors. Nevertheless, the identified lessons learned were: (a) the reform of the Credit Reporting System is not a one-size-fits all solution; instead it requires a tailored approach based on each country's specific needs. Early government buy-in is essential to lead the reform agenda as well as market participants. While governments in developing countries increasingly recognize the need to upgrade their credit reporting infrastructure to benefit their countries' financial sectors, when it is time to implement, governments can be deterred by the arduous task of overhauling the entire system of credit reporting. Identifying the right mix of approaches and incentives and tailoring them to the specific country context can be a more effective course of action. In Azerbaijan, to mobilize the stakeholders, while remaining mindful of the country's lamentably slow and complex legislative process, the project reconsidered its strategy of focusing exclusively on a top-down approach and instead shifted its attention to bottom-up efforts; (b) mobilizing the sector and selecting the right counterparts may turn out to be preconditions for success. This will help,



in the selection of a technical and strategic partner to operate the credit bureau. About the setup of a collateral registry, the project integrates the lessons learned from the experiences in Malawi,¹⁴ Ghana, Liberia but mainly in Cameroon that is also under the Organization for the Harmonization of Corporate Law in Africa (*Organisation pour l'Harmonisation en Afrique du droit des affaires - OHADA*) umbrella's legal and regulatory environment for secured transactions. These are: (i) engage the future users of the system and stakeholders from the start; (ii) collaborate effectively with the IFC for synergies; and (iii) respond to clients' needs and improve client capacity. These lessons are essential for project success.

80. The team also reviewed experiences with several risk-sharing facilities supported by the World Bank. While the joint IDA-RSF put in place in Benin is still under implementation, the team examined in details the Lao, Cambodia and the Papua-New Guinea (PNG) cases, which offer completely different results, with Cambodia being considered a problem operation and PNG a success story. Among the key lessons for the success of the RSF are the following:

- Ensuring that Financial Institutions and authorities understand the features of the RSF:

In the case of Cambodia, bankers at participating financial institutions did not understand in detail how the risk-sharing facility works. Confusion and misunderstandings prevailed during project implementation which made bankers reluctant to participate in the project. The inclusion of working capital loans in the facility and the rules for the calculation of fees were not clear for IFC and the participating banks. To avoid this, the joint World Bank and IFC team has engaged in extensive meetings with prospective PFIs and authorities to ensure there is a real appetite for this product and they understand well how the risk-sharing facility works, what the benefits and risks are, and ultimately what features of the RSF make it a profitable product for IFC. DOSMEP has requested assistance from IFC, and IFC has agreed, to be able to design and implement this type of financial products in the future.

- Close coordination between the World Bank and IFC, and the interaction with the government

Another important lesson is that the World Bank and IFC should work together from the beginning and closely coordinate in the structuring process to avoid repetition of efforts, delays, and the delivery of inconsistent messages to the government counterparts and prospective banks. To ensure this, the team has been working together IFC staff in the preparation of this operation. Regular meetings and exchange of information have taken place and an effort is being made to present this operation to counterparts as a World Bank Group product.

- Clear commitment of Participating Financial Institutions to serve MSMEs

¹⁴ The Malawi Personal Property Security Registry System (PPSRS) is an online public database that allows financial services providers to register security interests in movable property (assets) such as accounts receivable, equipment, livestock, vehicles, machinery, and inventory, facilitating the use of such collateral for loans. The inability of small businesses and individuals to provide traditional, fixed assets to secure financing, as well as the lack of a legal framework that permits the use of other kinds of collateral, seriously constrains business growth and financial inclusion. PPSRS has facilitated economic development through increased access to credit for all sizes of businesses, including micro, small-scale businesses and farmers. The PPSRS also contributes to more efficient access to information and improved risk management practices by lenders, which leads to lower interest rates for borrowers due to improved legal certainty and transparency in the financial sector.



PFI's commitment to the target market and a clear vision for market positioning are key components for the success of the facility. Starting with at least one bank is suggested to encourage others to follow. For this operation, a bank has already expressed a strong interest to participate in the RSF. Another potential bank has been identified. Establishing a realistic base-line estimate on demand and supply of financing to the target market is important to adequately track development impacts of project, and this will allow the government to learn how to run RSF by itself while developing appropriate systems for collecting and analyzing outputs and impacts.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

81. **The institution responsible for the project will be the MISME.** The project will be implemented over a period of five years. The end of implementation of the project is May 29th, 2024. A midterm review will be carried out within 24 months after project effectiveness. Given the multi-institution nature of the project, high-level support is required to ensure consistency of interventions and ensure the removal of occasional blockages. This implies the setup of the agencies as detailed in the following paragraphs.

82. **Steering Committee.** The committee will be chaired by the Minister of Industry and SME (or his representative) and involve representatives of the main project stakeholders including the following ministries and structures: Prime Minister's Office, Ministry of Mining, Ministry of Finance, Ministry of Budget, Ministry of Justice, APIP, BCRG, APB, and Microfinance Institutions Associations (*Agence des Professionnels des Institutions de Microfinance*, APIM), associations representing the private sector and other institutions. The Steering Committee will meet twice a year or more if needed. The Steering Committee will facilitate project execution by (a) providing strategic guidance of the implementation, (b) reviewing and coordinating project-led initiatives and reforms, and (c) eliminating blockages that could delay project implementation.

83. **PIU.** A PIU will be put in place and its staff recruited by the project to oversee coordination of project activities, be responsible for project fiduciary, M&E, and safeguards functions as needed. The PIU will report to the Minister of Industry. The PIU will oversee implementing the project in accordance with the Project Implementation Plan and the Annual Work Plan. Hence, it will be responsible for the preparation of monitoring reports and other documents required by the World Bank. It will ensure that budgetary, procurement, disbursement (including management of the project IDA Designated Account [DA]), accounting, auditing, and reporting arrangements are carried out in accordance with agreed procedures. Such an arrangement will contribute to reduce fiduciary risks and consolidate all fiduciary transactions in a way that minimizes burden to the institutions. The PIU will also oversee (a) organizing the Steering Committee meetings; (b) providing all necessary information on project performance and monitoring to the Steering Committee, the Technical Committee, and the World Bank; (c) developing and implementing the project communication policy; and (d) implementing the project M&E framework.

84. **Technical Committee.** The Project Technical Committee, chaired by the representative of the MISME, will be set up to work alongside the PIU to monitor the timely implementation of project activities as agreed upon and validated in the Annual Budgeted Activity Plan (PTBA). The Technical Committee will include technical focal points appointed by different project beneficiaries' departments or agencies and



representatives of the private sector. The Technical Committee will meet regularly (monthly) to ensure close monitoring of the project. The committee would be able to convey the need for any other representatives for specific topics.

85. **Ad hoc executing technical agencies.** In close coordination with the PIU which is responsible for the project fiduciary, M&E, and safeguards activities, the following agencies will be responsible for implementing technical project components:

- (a) CAPME: Subcomponents 1.1 and 1.2
- (b) One or more private companies selected competitively in coordination with CAPME and under the co-management of the MISME and the general management of the PIU -for Subcomponent 1.3
- (c) The BCRG: Subcomponents 2.1, 2.2, and 2.3 (and 2.4)
- (d) APB and APIM: Component 3

B. Results Monitoring and Evaluation Arrangements

86. **The M&E system will be based on the Results Framework and will be used to track and monitor progress and impact.** The project will be able to build on and improve the systems and processes developed during the MSME project, that will be described in section VI of the document.

87. **The PIU will be responsible for M&E of different components by establishing, managing, and reporting the M&E system and coordinating all M&E activities.** The M&E specialist within the PIU will be responsible for gathering data, analyzing and reporting it, and using the information to inform implementation.

