

**AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND**



GUINEA BISSAU

PORTFOLIO REVIEW REPORT

NB : Ce document contient des addenda ou des errata en annexe.

**OPERATIONS DEPARTMENT
CENTRAL REGION
NOVEMBER 2003**

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CURRENCY EQUIVALENTS

(November 2003)

Currency Unit	=	Franc CFA
UA 1	=	US\$ 1.43958
UA 1	=	CFAF 798.365

WEIGHTS AND MEASURES

Metric System

FISCAL YEAR

1 January – 31 December

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ABBREVIATIONS AND ACRONYMS

ADF	:	African Development Fund
BAO	:	Bank of West Africa
BCEAO	:	Central Bank of West African States
BCGB	:	International Bank of Guinea Bissau
BD	:	Bidding Documents
CFAF	:	Franc de la Communauté financière africaine
DENARP	:	Documento de Estrategia Nacional da Reducao da Pobreza
EU	:	European Union
GDP	:	Gross Domestic Product
HIPC	:	Heavily Indebted Poor Countries
IDA	:	International Development Association
IDB	:	Islamic Development Bank
IMF	:	International Monetary Fund
NGO	:	Non-Governmental Organization
NTF	:	Nigeria Trust Fund
PARR	:	Policy-based and Rehabilitation Programme
PDRRI	:	Ex-combatant Demobilisation, Rehabilitation and Reinsertion Programme
PIP	:	Multi-year Investment Programme
PIU	:	Project Implementation Unit
PNDS	:	National Health Development Programme
PRSP	:	Poverty Reduction Strategy Paper
SAP	:	Structural Adjustment Programme
TAF	:	Technical Assistance Fund
UA	:	Unit of Account
UEMOA	:	West African Economic and Monetary Union
UNDP	:	United Nations Development Programme
UNICEF	:	United Nations Children Fund

EXECUTIVE SUMMARY

1. Introduction

1.1 This portfolio review report has been prepared to inform the Boards of Directors of the progress made and the problems encountered in the implementation of Bank operations in Guinea-Bissau, since the last review in 1997, the report of which (ADB/BD/WP/98/69 and ADF/BD/WP/98/66) was considered by the Boards on 22 January 1999. This review is the first since the armed conflict in 1998 which affected human resources, the country's socio-economic infrastructure and the institutional capacities required for development management. The report is based on the results of the portfolio review mission in April 2003, the recommendations of the last review and the conclusions of: (i) the supervision missions, (ii) the dialogue on the Country Strategy Paper (CSP) 2002-2004 and the more recent dialogue between Guinea-Bissau and its bilateral and multilateral partners, including the Bretton Woods Institutions, the Bank, and the United Nations System, to revitalize their cooperation. It analyses the scope of the portfolio, highlights the problems encountered in project implementation, and proposes recommendations to improve portfolio performance.

2. Political and Socio-economic Context

The review was conducted within a context in which the portfolio was affected by the protracted deterioration of the political, economic and social situation in Guinea-Bissau. In fact, the institutional instability, in particular the *coup d'Etat* on 14 September 2003, the dissolution of the National Assembly since 2002 and the frequent change of cabinet estimated at an average of three cabinet reshuffles per year since 2000, delay decisions on the ratification portfolio loans, mobilisation of the Government's counterpart contribution to the financing of projects and fulfilment of loan effectiveness conditions. At the economic level, persistent recession, estimated at 4.2% in 2002, into 2003 and its negative impact on public finance, as well as the lack of transparency in the management of public affairs have a negative effect on the implementation of portfolio operations. For instance, the repeated strikes, as a result of the accumulation of several months of salary arrears, impede the smooth running of government services, and thereby the implementation of projects. The long delays in the implementation of structural reforms and priority projects identified in the Interim Poverty Reduction Strategy Paper (I-PRSP), 2000-2003, have made Guinea-Bissau gradually lose the benefit of the cancellation of its debt under the Heavily Indebted Poor Countries (HIPC) Initiative. In fact, the IMF and the Paris Club creditors cancelled this facility since 2002. However, the Bank and the World Bank have continued to grant Guinea-Bissau debt service relief under the HIPC Initiative, in view of the country's exceptional situation. The resources expected from bilateral partners as budget support and which should contribute to the achievement of project objectives, in particular education, health and rural development projects, were for the most part also frozen.

3. Portfolio Structure

3.1 Since the start of its operations in Guinea-Bissau in 1976, the Bank Group has financed 35 operations with loans and grants for net commitments amounting to UA 158.60 million. The total net commitments by source of finance amount to UA 10.03 million for ADB, UA 145.97 million for ADF/TAF and UA 2.60 million for NTF respectively. In this portfolio, 19 projects have been completed, 6 have been cancelled and 10 are ongoing. As at 21

November 2003, disbursements amounted to UA 123.86 million for all the windows, representing 78.09% of the net commitments.

3.2 There are ten (10) ongoing projects; some account for two financing categories, namely the loan and the grant. Three projects, corresponding to a net commitment of UA 21.17 million, or 40% of the active portfolio, have an average life of fourteen (14) years, with an average disbursement rate of only 76.58%. At the time of the review, two projects, one of which was approved in 1997 and the other in 2001 had not received any disbursements. The active portfolio disbursement rate was 38.90% as at 21 November 2003, and the average life of the active operations 6.5 years.

4. Portfolio Implementation Problems

4.1 The portfolio is beset with long delays at the start-up of operations. It took an average period of 22 months for effectiveness of operations as against six (6) authorized by Bank rules. The portfolio performance is not satisfactory, with an average rating of 1.18 for the criteria fulfilment of conditions for loan effectiveness, and compliance with the general and specific conditions for loan agreements. The procurement process suffers from the fact that project officers are not familiar with the Bank's rules of procedure and technical aspects of the preparation of bidding documents. The portfolio performance is not satisfactory, with its related indicator rated 1.63.

4.2 The portfolio's financial performance is also unsatisfactory and rated 1.17. This poor performance can be explained by: (i) problems in mobilising the Government's counterpart for project financing which represents 10% of the ADF resources; (ii) the fact that there is no effective banking system liable to facilitate transfers; in fact there is only one commercial bank operating in Guinea-Bissau; (iii) persistent ADF debt service payment arrears which led to the suspension of disbursements until the country's access in December 2000 to the HIPC Initiative in respect of which the Bank granted 100% debt service relief; and (iv) the long delays for processing disbursement request documents in the Bank. The portfolio is also faced with implementation problems and is rated 1.55 as a result of the difficulties in complying with the implementation schedule, the poor performance of the contracting enterprises and the project technical directorates. The overall rating is 1.4 against 1.60 during the last review which dates back to 1997. There is a general deterioration of the portfolio's performance.

5. Measures Taken to Improve Portfolio Performance

5.1 The development goals of projects in the portfolio are relevant to Guinea Bissau's development priorities, as defined in the PRSP-I, as well as the Bank's country operational strategy. Given the various problems arising from the implementation of the operations, the Government and the Bank have jointly taken measures aimed at improving the quality of the portfolio and consequently its contribution in reaching the country's development objectives. The Government for its part, will continue to assert its commitment to pursue structural reforms as well as those for macroeconomic stabilisation with the purpose of enhancing transparency in the management of public affairs, especially government finance so as to effectively mobilise its share in project financing. An overall programme for institution building is currently being negotiated with external partners. Among other things, it is targeting the following key functions: (i) command of the project life cycle by national officers; (ii) rationalisation of public finance; (iii) transparency in the award of public contracts; (iv) strengthening the statistics system; (v) external aid coordination; and (v) training of employees. A Bank Project

Implementation Support Unit was established in 2002 at the General Directorate of Planning with a view to implementing the portfolio and improving performance.

5.2 The Bank for its part, increased the frequency and main components of supervision missions. Since 2002, the pace of one supervision mission per project had been kept. The recommendations of supervision missions were monitored more closely with the establishment of the SAP. The Bank received at its headquarters several technical assistance missions from project officers trying to familiarise with its rules of procedure. The Bank also planned on a training programme for officers involved in project management. To back the implementation of projects of the portfolio, the Bank has already carried out major activities aimed at making operational before end 2003, its National Programme Office. Thus, it signed with the Government and the UNDP Office in Bissau respectively, a letter of understanding granting immunities and other privileges to the Office Coordinator, and a Memorandum of Understanding for the purpose of having the Office accommodated in the United Nations building in Bissau and benefiting from UNDP's services in the administrative and financial management of the Office. The Office Coordinator has also been identified following competitive bidding. The presence of this Office should: (i) facilitate communication between project officers and various Bank Departments; and (ii) improve knowledge of Bank rules of procedure of the said officers through the permanent contacts they will have with the Office Coordinator. In fact, the Coordinator should be highly proficient in the Bank rules of procedure because he will not only have to advise the Government and project officers but also to facilitate the processing of disbursement requests and bidding documents at Bank level. Consequently, the Bank's 2002-2004 assistance strategy has targeted economic management capacity building as one of the areas of focus of ADF-IX. The activities scheduled under this project will back capacity building in the national structures involved in the portfolio's implementation. In addition, measures have been taken to reduce the time spent by staff in processing disbursement requests and goods and services procurement documents. An action plan (cf. Annex 3) per project with implementation schedules serves as road map for the Bank and Government to monitor activities aimed at improving the portfolio's performance.

5.3 The Bank has also stepped up coordination with other development partners with a view to maximising the impact of its resources to support Guinea-Bissau's development. For instance, in November 2003, it took part alongside the World Bank in a multi-donor mission initiated by the IMF. The objective of the mission was to: (i) help prepare the 2004 budget and Emergency Plan in support of the ongoing political transition in Guinea-Bissau; and (ii) energise cooperation with the country's external partners. This Emergency Plan identifies the urgent measures to take for reaching the objectives of the Transition Government and sets out urgent requirements for capacity building in development management. Funds will be sought for the Emergency Plan when it is submitted during a Donor Consultation Meeting. The resources to be mobilised will replenish a trust fund that will be managed by the UNDP during the transition period. This meeting has been scheduled for December 2003 or during January 2004.

6. Recommendations

The Boards are invited to take note of the status of the Bank's portfolio in Guinea-Bissau and the conclusions of this Portfolio Report.

I. INTRODUCTION

1.1 Objectives and Contents of the Report

This portfolio review report was prepared to inform the Boards of Directors of the progress made and the problems encountered in the implementation of Bank Group operations in Guinea-Bissau, since the last review in 1997 the report of which (ADB/BD/WP/98/69 and ADF/BD/WP/98/66) was considered by the Boards on 22 January 1999. The report is based on the results of the portfolio review mission fielded in April 2003, the recommendations of the last review and the conclusions of: (i) the supervision missions; (ii) the dialogue on the 2002-2004 Country Strategy Paper (CSP) and the most recent dialogue between Guinea-Bissau and its bilateral and multilateral partners, including the Bretton Woods Institutions, the Bank and the United Nations System, with a view to revitalising their cooperation. It analyses the scope of the portfolio, highlights the problems arising from project implementation and formulates recommendations with a view to improving the portfolio's performance.

1.2 Context of Review

The portfolio review mission took place in a context of prolonged deterioration of the political, economic and social situation in Guinea-Bissau. From the political standpoint, institutional instability, especially the *coup d'état* of 14 September 2003, the dissolution of the National Assembly in November 2002 and frequent government reshuffles, estimated at an average of three per annum since 2000, are delaying decisions concerning the ratification of the loans of the portfolio, the mobilisation of the Government's counterpart in project financing and fulfilment of the conditions for loan effectiveness. The economy and its persistent recession estimated at 4.2% in 2002 continued in 2003 with the attendant negative effects on public finance. In addition, lack of transparency in the management of public affairs impacted negatively on the implementation of portfolio operations. During the 1st quarter of 2003, fiscal earnings were 50% lower than projections, worsening the situation of liquidity pressure which was at the origin of several months of salary arrears, strikes that still hinder the running of the civil service and the implementation of projects of the portfolio. The major delays in the implementation of the structural reforms and priority projects identified in the 2000-2003 Interim Poverty Reduction Strategy Paper (DSRP-I), caused Guinea-Bissau to gradually lose the benefit of the cancellation of its debt within the framework of Heavily Indebted Poor Countries Initiative (HIPC). Indeed, the IMF and Paris Club Creditors have since 2002 abolished this facility, although the Bank and World Bank continue to grant Guinea-Bissau this facility because of its exceptional post-conflict situation. The resources expected of bilateral partners to support the budget and economic reforms and which were to contribute to the attainment of project objectives especially education, health and rural development, have also been frozen.

1.3 Size and Composition of Portfolio

a) General Overview

The Bank Group started its operations in Guinea-Bissau in 1976, and as at 21 November 2003, had financed 35 operations in the form of loans and grants for net commitments totalling UA 158.60 million. The operations comprised 23 projects, 4 pre-investment studies, 1 line of credit, 2 policy-based programmes, 3 institution building support

projects, 1 emergency assistance and 1 multinational project. Net commitments by financing source amount to UA 10.03 million from ADB resources, UA 145.97 million from ADF/TAF and UA 2.60 million from NTF.

Table 1.1
Summary of Operations as at 21 November 2003
(In UA Million)

Financing Sources	Gross Commitments	Cancellations	Net Commitments	Disbursements	Disbursement Rate
ADB	11.01	0.98	10.03	10.03	100.00 %
ADF/TAF	156.59	10.65	145.97	111.25	76.21 %
NTF	2.60	-	2.60	2.58	99.23 %
Total	170.20	11.63	158.60	123.86	78.09 %

1.3.2 The sectoral breakdown of commitments shows that transport (24.67%) predominates followed by the social (23.85%) and agricultural (21.02%) sectors. Multisector and public utilities have for their part benefited from 18.15% and 12.30% respectively of net commitments. Of this portfolio, 19 projects have been completed, 6 were cancelled and 10 are ongoing. Disbursements total UA 123.86 million, all windows combined or 78.09% of net commitments. The disbursement rate of the active portfolio at only 38.90% needs to be improved.

Table 1.2
Sectoral Breakdown of Commitments as at 21 November 2003
(In UA Million)

Sectors	No. of Operations	Net Commitments	In % by Sector	Disbursements	Disbursement Rate
Agriculture	6	33.34	21.03 %	24.62	73.84 %
Social	11	37.83	23.83 %	22.57	59.68 %
Transport	9	39.12	24.67 %	32.84	83.98 %
Public Utilities	5	19.51	12.30 %	18.09	92.71 %
Multisectoral	4	28.80	18.17 %	25.73	89.33 %
Total	35	158.56	100.00 %	123.86	78.09 %

b) Overview of Ongoing Operations

1.3.3 Ongoing projects number ten (10); some comprise two, loan and grant financing categories. Four projects for net commitments of UA 12.77 million in all were approved during the 2000-2001 period but register only a 15.3% disbursement rate. Three projects of the portfolio have an average life cycle of 14 years with net commitments of UA 21.71 million and an average disbursement rate of 76.58% as at 21 November 2003. Approved in 1997, no disbursement had been made for another of the three at the time of the portfolio review mission, although the initial deadline for last disbursement was to expire on 31 December 2003.

Table 1.3
Summary of Ongoing Operations as at 21 November 2003
(In UA Million)

Sectors	No. of Projects	Net Commitments			In % Sector	Disbursements	In % Disbursement
		ADF	TAF	Total			
Agriculture	3	14.78	2.8	17.58	32.51%	9.38	53.37%
Social	3	15.00	1.22	16.22	29.77%	2.10	12.94%
Transport	2	8.50	0.94	9.44	17.27%	2.07	21.95%
Public Utilities	1	5.46	-	5.45	9.98%	4.36	79.85%
Multisectoral	1	1.97	3.80	5.77	10.57	2.91	50.47%
Total	10	45.71	8.76	54.47	100.0%	21.19	38.90%

1.3.4 Apart from the introduction, this report comprises the following six parts: (i) a review of ongoing projects; (ii) an assessment of project management and implementation capacity; (iii) aid coordination; (iv) the status of loan repayment and arrears; (v) measures to take to improve the portfolio's quality; and (vi) main conclusions and recommendations.

