



1. Project Data :
OEDID: C1985
Project ID: P001044
Project Name: Second Water Supply Project
Country: Guinea
Sector: Urban Water Supply
L/C Number: Cr. 1985-GUI
Partners involved : IDA 35%; AfDB 20%; CCCE 20%; EIB 13%; GOG & SONEG 5%; JICA 5%; Pri. sector and benef. 2%
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2. Project Objectives, Financing, Costs and Components :

Goals/Objectives :

- * Strengthening the planning and management capabilities of SONEG (national water authority);
- * Rehabilitation of technical, commercial, and financial operations, including gradual increase of tariffs to meet the long-term marginal cost, through privatization; and
- * expanding the Conakry water supply system and further development of systems in secondary centers .

Components :

- * Management support program to SONEG through TA activities, consulting services, and staff training;
- * A lease contract between SONEG and SEEG (water management company) for rehabilitating sector operation;
- * Rehabilitation of existing facilities such as plant equipment, secondary mains, domestic water connections, and consumer water meters;
- * Expansion of Conakry system, including 60 km of double transmission main, new treatment capacity of 40,000 cu.m./day, 300 km of new distribution mains, new storage capacity of 5,000 cu.m., and 15,000 new water connections; and
- * Preparation of studies for system improvements in secondary centers .

Costs:

- * Total project costs:
 - appraisal estimate US\$102.6 million
 - actual US\$118.0 million; investment components 94 % and TA 6 %.
- * Credit amount US\$40.0 million of which US\$0.14 million was cancelled.

3. Achievement of Relevant Objectives :

- (i) Institutional objectives were largely met;
- (ii) Conakry's WS system was expanded as planned although nearly two years behind schedule and with a few exceptions as follows: construction of new distribution mains exceeded the target by over 30%; and installation of new connections fell short by almost 30% (this activity continues effectively under a follow-on Bank project); and
- (iii) All studies under TA activities and the development of WS systems in secondary centers were completed .

4. Significant Achievements :

Creation of a new legal, institutional, and financial framework with increased autonomy in the sector and privatization of the sector O&M activities through a lease contract (first of its kind in the Bank funded WS projects) resulted in marked improvements in service coverage and a significantly stronger financial situation over a relatively short period of time.

5. Significant Shortcomings :

Failure to lower the UFW ratio in the system and still a high staffing level of SEEG (over 20 staff per 1,000 service connections) indicate that there is still room for efficiency gains through which remaining financial issues can be corrected.

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Highly Satisfactory	Highly Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

7. Lessons of Broad Applicability :

The ICR gives several useful project-specific lessons learned . An additional aspect can be cited to highlight an important "Quality at Entry" lesson:

* The project is a "good practice" example of the Bank obtaining a firm commitment from the Borrower for crucial restructuring of the sector prior to project appraisal and the credit effectiveness . It provides sound evidence on the importance of such early agreements on fundamental reform and changes for successful project implementation and sustained outcome.

8. Audit Recommended? ☒ Yes ☐ No

Why? The project provides a suitable case on high quality project preparation and is the first example of larger scale privatization in the WS sector . An audit gives an opportunity for an in-depth look at issues relevant to lessons above and effectively improved finance of the sector .

9. Comments on Quality of ICR :

The ICR is of good quality and it gives a sufficiently detailed description of an interesting sector reform exercise through privatization . The ICR reviews carefully many interesting issues and progress made during such a reform process and as such gives a sound basis for rating of the project .