88. **The World Bank team will advise the PIU and assess the M&E system to ensure arrangements are adequate for monitoring results during implementation.** The World Bank team will coordinate closely with the PIU to take proactive measures if needed to enhance the project's likelihood of meeting objectives. Regular joint implementation support missions will aid in monitoring the status of activities and verifying the validity of data reported by the PIU. A midterm review of the project will further assess project performance and integrate lessons learned in the second half of the project. An Implementation Completion Report (ICR) will be undertaken after completion of the project.

C. Sustainability

89. **The project is anchored in the priorities of the GoG National Development Plan.** It particularly highlights the importance of private sector participation in the realization of the objectives of the National Development Plan. The role expected of MSMEs as engines of job creation, innovation, and wealth creation is significant.

90. **The project is helping to put in place the Conakry SME Support Center as an institution designed to outlive the project.** Working in close collaboration with the World Bank team, the GoG has taken strong ownership and has provided a building that will be the permanent site of the SME Support Center. Furthermore, TA provided by the project to the GoG will help develop a sustainable operating and financial



model for the SME Support Center which will allow it over time to generate its own revenues and not be reliant of government subsidies for its operations.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic, and Financial Analysis

91. **The economic analysis of this project is built on the analyses of cash flows from Sub-component 1.2 which connects MSMEs to sales contract opportunities and Component 3 which supports MSME access to finance.** Component 1.3 which is built on a venture capital funding model is not included due to uncertainties in the projected cash flow.

92. **In Sub-component 1.2, the project will use its MSME linkage program designed to facilitate connections between local MSMEs to contracting opportunities offered by large domestic or multinationals companies.** An attempt has been made to quantify the costs and benefits that are expected to accrue from these contracts, and the net present value (NPV) and the economic rate of return (ERR) for this subcomponent has been calculated. The projection assumes that US\$1.4 million are disbursed every year for a five-year period totaling US\$7 million. The funding will be used to support MSMEs in obtaining purchase orders and signed commitments from end-buyers. It is assumed that 180 MSMEs will receive signed recurring commitments or contracts from end buyers. A combination of estimated small, medium, and large contract sizes was used to generate the annual weighted average value of the contracts.

93. **The economic benefits of Sub-component 1.2 are generated from the weighted average value of these contracts.** The economic costs are incurred from the annual project disbursements. While the first-year results in negative net economic benefits, the following years result in positive benefits as the contract values exceed the annual project costs. The terminal value of the cash flows was calculated using the weighted average contract value (rather than final implementation year's contract value) and a 10 percent discount rate.

94. **For Component 3, 350 MSMEs are expected to receive loans over the five-year implementation period.** About 75 percent of these loans are assumed to be small loans averaging US\$25,000 with the remaining 20 percent and 5 percent being medium and large loans averaging US\$60,000 and US\$100,000, respectively. The loans are expected to be disbursed in full rather than in installments. The model is centered on an assumption that the loans will result in a 10 percent increase of revenue. The 10 percent uplift is calculated based on the size of the loan rather than the current revenue. The economic benefits of Component 3 are generated from the revenue uplift calculated as 10 percent of the loan amount. The economic costs are incurred from the annual loan disbursements. While the first four years yield negative net economic benefits as the loan disbursements exceed the revenue uplift, the final year results in positive benefits as 85 percent of loans are repaid in full and 15 percent assumed to be default. For simplicity, it is assumed that 85 percent of loans are repaid in Year 5 regardless of when the loan was originated. Conservatively, the loan interest rate is assumed to cover the cost of loan processing and no excess interest revenue is included. The terminal value of the cash flows was calculated using the fifth year's revenue uplift and a 10 percent discount rate.



95. **The total investment under Subcomponents 1.2 and 3 are estimated to result in an NPV of –US\$0.5 million at the discount rate of 10 percent and an ERR of –1 percent with the base case scenario.** These returns are driven primarily by the returns from contracts generated by Sub-component 1.2. If the perpetual value of the returns from both components are factored in, the NPV increases to US\$71 million and the ERR rises to 153 percent.

96. **The estimated NPV and ERR reflect the value for money (VfM) of the investments under these components.** These investments are expected to generate increases in income for beneficiaries that exceed the NPV of the project investment. The opportunity cost of World Bank funds is estimated at 10–12 percent. Because the ERR exceeds this percentage, the value of the project activities outweighs the opportunity cost of using these funds for other investments in this or a similar country.

Rationale for Public Financing

97. **Private capital for MSME financing in Guinea is almost nonexistent, particularly for proof-of-concept investments with high economic, financial, and social returns but accompanied by high levels of risk, uncertainty, and initial investments.** Additionally, the existing provisions for buyer-supplier matchmaking and capital for start-ups are minimal, emphasizing the need for public investment.

World Bank's Value Added

98. **The World Bank's value added is substantial, encompassing capacity building, technical expertise, coordination support, and channeling of global knowledge.** The World Bank's value added in low-income states is acknowledged to be substantial. For this project, this will include direct technical expertise through intensive supervision; support for the coordination required, through a World Bank team that incorporates members from all relevant sectors; and the channeling of global knowledge through connections to World Bank teams and counterparts working on similar projects (past or present) in other low-income states.

B. Fiduciary

(i) Financial Management (FM)

99. **An FM assessment of the implementing entity (the MISME) of the proposed Support to MSME Growth, Competitiveness and Access to Finance Project (P164283) was conducted in September 2018.** The objective of the assessment was to determine whether the implementing entity has acceptable FM arrangements in place to ensure that the project funds will be used only for intended purposes, with due attention to considerations of economy and efficiency. The assessment complied with the World Bank Directive Financial Management Manual for World Investment Project Financing operation effective March 1, 2010, and as last revised on February 10, 2017.

100. **The assessment of the implementing entity (MISME) concluded that the current FM arrangements based on national FM procedures and applied by the Directorate of Finance of the said ministry is not adequate to handle the project activities following World Bank procedures.** The national system would not ensure (a) acceptable tracking of the use of the project to ensure they go to the purposes intended in an efficient and economical manner; (b) correct and complete recording of all



transactions and balances related to the project; (c) preparation of accurate, reliable, and timely project financial reports; and (d) the project financial statements and operations subjected to acceptable auditing arrangements. In addition, the administrative and finance officer does not have a Manual of Procedures and would not have the dedicated time to handle properly the project activities. To implement this project, a PIU will be set up to support the MISME.

101. **The overall fiduciary risk rating is assessed as Substantial and mitigation measures proposed will strengthen the internal control environment and maintain the continuous timeliness and reliability of information produced by the PIU and an adequate segregation of duties.** It is expected that the FM will satisfy the World Bank's minimum requirements once mitigation measures have been implemented. A proposed detailed FM action plan can be found in annex 3.

(ii) Procurement

102. **The recipient will carry out procurement for the proposed project in accordance with the World Bank's 'Procurement Regulations for IPF Borrowers (Procurement Regulations) dated July 2016** and revised in November 2017 and August 2018 under the New Procurement Framework (NPF), and the 'Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants,' dated July 1, 2016, and other provisions stipulated in the Financing Agreements.

103. **The recipient (with assistance from the World Bank) prepared a Project Procurement Strategy for Development (PPSD) which describes how procurement activities will support project operations for the achievement of project development objectives and deliver VfM.** The procurement strategy is linked to the project implementation strategy, ensuring proper sequencing of the activities. It considers institutional arrangements for procurement; roles and responsibilities; thresholds, procurement methods, and prior review; and the requirements for carrying out procurement. It also includes a detailed assessment and description of state government capacity and the implementing agencies for carrying out procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues to be considered include the behaviors, trends, and capabilities of the market (that is, market analysis) to respond to the Procurement Plan.