II. REVIEW OF ONGOING PROJECTS

2.1 Rural Development Sector

2.1.1 **Sector Status.** The primary sector (comprising mainly agriculture, fisheries and forestry) contribute around 55% to the gross domestic product (GDP) of Guinea-Bissau, 95% to export earnings and is the main occupation of 85% of the population. However, grain production estimated at 170 000 tonnes in 2001 and made up of rice 70% can only meet 65% of the national requirements. Cashew nut, the main export crop with its production estimated at 70 000 tonnes in 2001, generates 70% of the export earnings. The main constraints to the agricultural sub-sector's development are: (i) gradual soil acidification and salinization; (ii) poor maintenance of traditional irrigation structures; and (iii) isolation of production areas. The Agricultural Policy Letter (APL) that is being updated aims at: (i) ensuring food security; (ii) increasing and diversifying agricultural exports; (iii) ensuring rational management, preserving agro-sylvo-pastoral resources; and (iv) improving the living conditions of the rural populations. The fisheries sub-sector, another link in primary sector activity contributes 4% to the GDP and finances up to 43% of the budget through incomes from licences and other fisheries-related activities. It employs 120 000 persons but is controlled primarily by foreigners through individual licences or by virtue of fishing agreements tied to financial counterpart funds. The Fisheries Master Plan targets the lack of infrastructure and services as obstacles to the development of artisanal and industrial fishing.

2.1.2 The Bank's strategy contributes to the development of this growth potential sector through the following projects: the advanced artisanal fisheries development project (PRODEPA), the rural development institutional support project (PAIDR) and the fisheries sector support project (PASP). Of these three operations, two are ongoing and one has not yet started because the loan agreement is yet to be ratified. The specific status of each project is as follows:

A. Advanced Artisanal Fisheries Development Project (PRODEPA)

A.1 Basic Administrative and Financial Data (in UA million)

<u>Amount:</u> ADF: 10.49	<u>Disbursements:</u> 9.36	<u>Balance:</u> 1.13
<u>Date Approved:</u> 29/10/1990	<u>Date Signed:</u> 14/12/1990	<u>Entry Into Force:</u> 04/11/1991
<u>Last Disbursement Deadline:</u> 31/12/2003		<u>Executing Agency:</u> Fisheries Secretariat
<u>Audit:</u> 1 st audit ongoing since April 2003		
<u>Objectives, Description/Components:</u> the project aims at promoting the development of advanced artisanal fisheries in the Republic of Guinea-Bissau so as to create new jobs, develop the supply of domestic markets and increase exports. The main project components are: (i) training of artisanal fishermen and other operators; (ii) support to the installation of fishermen; (iii) fisheries logistic support; and (iv) project management and monitoring of fishery resources.		

A.2 Compliance with Precedent Conditions/Commitments

The loan agreement entered into force on 4 November 1991, 13 months after approval of the project. This delay was due to the fact that the country was under sanction, in addition to ignorance of Bank rules of procedure and administrative sluggishness. The other conditions were met but well behind schedule. Moreover, to date, project accounts have not been audited. Performance against compliance with precedent conditions/commitments is unsatisfactory.

A.3 Performance in the Procurement of Goods and Works

In the context of its implementation, the project was to acquire a number of goods, services and works. Technical assistance was engaged although the process took a long time because of ignorance of the relevant Bank rules of procedure. Construction works at the project's headquarters in Bolama were conducted. The BDs for the procurement of project equipment were initiated in February 1998, but the political and military crises of June 1998 hindered their finalisation. They were re-launched in May 2002 with Bank approval and the results of the bid evaluation have been approved by the Bank. They should be delivered to the project before December 2003. In general, goods and services procurement activities fell far behind schedule. Based on the reasons mentioned above, the project's overall performance in terms of procurement of goods, services and works is unsatisfactory and quite a few of the goods will be delivered towards the end of the project.

A.4 Financial Performance

A total of UA 9.36 million or 92.68% of total project cost was disbursed for the project. Of course, the resources in foreign exchange and local currency are available but disbursement flow has been low as has been the payment of national staff salaries by the Government. For these reasons, the project's financial performance has been unsatisfactory.

A.5 Performance of Project Activities and Outputs

The loan entered into force on 4 November 1991 and the project's technical activities started in fact in 1996. They were interrupted from 1998 to 2001, i.e. for three years because of sanctions and civil war. Activities resumed only in July 2001. Given the foregoing, the project's implementation schedule was not complied with. Similarly, the construction enterprise was late in conducting the works. The project's management did not monitor activities regularly, nor have project accounts audited and or technical assistance performance evaluated at the end of the contract. The training centre was fully rehabilitated and partially equipped but only 120 artisanal fishermen in all (24% of projections) 12 mechanics (80%), and 15 carpenters (75%) benefited from the training. The operators did not receive support because the credit system could not be established as the International Bank of Guinea Bissau (BIGB) which was to have provided the credit went bankrupt and the Government did not reimburse the funds. To conclude, in light of the numerous difficulties encountered and the poor implementation of technical activities, the project's performance in terms of activities and technical outputs is unsatisfactory.

A.6 Impact on Development

The project was to have helped to promote the development of advanced artisanal fisheries in the Republic of Guinea-Bissau with a view to creating new jobs, developing the supply of the domestic markets and increasing exports. These development objectives could not be reached because the 19.700 tonnes of fish projected per annum could not be produced, as the operators did not receive assistance to establish themselves and produce in the best of conditions. The project's performance in this respect is not satisfactory.

A.7 Overall Performance Evaluation

The project has started and is underway in very difficult conditions. Consequently, the overall performance of the project is unsatisfactory as the table below illustrates.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1.66	1.5	1.4	1.25	1	1.4

A.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
Important delay in the procurement of project equipment. Several amendments to the project were duly signed. The BDs launched in 1998 could not be carried through because of the war. The same BDs were launched in May 2002. Bid evaluation has been approved by the Bank.	<u>The Bank:</u> monitor closely so that the proposed schedule is kept and ensure the equipment is available. <u>The Government.</u> Pursue the procurement procedure in accordance with the rules and comply with the schedule.	December 2003
The first project audit is on course since April 2003.	<u>Bank and Gvt.</u> Accelerate audit instruction.	December 2003
Technical assistance for the implementation of the project's headquarters was not evaluated before the end of the related contract.	<u>Bank and Gvt.</u> The Gvt. must take measures to send to the Bank the result of the technical assistance evaluation. Otherwise the Bank must apply the relevant rules.	November 2003

C. Fisheries Sector Support Project

C.1 Basic Administrative and Financial Data (UA million)

<u>Amount:</u> ADF: 4.29; TAF: 1.7		<u>Disbursement:</u> 0	<u>Balance:</u> 5.990
<u>Date Approved:</u> 31/10/2001	<u>Date de signature:</u> 25/01/2003		<u>Entry into force:</u> Not yet effective
<u>Last Disbursement Deadline:</u> 31/12/2006 <u>Loan not ratified</u>		<u>Executing Agency:</u> Fisheries Secretariat	
<u>Objectives, Description/Components:</u> The project's sector goal is to contribute to food security. The specific objective is promote fishing activity at national level. The main project components are: (i) institutional support; (ii) maritime inspection and supervision; (iii) strengthening landing infrastructure; and (iv) project management.			

C.2 Compliance with Precedent Conditions/Commitments

The loan agreement is not yet effective although the project was approved about two years ago. The Government has submitted the legal opinion but without the loan ratification document. The National Assembly which should ratify the Loan Agreement was dissolved by the President of the Republic in November 2002. However, the Government has fulfilled all conditions precedent to first disbursement. The Bank sent the Government a letter stating that the loan is qualified for cancellation because of the delay in its entry into force. The evaluation of the project's performance against the precedent conditions is unsatisfactory.

C.3 Overall Performance Evaluation

The project has not started and the evaluation of its overall performance is given below.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	0	0,8	1	so	0,7

C.4 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
Loan approved since 31 October 2001 but is yet to be ratified.	<u>For the Government.</u> Proceed with the ratification of the loan.	December 2003
	<u>For the Bank.</u> Apply the necessary rules once the deadline has expired.	December 2003

D. Rural Development Institutional Support Project

D.1 Basic Administrative and Financial Data (UA million)

<u>Amount:</u> TAF: 1.1	<u>Disbursements:</u> 0.023	<u>Balance:</u> 1.08
<u>Date Approved:</u> 14/06/2001	<u>Date Signed:</u> 21/09/2001	<u>Entry Into Force:</u> 19 June 2002
<u>Last Disbursement Deadline:</u> 31/12/2005 <u>Audit:</u> not yet conducted		<u>Executing Agency:</u> Ministry of Agriculture, Forests, Hunting and Livestock
<u>Objectives, Description/Components:</u> the project's objective is the institution building of the Ministries in charge of Rural Development, NGOs and farmer organisations. The main project components are: (i) institution building; (ii) training of officers and producers; and (iii) development of rules, procedures, systems and approaches.		

D.2 Compliance with Precedent Conditions/Commitments

The Grant Protocol entered into force on 19 June 2002, 12 months after approval of the project. The general conditions were met although "Other conditions" were not. The project's performance in this respect is unsatisfactory.

D.3 Procurement Performance

In the context of its implementation, the project was to procure a number of goods and services, such as technical assistance and various equipment items. The technical assistance recruitment process started and the contract was awarded. Moreover, the Government started preparing international competitive bidding documents for the procurement of equipment but they have not yet been submitted to the Bank for the lapse of time procedure. The project's performance in this connection is unsatisfactory.

D.4 Financial Performance

Disbursements for the project total UA 0.023 million or 2.1% of the grant. This disbursement rate is not satisfactory.

D.5 Performance of Activities and Project Outputs

The project is in its start-up phase. The management team started preparing the 2003 training programme in concert with the beneficiary structures with a view to submitting it for Bank approval. As a result of the delay in this regard project performance is not satisfactory.

D.6 Impact on Development

The project should enable an improvement of the services offered to the rural populations. This objective can be reached if training is actually given as planned.

D.7 Overall Performance Evaluation

The project has started and the project's overall performance evaluation is summarised below.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1,33	1,5	1,4	1	2	1,40

D.8 Problems and Actions Proposed

Problems	Actions Proposed	Timeframe
Six months after entry into force of the project, the bidding documents for the recruitment of technical assistants and procurement of various equipment have not been submitted to the Bank for the lapse of time procedure.	<u>Government.</u> Accelerate the preparation of BDs and submit the to the Bank for comments. <u>Bank:</u> diligently process the BDs upon receipt.	End December 2003
The training programme has not been prepared in line with the set schedule.	<u>Government.</u> Accelerate the process for preparing the training programme.	December 2003

2.2 Social Sector

2.2.1 Sector Status: Education and Health are the two sub-sectors concerned by Bank assistance. Concerning *basic education*, Guinea-Bissau has not reached the objective of education for all despite the progress achieved with a crude primary enrolment rate which rose from 46.3% in 1991 to 69.8% in 1999/2000. Structural problems continue to affect the education system, of which: (i) poorly qualified teachers, recruited for the most part with a primary school education level; (ii) gender-related regional differences; and (iii) the high rate of illiteracy (60% for all and 80% for women). *Vocational training* is still marginal with a few training structures that were virtually destroyed during the war.

2.2.2 In May 2000, the Government formulated an "Declaration on Educational Policies" which diagnoses the sector and sets the priorities for the years to come: (i) develop basic education, especially infrastructure destroyed during the war and settle salaries arrears owed to teachers; (ii) create the conditions for an improvement of the educational system from the standpoints of quantity and quality; (iii) improve the schooling of girls; (iv) reduce significantly the illiteracy rate; and (v) while asserting the priority of basic education, start on the improvement of other levels of education: secondary, technical and higher.

2.2.3 Guinea-Bissau's health system faces numerous serious shortcomings made worse by the war which destroyed some facilities, weakened the capacity of some services and triggered the departure of the medical staff. The country's health coverage, estimated at 40% only within a radius of 5 kilometres, remains rather low. In addition, this coverage is unevenly distributed, some regions better covered than others. Infant mortality was 203 for 1000 in 2000 against 140 for 1000 in 1991 and maternal mortality 910 for 100 000 births during the same period. The percentage of the population with access to essential drugs was 44% in 1999. Moreover, currently, endemic diseases such as malaria are persistent, others

like tuberculosis have reappeared, sexually transmissible diseases are spreading and the HIV-AIDS prevalence rate is about 2.9%.

2.2.4 The health sector's development is hampered by numerous obstacles that are either human, financial and material in nature. They include: (i) the major staff shortage at all levels of the health pyramid; (ii) the operating difficulties of the supervisory ministry; (iii) staff demotivation as a result of precarious working conditions; (iv) the drain of doctors and nurses to other countries; (v) the small size of the health budget; and (vi) the inadequacy, and poor quality of under-equipped health infrastructure. To address the drawbacks of the health services, the Government has set in motion with the help of technical and financial partners, a National Health Development Programme (PNDS) which is hinged on four strategic axes: (i) improving and strengthening the coverage and quality of the primary and referral health services; (ii) building institutional and management capacity at all levels of the system; (iii) improving human resources management and quality; and (iv) better health.

2.2.5 In the Social sector the Bank is backing three operations: the Post-conflict Rehabilitation Programme, the National Health Development Project (PNDS) and the Emergency Assistance Programme

A. Rehabilitation Project

A.1 Basic Administrative and Financial Data (UA million)

<u>Amount:</u> ADF: UA 5 000 000 TAF: UA 850 000	<u>Disbursements:</u> ADF: UA 1 330 097,02 (26.60%) TAF: UA 363 489,43 (42.72%)	<u>Balance:</u> ADF: UA 4 669 902,98 TAF: UA 486 510,57
<u>Date Approved:</u> 12/07/2001	<u>Date Signed:</u> 21/09/2001	<u>Entry into force:</u> 20/06/2002
<u>Deadline for Last Disbursement:</u> 31/12/2005 <u>Audit:</u> not yet conducted.		<u>Executing Agency:</u> GTZ
<u>Objectives, Description/Components:</u> the project's specific objectives are to: i) rehabilitate and facilitate access to basic community infrastructure, ii) increase the incomes of the poor and/or vulnerable groups and integrate persons living on the fringes of society and war veterans into the production channels; and iii) build the capacity of the main administrative services responsible for social planning, NGOs and grass-root communities. The project components are: i) rehabilitation of basic infrastructure, ii) development of income-generating activities, iii) capacity building, iv) reintegration of demobilised war veterans, and iv) project management.		

A.2 Compliance with Precedent Conditions/Commitments

The loan agreement entered into force on 20 June 2002, 11 months after project approval. This poor performance can be explained to a large extent by the administrative sluggishness noticed at the Borrower's level.

A.3 Performance in the Procurement of Goods and Works

The project recruited two associate contractors and acquired the equipment (vehicles) needed for the missions of the Project Implementation Unit. In addition, training in education planning for staff of the Ministry of National Education started in September 2002. Equipment and services for training were procured in accordance with Bank rules of procedure.

A.4 Financial Performance

As at 21 November 2003, UA 1 330 097,02 or 26.60% of the loan had been disbursed. In respect of the grant, UA 363 489,43 or 42.72% was disbursed. All expenditure categories were concerned by the disbursements.

A.5 Performance of Project Activities and Outputs

Most of the activities planned have started. The agreements with various contracting authorities especially with AGEOPPE, SNV, FAS and PDRRI have been signed. The Procedures Manual has been approved by the Steering Committee which should be given impetus so that it can efficiently play its role and enable a better implementation of the project. The sites of the schools, health centres as well as the proposals for the rehabilitation of feeder roads and the sites for boreholes/wells have been identified and the plans for the implementation of public latrines and the Bandin Market have been prepared. Moreover, community sensitisation activities on popularising the method of use, award and repayment of micro-credit are underway and the staff of the Social Action Fund and partners are being trained in gender issues, preparation of banking documents, the principle of joint surety, complying with deadlines, the technique of follow-up and repayment of credit have started. The contract concerning capacity building was signed with the Netherlands Voluntary Foundation and about 40 employees have been trained. In addition, the trainers to implement the Literacy Programme have been trained and technical assistants to prepare the programme for the training of trainers and NGO employees and train in the techniques of collecting and processing statistics are being recruited. Some equipment (vehicles) has been acquired.

Bidding documents to recruit consulting firms for the engineering designs and to supervise rehabilitation works, and for works on schools, the sanitation of the Bandim Market, construction/rehabilitation of 7 public latrines have been prepared. Rehabilitation works on 8 schools in Tombali and Quinara have started and the Bissau waste treatment programme has been designed. Works to rehabilitate the Yemberem Women's Association headquarters and those on two schools have been completed. Lastly, the terms of reference for the recruitment of technical assistance required to install the data bank and prepare the unit price calculation system have been prepared.