Procurement Risk Assessment

104. **The PIU will be under the MISME umbrella.** The PIU will coordinate and consolidate the annual work plans and budgets and oversee the FM and procurement of all other technical implementing agencies. It will be responsible for all fiduciary aspects of the project including procurement, disbursement, accounting, financial reporting, and M&E of the project and for ensuring the auditing of project account.

105. **A procurement assessment has been conducted as part of project preparation in December 2018.** It took into account that (a) the main risk lies in the fact that the PIU is to be created; furthermore, it will have to interact with various partners within the Government that will be involved in the procurement process; (b) in the MISME there are (i) one procurement officer (*Personne Responsable des Marchés Publics*, PRMP) who is responsible for the public procurement activities of the ministry and (ii) a Tender Committee which will be involved in the project procurement process; (c) the existing staff and the Tender Committee members have limited procurement skills and insufficient experience in World



Bank procurement procedures; and (d) outside the MISME, there are others actors who will be involved in the procurement process, the Ministry of Finance (National Directorate for the Control of Procurement Procedures and Cabinet of the Minister of Finance – *Direction Nationale du Contrôle des Procédures de Passation des Marchés Publics et Cabinet du Ministre des Finances*). There are significant time delays in the procurement process.

106. **In view of the size and scope of the project, the multiple levels of implementation, and the limited prior experience in procuring and managing World Bank procurement through the New Procurement Framework, the overall procurement risk is rated ‘High.** Some of mitigation measures include: (i) the recruitment of one Procurement Specialist with qualifications and experience satisfactory for the World Bank before effectiveness; (ii) to elaborate a Project Implementation Manual including Procurement procedures before effectiveness; and (iii) to provide a procurement training and support to the tender members Committee in Bank procurement processes.

107. **A detailed procurement description and institutional arrangements can be found in Annex 4.**

C. Safeguards

(i) Environmental Safeguards

108. **The code for the protection and development of the environment¹⁵ establishes the administrative and legal framework enabling the Guinean State to deliver on its constitutional obligation to provide for a clean and healthy environment to every person in Guinea.** Article 73 of Title IV of the code relates to the legal regime of classified installations for environmental protection and establishes the administrative and financial requirements applicable to classified facilities. The National Environmental and Social Assessment and Environmental and Social Impact Assessment (ESIA) review process is under the responsibility of the Ministry of the Environment through the Guinean Bureau of Studies and Environmental Assessment (BGEEE). It is part of its functions to monitor and preserve the quality of the environment and advise the Government on environmental issues.

109. **The General Guide for Impact Studies (February 2013) has also clarified the approval process of the ESIA.** The entire submission and permitting procedure are managed by the BGEEE. Formal review of the permitting documentation is undertaken by the technical committee for the environment studies’ approvals (*Comité Technique d’Approbation Environnementale* (CTAE), an ad hoc multidisciplinary team composed of representatives of various ministries relevant to the project. The final Environmental Compliance Certificate is issued by the Ministry of Environment. Obtaining the environmental compliance certificate is a prerequisite to applying for certain other operational permits required for the project. Since March 2013, the Government has adopted a General Environmental Assessment Guide that provides project developers with technical support to carry out environmental and social impact studies necessary for a better analysis of their projects.

110. **In general, the Ministry of Environment and other state institutions in charge to handle environmental and social issues including the BGEEE are poorly staffed.** Due to staffing, expertise, and

¹⁵ Ordinance No. 045/PRG/87 of May 28, 1987, as amended by Ordinance No. 022/PRG/89 of March 10, 1989, on the code of protection and enhancement of the environment.



financial resources constraints, the EIA Agency (*Bureau Guinéen d'Etudes et Evaluation Environnementales*) is still unable to deliver as expected required standard services including the monitoring of the Environmental and Social Management Plans. Through the World Bank-funded mining sector TA project, the BGEEE has received specialized training and an equipped laboratory.

111. Despite the past experiences with the World Bank safeguards policies implementation (West Africa Agricultural Productivity Program (P094084), Guinea Agricultural Support Project (PASAG) (P148114), and Program Regional Fisheries of West Africa (PRAO) (P126773) and the current experience under implementation (Mineral Governance Support Project [MGSP] (P122916)), the borrower's capacity to ensure the safeguards implementation in a satisfactory manner remains low and more capacity building will be needed, including the logistic support to the BGEEE. This assessment of the borrower's institutional capacity for safeguards policies was completed during the project preparation available. The implementing agency is the MISME. An in-depth assessment will be carried out and an action plan defined. The unit will hire full-time environmental and social development specialists during implementation period.

112. The Government of Guinea has prepared and disclosed the required safeguard documentation. An Environment and Social Management (ESMF) has been prepared, consulted upon, approved and disclosed in-country on April 12th, 2019 and on the World Bank's website on April 15th, 2019. The ESMF includes institutional arrangements, outlining the roles and responsibilities for various stakeholder groups involved in the review and approval of sub-projects. The ESMF also include tools for screening subprojects for potential risks and impacts, as well as guidance on implementation and monitoring of their mitigation measures. In details:

- For component 1 sub-component 1 (MSME business development services): the rehabilitation of the Conakry SME Center will use a standard environmental code of practice (ECOP) for rehabilitation of old construction. This is a site-specific instrument for managing environmental risks and impacts associated with rehabilitation of old buildings. The ECOP is annexed to the disclosed ESMF.
- For Component 1 sub-component 3 (Support to entrepreneurship and ecosystem providers):
 - (i) For seed-fund financing, the selected subprojects are not expected to have environment and social risks per se because (i) the grants will only be financing soft business endeavors and (ii) All FI subprojects will be screened for environmental and social risks and against any relevant exclusions in the legal agreement. The ESMF includes a screening tool that will be used to screen out any subprojects with environmental and social safeguards risks.
 - (ii) For Results-based financing (performance contract) in the form of grant(s) to ecosystem provider(s) to strengthen their operations and their ability to foster innovative entrepreneurship and/or co-creation of innovative solutions as well as the adoption of disruptive technologies based on the demand of large public and private organizations, an environmental and social audit will be carried out to identify subprojects with E&S risks for which the achievement of the sub-project objectives could be hindered.
- For Component 3 (Develop financial services tailored toward MSMEs). A joint IDA/IFC risk sharing facility will be created to provide a portfolio risk guarantee to participating financial institutions (private commercial banks and microfinance institutions (MFIs)) that will be lending to eligible



MSMEs. Participating financial institutions will be considered as Financial Intermediaries (FI) and will be required to monitor and manage environmental risks and impacts of subprojects and activities they finance. Participating financial institutions will be required to develop and maintain an Environmental and Social Management System (ESMS) to manage risk and impacts associated with subprojects in their portfolio. These subprojects will be prepared and implemented in accordance with relevant national laws and regulations. All FI subprojects will be screened for environmental and social risks and against any relevant exclusions in the legal agreement.

- The Team will ascertain that the financial intermediaries have in place an effective ESMS, Environmental and Social Policy and Procedures as well as the capacity to assess and manage risks and impacts in their portfolio.

(iii) Social Safeguards

113. **The project is primarily focused on soft investments in technical assistance and Information and Communication Technologies (ICT).** Subcomponent 1.1 will provide support for the remodeling of the Conakry SME Support Center, specifically to (a) upgrade Petit Simbaya SME Center that has been provided by the Government to serve as the permanent SME Support Center and (b) support better implementation of health and security standards. This will not require any land acquisition or physical or economic displacement as the center is already in use and owned by the government. As a result, OP 4.12 (Involuntary Resettlement) is not triggered although a screening provision to ensure that there is no impact on informal users of the area surrounding the SME Center has been added to the Environmental and Social Management Framework that has been prepared and disclosed. There are no indigenous peoples according to the definition of OP 4.10 in Guinea and therefore this policy has not been triggered.