However, the annual supervision of 200 war veterans in Bissau and Bula has not yet started.

A.6 Impact on Development

The project will contribute to the country's reconstruction and poverty reduction. Indeed, the rehabilitation of core community infrastructure, the development of income-generating activities, the reintegration of demobilised war veterans and capacity building are activities that will have a real impact on the country's economic and social development.

A.7 Overall Performance Evaluation

Albeit low, the level of project implementation overall, is acceptable given the date of entry into force (July 2002). Preliminary actions for the launching of major project activities are well underway and augur well for a satisfactory implementation pace in the months to come. Thus, project performance is as indicated in the table here below:

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	1.5	1	1.5	2	1.4

A.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
The Project Advisory Council did not fully play its role of strategic project steering structure.	<u>Government</u> : take the appropriate steps so that the Council can play its role for the proper conduct of the project.	Immediately
Supervision of 200 war veterans planned under the project but not yet started.	<u>Government</u> : accelerate implementation of this activity.	Immediately

B Emergency Humanitarian Assistance Programme

B.1 Basic Administrative and Financial Data (UA million)

<u>Amount</u> : TAF: UA 0.371 million	<u>Disbursements</u> : UA 0.372 million	<u>Balance</u> : UA 0 million
<u>Date Approved</u> : 15/06/2000	<u>Date Signed</u> : 21/12/2000	<u>Entry into Force</u> : 05/09/2001
<u>Deadline for Last Disbursement</u> :31/12/2003 <u>Audit</u> : not yet conducted		<u>Executing Agency</u> : UNICEF
<u>Objectives, Description/components</u> : the programme's objective is to improve the immunisation conditions for the under-fives, school children and women of a childbearing age by reviving and reactivating the national immunisation and malaria control programme. The activities of the programme will consist in procuring: (i) a package of vaccines and vaccination equipment; (ii) essential malaria drugs and impregnated mosquito nets; (iii) ice chests for mass campaigns and various logistic equipment; and (iv) cold chain equipment.		

B.2 Compliance with Precedent Conditions/Commitments

The Grant Protocol entered into force on 5 September 2001, 20 months after approval of the project. This poor performance can be explained by administrative sluggishness and the modifications requested by UNICEF concerning the transfer of funds to its accounts.

B.3 Performance in the Procurement of Goods and Works

The UNICEF Programme team in Guinea-Bissau Programme started programme activities and all procurements were made in compliance with the prescribed procedures.

B.4 Financial Performance

500 000 US dollars or UA 0.371 million of the grant was disbursed by the Bank on 25 October 2002.

B.5 Performance of Project Activities and Outputs

UNICEF which is the Programme's Executing Agency in Guinea Bissau has procured virtually all the anti-malaria drugs and equipment. Apart from the motorbikes, all the drugs and equipment have been supplied.

B.6 Impact on Development

The project will contribute to improving the health of the populations. Providing health centres and the populations with vaccines and essential drug kits is one solution to the health problem of the population (especially children) in the country's remote regions.

B.7 Overall Performance Evaluation

Overall performance can be summarised as follows:

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	2	2	1	2	1,6

B.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
Major delay to project start-up (20 months after entry into force) for an emergency assistance project.	<u>Government:</u> have the appropriate measures taken to accelerate implementation of the remaining activities.	<u>Immediately:</u> the project should have implemented all its activities before December 2003.
The audit was not conducted.	<u>Government:</u> launch without delay preparation of the audit documents.	<u>Before end December 2003</u>

C National Health Development Support Programme (Health Project II)

C.1 Basic Administrative and Financial Data (UA million)

<u>Amount:</u> ADF: UA 10 million	<u>Disbursements:</u> UA 0.037 million	<u>Balance:</u> UA 9.963 million
<u>Date Approved:</u> 19/12/1997	<u>Date Signed:</u> 11/02/1998	<u>Entry Into Force:</u> 8/08/2001
<u>Deadline for last disbursement:</u> 31/12/2005 <u>Audit not yet conducted</u>		<u>Executing Agency:</u> Government
<u>Objectives, Description/Components:</u> The project's objective is to: (i) strengthen the first level of care and the secondary and tertiary referral system; (ii) improve the efficiency of the management staff; and (ii) establish an infrastructure and equipment maintenance system. Project components are: (i) rehabilitation and construction of basic health infrastructure in Bissau's urban area; (ii) rehabilitation/construction of infrastructure and equipment; (iii) establishment of an infrastructure and equipment maintenance system; (iv) institutional strengthening of the Ministry of Health; and (v) support to the PNDS coordination unit.		

C.2 Compliance with Precedent Conditions/Commitments

The loan agreement entered into force on 8 August 2001, 44 months after the project's approval. This poor performance can be explained to a large extent by the outbreak of the armed conflict in June 1998 which halted the start-up of project activities, by sanctions for arrears and the time

required to decide on the change of method for procuring technical assistance services needed for project management.

C.3 Procurement Performance

To date, the project initiated shopping for the recruitment of technical assistance required for project management. The results of the bid analysis are being examined by the Bank. In addition, shopping for the recruitment of consulting firms for the architectural and engineering designs and works supervision is ongoing. Thus, goods and works were procured in compliance with bank rules of procedure as stipulated in the project's loan agreement.

C.4 Financial Performance

The first disbursement on the loan in respect of activities carried out was on 15 August 2003.

C.5 Performance of Project Activities and Outputs

Since the signing of the loan agreement on 11 February 1998, project activities started only 2003. The civil war and the painful events that the country had experienced since 1999 forced the Government to fulfil conditions for loan effectiveness very late, only on 8 August 2001. With the recruitment of technical assistance, project coordination will be strengthened thereby enabling an acceleration of activities.

C.6 Impact on Development

The project will help contribute to an improvement of the health of the populations.

C.7 Overall Performance Evaluation

Since the project has only just started, its overall performance is unsatisfactory as this the table below illustrates.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	1.5	0.66	1	1	1.03

C.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
The project was approved in 1997. Start-up was greatly delayed (44 months after entry into force of the loan).	<u>Government</u> : take the appropriate measures to revitalise the projects.	Immediately
Since entry into force in August 2001. The first disbursement was effected in August 2003.	<u>Bank</u> : inform the Government of the need to accelerate project implementation.	Immediately.

2.3 Transport Sector

2.3.1 The transport sub-sector comprises a road network of 2 771 km of which about 27.6% are paved. More than 70% of domestic traffic is by road. Guinea Bissau also boasts numerous maritime and fluvial transport facilities including deep-sea water ports (Bissau and Caboxanque) and almost ten fluvial ports. Apart from the International Airport of Bissau, the country has 7 airfields, 3 of which are tarred. However, since the end of the armed conflict of 1998, only the Bissau (international connections) and Bubaque (ad hoc tourist connections) airports are in service.

2.3.2 The obstacles to the development of road infrastructure are: i) the rivers which increase the cost of investments to be made; ii) the lack of resources to maintain the existing network; iii) the poor institutional capacity and human resources to manage the sector's development programmes. The main constraint to the maritime and fluvial transport sub-sector development lies in the deterioration of navigating conditions in the port of Bissau due in particular to the obstruction of the access canal and a faulty buoy laying system. The road sub-sector development strategy aims on the one hand, to open up the inland and insular regions and on the other to create the conditions conducive to regional integration. The priorities identified in this context concern maintenance, rehabilitation and extension of the road network as well as that of the port facilities and equipment. In the air transport sub-sector, the Government's priorities concern a continuation of the reform process and the adoption of international standards for navigation installations of the Bissau Airport.

2.3.3 In its portfolio of operations in Guinea-Bissau, the Bank has a project and study ongoing in the transport sector: i) the road infrastructure rehabilitation project approved in January 1997 for UA 8.5 million, and ii) the feasibility study for the Boké-Quebo Road approved in March 2001 for UA 940 000.

A. Boke-Quebo Road Study

A.1 Administrative and Financial Data (in UA million)

Amount: TAF: 940 000		Disbursements: 172 752,07		Balance: 767 247,93
Date Approved: 1/03/01		Date Signed: 1/08/01		Entry into force: 15/01/02
Deadline for Last Disbursement: 31/12/2001 Extended to 31/12/2004			Executing Agency: Ministry of Public Works, Construction and Town Planning	
Audit: not yet carried out				
Objectives, Description/Components: update the project's economic feasibility study, conduct social and environmental assessments and prepare the detailed engineering and bidding documents. The study comprises 3 phases: i) update of the feasibility study, ii) conduct of social and economic assessments, and iii) environmental impact assessments.				

A.2 Compliance with Precedent Conditions/Commitments

The grant agreement was signed in August 2001 and entered into force in January 2002, 5 months after signature of the grant agreement. From this standpoint, the study performed satisfactorily.

A.3 Performance in Procurement of Goods and Works

The shopping document for the recruitment of the consulting firm required to prepare the engineering designs was launched on 26 October 2002 in compliance with Bank rules and procedures and the studies started on 2 January 2003. In that regard, it can be said that procurement performance was satisfactory.

A.4 Financial Performance

During the period under review, no disbursement was made by the Borrower in respect of its counterpart towards funding of the study. The same applies to payments that the Bank was to make, especially because of temporary disruptions attendant on the re-location of the disbursement services. In view of the foregoing, financial performance was judged unsatisfactory on the whole.

A.5 Performance of Project Activities and Outputs

The progress report prepared by the consultant was sent to the Bank in March 2003. The implementation schedule of the studies was updated to take into account the 5-month delay in relation to the initial schedule. Despite this readjustment, the services of the consulting engineer were to end in March 2004, or before the deadline for last disbursement set for 31/12/04. In view to the foregoing, it can be said that the performance of the study in this area was unsatisfactory.

A.6 Impact on Development

The studies will provide the Governments of both countries concerned and the Bank with all the technical, socio-economic and environmental data needed for the proper evaluation of the project. Implementation of the latter will contribute greatly to increasing commercial exchanges between Guinea and Guinea-Bissau and promote significantly regional integration. From that point of view, the project's performance is considered as satisfactory.

A.7 Overall Performance Evaluation

The overall performance of the study is satisfactory notwithstanding the unfavourable circumstances arising from the disbursement delays.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	2	2	1	2	2	1,8

A.8 Problems and Actions Proposed

Problems	Actions Proposed	Timeframe
N/A		

B Road Infrastructure Rehabilitation Project

B.1 Basic and Administrative and Financial Data (UA million)

<u>Amount:</u> ADF: 8.5	<u>Disbursements:</u> 2.23	<u>Balance:</u> 6.27
<u>Date Approved:</u> 23/01/1997	<u>Date Signed:</u> 19/03/1997	<u>Entry into Force:</u> 25/05/2001
<u>Deadline for last Disbursement:</u> 31/12/2001, extended to 31/12/04 <u>Audit:</u> underway since June 2002	<u>Executing Agency:</u> Ministry of Public Works, Construction and Town Planning	
<p><u>Objectives, Description/components:</u> the project's sector goal is to strengthen the efficiency of domestic transport and transit of agricultural products and make local enterprises of the road sector more competitive. More specifically, the project aims at opening up the country's south in general and the region of Tombali in particular and at decreasing road transport costs.</p> <p>The project comprises the following components: (i) road development works on the Bouba-Catio stretch; (ii) rehabilitation works on the Jugudul-Bambadinca stretch; (iii) works inspection and supervision; (iii) project audit; and iv) project management.</p>		

B.2 Compliance with Precedent Conditions/Commitments

The loan agreement entered into force on 25 May 2001, 3 years and 5 months after the project approval date. This poor performance can be explained to a large extent by the duration of the sanctions on the Borrower for non-payment of loan arrears and the political and military conflict which broke out in 1998. The project's performance from that standpoint was unsatisfactory.

B.3 Performance in the Procurement of Goods and Works

The tender documents for the recruitment of the Firm in charge of updating the project, preparing the bidding documents and for works inspection and supervision have been prepared and launched in compliance with Bank rules of procedure. The same applies to the preparing and launching of BDs for works which went through the Bank's lapse of time procedure on 6 May 2002. The bid notice for the selection of enterprises required to conduct the works scheduled to be launched on 16 June 2002 also complied with the Bank's rules of procedure. Similarly, the recruitment of the consultant responsible for auditing the project went through the Bank's lapse of time procedure in June 2002. However, the procedure for the award of this package has not been completed. Despite the delay in the recruitment of the consultant to audit the project, procurement performance was satisfactory.

B.4 Financial Performance

The Borrower's payment of counterpart funds is still a problem. The Government made no payment for 2002. In addition and as a result of the disturbances in the Bank's services, the payments expected to meet the disbursement requests submitted by the executing agency in respect of works on bid package 2 were not made. In view of the foregoing the project's financial performance was unsatisfactory.

B.5 Performance of Project Activities and Outputs

All contracts for the works components (packages 1 and 2) and for project supervision were awarded in compliance with Bank rules of procedure. Works relative to bid package 2 (Jugudul-Bambadinca) are ongoing and progressing normally. Concerning bid package 1 (Bouba-Catio), the contract approved has been submitted to the Bank together with an amendment to the change of the name of the award-winning firm. Moreover, the procedure for the recruitment of the consultant required to audit the project is underway and scheduled for completion at the end of the third quarter 2003. Consequently, the project's performance in this area is satisfactory.

B.6 Impact on Development

The project will provide the country with an essential link for opening up one of Guinea Bissau's largest rice-growing areas. It will enable easy removal of the rice produced in the Tombali plains where the rice-growing schemes were financed by the Bank. Furthermore, the project will contribute to the promotion of other economic activities such as livestock and fisheries, the products of which will be more easily removed to the consumer centres. Given the proximity of the project impact area to neighbouring countries, the project will create real opportunities to step up trade between these countries and Guinea-Bissau, thereby promoting regional integration. From that vantage point the project's performance can be considered as satisfactory.

B.7 Overall Performance Assessment

In view of the foregoing, the project's overall performance at this stage is satisfactory.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	2	1	2	2	1,6

B.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
Major delay in the recruitment process for auditing, ongoing since June 2002. Project accounts have still not been audited.	<u>The Government</u> : take steps to speed up processing of the audit documents.	<u>Immediately</u>
	<u>The Bank</u> . Inform the Government concerning current regulations if the audit is not conducted.	<u>Immediately</u>

2.4 Public Utilities

2.4.1 Public Utilities facilities (energy, water, sanitation, telecommunications), concentrated in the large urban centres are currently out of order. The main source of Guinea-Bissau's energy is fuel wood and charcoal which meet 90% of the energy requirements. In the electricity sub-sector, the installed power was 12.6 MW in Bissau pre-war. However, this capacity fell to 2.5 MW post-war in 1998. In the interior, only the Bafata plant was in operation, production had halted because spare parts were lacking or the age of the equipment. In the water and sanitation sub-sector, the capacity of the existing equipment cannot meet the population's requirements. The demand for water is met in particular through the standpipes (5%) and traditional artisanal wells (82%) whose superficial water tables are regularly polluted by infiltrations. The telecommunications sub-sector is rather under-equipped. The telephone density at 0.7 in 2000 is one of the lowest in the sub-region. In addition, the international rates are among the highest in the world. Mobile telephones can still not be found in the market. Its introduction scheduled for 2002 is yet to see the day.

2.4.2 The major constraints to the utilities sector development are: i) thermal alternative for 100% of the electricity production; ii) unsuitability of agreements for operating telecommunications; iii) rundown state of the production equipment, iv) shortage of financial resources to maintain and repair existing installations, and v) poor institutional capacity. In view of the sector's development the following objectives must be reached: i) continuation of the telecommunications sector and sub-sector reforms, renegotiation the mixed firm Guinea-Telecom's contract; ii) rehabilitation and strengthening of existing infrastructure; iii) development of domestic electricity production resources (hydroelectricity and solar); iv) development of rural electrification; and v) electric inter-connection with neighbouring countries.

2.4.3 In the public utilities sector, the Bank has only one ongoing operation, the drinking water supply and Bissau rain water drainage approved in April in 1988 for UA 5.46 million.

A Drinking Water Supply and Bissau Rain Water Drainage

A.1 Basic Administrative and Financial Data (UA million)

<u>Amount:</u> ADF: 5.46	<u>Disbursements:</u> 4,36	<u>Balance:</u> 1.1
<u>Date Approved:</u> 26/04/1988	<u>Date Signed:</u> 29/05/1989	<u>Entry Into Force:</u> 06/06/1991
<u>Date of Last Disbursement:</u> 31/12/2003 <u>Audit:</u> yet to be conducted	<u>Executing Agency:</u> Ministry of Public Works, Construction and Town Planning	
<p><u>Objectives, description/components:</u> The project's specific objectives are: i) improvement in the population's hygiene conditions and increase in the supply of drinking water from 34 000 inhabitants (20%) to 120 000 inhabitants (70%), ii) creation of conditions conducive to a new institutional framework, iii) protection of homes and infrastructure in the areas most affected by erosion, iv) protection of the deep ground water table from the risks of salinization and creation of an orientation system for subsequent development of boreholes.</p> <p>The main project components are: i) drainage of rain water, ii) rehabilitation and extension of the drinking water supply system, iii) technical assistance to the project unit; and iv) logistic means and material for the maintenance of the systems; v) training, vi) consulting engineer.</p>		

A.2 Compliance with Precedent Conditions/Commitments

The loan agreement entered into force on 6 June 1991, more than 3 years after project approval. This poor performance can be explained to a large extent by the late signing of the agreement, one year after project approval, as well as by the sanctions levied for non-payment of loan arrears, unfamiliarity with Bank rules of procedures, as well as administrative sluggishness. The project's performance in this connection is not satisfactory.

A.3 Performance in the Procurement of Goods and Works

Although project activities started rather late, it performed well between 1996, the year of its start and 1998 when works were brought to a halt because of the armed conflict. Indeed, during this period, the BDs were prepared and launched between the prescribed deadlines and all procurements were made in compliance with Bank rules and procedures. Since project start-up, the amendments to the contracts relative to works and supervision were prepared by the executing agency and submitted to the donor for approval in accordance with the Bank's rules and procedures. In view of the foregoing, the project's goods and works procurement performance was satisfactory.

A.4 Financial Performance

The Government did not disburse any of its counterpart share nor clear arrears owed to the supervision mission. In addition, amounts that the Bank was to make for services rendered by the Enterprise were not paid within the prescribed deadlines as a result of the disruptions in the disbursement services. Consequently, the project's financial performance was unsatisfactory.

A.5 Performance of Project Activities and Outputs

In July 1998, the components relative to the drainage of rain water, to rehabilitation of the drinking water supply system and supply of maintenance material were implemented to the

tune of 95%, 90%, and 100% respectively. Only the component concerning the supply of drinking water still requires major works. In order to resume the remaining works, the Government has undertaken discussions with the firms still present and the consulting engineer to negotiate the conditions for a re-launch of activities. Following these negotiations, amendments to the basic contracts were agreed to and normally the firm should have resumed works. Equipment and various supplies are the process of procurement and should be delivered in May 2003. In addition, at the request of the Government, the Bank has extended the deadline for last disbursement on the loan to 31 December 2003. Project implementation performance has been satisfactory.

A.6 Impact on Development

The project will provide the country's capital with adequate infrastructure to improve the living conditions of the populations and significantly decrease the number and extent of waterborne diseases. Furthermore, once completed, the project will help protect homes and infrastructure located in the areas affected by the soil erosion phenomenon. It will also promote scores of social and economic activities because better water, in terms of quality and quantity will be available over time. However, the long delays in project implementation may dilute effects especially because of: i) population growth and attendant increase in requirements; and ii) the extent to which the urban DWSS system has deteriorated. In that respect, the project's impact on the country's economic and social development will fall short of expectations.

A.7 Overall Performance Evaluation

The project was implemented as planned during the pre-armed conflict period i.e. from 1996 to 1998. Goods and services were procured in compliance with the Bank rules of procedure for the procurement of works, and activities were carried out according to the schedule drawn during project start-up in 1996. In addition, since the re-start of the project, the works launched are progressing according to plan. However, because of its poor performance in meeting the precedent conditions, financial issues and impact on the development objectives, the overall performance of the project is unsatisfactory.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	2	1	2	1	1,4

A.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
Equipment and various supplies to deliver. This equipment should have been received since May 2003.	<u>The Government:</u> monitor closely to ensure that the equipment is made available.	Before end December 2003
The State's counterpart to the project's financing has never been made available.	<u>The Bank:</u> inform the Government of the need to provide its counterpart funds for the project.	Immediately
No accounts have been audited.	<u>The Government:</u> Initiate recruitment for the conduct of the audit.	December 2003

2.5 Multisector

2.5.1 The Bank's assistance in this connection aims at promoting ownership and steering by nationals of the development process especially through: (i) formulation, implementation and monitoring and evaluating of macroeconomic and sectoral policies; (ii) production and analysis of statistics; and (iii) implementation of projects in the portfolios of various partners during preparation of the public investment programme. An analysis of the situation reveals that despite support from external sources, Guinea-Bissau still faces major problems over the capacity to manage its development as seen through the time spent in implementing the economic reforms required to revive economic activity as well as for the principles of transparent resource management.

2.5.2 Public finance faces genuine problems of revenue centralisation which means: (i) difficulties for the Receiver General of Treasury to control payments made by the financial excise departments and reconcile them with the coffer and the clearances issued; (ii) shortcomings in the establishment of subsidiary accounts because the receivers stopped keeping records according to budgetary charges; and (iii) the continued practice of waivers such as direct expenditure deduction on the revenue and compensation. Concerning budget execution, the principle of annual budget which is based on the execution of budgetary operations for a given financial year, is not complied with. Consequently, processing of a large number of operations is carried over to the following budgetary year. Therefore, the accounts of the General Treasury cannot be closed within the deadlines prescribed for the financial year. Owing to the various slippages, external support for the economic reform programme was suspended.

2.5.3 In the context of an overall approach to and coordination with other development partners including the IMF, World Bank, European Union and United Nation's Agencies, plans have been made to back a global programme aimed at providing the country with the minimum capacity indispensable to the country's economic and social development.

2.5.4 In support of the multisector, the Bank Group financed a SAP in 1987 which contributed to the implementation of measures to liberalise agricultural prices and exchange rate as well as cut down on public spending. A second SAP financed in 1989 aimed primarily at eliminating the macro-economic and sectoral distortions as well as creating the conditions conducive to economic development. In 1989, the Bank approved institution building of the Ministry of Planning with the purpose of building the capacity of the administration to programme investments and manage macroeconomics, for which the last disbursement date expired in October 2002 but has just been extended to 30 June 2004.

A. Institution Building of the Ministry of Planning

A.1 Basic Administrative and Financial Data (in UA million)

<u>Amount</u> : ADF loan: 1.97 TAF grant: 3.80		<u>Disbursement</u> : 2.91	<u>Balance</u> : 2.86
<u>Date Approved</u> : 22/08/1989		<u>Date signed</u> : 19/09/1989	<u>Entry into Force</u> : Loan: 16/01/1991 Grant: 8/01/1991
<u>Last Disbursement Date</u> : 30/06/2004 <u>Audit</u> : not yet carried out		<u>Executing Agency</u> : Ministry of the Economy and Finance, General Planning Directorate	
<p><u>Objectives, Description/Components</u>: the project aims at building the Ministry of Planning's capacity to plan development and public investment. Since the project's re-organisation in 2001, it also aims at debt management control, fine-tuning and implementing the poverty reduction strategy as well as improving the Bank Group project performance in Guinea Bissau.</p> <p>The components selected after a revision of the list of goods and services in October 2001 are: (i) institution building and human resource development; (ii) support to the finalisation and follow-up of the poverty reduction strategy; (iii) rehabilitation and development of administrative and housing facilities; and (iv) project management.</p>			

A.2 Compliance with Precedent Conditions/Commitments

The loan agreement entered into force on 16 January 1991, nearly 17 months after approval of the project. The other loan conditions were also fulfilled behind schedule. From that point of view, the project's performance was not satisfactory.

A.3 Procurement Performance

Goods and works procurement under the project was rather good between 1993, the year of the project's restructuring and 1998 when works were brought to a halt because of the armed conflict. This had enabled complete rehabilitation of the building of Ministry of Planning, the construction of new homes and the purchase of information technology equipment and office furniture. However, procurement for the use of consultants and for the implementation of the training programme and construction of the new Ministry of Planning building was greatly delayed. Unfamiliarity with Bank rules of procedure is one reason for the poor performance in the procurement of goods and services. On the whole, procurement performance was unsatisfactory.

A.4 Financial Performance

The entire foreign exchange cost of the project was covered by the loan and grant. On the whole, the Government fulfilled its commitments in respect of the national counterpart contribution comprising office rental and the value of land in the context of the project. The disbursement rate of the grant was 57.37% as at 21 November 2003, that of the loan was 37.14 % at the same date, corresponding to an overall project disbursement rate of 50.43% which is not satisfactory.

A.5 Performance of Activities and Outputs

Project implementation fell well behind schedule. Indeed, twelve years after entry into force of the loan and grant only the components “rehabilitation of buildings and construction of 9 houses” had been virtually completed. Implementation difficulties led to the project’s restructuring in 1993. The delay in project implementation was made worse by the sanctions for arrears as well as the armed conflict which broke out in June 1998 and which led to a halt in project activities. In July 2001, the Bank approved the Government’s plan to revive the project. Thus, each component was reviewed taking into account the country’s new priorities and the Bank’s Vision especially concerning poverty reduction, management capacity building and debt follow-up.

Two supervision missions were fielded by the Bank in May and October 2002. These enabled, by mutual agreement with the Government, measures aimed at a rapid re-start of project implementation especially for the construction of the new building of the Ministry of Planning, the implementation of which will address in part, the major issue of shortage of administrative premises in Bissau. The Government has sent several requests for the extension of the deadline for last disbursement which expired in 31/10/02. On 9 July 2003, the Bank agreed to this extension which covers the period from 31/10/02 to 30/06/04, indicating that the Government must do its utmost to finalise the remaining activities before expiry of this date which will no longer be extended. Tangible progress has been made since the last extension of the final disbursement date although the *coup d’Etat* of 14 September 2003 delayed activities somewhat. In fact, the bidding documents for the construction of the Ministry of Planning building passed the Bank’s lapse-of-time procedure and were published in the United Nations’ “Development Business” bulletin. The Government has received the technical and financial offers of firms interested. The National Bid Examination Commission has examined the bids. Thus, audit activities have started. The short list of audit firms drawn by the Government has been approved by the Bank and letters of invitation sent to the firms. The technical documents for the procurement of additional goods and services are being prepared and will be submitted to the Bank for review, along with a revised list of goods and services that the Government is proposing, given the constraint to finalise activities before 30 June 2004, date of last disbursement. Generally, project implementation performance is not satisfactory.

A.6 Impact on Development

Thanks to the implementation of a substantial portion of the long term assistance, the capacity of the General Directorate of Planning to plan investment has been strengthened enabling it to design and implement the public investment programme. Thanks to this support, the Directorate of Programmes and Projects has been able to set up a data base grouping national level projects. Similarly, the Directorate of Regional Planning was strengthened. In addition, the re-design of the project will help reach the objectives to build capacity, develop human resources manage the external debt and reduce poverty thanks in particular to the assistance in finalising and monitoring the PRSP.

A.7 Overall Performance Evaluation

The analysis above makes it possible to assert that the overall performance of the project is not satisfactory.

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1	1.5	1.5	1	2	1.4

A.8 Problems and Actions Proposed

<u>Problems</u>	<u>Actions Proposed</u>	<u>Timeframe</u>
Implementation of the components “Construction of Building for the Ministry of Planning” and “Training” was greatly delayed.	<p><u>The Government:</u> accelerate the process of analysing bids for the component “Construction” and send to the Bank, BDs for the recruitment of the consulting firm to implement the training programme and for additional technical assistance.</p> <p><u>The Bank:</u> inform the Government that the date for last disbursement cannot be extended if implementation of project activities is delayed again.</p>	<p>Immediately</p> <p>Immediately</p>
Project accounts were never audited.	<p><u>The Government:</u> initiate without delay the process for the recruitment of the firm to audit project accounts.</p> <p><u>The Bank:</u> inform the Government that any further disbursement will be tied to the start-up of audit activities.</p>	<p>December 2003</p> <p>Immediately</p>

2.6 Aging and Problem Projects

2.6.1 Aging Projects: the average duration of the active portfolio is 6.5 years for a disbursement rate of 38.9% only, as at 21 November 2003. Three projects representing about 40% of net commitments are aged on average 14 years with a disbursement rate of only 76.57%. The projects are: (i) Drinking water supply and rain water drainage (15 years); (ii) institutional support to the Ministry of Planning (13 years); and (iii) Development of advanced artisanal fisheries (13 years). Several factors explain this situation namely, the protracted war (June 1988-May 1999) made worse by a two-year period of sanctions for debt payment arrears. Furthermore, sluggishness in the process of decision-taking, entry into force and/or ratification of loans and grants, poor implementation capacity are also factors that explain such a high average portfolio age for a such a low disbursement rate. The difficulties encountered by the Government in providing its counterpart funds, indispensable for the activities of some projects, as well as the period for processing BDs and disbursement requests in the Bank are the reason behind this situation.

2.6.2 Problem Projects: problem projects are described as operations rated less than 1.5 for the criteria compliance with conditions and other commitments or impact on development. In relation to these criteria, nine (9) projects out of ten in the portfolio come under the category of problem projects. Only the “Boke-Quebo Road Study” does not meet such criteria. The main problems of the portfolio stem from fulfilment of the conditions for entry into force of the loan. In that regard, seven (7) projects were rated 1, and the general rating for that same criterion was 1.7. Moreover, the portfolio is faced with enormous financial-related difficulties; the performance of all the projects is unsatisfactory with a rating of 1.18.

2.7 Assessment of Frequency and Quality of Supervision

2.7.1 As result of the consequences of a war that lasted one year and the two-year sanction period, achievements in the area of supervision could not be consolidated during the first year of resumption of Bank operations in Guinea-Bissau after the war i.e. 2001. However, since 2002, most projects register the established ratio of 1.5 supervision missions per project, per annum. The quality of supervision missions also improved from the standpoints of analysis of project status and implementation of recommendations. However, it must be stressed that some problems are often raised by the supervision mission. These include mobilisation of Government counterpart funds for projects and unfamiliarity with Bank rules of procedure which cause major delays in the procurement of goods and services. Such problems persist and are regularly subject of dialogue with the authorities. The issue of counterpart stems from the capacity of the authorities to allocate in a strategic manner limited resources with the prospect of a greater impact of domestic and external resources. This dialogue should continue and in collaboration with other development partners. Regarding command of Bank rules of procedure, a training workshop has been scheduled and should be of benefit to civil servants of Guinea-Bissau and Cape Verde.

2.8 Cross-cutting Issues

2.8.1 The prime objective of Bank operations in Guinea-Bissau is to help improve the living conditions of the populations, especially the underprivileged groups including women. They also contribute to human resource development, protection of natural resources and environment and regional integration. In addition, with the generalisation of the participatory approach during the preparation and evaluation of operations, the ongoing portfolio of operations reflects increasingly the Bank's Vision, particularly in the area of poverty reduction for sustainable development in Guinea Bissau.

2.8.2 **Governance:** governance and its political and economic aspects is a burning issue in Guinea-Bissau and impacts on the institutional environment of the portfolio's projects and their implementation. During these various CSP-related supervision, preparation, appraisal and dialogue missions, the Bank is leading the dialogue with the authorities on the need to create an adequate institutional environment for external assistance. During ADF VIII, the Bank assessed and distributed to the Boards, the economic reform project document. Finally, the document was not considered because of the major slippages registered in the implementation of the Government's Economic Programme. Moreover, in respect of the ADF-IX resources, the Bank and Government have decided to allocate in the form of a grant, UA 1.35 million to institution building and human resource development. The objective being to equip the beneficiary structures with the necessary technical capacity and tools to strategically steer development and transparently manage public resources. This new project will consolidate the achievements of the first project for the institutional strengthening of the Ministry of Planning. The institutional support projects for the development of the agriculture and fisheries sector, within the framework of the Post-conflict Rehabilitation Project will also contribute to the implementation and management capacity of the beneficiary structures.