114. **Component 1 will also focus on ensuring that women-led MSMEs are provided with an opportunity to participate in the project benefits.** This may require special outreach to women-led businesses as well as special measures to protect women from gender-based value risks that may result from their participation in the project. A gender specialist (or a specialist that has gender expertise) will be hired by the PIU to guide these activities.

(iv) Grievance Redress Mechanisms

115. **Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, because of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



V. KEY RISKS

116. **The overall proposed project risk is “High” based on: (i) the “High” ratings of risks linked to political and governance environment, technical design and institutional capacity; and (ii) “Substantial” rating of macroeconomic, fiduciary risks and stakeholders’ risks.** Key risks and mitigation measures are discussed in the following paragraphs

117. **The risks linked to political and governance environment, technical design and institutional capacity are rated High.**

- **Political and Governance risk.** (i) Political tensions and weak governance represent a high risk for this project. Guinea has a long history of disruptive political transitions and governance challenges. With the relative stability of recent years, the country has been able to make significant progress and initiate important reforms. However, the upcoming election, planned in 2019, may intensify some of these drivers of fragility. Should fragility reemerge, this may slow down project implementation. (ii) Also, as reflected in many governance ratings for Guinea, overall governance environment is very weak and could impact project implementation and the achievement of the PDO. Project implementation success will require sustained government commitment as well as strengthened capacity at both central and by-side levels. To mitigate the risk, the project will put in place a strong PIU to support project management, monitoring and evaluation.
- **Technical design of project risk.** This is mainly driven by the existing constraints on SME finance, the nascent nature of entrepreneurship finance and the complexities associated with building up large scale capacity within BCRG to support credit reporting and the operationalization of the payment systems. The following mitigation measures will be put in place: (i) the frequent monitoring and implementation support missions by the World Bank team, mobilizing all the necessary expertise to cover all key areas of project implementation in a timely and competent manner; and (ii) an early midterm review that will offer a window for evaluating the project’s implementation at an earlier stage and for proposing adjustments to the design, as needed. Also, a large part of Component 3 will be directly administered by IFC (RSF).

118. **Institutional capacity for implementation and sustainability risk.** The lack of technical capacity of the implementing agencies has been identified as a constraint to project implementation in the previous project. It is worth noting that the weak capacity, particularly at the technical level, poses the risk that the actions supported by this program might not be implemented as successfully as expected or in the agreed time frame, or that the capacity constraints prevent the attainment of the expected results. Several TAs will be provided at all levels (that is, on the supply side to PFIs and on the demand side to MSMEs). The TA on the supply side will be provided in the form of resident long-term experts that will help the relevant intermediaries implement the activities.

119. **In addition, macroeconomic, fiduciary risks and stakeholders’ risks are rated Substantial.**

- **Macroeconomic risk.** This is linked to the country’s dependence on the global economy, ongoing institutional and financial constraints, policy slippages and the political environment. Another decline in global commodity prices or further growth slowdown in China and the advanced economies would have a significant impact on Guinea’s economy in general and on MSMEs.



However, Guinea benefits from a recent track record of successful stabilization and structural reforms. The Extended Credit Facility agreed with the IMF in December 2017 increases confidence that macroeconomic risks will be contained. Also, the risk is being mitigated through the project's support to institutional and regulatory frameworks, institutional capacity; developing and strengthening linkages programs which will enable the sector to grow, with a relatively strong impact on job creation and poverty reduction.

- **Fiduciary risk.** The risk stems from the relative lack of transparency and accountability. This risk will be mitigated by publicizing clearly the project's objectives and its accountability structure at launch, with the aim of facilitating public scrutiny of delivery. The World Bank Group will also play an active role in supporting implementation, including ensuring adherence to World Bank Group procurement and FM procedures.
- **Stakeholders' risk.** The need for managing dynamics between multiple public and private sector stakeholders can delay project implementation. The establishment of the Project's Technical Committee—already created by Presidential Decree to prepare the project —is ensuring that planning, implementation, and monitoring are adequately coordinated across key stakeholders. Also, technical assistance will be provided to the Ministry of Industry and PME to support project's coordination.
- **Other. Insufficient attraction of financial institutions to the RSF,** or insufficient eligibility of applicants to meet IFC credit standards. The risk, if materializing would result in an inability to disburse project funds allocated to this component. To mitigate this risk, one year from project close, all remaining project funds earmarked for this component will be reallocated to other project component.



VI. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Guinea

Support to MSME, Growth Competitiveness and Access to Finance

Project Development Objectives(s)

Support Micro, Small and Medium Enterprises access to markets and access to finance in the Conakry urban area.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Support entrepreneurship and MSME growth							
Number of sales contracts won by MSMEs supported by the project (Number)		0.00	30.00	75.00	120.00	150.00	150.00
Number of start-ups or innovative MSMEs successfully supported by the project (Number)		0.00	0.00	50.00	100.00	150.00	150.00
Strengthen financial infrastructure							
Monthly volume of transactions processed by the National Switch (Number)		0.00	300,000.00	1,000,000.00	3,000,000.00	7,000,000.00	10,000,000.00
Credit registry coverage (% of individuals and firms listed in a credit registry) (Percentage)		0.03	1.00	2.00	3.00	4.00	5.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Increase financial services for MSMEs							
Loans provided to MSMEs by financial institutions participating in the RSF (Number)		0.00	0.00	50.00	200.00	350.00	350.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Support Entrepreneurship and MSME Development							
Large domestic and foreign companies signed up for MSME linkage program (Number)		0.00	10.00	20.00	30.00	50.00	50.00
Entrepreneurship ecosystem providers to be strengthened (Number)		0.00	0.00	5.00	10.00		10.00
Grass root events, workshops, and strategic engagements with civil society representatives for broad-based consultations on the implementation and impact of MSME programs (Number)		0.00	5.00	10.00	15.00	20.00	20.00
Support payment infrastructure and access to finance							
National switch established and fully operational (Yes/No)		No	No	Yes	Yes	Yes	Yes
MFIs digitally transformed		0.00	5.00	10.00	15.00	20.00	25.00



Indicator Name	DLI	Baseline	Intermediate Targets				End Target
			1	2	3	4	
(Number)							
Number of inquiries received by SIC on a monthly basis (Number)		0.00	500.00	1,000.00	2,000.00	10,000.00	20,000.00
A collateral registry established and operational (Yes/No)		No	No	Yes	Yes	Yes	Yes
Risk Sharing Facility established and operational (Yes/No)		No					Yes

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of sales contracts won by MSMEs supported by the project	Number of SMEs that receives a capacity building programs funded by the project and were as a result being able to secure sales contracts from a large companies	Every 6 months	CAPME	Survey	PIU
Number of start-ups or innovative MSMEs successfully supported	Entrepreneurship projects supported by the project	Every 6 months	Beneficiaries	Survey/consultations	PIU
Monthly volume of transactions processed by the National Switch	Monthly volume of transactions processed by the National Switch	Every 6 months	BCRG	Reporting	PIU