2.8.3 **Gender:** the Bank's portfolio comprises three projects that focus in particular on the economic and social advancement of women. In the social sector, the rehabilitation project aims at increasing the incomes of the vulnerable groups, including women. This project should also contribute to the consolidation of grassroot communities often moderated

by women's NGOs. Similarly, the PNDS support project aims *inter alia*, at reducing the unequal access to primary health care, whereas the emergency assistance project approved in 2000 aims at improving the immunisation of children, and women of a childbearing age. Moreover, the presence within the Bank of gender specialists makes it easier now to assess the impact of projects on women.

2.8.4 **Regional Integration:** the Bank contributes to the regional integration process by financing the Boke-Quebo Road Study which will benefit the Republics of Guinea and Guinea Bissau. In addition, the political decision taken by Guinea-Bissau in 1997 to join UEMOA is a sign of commitment to the harmonisation of its monetary, budgetary and customs policies with the other UEMOA countries in order to make the most of its membership of a zone of monetary stability. Compliance with the related criteria demands real capacity to formulate, analyse and monitor the policies agreed to with the other member countries of the Union. The project, to build the institutional capacity for economic management is being prepared within the context of ADF-IX will contribute to the attainment of this objective. It will consolidate the achievements of the first institutional support to the Ministry of Planning project that enhances support for development management.

2.8.5 **Environment:** most of the ongoing operations were subject to the environmental classification before their appraisal and complied with environmental standards. This classification made it possible to include in the appraisal reports, measures for attenuating impacts on the environment, especially for operations classified under categories 1 and 2 (with undoubted impact). The executing agencies have been made aware of the need to apply the measures identified for each project.

2.8.6 **Population:** the population is young since 61.4% are less than 24 years of age. Between 1991 and 2000, the under fifteen age group rose from 47% to 50.2%. This situation means a high demand on social services such as health care and education. About 60% of this population is illiterate illustrating thus the scope of the challenges in terms of higher productivity with the prospect of long-term poverty reduction. Social sector projects including the PNDS, Post-conflict Rehabilitation and humanitarian emergency assistance will contribute to the Government's efforts to address this major social demand especially health, education, and training with the prospect of more job opportunities.

2.8.7 **Poverty Reduction:** it is estimated that just over 64.7% of the population lives below the poverty line (set at less than 2US\$ per day per capita). Rural dwellers are the worst hit although urban dwellers are increasingly threatened especially as a result of rural migration and the urban population density which is over 300 inhabitants to the km². All the ongoing operations are contributing to better living conditions, through in particular: (i) funds for income-generating activities for the vulnerable groups; (ii) rehabilitation of core economic and social infrastructure; (iii) capacity building, as well as macroeconomic and structural reforms; and (iv) emergency humanitarian assistance to relieve the population greatly affected by the conflict. In addition, the institutional support to the Ministry of Planning project was re-designed in 2001 to include assistance to finalise the poverty reduction strategy paper (PRSP) and funding of activities to monitor poverty indicators.

2.9 Overall Evaluation of Portfolio Performance

2.9.1 The Table below indicates that the average rating given to the operations under review is 1.4 over a scale of between 0 and 3. The overall performance of ongoing

operations in Guinea-Bissau is therefore not satisfactory and suggests deterioration in comparison with the portfolio review of 1997.

Overall Evaluation of the Present Portfolio Review

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1.17	1.63	1.18	1.47	1.60	1.4

Overall Assessment of Portfolio Review of 1997

Indicator	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
Rating	1.2	1.4	1.6	1.5	2.0	1.5

2.9.2 The Overall Evaluation rating fell from 1.5 in 1997, to 1.4 in 2003. The various performance indicators are as follows:

- (i) Real difficulties persist at project start-up, and in relation to compliance with conditions precedent to entry into force of the loans and ratification of loan agreements. There is an average period of 22 months between the date of approval of the loan and the date it enters into force. Progress reports are not sent regularly to the Bank and no project in the portfolio has been audited although the average lifespan of the projects is 6.5 years. This situation is the result of long period of war and sanction for payment arrears. Generally, no significant improvement has been registered for this criterion since the last review.
- (ii) The indicator for the procurement of goods and services registered a slight improvement in relation to the last review as a result of the start of some projects like the PNDS and the Post-conflict Rehabilitation Project. Nonetheless, the performance of the portfolio remains unsatisfactory. The low technical capacity of project officers for preparing bidding documents and unfamiliarity with the Bank rules of procedure persist. Moreover, relations between the Government, the Bank and providers of goods and services must also be controlled by the project managers in order to avoid slippages in the goods and services procurement process. Some projects called upon the services of the specialised UN agencies and NGOs with a view to improving project implementation. The Government and Bank should ensure that the intervention of these agencies has a marked improvement on the portfolio's performance.
- (iii) Concerning financial performance, the constraints of mobilising the Government's counterpart and the long delays in processing disbursement requests explain the deterioration of the portfolio's financial performance with a general rating from 1.6 of the last review to only 1.18.

- (iv) Concerning compliance with the implementation schedule of activities and the performance of the technical team and project directorate, the portfolio has deteriorated. Indeed, assessment of technical assistance was not systematic before the end of all contracts duly established. Thus, the performance of the portfolio has not changed considerably since the last review; it is rated 1.47, against 1.5 for the previous review.
- (v) Lastly, despite the relevance of the objectives of the portfolio projects, their impact on development is limited because for various reasons mentioned earlier implementation of activities is difficult.

2.10 Disbursements

2.10.1 The total disbursed as at 21 November 2003 for all ongoing operations amount to UA 21.19 million out of a total commitment, net of cancellations which at the same date stood at UA 54.47 million or a disbursement rate of 38.9%. The public utilities sector registered a higher disbursement rate (79.85%) followed by the agricultural sector ((53.37%), multisector (50.47%) and the transport sector (21,95 %). The social sector recorded the lowest disbursement rate (15.18 %).

2.10.2 The main causes for this low disbursement rate are: (i) delays in processing disbursement requests; (ii) Guinea Bissau has only one commercial bank with very few branches, making disbursement in certain foreign currencies impossible; (iii) difficulties in transferring funds from the African Development Bank to the beneficiary banks; (iv) poor communication between the Bank and executing agencies, as well as frequent rejections of disbursement requests for non-compliance with procedures; and (v) irregular transmission (sometimes non-transmission) of loan and grant accounting and financial monitoring documents: ledgers, disbursement invoices, etc.

III. ASSESSMENT OF PROJECT MANAGEMENT AND IMPLEMENTATION CAPACITY

3.1 Performance of the Government and Executing Agencies

3.1.1 The Bank's operations in Guinea-Bissau are implemented under the supervision of the technical ministries and they are monitored and coordinated by the General Directorate of Planning (DGP) of the Ministry of the Economy and Finance. The DGP is responsible *inter alia* for preparing and putting in place the Priority Investment Programme (PIP) according to the priorities established by the Government and the resources available. The DGP's capacity for project planning was strengthened by the Institutional Support to the Ministry of Planning Project. However, there are still major shortcomings especially from the standpoint of coordination with the consulting firms and planning by the technical ministries and DGP of the project cycle (identification, appraisal, follow-up-implementation).

3.1.2 The performance of the Government and executing agencies in the implementation and management of Bank operations in Guinea-Bissau is unsatisfactory. The last portfolio review had already highlighted the particular and general constraints which underlie this poor performance. The measures advocated to address the situation have been the subject of extensive consultation with the national authorities, although these constraints persist:

- (i) Poor institutional capacity which slows down considerably, ratification and entry into force and consequently limits the Fund's resource contribution to the attainment of the country's priority objectives;
- (ii) Unfamiliarity of national project officers with the Bank's rules of procedure for the procurement of goods and services, as well as poor technical capacity to prepare bidding documents slowing down thus implementation of project activities;
- (iii) Limited human and material resources of technical ministries and that responsible for coordination means that the projects are not always implemented in the required material and logistic conditions for attainment of the set objectives;
- (iv) Plurality of functions held by some project officers means that projects are not adequately monitored by the Government;
- (v) The Government's difficulty in providing counterpart project funds is a major drawback in meeting the set project objectives;
- (vi) The Government's failure to audit project accounts and send progress reports to the Bank in compliance with the appropriate regulations greatly hinders implementation of Bank operations.

3.1.3 The training seminars programmed within the framework of the institutional support project suggest bright prospects for building the capacity of the agencies required to implement and coordinate Bank operations in Guinea Bissau. In addition, aware of the constraints on the national resource absorption capacity, the new Government intends to take measures fashioned to reduce the timeframe for ratification of loan agreements.

3.2 Performance of the Bank

The Bank's performance in the assistance, follow-up and supervision of operations is highly dependent on the country's economic and social context. Thus, the armed conflict and the insecurity of the aftermath made it impossible to undertake a sufficient number of supervision missions given the problems encountered in implementation, and to apply Bank project implementation rules to the letter. Since 2002, there has been some improvement in the quality and frequency of supervision missions. However, the Bank performed poorly in the application of its own project management rules as the following illustrate:

- (i) The portfolio comprises 40% of projects (in terms of net commitments) with an average lifespan higher than ten years; strict compliance with the rules would have meant the cancellation of the projects; however, because of the peculiar post-conflict situation in Guinea-Bissau, the Bank did not comply with its own related rules;

- (ii) The average period between the dates of loan approval and that of entry into force is much longer than authorised by the rules; however, the Bank showed proof of flexibility at the risk of cancellation of strategically important development loans before the start of activities;
- (iii) Non-fulfilment by the Government of its commitments regarding audit should have led to the suspension of disbursements on several operations, which is not the case for several projects;
- (iv) The commitment to enhance the capacity of national project staff to handle goods and services procurement must materialise with the organisation of the seminar on the subject. Initially planned for the second semester of 2003, this seminar was postponed; and
- (v) The Bank delayed the processing of bidding documents and disbursement requests; the Bank should try and reduce such delays in order to improve the portfolio's performance.

IV. AID COORDINATION

4.1 Assessment of the Government's Capacity to Coordinate External Aid

4.1.1 Since its independence, external aid has been the main financing source for the country's development programmes and projects. At governmental level, aid coordination is the onus of the General Secretariat of Planning, the State Secretariat of International Cooperation and the State Secretariat to the Treasury. The Directorate of Debt of the Ministry of the Economy and Finance also plays the role of focal point and liaison with the technical ministries for all matters of aid granted in the form of loan. This procedure precludes efficient follow-up and coordination of external aid in that there is often an overlapping of financing requests and some confusion as to accountability of structures. In that respect, there is currently no structure in Guinea-Bissau capable of preparing a comprehensive statement of the aid received or of giving the sectoral breakdown. The institutional support to the Ministry of Planning Project was re-designed in 2001 to take into account *inter alia* the Debt Directorate Support component. Provision has made under this component to revive the Technical Committee for external aid follow-up, organise a seminar that should propose a long-term aid coordination mechanism.

4.1.2 External aid is also coordinated at periodic Round Tables organised by the Government with UNDP's sponsorship. These Round Tables bring together donors and Guinea-Bissau's development partners to discuss the country's development programmes and plans with a view to analysing and discussing development strategies and priorities, and coordinating their operations, technically and financially. In addition, regular contacts between the Bank and other donors present in the country are made during preparation, appraisal and supervision missions when their respective operational strategies are discussed and opportunities for joint financing identified.

4.1.3 Owing to the scope of the problems, the low capacity to attain the development objectives, development partners have decided to combine their efforts to help the Government acquire the minimal capacities to take the reins of Guinea-Bissau's

development. Therefore, development partners including the IMF, World Bank, European Union, the United Nations Agencies and the Bank are in consultation to help the Government draw a national capacity building programme around the strategic function of development. The Bank's support under ADF-IX and in the area of capacity building will be provided in that context.

4.1 Assessment of the Bank's Capacity to Coordinate Assistance with Other Donors

4.2.1 The Bank's capacity to coordinate external assistance was satisfactory. Indeed, lead donors present in the country exchanged information on all operations at each level of the project cycle. This coordination is either formal when the Bank takes part in Round Tables or in joint missions, or informal when contacts are made during field trips or from the Bank's headquarters. Consultation with other partners enables the Bank to avoid overlapping and to focus its intervention on sectors where its support would mean value added and complementarity to that of other donors. Operations financed by the Bank in 2000-2001 fall into the context of relieving the populations of the effects of war (emergency assistance), rehabilitating economic and social infrastructure and reintegrating war veterans through the following projects: Emergency Humanitarian Assistance, Post-Conflict Rehabilitation, Institutional Support to Rural Development and Economic Reform Support which could not be approved because of major slippages. All these operations fall into the framework of mobilisation by the international community to rebuild the country and are subject to parallel financing by several donors including the World Bank for rehabilitation. Lastly, the reform programme registered a high level of coordination with all donors. This enabled the Bank to postpone approval of the Policy-based reform and Rehabilitation Support Project (PARR) which had just been appraised when the EU and Bretton Woods Institutions suspended their budgetary support to Guinea-Bissau in July 2001.

4.3 Assessment of the Performance of Cofinanciers in Cofinanced Operations

4.3.1 Several bilateral and multilateral partners have backed Guinea-Bissau's effort especially through the Post-conflict Programme and have granted additional resources as counterpart for the implementation of economic reforms. In particular, the Bretton Woods Institutions formulated structural reform and stabilisation programmes which should put the economic back on the path to sustainable growth. In order to coordinate assistance and improve the performance of cofinanced operations, some donors have been identified as leaders in their respective areas of concentration. This is the case of the EU for infrastructure, IMF for budgetary support, the UNDP for capacity building and governance and Netherlands for poverty reduction. Partners, especially France, Netherlands and the EU provide technical assistance to the financial departments in order to improve the capacity to finance development with equity.

4.3.2 Furthermore, the international financing institutions including the Bank have provided support for relief of Guinea-Bissau's debt within the framework of the HIPC. However, for performing poorly in areas like the economy and governance, the country is gradually losing the benefit of debt relief, following the suspension two years ago of support to the Government's economic programme. The 2002-2004 Country Strategy Paper preparation process was the opportunity for fruitful discussions with development partners

and to highlight the difficulties of mobilising cofinancing without any improvement to the environment, to governance and structural reforms.

V LOAN AND ARREARS REPAYMENT STATUS

5.1 Guinea-Bissau has no ADF loan repayment arrears and since reaching the HIPC Initiative decision point, has benefited from a 100% cancellation of its debt service vis-à-vis the ADF/ADB. In addition, the country is up to date in its capital subscriptions to the Bank. Concerning the HIPC, from December 2000 to November 2003, the Bank cancelled Guinea-Bissau's ADF/ADB debt service totalling US\$ 11.83 million in nominal terms. This means US\$ 11.1 million in net present value out of a total approved amount of US\$ 50.84 million or about 22% of its allocation. The completion point (CP) scheduled for December 2003, is no longer realistic given the country's performance. Plans have been made to extend the HIPC facility to the year 2004. This would relieve public finance for debt service of US\$ 3.07 million owed to the ADF/ADB for the year 2004.

VI PROBLEMS AND INITIATIVES TO TAKE FOR IMPROVING THE PORTFOLIO'S QUALITY

6.1 Problems encountered in project implementation

6.1.1 Despite the efforts made to improve the performance of the portfolio, project implementation will continue to be affected by the persistent general problems mentioned in paragraph 3.1 and 3.2 summarised hereafter:

6.1.2 Start-up Phase

- (i) Administrative sluggishness impedes or delays considerably entry into force of operations;
- (ii) The difficulties encountered by the administration and executing agencies in fulfilling specific conditions.

6.1.3 Procurement of Goods and Services:

- (i) Unfamiliarity with Bank rules of procedure for the procurement of goods and services;
- (ii) Long delays in the award of contracts, including difficulties in preparing bidding documents;
- (iii) Low capacity (organisation and resources) of the national private sector firms to implement contracts; and
- (iv) Inadequate database on national suppliers.

6.1.4 Implementation and Management of Operations

- (i) The low level of human resources;
- (ii) No quarterly progress reports produced nor submitted to the Bank within the time limits;
- (iii) Non-fulfilment of the obligation to audit each project annually;
- (iv) Inadequate accounting and financial management;
- (v) Poor transfer of skills between the project technical assistants and national staff;
- (vi) Frequent reshuffling of ministers and staff of the executing agencies, which often means no archives and institutional memory;
- (vii) Poor follow-up and management of contracts (consultants, contractors and suppliers);
- (viii) Problems of communications, especially unreliable and rather costly telecommunications;
- (ix) Limited human and material resources in the State Secretariat of Planning, the central structure responsible for monitoring and coordinating all projects;

6.1.5 Financial Problems:

- (i) Difficult mobilisation of the Government's counterpart for implementation of several projects;
- (ii) No financial system, the country's only commercial bank has no branches and so transfers are difficult;
- (iii) Frequent stop in project implementation from disbursement suspension for arrears; and
- (iv) Long delays by the Bank in disbursing funds for operations.