Credit registry coverage (% of individuals and firms listed in a credit registry)	Credit registry coverage measured as a % of individuals and firms listed in a credit registry with information on their borrowing history for the past year out of the adult population	Every 6 months	BCRG	Reporting	PIU
Loans provided to MSMEs by financial institutions participating in the RSF	Number of MSME loans provided by the participating financial institutions of the RSF	Annual	APB/APIM/B CRG	Reporting	PIU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Large domestic and foreign companies signed up for MSME linkage program	Large multinationals or domestic companies that sign an MOU with the project to participate in a linkage programs supported by the project	Every 6 months	PIU	Survey	PIU
Entrepreneurship ecosystem providers to be strengthened	Strategic partners who are enablers across the entrepreneurship ecosystem	Once a year	CAPME	Database	PIU
Number of grass root events, workshops, and strategic engagements with civil society representatives for broad-based consultations on the	Number of grass root events, workshops, and strategic engagements with civil society representatives	Once a year	CAPME	Survey/Focus groups	PIU



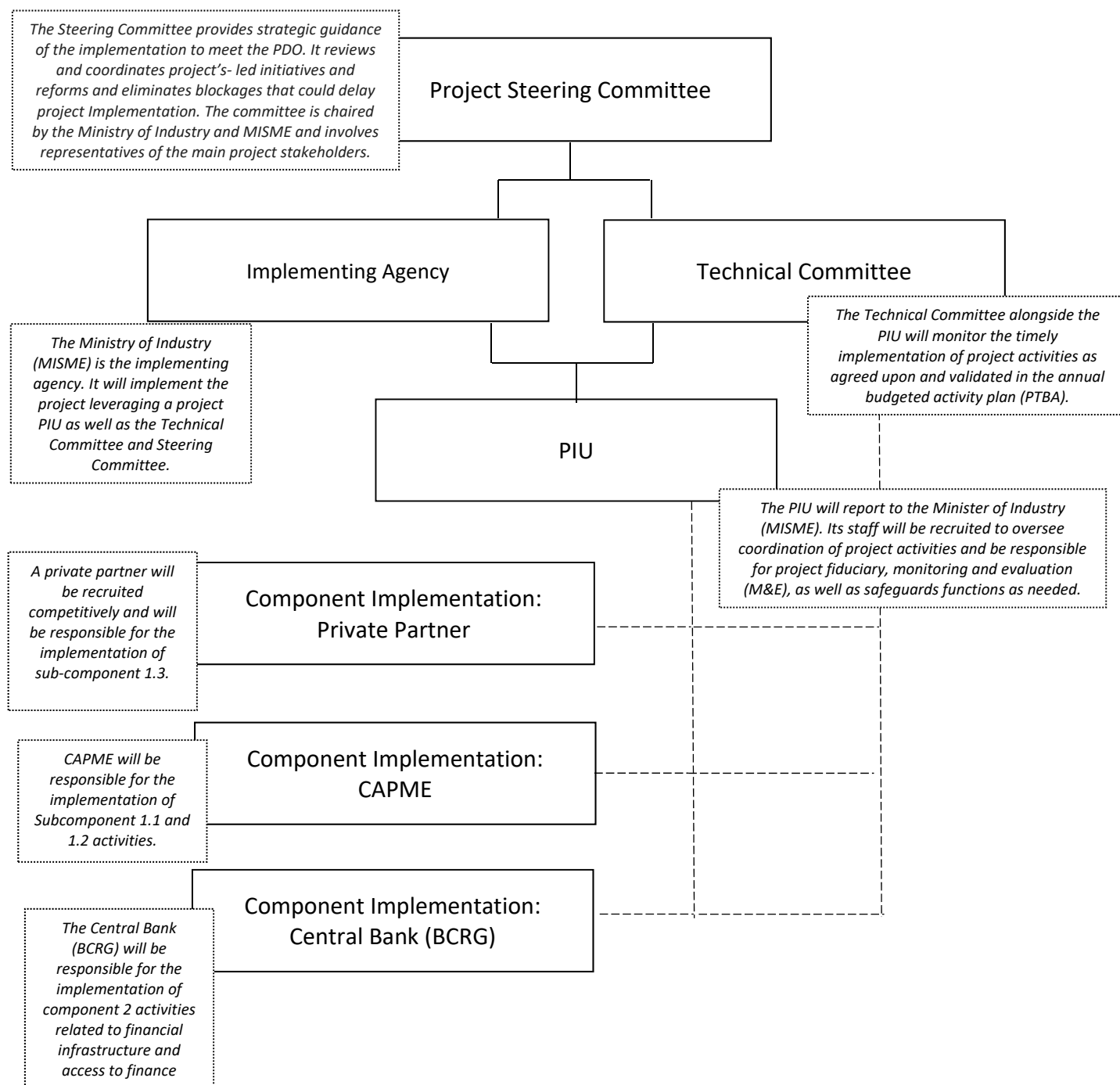
implementation and impact of MSME programs	for broad-based consultations on the implementation and impact of SME programs				
National switch established and operational	A switch will platform will be designed and implemented to facilitate and increase digital payments	Every 6 months	BCRG	Reporting	PIU
MFIs digitally transformed	Number of MFIs digitally transformed (i.e connected to the SIG)	Every 6 months	BCRG	Reporting	PIU
Number of inquiries received by SIC on a monthly basis	Number of inquiries received by SIC on a monthly basis	Every 6 months	BCRG	Reporting	PIU
A collateral registry established and operational	The collateral registry will electronically register movable collateral and allow on-line consultations	Every 6 months	Ministry of Justice (Tribunal de Commerce)	Reporting	PIU
Risk Sharing Facility established and operational	IFC supported Risk Sharing Facility	Every 6 months	Participating financial institutions	Survey	PIU/BCRG



ANNEX 1: Implementation Arrangements and Support Plan

COUNTRY: Guinea

Support to MSME Growth, Competitiveness and Access to Finance





ANNEX 2: Project Cost and Financing

Component/Activity		Costs (US\$, millions)	Source of Finance	
			World Bank	Government of Guinea
Total Project		30	30	0
1	Component 1. Support entrepreneurship and MSME development	10	10	0
1.1	MSME business development services	1	1	0
1.2	Connect MSMEs to sales contract opportunities	4	4	0
1.3	Support to entrepreneurship and ecosystem providers	5	5	0
2	Component 2. Support financial infrastructure	10	10	0
2.1	Retail payment infrastructure	5	5	0
2.2	Digitalization of microfinance activities	2	2	0
2.3	Strengthening credit reporting	2	2	0
2.4	Creation of an electronic collateral registry for lending and leasing	1	1	0
3	Component 3. Develop financial services tailored toward MSMEs	8	8	0
3.1	Risk Sharing Facility (Banks: US\$4 million; MFIs: US\$2 million)	6	6	0
3.2	Technical assistance to participating financial institutions	1.6	1.6	0
3.3	Equity investment ecosystem	0.4	0.4	0
4	Component 4: Project management and monitoring	2	2	0
4.1	Project implementation	1.5	1.5	0
4.2	Monitoring and evaluation	0.5	0.5	0



ANNEX 3: Proposed Project Financial Management Action Plan

COUNTRY: Guinea

Support to MSME Growth, Competitiveness and Access to Finance

Table 3.1 Key Financial Management Actions

Actions	Responsible Party	Deadline
1- Elaborate PIM including fiduciary procedures	PIU	Before effectiveness
2- Recruit an FM officer with qualifications and experience satisfactory to the World Bank	PIU	Before effectiveness
3- Recruit an accountant	PIU	3 months after effectiveness
4- Purchase accounting software	PIU	3 months after effectiveness
5- Recruit an internal auditor	PIU	3 months after effectiveness
6- Recruit an external auditor	PIU	5 months after effectiveness

FM Assessment

1. Compared to Public Expenditure and Financial Accountability (PEFA) 2013, the PEFA assessment for 2018 noted some progress. However, challenges remain in budget execution, accounting, and internal and external audit. The report recommended a multiyear action plan to achieve measurable progress in PFM area. Guinea's Ministry of Finance is committed to the revision of the PFM reform strategy developed with IMF assistance in 2018. The first draft was prepared in September 2013 with an action plan covering five years of implementation that aimed at setting up an effective system of PFM, efficient, transparent, capable of meeting the priorities of the Poverty Reduction Strategy Paper (PRSP) III¹⁶, and establishing and consolidating core fundamental perspectives in alignment with best international practice. This will build on all reforms induced by the adoption of new texts on the law on public finance (LORF), the management and public accounting Decree (RGGBCP), the Decree on the governance and transparency of public finances and the Procurement Code, as well as their various implementing regulations.