6.1.6 The Government, with the support of the Bank and other donors, should, take the necessary measures to solve these problems so as to improve Guinea-Bissau's capacity to absorb external financing. The 2004 budget is being prepared and it takes into account, under the item capital expenditure, part of the Government's counterpart funds for ADF-backed projects. This draft budget comprises nonetheless, requirements estimated at around US\$ 15 million which will be submitted to Guinea-Bissau's development partners for financing by end 2003 or January 2004.

6.2 Solutions and Action Plan

A detailed action plan for improving the Bank's portfolio, as well as an implementation schedule is given in Annex III. Specific measures, given as Annex II and maintaining a satisfactory level of supervision in 2003 and 2004 should improve the pace of implementation. This should improve the implementation rate of the 3 aging projects. These actions, carried out concurrently as the process to energize projects approved in 2001, and the acceleration of the period for processing Bank disbursements, should enable a marked improvement in the disbursement rate of operations.

6.3 Lessons to Draw for the CSPs and Future Portfolio Reviews

6.3.1 The conclusions of the review have enriched the preparation process for the 2002-2004 Country Strategy Paper (CSP) which was approved by the Boards of Directors on 18 June 2003. Indeed, the review's recommendation on institution building and human resource development for a better follow-up of project implementation, brought about the choice of one of the CSPs two areas of concentration, that is to say institution building. The grant resources made available to the country under ADF-IX will fund capacity building activities with special attention to the project cycle. However, the political climate and progress in structural reforms are indispensable for significant improvement in portfolio performance.

6.3.2 Regarding future reviews, it is fitting to point out that if cross-cutting issues are to be taken into account, operations must be prepared and appraised by multidisciplinary teams. Moreover, given the Government's persistent financial difficulties, focus must be put, during project preparation, on the Government's counterpart. Similarly, because of the long delays in entry into force in recent years, conditions must be more realistic. Lastly, it must be recalled that difficulties in communication and the fact that there is no permanent Bank representation in Guinea-Bissau are major factors that have contributed to the deterioration of the portfolio's quality. The opening of the next National Programme Bureau will contribute to better project implementation because: (i) there will be permanent contacts between the Bureau coordinator who should have a command of Bank rules and procedures, and the project managers and beneficiary structures; (ii) communications between project officers and various departments at headquarters will improve as a result of the presence of the Coordinator in the field, this should accelerate the processing of bidding documents and disbursement requests.

VII CONCLUSION AND RECOMMENDATIONS

7.1 Conclusion.

7.1.1 The review has made it possible to highlight the objectives of the portfolio's projects in light of the country's current priorities. However, owing to major implementation problems, the review concluded that the portfolio's impact on the attainment of development objectives is limited. The overall evaluation rating is 1.4 against 1.5 for the 1997 review. The resource disbursement rate is 38.9% for a portfolio whose projects register an average duration of 6.5 years. General constraints to the implementation of operations persist and concern in particular non-mobilisation of the Government's counterpart to project financing, unfamiliarity of project officers with Bank rules and procedures, the long delays in the ratification and entry into force of loans, as well as in the processing of disbursement requests and bidding documents. Concerning the follow-up of operations, activity and audit reports did not comply with the set rules. Consequently, both the Government and Bank must improve their performance in order to honour their respective commitments and comply with their rules of procedure for project implementation.

7.1.2 The review has been a framework of dialogue to sensitise the Government to the fact that structural reforms and a stricter management in affairs public are required to better the contribution of Bank operations to the development objectives. However, the institutional instability which persists tends to inhibit the impact of development efforts. The international community is also aware of the social, economic and financial situation this post-conflict country is going through. The considerable improvement in the Bank's portfolio performance would be possible through not only the stability of Government institutions and the efficiency of the decision-making process for project implementation but also through the transparency in the management of public affairs, especially rational resource allocation for project financing. The opening of the Bank's National Programme Office in Guinea-Bissau will also be a major factor in the improvement in the performance of the portfolio.

7.2 **Recommendations:**

In order to improve the performance of the portfolio, it is recommended that the Government and Bank implement the measures specific to each project and the following general measures:

The Government should:

- (i) Focus on the mobilisation of Government counterpart project funds as it seeks financing for priority projects from external partners;
- (ii) Build the capacity of the structure in charge of coordinating and monitoring Bank operations, at the level of the General Directorate of Planning. The new economic management capacity building project under ADF-IX will back the Government's efforts to reach this objective;
- (iii) Ensure compliance with the project implementation schedules often disrupted by significant institutional instability of the decision-making bodies;
- (iv) Maintain project officers in their respective positions throughout the duration of projects in order to preserve the institutional memory;
- (v) Send quarterly project status reports regularly to the Bank;
- (vi) Audit Bank operations regularly every year;
- (vi) Build the capacity of the project structures to improve communication between the Bank and Guinea-Bissau.

The African Development Bank:

- (i) Pursue dialogue with the Government and external partners with a view to creating the institutional environment propitious to the re-involvement of the international community in the country's development objectives. Renewed confidence of partners in State institutions could improve external resource

mobilisation and optimal re-allocation in support of projects especially in respect of the Government's counterpart in project financing;

- (ii) In collaboration with other development partners, support the initiatives aimed at building the capacity of structures responsible for projects; the economic management capacity building support project which is at the appraisal phase, will contribute to the attainment of this objectives;
- (iii) Organise a training seminar on Bank rules and procedures for the procurement of goods and services, disbursement and the project cycle, for project officers and services involved in project implementation; the Bank's training programme for 1st semester 2004, could take this course into account;
- (iv) Make effectively operational the Bank's National Programme Office in Guinea Bissau;
- (v) Strengthen the processing of documents submitted to the Bank by project officers.

GUINEA BISSAU
PORTFOLIO REVIEW

SUMMARY OF BANK GROUP OPERATIONS

(as at 21 November 2003 and in UA million)

Sectors/Projects/Studies	Financ. Source	Date Approved.	Date Signed	Entry into Force	Final Date Disb.	Deadline Last Disb.	Loan/Amount/Grant Approved	Net Commit.	Disbursement	Disb. rate	Balance	Status
<u>Agricultural Sector</u>												
PIG AND POULTRY PRODUCTION	ADF	30/05/1979	29/06/1981	10/11/1981	30/06/1996	14/11/1995	3.96	3.95	3.95	100.00	0.00	Completed
INDUSTRIAL FISHING STUDY	TAF	28/08/1991	12/05/1992	09/06/1994	31/12/1996	12/09/1996	1.47	1.47	1.37	92.68	0.11	Completed
ARTISANAL FISHERIES DEVELOPMENT	ADF	29/10/1990	14/12/1990	29/12/1991	31/12/2003	21/11/2003	10.68	10.49	9.3 6	89.18	1.52	Active
FISHERIES SECTOR SUPPORT PROJECT	ADF	31/10/2001	25/01/2003	NA	31/12/2006		4.29	4.29	0.00	0.00	4.29	Active
FISHERIES SECTOR SUPPORT PROJECT	TAF	31/10/2001	25/01/2003	NA	31/12/2006		1.70	1.70	0.00	0.00	1.70	Active
TOMBALI RICE-GROWING DEVELOPMENT	ADF	20/10/1983	23/08/1984	22/05/1986	31/12/1998	22/04/1998	5.57	5.57	5.16	92.59	0.41	Completed
RURAL DEVELOPMENT INSTITUTIONAL SUPPORT	TAF	14/06/2001	21/09/2001	19/06/2002	31/12/2005	15/05/2003	1.10	1.10	0.0230	2.10	0:870	Active
AGRICULTURAL LINE OF CREDIT	ADF	26/06/1987	09/07/1987	23/03/1990	31/12/1998	17/04/1998	4.79	4.76	4.76	100.00	0.00	Completed, RAP
Sub-total Agriculture							33.57	33.34	24.62	72.84	9.19	
<u>Social Sector</u>												
SUPPL.- EQUIP. TECHNICAL SCHOOL.(EDUCATION I)	ADF	24/08/1976	26/08/1976	21/12/1979	31/12/1983	06/08/1987	3.68	3.68	3.65	98.99	0.04	Completed
POST-CONFLICT REHABILITATION PROGRAMME	ADF	12/07/2001	21/09/2001	20/06/2002	31/12/2005	20/11/2003	5.00	5.00	1.33	26,.60	3.67	Active
POST-CONFLICT REHABILITATION PROGRAMME	TAF	12/07/2001	21/09/2001	20/06/2002	31/12/2005	08/10/2003	0.85	0.85	0..36	42.70	0.49	Completed
EDUCATION STUDY II	TAF	20/10/1983	23/03/1984	14/11/1986	30/06/1994	07/08/1990	0.54	0.54	0.54	100.00	0.00	Completed
EDUCATION II	ADF	18/09/1989	19/09/1989	04/02/1991	30/06/2001	23/08/2001	10.59	10.59	9.49	89.63	1.10	Active
EDUCATION (I)-(SUPPLEMENTARY)	ADF	24/08/1984	06/12/1984	08/07/1987	31/12/1996	28/02/1996	2.76	2.76	2.76	100.00	0.00	Completed
HEALTH AND POPULATION SECTOR STUDY	TAF	31/08/1993	21/10/1993	06/06/1996	31/12/1996	06/06/1996	0.92	0.11	0.11	100.00	0.00	Cancelled
HEALTH DEVELOPMENT PROGRAMME SUPPORT.	ADF	19/12/1997	11/02/1998	08/08/2001	31/12/2005	15/08/2003	10.00	10.00	0.037	0.37	9.963	Active
SIMAO MENDES NATIONAL HOSPITAL REHAB.	ADF	26/06/1987	09/07/1987	17/01/1989	31/12/1996	01/09/1995	5.37	0.69	0.69	100.00	0.00	Cancelled
HEALTH SERVICES TRAINING AND MANAGEMENT	ADF	18/03/1982	03/07/198	03/11/1983	31/12/1996	12/02/1997	7.37	3.56	3.56	100.00	0.00	Completed, RAP
EMERGENCY HUMANITARIAN ASSISTANCE	ADF	15/06/2000	21/12/2000	05/09/2001	31/12/2002	25/10/2002	0.37	0.37	0.37	100.00	0.00	Completed

Sectors/Projects/Studies	Financ. Source	Date Approved.	Date Signed	Entry into Force	Final Date Disb.	Deadline Last Disb.	Loan/Amount/Grant Approved	Net Commit.	Disbursement	Disb. rate	Balance	Status
Sub-total Social Sector							47.46	37.83	22.57	59.68	16.67	
Transport Sector												
BISSALANCA AIRPORT	ADF	29/12/1981	22/01/1982	27/09/1982	30/06/1986	24/10/1985	10.00	9.02	9.02	100.00	0.00	Completed
ROAD INFRASTRUCTURE REHAB. PROJECT	ADF	23/01/1997	19/03/1997	25/05/2001	31/12/2004	15/09/2003	8.50	8.50	2.23	26.27	6.27	Active
CIVIL AVIATION INSTITUTIONAL SUPPORT	ADF	20/09/1988	29/05/1989	31/01/1992	30/06/1994	05/04/1993	1.34	1.19	1.19	100.00	0.00	Completed
CIVIL AVIATION INSTITUTIONAL SUPPORT	TAF	20/09/1988	29/05/1989	22/01/1991	30/06/1994	01/07/1992	1.20	1.18	1.18	100.00	0.00	Completed
BAMBADINCA XITOLE QUEBO ROAD STUDY	TAF	24/08/1984	06/12/1984	13/01/1987	31/12/1998	09/07/1992	0.39	0.32	0.32	100.00	0.00	Completed
BAMBADINCA-QUEBO-BUBA ROAD	ADF	22/05/1989	29/05/1989	18/12/1990	30/06/1996	30/10/1997	10.41	10.33	10.33	100.00	0.00	Completed
CONST.JUDUGUL-BANBADINCA ROAD (SUPPL.)	ADF	21/05/1980	24/06/1980	04/05/1982	31/12/1984	22/11/1983	4.24	3.79	3.79	100.00	0.00	Completed
CONSTRUCTION JUDUGUL-BANBADINCA ROAD	ADF	29/04/1976	26/08/1976	07/06/1978	31/12/1984	03/08/1982	4.79	4.79	4.79	100.00	0.00	Completed
BOKE-QUEBO ROAD STUDY	TAF	01/03/2001	01/08/2001	15/07/2002	31/12/2004		0.94	0.94	0.173	18.40	0.767	Active
Sub-total Transport Sector							41.80	40.06	32.84	83.98	9.13	
Public Utilities Sector												
DRINKING WATER SUPPLY-BISSAU RAIN WATER DRAINAGE	ADF	26/04/1988	29/05/1989	06/06/1991	31/12/2003	20/11/2003	5.45	5.45	4.36	80.02	1.09	Act if
REHAB.- EXTEN.THERMAL CENTRE SUPPLY SYSTEM	ADF	26/10/1987	29/05/1989	28/06/1991	31/12/2000	27/03/2001	4.46	4.46	4.13	92.54	0.33	Completed
ELECTRICITY	ADB	21/11/1978	10/10/1979	15/04/1980	31/12/1983	04/11/1985	1.01	1.01	1.01	100.00	0.00	Completed
THERMAL CENTRE	FSN	21/11/1978	10/10/1979	25/11/1980	31/12/1982	20/06/1991	2.60	2.58	2.58	100.00	0.00	Completed
ELECTRIFICATION OF 7 URBAN CENTRES	ADF	30/08/1979	11/10/1979	18/02/1983	31/12/1996	20/12/1990	6.36	6.01	6.01	94.63	0.00	Completed
Sub total Public Utilities							19.88	19.51	18.09	92.71	2.77	
Multisector												
STRUCTURAL ADJUSTMENT PROJECT I	ADF	17/06/1987	09/07/1987	24/08/1987	30/06/1994	11/11/1988	9.21	9.21	9.21	100.00	0.00	Completed
STRUCTURAL ADJUSTMENT PROGRAMME II	ADF	22/08/1989	19/09/1989	15/03/1990	31/12/1998	27/06/1991	13.82	13.82	13.61	98.50	0.21	Completed
SUPPORT TO THE MIINISTRY OF PLANNING	ADF	22/08/1989	19/09/1989	08/07/1992	30/06/2004	12/02/1998	1.97	1.97	0.73	37.14	1.24	Active
SUPPORT TO THE MIINISTRY OF PLANNING	TAF	22/08/1989	19/09/1989	07/05/1991	30/06/2004	02/05/2002	3.80	3.80	2.18	57.25	1.63	Active
SUB-total Multisector							28.80	28.80	25.73	89.34	3.07	
Grand total							170.20	158.56	123.86	78.09	39.12	

GUINEA-BISSAU: PORTFOLIO REVIEW
SUMMARY OF ONGOING BANK GROUP OPERATIONS IN GUINEA BISSAU
(in UA million)

OPERATIONS	Date Approved	Date Signed	Entry into Force	Net Commit.	Amount disbursed	% disbursed	Observations
AGRICULTURE				17.58	9.38	53,37%	
Advanced artisanal fisheries development	29-Oct-1990	14-Dec-1990	28-Dec-1991	10,49	9,36	8.18 %	Aging and problem project. Credit intended to support operators of the artisanal fisheries sector could not be disbursed. Consequently, the young fishermen trained could not be set up in their areas. The technical assistants have completed their contract but the Government did not send their evaluation, required for the next disbursement, to the Bank.
Institutional support to rural development	14-June-2001	21-Sept-2001	19-Juin -2002	1.10	0,0230	2,10%	The project was approved in June 2001 and entered into force in June 2002. The first disbursement has just been made.
Fisheries sector support	31-1Oct-2001	25-Jan.v-2003		5.99	0	0.00%	Project approved in October 2001. Loan not yet ratified
SOCIAL SECTOR				16.22	2.1	12.94%	
Support to PNDS Health II	19-Dec-1997	11-Feb-1998	08-Août-2001	10.00	0.037	0.37%	The project must be revived. Approved in 1997, the first disbursement was made in August 2003. The deadline for last disbursement was extended to December 2005.
Emergency Assistance	15-Juin-2000	21-Dec-2000	5-Sept-2001	0.371	0.37	100.00%	The grant agreement has been signed and with UNICEF as executing agency, implementation is progressing normally. It is important to speed up implementation in order to carry out all activities before December 2003.
Rehabilitation Project	12/07/2001	21/09/2001	20/06/2002	5.85	1.69	28.89%	Project is in its active phase. Activities are going according to plan. However, the Project Steering Committee does not seem to fully play its role, thus hindering the proper conduct of activities. The Gvt. must take the necessary measures.
TRANSPORT SECTOR				9.44	2.07	21 :95%	