2. The World Bank supports the ongoing efforts through the implementation of the Economic Governance Technical Assistance and Capacity Building Project, which aims at strengthening the capacity of the GoG to prepare, implement and monitor reform programs in PFM and human resource management.

¹⁶ <https://www.imf.org/external/pubs/ft/scr/2013/cr13191.pdf>



Table 3.2. Fiduciary Risks and Mitigation Measures

Risk	Risk Rating	Risk Mitigation Measures/Comments	Residual Risk Rating	Remark
Inherent Risks	S		S	
Country Poor governance and associated risks from a poorly performing PFM system; poor procurement practices	H	The Economic and Governance TA and Capacity Building Project supports the PFM reforms	H	Some improvements have been noted in the PFM following the commitment of the new government to reestablish basic controls over public finances
Entity <ul style="list-style-type: none"> Many involved entities might create confusion in the project coordination and oversight No Value for Money that is, the TA firm team might be paid although agreed competency transfer results are not achieved 	S	<ul style="list-style-type: none"> Roles and responsibility of the different actors (4 ministries, TA team) would be clearly defined in the PIM. The TA performance will be monitored closely within a mechanism to be set up under the oversight of the Steering Committee and the World Bank 	S	
Project The PDO might not be properly achieved due to lack of adequate TA performance follow-up mechanism	S	A third party should be contracted to ensure quality verification of the TA activities based on the performance-based contract provision	S	
Control Risks	S		M	
Staffing Inadequate staffing	S	Recruit an FM officer and appoint an accountant to handle the new project activities	M	The appointment of the FM officer (on board) is a condition of effectiveness
Budgeting <ul style="list-style-type: none"> Variations are not authorized nor monitored, and no revisions take place in the budget during the year Budget may be based on unrealistic expenditures forecast and costing 	S	The accounting, administrative, and financial procedures including the budgeting process from preparation to execution and monitoring will be described in the FM procedures section of the PIM	M	



Risk	Risk Rating	Risk Mitigation Measures/Comments	Residual Risk Rating	Remark
Accounting: Delays in book keeping due to lack of adequate experience within the MISME and lack of an appropriate accounting software	S	<ul style="list-style-type: none"> The accounting procedures will include chart of accounts, accounting routine, and administrative activities An accounting software will be procured and set up 	S	
Internal Control Weak internal control environment causing risk on assets and on the project's operations	S	The Project Implementation Manual will describe roles and responsibilities of all involved stakeholders	S	
Funds Flow Funds might be diverted, used for non-project-eligible purposes	S	Open a Deposit Account (DA) for the project in a commercial bank	M	
Reporting Delays might occur in submission of an interim financial report (IFR) due to lack of adequate accounting software	S	The accounting software will be customized to generate financial statements	S	
Auditing Delays on external audit due to a lack of capacity of the Chamber of Accounts of the Supreme Court	S	An external auditor will be recruited with terms of reference acceptable to the World Bank	S	
Overall Risk	S		S	

Note: H = High; M = Modest; S = Satisfactory.

Strengths: None

Weakness

- (a) Weak internal control environment
- (b) The Coordination unit is not yet set up



Table 3.3 Major Weaknesses and Action Plan to Reinforce the Control Environment

Weaknesses/Risks	Action	Responsible	Deadline
Implementation, supervision, and coordination issues	Elaborate a PIM including financial, administrative, and accounting procedures	PIU/MSME	Before effectiveness
Inadequate staffing	Recruit an FM officer based on ToR acceptable to IDA	PIU/MSME	Before effectiveness
	Recruit an accountant based on ToR acceptable to IDA	PIU/MSME	3 months after effectiveness
Delays in book keeping and reporting due to lack of adequate accounting software	Purchase an accounting software and set it up to manage the project activities	PIU/MSME	3 months after effectiveness
Lack of adequate capacity of the Chamber of Accounts of the Supreme Court	Recruit an external auditor with ToR acceptable to the World Bank (including fraud and corruption)	PIU/MSME	Within 5 months of effectiveness

Staffing and Training

3. The project FM staff consisting of one FM officer and one accountant with acceptable experiences will be recruited. The project FM staff will be trained on IDA FM procedures and requirement over the project entire implementation period.

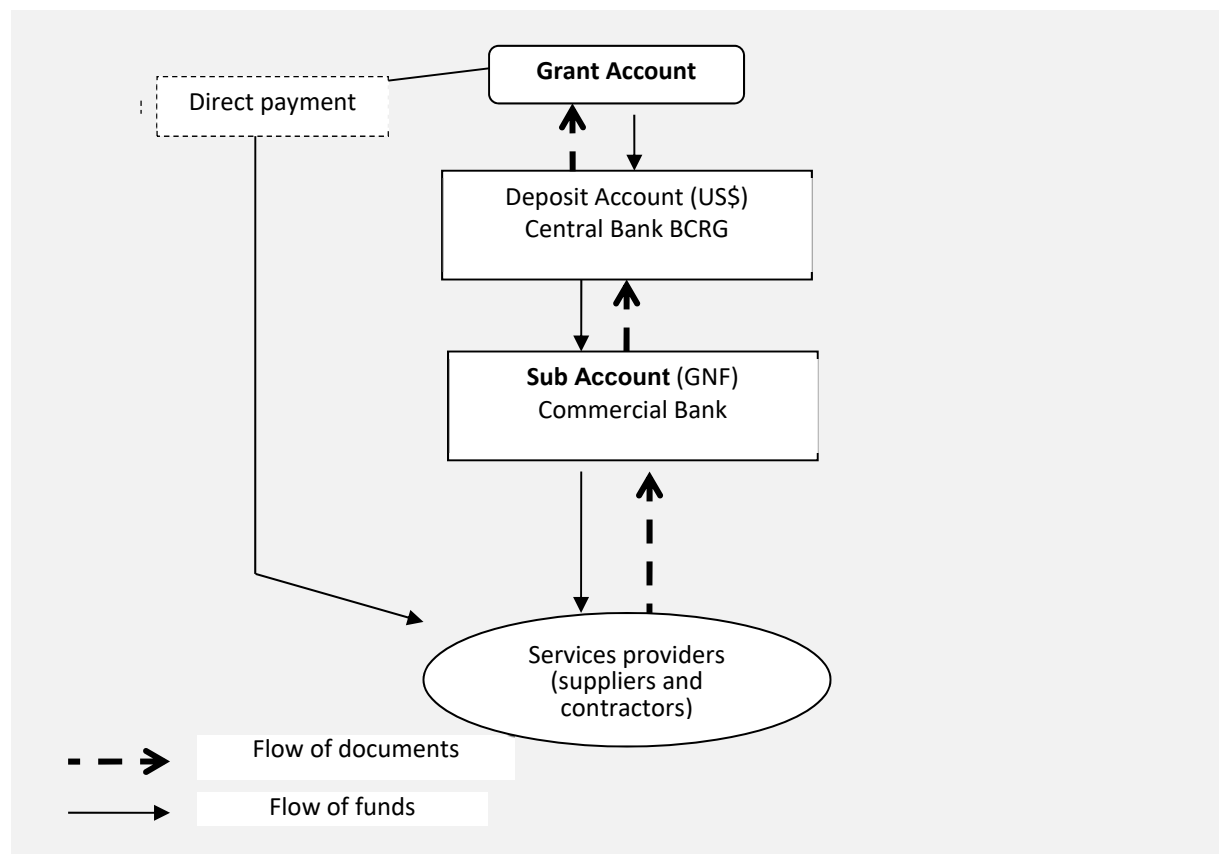
Flow of Funds and Disbursement Arrangements

Flow of Funds

4. One DA in U.S. dollars will be maintained in a commercial bank and managed by the PIU. The DA will be managed according to the disbursement procedures described in the administrative, accounting, and financial procedures and the Disbursement Letter. Funds will therefore flow from the DA in U.S. dollars to a subaccount in Guinean francs.