OPERATIONS	Date Approved	Date Signed	Entry into Force	Net Commit.	Amount disbursed	% disbursed	Observations
Road infrastructure rehabilitation	23-Jan-1997	19-Mar-1997	25-May-2001	8.50	2.23	26.27%	Apart from the problem of the Government's counterpart financing, the project is being implemented according to schedule since the resumption of activities post-war.
Boke-Quebo Road Study	1-March-2001	1-Août-2001	15-Jan-2002	0.94	0.173	18.40%	Activities are going according to schedule. The first disbursement has just been made.
PUBLIC UTILITIES SECTOR				5.45	4.35	80.02%	
Drinking water supply and Bissau rain water drainage	26-Apr-1988	29-May-1989	6-Jun-1991	5.46	4.36	79.85%	The project has been relaunched and activities are progressing according to schedule. However, the problem of the Government's counterpart financing is still a major constraint for the schedule.
MULTISECTOR				5.77	2.91	50.47%	
Institutional Support to the Ministry of Planning	22-Aug-1989	19-Sep-1989	29-Juil-1992 07-Mai-1991	5.77	2.91	50.43%	The deadline for last disbursement has just been extended from 30 October 2002 to 30 June 2004. The remaining activities concerning the components "Construction", "Training" and "Technical Assistance" must be implemented within the deadline, if not the project will be cancelled. The established schedule is being monitored by the project implementation unit.
Total				54.47	21.9	38.90%	

GUINEA BISSAU
PORTFOLIO REVIEW

MATRIX OF ACTIONS TO IMPROVE PORTFOLIO PERFORMANCE

Operations	Problems Raised	Actions required	Time Limits
GENERAL PROBLEMS			
Start-up phase	1. Long delays in preparing and approving ratification decrees of loan agreements. 2. Difficulties encountered by the administration and executing agencies in fulfilling specific conditions.	1. <u>The Government</u> : find a regulatory solution that enables ratification of agreements within a timeframe of 3 months after signing of the agreements. 2. <u>The Bank</u> : assist the Administration and executing agencies to meet specific conditions 2. <u>Government</u> : build institutional capacity and develop human resources.	December 2003 Permanent
Procurement of goods and services.	1. Ignorance of Bank rules and procedures. 2. Long delays in the award of contracts, including difficulties in preparing bidding documents and sluggishness in the respective procedures for contract award and approval. 3. Poor capacity of the national private sector enterprises to implement contracts.	1 et 2. <u>Government /Bank</u> . Organise training seminars for project coordinators on Bank rules of procedure for the procurement of goods and services. 3. <u>Government/Bank</u> : stricter selection of enterprises to conduct construction works.	4 th quarter 2003 Permanent

Operations	Problems Raised	Actions required	Time Limits
Project organisation and management.	1. Frequent staff changes in the project implementation units	<u>Government</u> 1. Ensure that recommendations on the stability of project implementation staff are followed.	Permanent
	2. No quarterly progress reports produced or sent to the Bank within the required time limits.	2. Make production of progress reports systematic.	Ditto
	3. Obligation to audit the project annually not honoured.	3. <u>Government</u> should ensure that projects are systematically audited and the <u>Bank</u> must ensure that the appropriate rules of procedure are strictly applied.	Permanent
	4. Inadequate transfer of skills from technical assistants to officers.	4. <u>Government and Bank</u> must be more rigid in the selection of technical assistance as well as in follow-up and assessment before the end of the contracts.	Ditto
	5. Poor follow-up and management of contracts.	5. Ditto	
Financial problems:	1. Problems concerning the mobilisation of the Government's counterpart.	1. <u>Government</u> : Make counterpart payments for project financing systematic and without delay. 1. <u>Bank</u> : in the context of its lending policy, give priority to contributions in kind given Guinea-Bissau's post-conflict situation.	Permanent
	2. No well developed financial system.	2. <u>Government</u> . Revive its economic reform programme in order to introduce an efficient banking system.	
	3. Long delays taken by the Bank to disburse project funds.	3. <u>Bank</u> : promptly process disbursement requests.	Process documents within three weeks.

Operations	Problems Raised	Actions required	Time Limits
SPECIFIC PROBLEMS			
AGRICULTURAL SECTOR			
1. Advanced artisanal fisheries project.	1. Equipment and credit funds for the installation of the young fishermen, mechanics and carpenters trained, not available. 2. Project not audited.	1. <u>Government</u> : establish the credit fund and pursue the process for the procurement of fishing and cold storage equipment. 2. <u>Government</u> : submit without delay, the BDs and short list for the recruitment of the financial auditor for all financial years from 1996 to 2002;	Date of last disbursement: Dec. 2003. Possibility of extending to June 2004 because of the <i>coup d'Etat</i> and mainly to audit project accounts.
2. Rural development institutional support project.	1. Delay in the process of procuring goods and services and in preparing the training programme.	Accelerate the launching of the competitive bidding process.	December 2003.
3. Fisheries sector support project.	1. Loan approved in 2001, but not yet ratified.	1. <u>Government</u> : ratify the loan. 1. <u>Bank</u> : Apply rules once the deadline has expired.	Immediately. Cancel in June 2004.
SOCIAL SECTOR			
1. PNDS support project.	Project activities finally started after a long delay of about five years at project start-up.	<u>Government/Bank</u> . Revive the project by updating activities. <u>Bank</u> . Re-design the project if in December 2003 no disbursement has been made.	2 nd semester 2003 December 2003
2. Emergency assistance project.	Major start-up delay for an emergency project (20 months after its entry into force). Activities finally started and are progressing according to schedule.	UNICEF is requested to accelerate implementation of the complementary activities before the end of the year and prepare documents in view of the project's completion.	2 nd semester 2003 Closure December 2003
3 Rehabilitation Programme.	1. The Steering Committee does not fully play its role of guiding and facilitating implementation of activities. 2. The programme has been audited.	1. <u>Government</u> : take the appropriate steps to set in motion in the Project Steering Committee. 2. <u>Government</u> : initiate the process to audit project accounts.	Immediately 2 nd semester 2003
SECTEUR TRANSPORTS			
Road infrastructure rehabilitation project.	1. Considerable delay in the processing of the audit document launched in June 2002.	1. <u>Government</u> : accelerate audit of the project.	Finalise activities in compliance with the set schedule.

Operations	Problems Raised	Actions required	Time Limits
	2. The Government's counterpart project funds not available.	2. <u>Government</u> : take the appropriate steps to honour its commitments.	Permanent
UTILITIES SECTOR			
Drinking water supply and Bissau rain water drainage project.	1. The Government's counterpart project funds not available. 2. Accounts have not been audited.	1. <u>The Government should</u> : i) clear payment arrears owed to firms as local counterpart funds; and ii) make budget allocations in local currency which must be released during implementation of the remaining works. 2. <u>Government</u> : take the appropriate steps to have project accounts audited.	Immediately. December 2003
MULTINATIONAL			
Institutional support to the State Secretariat for Planning Project	1. Delay in implementation of components "Construction of the Building for Ministry of Planning" and "Training". The date of last disbursement having been postponed from 30 October 2002 to 30 June 2004, all the remaining activities must be implemented according to schedule. 2. Project accounts have not been audited.	1. <u>Government</u> : speed up the analysis of bids for the component "Construction" and submit to the Bank for comments, the tender documents for the recruitment of the consulting firm for the components "Training" and "Complementary Technical Assistance". 1. <u>Bank</u> : accelerate the processing of the requests for opinion and disbursement requests submitted by the Government. 2. <u>Government</u> : take the appropriate steps to have project accounts audited.	December 2003 December 2003.

GUINEA BISSAU
PORTFOLIO REVIEW
ASSESSMENT OF ONGOING BANK GROUP OPERATIONS IN GUINEA BISSAU

PROJECTS/SECTORS	Status	Procurement of Goods and Services	Financial Performance	Activities and Works	Impact on Development	Overall Evaluation
AGRICULTURAL SECTOR						
Advanced Artisanal Fisheries Development Project (PRODEPA)	1,66	1,5	1,4	1,25	1,0	1,4
Institutional Support to Rural Development Project	1,33	1,50	1,4	1	2	1,4
Fisheries Sector Support Project	1,0	0	0,8	1	S.O.	0,7
S/Total Agric. Sector	1,33	1,0	1,20	1,08	1,5	1,2
SOCIAL SECTOR						
Rehabilitation Project	1,0	1,5	1	1,5	2,0	1,4
PNDS Support Project	1,0	1,5	0,66	1	1,0	1,03
Emergency Assistance	1,0	2,0	2,0	1,0	2,0	1,6
S/Total Social Sector	1,0	1,66	1,22	1,16	1,66	1,34
TRANSPORT SECTOR						
Road Infrastructure Rehabilitation Project	1,0	2,0	1,0	2,0	2,0	1,6
Boké-Guebo Road Study	2,0	2,0	1,0	2,0	2,0	1,8
S/Total Transport Sector	1,5	2,0	1,0	2,0	2,0	1,7
PUBLIC UTILITIES SECTOR						
Drinking Water Supply and Rain Water Drainage in Bissau Project	1,0	2,0	1,0	2,0	1,0	1,4
MULTINATIONAL						
Institutional Support to the State Secretariat for Planning Project	1,0	1,5	1,5	1,0	2	1,4
ENTIRE PORTFOLIO						
Overall Assessment of Portfolio	1,17	1,63	1,18	1,47	1,60	1,4

GUINEA BISSAU
PORTFOLIO REVIEW

MATRIX OF COMMON PROBLEMS

General Problems	Advanced Artisanal Fisheries Project	Fisheries Sector Support	Institute. Support to Rural Dev.	Rehabilit. Project	PNDS Support Health II	Emergency Assistance	Road Infrastruct. Rehabilit.	DWS and Rain Water Drainage in Bissau	Institution. Support to Planning
1. Administrative sluggishness which blocks or delays considerably entry into force of operations		X	X	X	X	X	X	X	X
2. Difficulties encountered by the Govt. and executing agencies in fulfilling specific conditions.		X	X	X	X	X	X	X	X
3. Unfamiliarity with Bank rules of procedure for the procurement of goods and services	X	X	X	X	X		X		X
4. Difficulties preparing bidding documents.	X		X					X	X
5. Low structural capacity of national firms of the private sector to implement contracts.	X		X				X	X	
6. Inadequate data base on national suppliers.	X						X	X	X
7 Low human resources level.	X	X		X			X	X	X
8. Production of progress reports and conduct of audits not systematic.	X	X					X	X	X
9. Poor accounting and financial management.						X	X	X	X
10. Transfer of skills from technical assistance to national project staff inadequate.		X			X		X		
11. Frequent reshuffles of ministers and executing agency staff.	X	X	X						
12 Inadequate monitoring and managing of contracts.	X					X	X	X	X

General Problems	Advanced Artisanal Fisheries Project	Fisheries Sector Support	Institute. Support to Rural Dev.	Rehabilit. Project	PNDS Support Health II	Emergency Assistance	Road Infrastruct. Rehabilit.	DWS and Rain Water Drainage in Bissau	Institution. Support to Planning
13. Communications problems	X	X	X	X	X	X	X	X	X
13. Limited means of the central body required to plan coordination	X	X	X	X	X	X	X	X	X
14. Difficult mobilisation of Government counterpart funds.	X						X	X	
15. Poor local banking network.	X								
16. Frequent suspensions of disbursement for arrears.	X						X	X	X
17. Long delays by the Bank in the disbursement of project funds.	X	X			X	X			X

GUINEA BISSAU
PORTFOLIO REVIEW**IMPACT OF PROJECTS ON CROSS-CUTTING ISSUES**

General Problems	Advanced Artisanal Fisheries Project	Fisheries Sector Support	Institute. Support to Rural Dev.	Rehabilit. Project	PNDS Support Health II	Emergency Assistance	Road Infrastruct. Rehabilit.	DWS and Rain Water Drainage in Bissau	Institution. Support to Planning	Boké-Quebo Road Study
1. Governance	X	X	X	X			X	X	X	
2. Gender	X	X	X	X	X	X	X	X	X	X
3. Regional Integration		X		X		X			X	X
4. Environment	X	X	X					X		X
5. Poverty	X	X	X	X	X	X	X	X	X	
6. Population				X	X	X		X	X	

**PERFORMANCE OF THE ADVANCED ARTISANAL FISHERIES
DEVELOPMENT PROJECT**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
A. PROJECT IMPLEMENTATION	<u>1,66</u>
1. Compliance with loan conditions precedent to entry into force	2
2. Compliance with general conditions	1
3. Compliance with other conditions	2
B. PROCUREMENT PERFORMANCE	<u>1,5</u>
1. Procurement of consultancy services	1
2. Procurement of goods and works	2
C. FINANCIAL PERFORMANCE	<u>1,4</u>
1. Availability of foreign exchange	2
2. Availability of local currency	2
3. Disbursement flow	1
4. Cost management/recovery	1
5. Performance of co-financiers (where applicable)	1
D. ACTIVITIES AND OUTPUTS	<u>1,25</u>
1. Adherence to implementation schedule	1
2. Performance of consultants or technical assistants	2
3. Performance of contractors	1
4. Performance or project management	1
E. IMPACT ON DEVELOPMENT	<u>1</u>
1. Likelihood of achieving project objectives	1
2. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	1
3. Likely contribution of the project towards an increase in institutional capacity	1
4. Current rate of return	1
F. OVERALL EVALUATION OF PROJECT	
1. At present	1,44
2. Trend over time	1,8
<p>Code: 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems: Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required 0 = Highly unsatisfactory: serious problems: Bank action required</p>	

PERFORMANCE OF THE FISHERIES SECTOR SUPPORT PROJECT

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
G. PROJECT IMPLEMENTATION	<u>1</u>
4. Compliance with loan conditions precedent to entry into force	1
5. Compliance with general conditions	1
6. Compliance with other conditions	1
H. PROCUREMENT PERFORMANCE	
3. Procurement of consultancy services	0
4. Procurement of goods and works	0
I. FINANCIAL PERFORMANCE	<u>0,8</u>
6. Availability of foreign exchange	2
7. Availability of local currency	2
8. Disbursement flow	0
9. Cost management/recovery	0
10. Performance of co-financiers (where applicable)	0
J. ACTIVITIES AND OUTPUTS	<u>1</u>
5. Adherence to implementation schedule	1
6. Performance of consultants or technical assistants	so
7. Performance of contractors	so
8. Performance or project management	1
K. IMPACT ON DEVELOPMENT	
5. Likelihood of achieving project objectives	SO
6. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	SO
7. Likely contribution of the project towards an increase in institutional capacity	SO
8. Current rate of return	SO
L. OVERALL EVALUATION OF PROJECT	
3. At present	0,7
4. Trend over time	2
Code: 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems: Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required 0 = Highly unsatisfactory: serious problems: Bank action required	

ANNEX IX**PERFORMANCE OF THE RURAL DEVELOPMENT INSTITUTIONAL
SUPPORT PROJECT**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
M. PROJECT IMPLEMENTATION	<u>1,33</u>
7. Compliance with loan conditions precedent to entry into force	2
8. Compliance with general conditions	2
9. Compliance with other conditions	0
N. PROCUREMENT PERFORMANCE	<u>1,5</u>
5. Procurement of consultancy services	2
6. Procurement of goods and works	1
O. FINANCIAL PERFORMANCE	<u>1,4</u>
11. Availability of foreign exchange	2
12. Availability of local currency	2
13. Disbursement flow	1
14. Cost management/recovery	1
15. Performance of co-financiers (where applicable)	1
P. ACTIVITIES AND OUTPUTS	<u>1</u>
9. Adherence to implementation schedule	1
10. Performance of consultants or technical assistants	so
11. Performance of contractors	so
12. Performance or project management	1
Q. IMPACT ON DEVELOPMENT	2
9. Likelihood of achieving project objectives	2
10. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	2
11. Likely contribution of the project towards an increase in institutional capacity	SO
12. Current rate of return	SO
R. OVERALL EVALUATION OF PROJECT	1,44
5. At present	1,17
6. Trend over time	
<p>Code: 3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems: Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required 0 = Highly unsatisfactory: serious problems: Bank action required</p>	

PERFORMANCE OF THE REHABILITATION PROJECT

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
S. PROJECT IMPLEMENTATION	1
10. Compliance with loan conditions precedent to entry into force	1
11. Compliance with general conditions	1
12. Compliance with other conditions	
	1
T. PROCUREMENT PERFORMANCE	2
7. Procurement of consultancy services	1
8. Procurement of goods and works	
	1
U. FINANCIAL PERFORMANCE	2
16. Availability of foreign exchange	0
17. Availability of local currency	1
18. Disbursement flow	SO
19. Cost management/recovery	SO
20. Performance of co-financiers (where applicable)	
	1,5
V. ACTIVITIES AND OUTPUTS	2
13. Adherence to implementation schedule	1
14. Performance of consultants or technical assistants	2
15. Performance of contractors	1
16. Performance or project management	
	2
W. IMPACT ON DEVELOPMENT	2
13. Likelihood of achieving project objectives	
14. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	2
15. Likely contribution of the project towards an increase in institutional capacity	2
16. Current rate of return	SO
	1,4
X. OVERALL EVALUATION OF PROJECT	1
7. At present	2
8. Trend over time	
Code:	3 = Highly satisfactory, no problem
	2 = Satisfactory: occasional problems: Bank should monitor
	1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required
	0 = Highly unsatisfactory: serious problems: Bank action required

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ANNEX XI

**PERFORMANCE OF THE EMERGENCY HUMANITARIAN
ASSISTANCE PROJECT**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
Y. PROJECT IMPLEMENTATION	1
13. Compliance with loan conditions precedent to entry into force	1
14. Compliance with general conditions	1
15. Compliance with other conditions	1
Z. PROCUREMENT PERFORMANCE	2
9. Procurement of consultancy services	2
10. Procurement of goods and works	2
AA. FINANCIAL PERFORMANCE	2
21. Availability of foreign exchange	2
22. Availability of local currency	2
23. Disbursement flow	SO
24. Cost management/recovery	SO
25. Performance of co-financiers (where applicable)	1
BB. ACTIVITIES AND OUTPUTS	1
17. Adherence to implementation schedule	1
18. Performance of consultants or technical assistants	SO
19. Performance of contractors	1
20. Performance or project management	2
CC. IMPACT ON DEVELOPMENT	2
17. Likelihood of achieving project objectives	2
18. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	2
19. Likely contribution of the project towards an increase in institutional capacity	2
20. Current rate of return	SO
DD. OVERALL EVALUATION OF PROJECT	1,6
9. At present	1,4
10. Trend over time	2
Code:	3 = Highly satisfactory, no problem
	2 = Satisfactory: occasional problems: Bank should monitor
	1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required
	0 = Highly unsatisfactory: serious problems: Bank action required

**PERFORMANCE OF THE NATIONAL HEALTH DEVELOPMENT
SUPPORT PROGRAMME (HEALTH PROJECT II)**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
EE. PROJECT IMPLEMENTATION	1
16. Compliance with loan conditions precedent to entry into force	1
17. Compliance with general conditions	1
18. Compliance with other conditions	1
FF. PROCUREMENT PERFORMANCE	2
11. Procurement of consultancy services	1
12. Procurement of goods and works	0,66
GG. FINANCIAL PERFORMANCE	2
26. Availability of foreign exchange	0
27. Availability of local currency	0
28. Disbursement flow	SO
29. Cost management/recovery	SO
30. Performance of co-financiers (where applicable)	1
HH. ACTIVITIES AND OUTPUTS	1
21. Adherence to implementation schedule	SO
22. Performance of consultants or technical assistants	SO
23. Performance of contractors	1
24. Performance or project management	1
II. IMPACT ON DEVELOPMENT	1
21. Likelihood of achieving project objectives	1
22. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	1
23. Likely contribution of the project towards an increase in institutional capacity	1
24. Current rate of return	SO
JJ. OVERALL EVALUATION OF PROJECT	1,03
11. At present	0,82
12. Trend over time	1
Code:	3 = Highly satisfactory, no problem
	2 = Satisfactory: occasional problems: Bank should monitor
	1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required
	0 = Highly unsatisfactory: serious problems: Bank action required

PERFORMANCE OF THE BOKE-QUEBO ROAD STUDY

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
KK. PROJECT IMPLEMENTATION	2
19. Compliance with loan conditions precedent to entry into force	2
20. Compliance with general conditions	2
21. Compliance with other conditions	2
LL. PROCUREMENT PERFORMANCE	2
13. Procurement of consultancy services	2
14. Procurement of goods and works	2
MM. FINANCIAL PERFORMANCE	1
31. Availability of foreign exchange	2
32. Availability of local currency	0
33. Disbursement flow	1
34. Cost management/recovery	SO
35. Performance of co-financiers (where applicable)	SO
NN. ACTIVITIES AND OUTPUTS	2
25. Adherence to implementation schedule	2
26. Performance of consultants or technical assistants	2
27. Performance of contractors	2
28. Performance or project management	2
OO. IMPACT ON DEVELOPMENT	2
25. Likelihood of achieving project objectives	2
26. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	2
27. Likely contribution of the project towards an increase in institutional capacity	2
28. Current rate of return	
PP. OVERALL EVALUATION OF PROJECT	
13. At present	
14. Trend over time	1,8
15.	2.0

Code: 3 = Highly satisfactory, no problem
 2 = Satisfactory: occasional problems: Bank should monitor
 1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required
 0 = Highly unsatisfactory: serious problems: Bank action required

**PERFORMANCE OF THE ROAD INFRASTRUCTURE
REHABILITATION PROJECT**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
QQ. PROJECT IMPLEMENTATION	1
22. Compliance with loan conditions precedent to entry into force	1 1
23. Compliance with general conditions	1
24. Compliance with other conditions	1
RR. PROCUREMENT PERFORMANCE	2
15. Procurement of consultancy services	2
16. Procurement of goods and works	2
SS. FINANCIAL PERFORMANCE	1
36. Availability of foreign exchange	1
37. Availability of local currency	0
38. Disbursement flow	1
39. Cost management/recovery	SO
40. Performance of co-financiers (where applicable)	SO
TT. ACTIVITIES AND OUTPUTS	2
29. Adherence to implementation schedule	2
30. Performance of consultants or technical assistants	2
31. Performance of contractors	2
32. Performance or project management	2
UU. IMPACT ON DEVELOPMENT	2
29. Likelihood of achieving project objectives	2
30. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	2
31. Likely contribution of the project towards an increase in institutional capacity	2
32. Current rate of return	2
VV. OVERALL EVALUATION OF PROJECT	
16. At present	1,6
17. Trend over time	2.0
Code:	3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems: Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required 0 = Highly unsatisfactory: serious problems: Bank action required

**PERFORMANCE OF THE DRINKING WATER DISTRIBUTION
AND STORM WATER DRAINAGE PROJECT IN BISSAU**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
WW. PROJECT IMPLEMENTATION	1
25. Compliance with loan conditions precedent to entry into force	1
26. Compliance with general conditions	1
27. Compliance with other conditions	1
XX. PROCUREMENT PERFORMANCE	2
17. Procurement of consultancy services	2
18. Procurement of goods and works	2
YY. FINANCIAL PERFORMANCE	1
41. Availability of foreign exchange	1
42. Availability of local currency	0
43. Disbursement flow	1
44. Cost management/recovery	SO
45. Performance of co-financiers (where applicable)	SO
ZZ. ACTIVITIES AND OUTPUTS	2
33. Adherence to implementation schedule	2
34. Performance of consultants or technical assistants	2
35. Performance of contractors	2
36. Performance or project management	2
AAA. IMPACT ON DEVELOPMENT	1
33. Likelihood of achieving project objectives	1
34. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	1
35. Likely contribution of the project towards an increase in institutional capacity	-
36. Current rate of return	-
BBB. OVERALL EVALUATION OF PROJECT	1.4
18. At present	2
19. Trend over time	2
20.	
Code:	<p>3 = Highly satisfactory, no problem</p> <p>2 = Satisfactory: occasional problems: Bank should monitor</p> <p>1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required</p> <p>0 = Highly unsatisfactory: serious problems: Bank action required</p>

**PERFORMANCE OF THE INSTITUTIONAL SUPPORT PROJECT
FOR THE SECRETARIAT OF STATE FOR THE PLAN**

PROJECT STATUS	
INDICATORS	RATINGS
	Current Report
CCC. PROJECT IMPLEMENTATION	<u>1,0</u>
28. Compliance with loan conditions precedent to entry into force	1
29. Compliance with general conditions	1
30. Compliance with other conditions	1
DDD. PROCUREMENT PERFORMANCE	<u>1,5</u>
19. Procurement of consultancy services	1,5
20. Procurement of goods and works	1,5
EEE. FINANCIAL PERFORMANCE	<u>1,5</u>
46. Availability of foreign exchange	2
47. Availability of local currency	2
48. Disbursement flow	1
49. Cost management/recovery	SO
50. Performance of co-financiers (where applicable)	SO
FFF. ACTIVITIES AND OUTPUTS	<u>1,5</u>
37. Adherence to implementation schedule	1
38. Performance of consultants or technical assistants	2
39. Performance of contractors	2
40. Performance or project management	1
GGG. IMPACT ON DEVELOPMENT	<u>2</u>
37. Likelihood of achieving project objectives	2
38. Likelihood that benefits will be realised and sustained beyond the investment stage of the project	2
39. Likely contribution of the project towards an increase in institutional capacity	2
40. Current rate of return	SO
HHH. OVERALL EVALUATION OF PROJECT	
21. At present	1,4
22. Trend over time	1,6
Code:	3 = Highly satisfactory, no problem 2 = Satisfactory: occasional problems: Bank should monitor 1 = Unsatisfactory: problems, Bank should monitor closely but no immediate action required 0 = Highly unsatisfactory: serious problems: Bank action required

Annex

ADDENDUM
2003 PORTFOLIO REVIEW

1. In accordance with the CODE recommendations ensuing from its meeting of 28 October, please note the additional information below, concerning the status of the portfolio.

Loan Cancellation

2. In accordance with the Bank's loan cancellation policy and, as part of the updating of the Bank's portfolio for Guinea –Bissau, balances in respect of three projects were cancelled: i) Project for Institutional Support to the Ministry of Planning (UA 1.63 million) in 2004; ii) Bissau Drinking Water Supply and Storm Water Drainage Project (UA 0.56 million) in 2005; and iii) Project for Rehabilitation and Extension of the Power Supply Network (UA 0.33 million) in 2005. On the occasions of the CSP dialogue missions of January and June 2005, the Bank teams reminded the authorities of the Bank's policy of sanctions concerning project management and auditing.

Update on Bank Portfolio

3. In 2005, there are 8 active projects - compared to 10 as at 21 November 2003 - totalling UA 41.3 million in commitments, two of which became effective in 2005. These are the Economic Management Capacity Building Project (UA 1.35 million) and the Education III Project (ADF - UA 3.65 million and NTF- UA 3.51 million). The active portfolio disbursement rate, which was 40% at the time of the portfolio review in 2003, fell to 25.6% as at October 2005. This is because there were no disbursements for new projects such as Education III (ADF- UA 3.65 million and NTF- UA 3.51 million) and the Economic Management Capacity Building Project (UA 1.35 million), and also due to limited disbursement for other projects like the Health Development Support Programme (UA 10 million), the Road Infrastructure Rehabilitation Project (UA 8.5 million) and the Post-conflict Rehabilitation Project (UA 5 million). The table below sums up the situation with regard to active projects analyzed during the portfolio review mission.

Status of Active Projects Analyzed During the 2003 Portfolio Review

List of Projects	October 2005 /November 2003 Disbursement rate	Problems	Ongoing Solutions
Small-scale Fishery Development Project (PRODEPA) ADF (UA 10.49 million)	97.2% against 89% in 2003	<ol style="list-style-type: none"> 1. Accounts audits not conducted since first ADF disbursement in 1996 2. Credits not made available for production objectives 3. Fishing equipment not distributed 	<ol style="list-style-type: none"> 1. Coopers and Lybrand recruited in 2004 to conduct audits of 1996 to 2004 accounts. Last disbursement thus postponed to 31/12/05 2. Bank requesting repayment of credit funds and fishery credit and equipment distribution system being set up. 3. An interministerial credit committee set up to coordinate the component for micro-credit and distribute fishery equipment. NGO known as SNV has been identified as lead contractor.
Fisheries Sector Support Project (UA 6 million)	2.4% against 0% in 2003	<ol style="list-style-type: none"> 1. Management Unit not operational because the Coordinator is not fully focussed on the task and there are no premises for the Project Implementation Unit 	<ol style="list-style-type: none"> 11. The Management Unit is effective, given the Project Coordinator and national counterpart staff's increased attention to their respective roles. 12. Training of national project counterparts in October –November at ADB Tunis. 1.3 Technical Assistant recruited in November 2005
Rural Development Institutional Support Project (UA 1.1 million)	73.36% against 2.1% in 2003	<ol style="list-style-type: none"> 1. Organic texts of Ministry not approved. 	<ol style="list-style-type: none"> 1. Sensitization of Government for adoption of new organic texts concerning the ministry and its ownership by the local administration.
National Health Development Support Project (UA 10 million)	6.94% against 0.4% in 2003	<ol style="list-style-type: none"> 1. Delayed start-up due to lag in meeting preconditions and late commencement of priority tasks such as recruitment of consulting firm responsible for technical control of rehabilitation works for Simao Mendes Hospital and supervision of health center construction works. 2. Project Audit not realized 	<ol style="list-style-type: none"> 1. Request for Extension of project up to 2007 being processed by Bank to allow project unit to carry out priority tasks. 2. Process for Audit firm recruitment underway
Post-conflict Rehabilitation Project (UA 5,85 million)	59.5% compared to 29.2% in 2003	<ol style="list-style-type: none"> 1. Delay and difficulty in PIU processing of dossiers (particularly procurement) 	<ol style="list-style-type: none"> 11. Building of PIU staff management capacity concerning Bank procurement, through local training sessions. 12 Accelerated implementation pace through improved communication with PIU and document processing
Road Infrastructure Rehabilitation Project (UA .5 Million)	47.57% against 26.2 in 2003	<ol style="list-style-type: none"> 1. Problems of mobilization of project counterpart funds 2. Project appraised 9 years ago 3. No project audit conducted 	<ol style="list-style-type: none"> 1. Sensitization of authorities on counterpart fund mobilization 2. Project updated 3. Procurement process for recruitment of consulting firm to conduct project audit

Improving the Portfolio Performance and the Bank's Policy for Communication
with the Country

4. To improve the performance of the Bank portfolio, various supervision missions have been scheduled, to be conducted with the support of the Coordinator of the National Programme Bureau. Seminars and training will further be organized to strengthen the expertise of national project managers and officials in the area of goods and services and disbursements. Since the last portfolio review was held in November 2003, OCCC Department has programmed a portfolio review mission for the first quarter of 2006.

5. To improve communication between the country and the Bank, several initiatives have been undertaken and various aspects are being considered and discussed. Some major initiatives already underway are the opening of the National Programme Bureau at Bissau in 2004, the translation into Portuguese of the manuals on Bank procedures relating to procurement, disbursement requests and management of projects under PDRE Department supervision. French classes are also envisaged under the capacity building project approved by the Bank in 2005 to facilitate public service officials and project managers' communication with their contact persons at the Bank Headquarters. The delivery of the manuals translated into Portuguese as well as the organization of PDRE Department courses for the project implementation unit or public service staff are scheduled for the first quarter of 2006. Attention is being devoted to new initiatives such as the organization of bi (tri) semesterly video conferences involving government officials, the project managers and Bank staff, translating the main project documents into Portuguese and establishing a Development Aid Coordination Unit within the Guinea Bissau Ministry of the Economy, for more effective monitoring of Bank-financed projects. The Bank will follow up on the various initiatives and assess their status during the next portfolio review, scheduled for 2006.