Figure 3.1. Flow of Funds



Disbursements

5. Disbursements under the project will be carried out in accordance with the provisions of the Disbursement Guidelines for Investment Project Financing dated February 2017, the Disbursement and Financial Information Letter, and the Financing Agreement.

6. The project will finance 100 percent of eligible expenditures inclusive of taxes. A new U.S. dollar-denominated DA will be opened at BCRG and project account (subaccount) in Guinean francs in a commercial bank under terms and conditions acceptable to IDA. An initial advance up to the ceiling of the DA will be made and subsequent disbursements will be made against submission of statements of expenditures reports on the use of the initial/previous advance. The option to disburse against submission of a quarterly unaudited IFR (also known as report-based disbursements) could be considered, as soon as the project meets the criteria. The other methods of disbursing the funds (Reimbursement, Direct Payment, and Special Commitment) will also be available to the project. The minimum value of applications for these methods is 20 percent of the DA ceiling. The project will sign and submit Withdrawal Applications electronically using the e-Disbursement module accessible from the World Bank's Client Connection website.



Budgeting Arrangements

7. The project budgeting process will follow World Bank procedures and be clearly defined in the budget section of the PIM. The budget will be adopted before the beginning of the calendar year and be monitored through the project accounting software. Annual draft budgets will be submitted for the World Bank's 'no-objection' before implementation. The consolidated annual work plan and budget approved by the Steering Committee will be submitted to the World Bank no later than November 30 every year.

Accounting Policies and Procedures

8. The prevailing accounting policies and procedures in line with the West African Francophone countries' accounting standards—SYSCOHADA—in use in Guinea for the ongoing World Bank-financed operations will apply.

9. Project accounts will be maintained and supported with appropriate records and procedures to track commitments and to safeguard assets. Annual financial statements will be prepared by the PIU by using adequate accounting software to generate automatically acceptable IFRs and financial statements. The accounting policies and procedures will be documented in the accounting procedures.

Internal Controls and Internal Audit

10. A PIM including accounting administrative and financial procedures will be elaborated. To maintain a sound control environment, the project team is expected to follow the control mechanisms that will be described in the Procedures' section of the PIM. The said manual will then ensure that adequate internal controls are in place for the preparation, approval, and recording of transactions and segregation of duties. The manual will set forth the role and responsibility of each stakeholder. The manual will be subject to update as needed.

Reporting and Monitoring

11. The PIU will prepare quarterly IFRs during project implementation. The reporting format and content will be documented in the administrative, financial, and accounting procedures. The unaudited IFR includes the following statements: (a) Statement of Sources of Funds and Project Revenues and Utilization of funds; (b) Statement of Expenditures classified by project components/activities (economic classification) showing comparisons with budgets for the reporting period and cumulative for the project life; (c) Note to the IFR providing reasons for the variances and any information on the Statement of Sources of Funds and project revenues and utilization of funds. IFR will be furnished to the World Bank no later than 45 days after the end of the quarter. Annual financial statements will be prepared by the PIU's Financial Management Specialist and will be subject to annual external audits.

12. The PIU will also produce the project's annual financial statements that will comply with SYSCOHADA and World Bank requirements. They will comprise

- A Statement of Sources and Uses of Funds that includes all cash receipts, cash payments, and cash balances;
- A Statement of Commitments;



- Accounting policies adopted and explanatory notes; and
- A Management Assertion that project funds have been expended for the intended purposes as specified in the relevant Financing Agreements.

Audit Arrangements

13. The PIU will submit the audited financial statements for the project to IDA within six months after year end. The auditor will conduct an annual audit of the annual financial statements. A single opinion on the audited project financial statements in compliance with International Standards on Auditing will be required. The report will also include specific controls such as compliance with procurement procedures and financial reporting requirements and consistency between financial statements and management reports and field visits (for example, physical verification). The audit report will thus refer to any incidence of noncompliance and ineligible expenditures and other irregularities identified during the audit mission.

14. The external auditors will prepare a Management Letter giving observations and comments and providing recommendations for improvements in accounting records, systems, controls, and compliance with financial covenants in the Financial Agreement.

Implementation Support Plan

15. Based on the outcome of the FM risk assessment, the implementation support as explained in table 3.4 will apply.

Table 3.3. FM Risk Assessment

FM Activities	Frequency
Desk reviews	
IFR review	Quarterly
Audit report review of the project	Annually
Review of other relevant information such as interim internal control systems reports.	Continuous as they become available
On-site visits	
Review of overall operation of the FM system	Biannual (implementation support mission)
Monitoring of actions taken on issues highlighted in audit reports, auditors' Management Letters, internal audit, and other reports	As needed
Transaction reviews (if needed)	As needed
Capacity-building support	
FM training sessions	When needed



ANNEX 4: Procurement Arrangement and Action Plan

1. Procurement rules and Procedures. The Recipient will carry out procurement for the proposed project in accordance with the World Bank's "Procurement Regulations for IPF Borrowers" (Procurement Regulations) dated July 2016 and revised in November 2017 and August 2018 under the "New Procurement Framework" (NPF), and the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated July 1, 2016 and other provisions stipulated in the Financing Agreements.
2. All goods works and non-consulting services will be procured in accordance with the requirements set forth or referred to in the Section VI-Approved Methods: Goods, Works and Non-Consulting Services of the Procurement Regulations. The Consulting Services will be procured in accordance with the requirements set forth or referred to in the Section VII-Approved Selection Methods: Consulting Services of the Procurement Regulations, the Project Procurement Strategy for Development (PPSD), and Procurement Plan, approved by the World Bank. The Procurement Plan, including its updates, shall include for each contract: (i) a brief description of the activities/contracts; (ii) selection methods to be applied; (iii) cost estimates; (iv) time schedules; (v) the Bank's review requirements; (vi) any other relevant procurement information. The Procurement Plan covering the first 18 months of the project implementation was prepared and approved before negotiations date. Any updates of the Procurement Plan will be submitted for the Bank's approval. The Recipient shall use the Bank's online procurement planning and tracking tools (STEP) to prepare, clear and update its Procurement Plans and conduct all procurement transactions.
3. The Recipient (with assistance from the World Bank) has prepared a Project Procurement Strategy for Development (PPSD) in April 2019 which describes how procurement activities will support project operations for the achievement of project development objectives and deliver Value for Money (VfM). The procurement strategy is linked to the project implementation strategy. It considers institutional arrangements for procurement; roles and responsibilities; thresholds, procurement methods, and prior review, and the requirements for carrying out procurement. It also includes a detailed assessment and description of government capacity and the implementing agency for carrying out procurement and managing contract implementation, within an acceptable governance structure and accountability framework. Other issues to be considered include the behaviors, trends and capabilities of the market (i.e. Market Analysis) to respond to the procurement plan.
4. **Staffing:** Procurement Specialist with qualifications and experience satisfactory for the World Bank will be hired before effectiveness.
5. **Systematic Tracking of Exchanges in Procurement (STEP):** The project will use STEP, a planning and tracking system, which will provide data on procurement activities, establish benchmarks, monitor delays, and measure procurement performance. The first 18-months procurement Plan (PP) was reviewed and cleared by the Bank through STEP. This PP shall be updated at least annually. All procurement to be carried out under the project shall be prior cleared by the World Bank and included in the PP.
6. **Operating Costs:** Operational costs financed by the Project would be incremental expenses, including office supplies, vehicles operation and maintenance cost, maintenance of equipment,



communication costs, rental expenses, utilities expenses, consumables, transport and accommodation, per diem, supervision costs, and salaries of locally contracted support staff. Such services' needs will be procured using the procurement procedures specified in the Project Implementation Manual (PIM) accepted and approved by the World Bank.

7. **Record Keeping:** All records pertaining to award of tenders, including bid notification, bid opening minutes, bid evaluation reports and all correspondence pertaining to bid evaluation, communication sent to/with the World Bank in the process, bid securities, and approval of invitation/evaluation of bids will be retained by respective agencies and uploaded in STEP.

8. **Disclosure of procurement information:** The following documents shall be disclosed: Procurement Plan and updates; invitation for bids for goods and works for all contracts; Request for Expression of Interest for selection/hiring of consulting services; and contracts awards for goods, works and non-consulting and consulting services.

9. **Complaints Handling:** For the procurement-related complaints, the project will follow the procedure prescribed in the PROCUREMENT Regulations [Para-3.26 and 3.31]. In order to deal with the complaints from bidders, contractors, suppliers, consultants and general public at large, a complaint handling mechanism will be set up and detailed procedure will be prescribed in the Procurement's section of the PIM.

10. **Fiduciary oversight and Procurement Review by the World Bank:** The Bank shall prior review contracts according to prior review thresholds set in the Procurement Plan. All contracts not covered under prior review by the Bank shall be subject to post review during implementation support missions and /or special post review missions, including missions by consultants hired by the World Bank.

11. **Contract management capability:** The implementation Agencies remain overall responsible for compliance to the agreed procurement procedures and processes and shall monitor the contractual performance including contract management issues, if any.

12. **Project Procurement Strategy for Development (PPSD):** The PPCSD for the project has been prepared by the Borrower during the project preparation.

Action	Responsible party	Deadline
1. Elaborate Project Implementation Manual including Procurement procedures	PACV3/PIU and Industry Ministry	Before effectiveness
2.Recruit a Procurement Officer with qualifications and experience satisfactory for the Bank	PACV3/PIU and Industry Ministry	Before effectiveness
3.Training for Tender Committee members and other Partners	PIU with Bank support	Six (6) months after effectiveness



ANNEX 5: Collaboration with IFC

COUNTRY: Guinea

Support to MSME Growth, Competitiveness and Access to Finance

1. **Close collaboration and coordination with IFC in-country activities are deemed critical success factors for the project. The project's team collaborates closely with IFC to ensure that project-supported activities (MSME programs and building financial infrastructure) are aligned with IFC's sectors of interest and investments to maximize the impact on the ground.** IFC's strategy in Guinea where it has important commitments in the sector (close to US\$1 billion expected in the pipeline for both IFC own commitment and facilitated financing). Developing the capacity of the local suppliers to support the development of a sustainable mining sector is a key priority for the institution in Guinea. World Bank mining, IFC's Infrastructure & Natural Resources (INR) Advisory team services /Investment, FCI, and Multilateral Investment Guarantee Agency (MIGA) teams have been working systematically and in synergy to address governance and policy/investment climate issues, deliver on increased investments, and support linkages/supply chains to maximize benefits of investment for the local economy in a fragile environment. More specifically, the project will work closely with the following projects as detailed below.
2. **Guinea Investment Climate Mining Linkages Project (P601367)**, which has been supporting the implementation of the local content promotion policy in the sector. The project is finalizing the establishment of the BSTP which will have the mining sector as a pilot sector and will expand to other high-growth sectors in the country. The conceptual phase of the BSTP is currently under way. An initial database containing vendor information has been developed to feed the stock market. The BSTP will be equipped with an electronic supplier registration and evaluation portal, allowing a direct interface between large companies and local suppliers. The Guinea MSME Growth and Access to Finance Project will work closely with the BSTP to build tailored supplier development programs for actual and potential local suppliers to the mining sector.
3. **IFC's Local Economic Development (LED) Project (P602004)**, which aims at (a) improving capacity and operational performance of local businesses to help them grow sustainably, meet international standards, and provide quality goods and services to the companies in their area and (b) enhancing the institutional capacity of local stakeholders to leverage the presence of mining projects in their jurisdiction to catalyze local economic development. The LED Project will work in close partnership with existing IFC investee clients (Guinea Alumina Corporation (GAC) and Compagnie des Bauxites de Guinée (CBG) and other mining companies (for example, Boke Mining Company – *Société Minière de Boke*, Alufer) to help them develop or refine their local content strategy, map opportunities for local suppliers, and implement their local content activities. The LED supplier development programs will complement this support and will focus on women- and youth-owned enterprises. The Guinea MSME growth project will benefit from LED's activities to create/identify business opportunities for MSMEs supported by CAPME. The project will also closely coordinate with the LED team to ensure complementary and promote synergies while leveraging on IFC's long experience of implementing suppliers' development programs in the country.
4. **Guinea Leasing Program**, which aims at improving access to finance for MSMEs through the development of sustainable leasing services in Guinea. SME Support Centers (CAPME) provide a credible source of investment-ready MSMEs which could identify potential clients for leasing companies supported



by the Guinea Leasing Program. A tailored leasing training, inclusive of leasing business planning, could be developed by the leasing program for MSMEs registered in the one-stop-shop SME Support Center. In addition, commercial banks and leasing companies supported by the Guinea Leasing Program will rely upon the Credit Information System and Credit Bureau as their central source for credit information.

5. **IFC financial investment projects** to evaluate the feasibility of using tailored lines of credit and guarantees as well as bringing in IFC's MSME venture funds as financing tools for MSMEs supported by CAPME. Access to finance is an important barrier to the growth of local MSMEs.



ANNEX 6: Project Team

COUNTRY: Guinea

Support to MSME Growth, Competitiveness and Access to Finance

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Mariama Cire Sylla	Team Leader		GFCA2
Sarah Zekri	Team Leader (ADM Responsible)		GFCAW
Alpha Mamoudou Bah	Procurement Specialist(ADM Responsible)	Procurement	GGOPF
Murielle Edon Babatounde	Financial Management Specialist	Financial Management	GGOAW
Maimouna Gueye	Team Member	Financial Specialist	GFCAW
Mamoudou M. Barry	Team Member	Private Sector Specialist	GFCAW
Oscar Madeddu	Team Member	Lead Private Sector Specialist	GFCM1
Krityna Bishop	Social Safeguards Specialist		GSU01
Emeran Serge M. Menang Evouna	Environmental Safeguards Specialist		GEN07
Emmanuel Ngollo	Environmental Safeguards Specialist		GEN07
Irene Marguerite Nnomo Ayinda-Mah	Team Member		GFCAW
Racky Dia Camara	Team Member		AFMGN

Extended Team

Name	Title	Organization	Location
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ANNEX 7: Map of Guinea

COUNTRY: Guinea

Support to MSME Growth, Competitiveness and Access to Finance

