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GUINEA

Decentralization in Guinea: Strengthening Accountability for Better Service Delivery

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Public Sector Reform and Capacity Building Unit
(AFTPR)
Africa Region



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CURRENCY EQUIVALENTS

Currency unit = Guinean franc (GNF)

Year US\$/GNF

2001 1,988

2002 1,976

2003 2,000

2004 2,550

2005 4,500

2006 5,596

(where no year is indicated the 2005
exchange rate is used for conversion)

FISCAL YEAR

January 1—December 31

WEIGHTS AND MEASURES

Metric System

ABBREVIATIONS AND ACRONYMS

CPD	<i>conseil préfectoral de développement</i>
CRD	<i>communauté rurale de développement</i>
CRC	citizens' report card
CSO	civil society organization
CU	<i>commune urbaine</i>
DND	<i>direction nationale de la décentralisation</i>
DPE	<i>directions préfectorales de l'enseignement</i>
DSEE	<i>délégations scolaires de l'enseignement élémentaire</i>
EFA	Education for All
GDP	gross domestic product
IRE	<i>inspections régionales de l'enseignement</i>
LG	local government
MATD	Ministry of Territorial Administration and Decentralization
MEPU-EC	Ministry of Primary Education and Civic Education
MEF	Ministry of the Economy and Finance
MET-FP	Ministry of Labor and Public Service
MHE	Ministry of Hydraulics and Energy
MTEF	medium-term expenditure framework
MIS	Ministry of the Interior and Security
NGO	nongovernmental organization
PDLG	Guinea Local Development Project (UNDP)
PACV	Village Communities Support Project (World Bank)
PDL	local development plan
PEFA	public expenditure and financial accountability
PEM	public expenditure management
PETS	public expenditure tracking survey
PTA	parent–teacher association
SEG	Société d'Exploitation des Eaux de Guinée
SNAPE	<i>Société nationale d'approvisionnement des points d'eau</i> (National Water Supply Service)
UDP	Urban Development Project (World Bank)
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WDR	<i>World Development Report</i>

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This report is based on desk research, interviews, data collection, and consultations during two visits to Guinea and qualitative field research conducted between March 2006 and March 2007. It is part of a four-country study on decentralization in francophone Africa that also includes Burkina Faso, Rwanda, and Madagascar.

¹ Previously the Ministry of Territorial Administration, Decentralization and Security (MATD), it was renamed to the Ministry of the Interior and Security following the appointment of a new cabinet in March 2007.

I. CONTEXT, CONCEPTS, AND GOVERNMENT VISION OF DECENTRALIZATION

A. INTRODUCTION

1. **Guinea has historically been a highly centralized country**, shaped by decades of French colonial administration followed by periods of socialist rule and dictatorship. Decentralization—first declared as a state vision in 1985—has been pursued reluctantly. However, the Government of Guinea (the Government) has recently made important strides in solidifying Guinea’s move to put local governments at the forefront of local service delivery. The adoption of the Local Government Code in May 2006 constitutes an ambitious legal basis defining almost all important aspects of Guinea’s decentralization strategy. Local elections in December 2005 brought into office a set of dynamic leaders, chosen by their communities. Local elections are seen to have bolstered a sense of participation at the local level, strengthening communication and, eventually, accountability of local officials to citizens. These events have been nurtured through years of experiments with including local governments and citizens in planning, decision making, delivery, and oversight of services. Local experience shows that decentralization does make a difference in service delivery. This is an opportune moment to take the decentralization agenda forward.

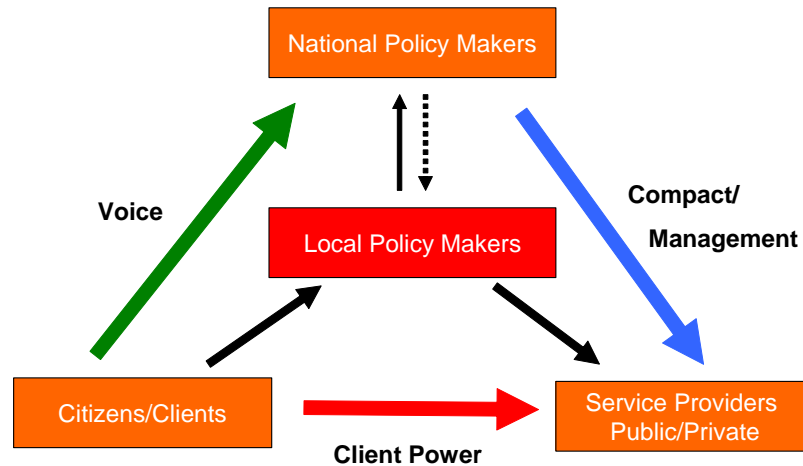
2. **This report seeks to present options for deepening decentralization in Guinea in the spirit of implementing the new Code. It argues that decentralization is an important reform area that can improve local governance and service delivery in Guinea.** It focuses on *subsidiarity* (decentralizing functions to the lowest possible level, while considering economies of scale and protecting public goods), *capacity* (ensuring transfers of human and financial resources in line with functions), and *accountability* (augmenting citizens’ voice, Box 2). To this end, the report proposes three priority entry points to further the decentralization agenda. Those points are enhancing fiscal decentralization, aligning structures and staff with functions, and building responsive and accountable local governments. It also suggests two sectors in which to pilot decentralization—primary education and water. In each area, the report highlights *quick wins* (rapid actions or small changes) that can quickly improve service delivery to the population. The report also suggests a medium-term reform agenda for implementation of the recently adopted Local Government Code.

3. **The report is structured as follows:** *Chapter 1* describes how decentralization can be a powerful tool for improving service delivery and governance, drawing on Guinean and international experience. After presenting the entry points discussed in the previous paragraph, *Chapter 2* makes recommendations for taking these areas forward. *Chapter 3* scrutinizes service delivery in primary education and water and makes recommendations for improving accountability. *Chapter 4* makes recommendations for managing change and sustaining reform momentum. *Chapter 5* concludes the report with an outlook.

Box 1: Strengthening accountability for better service delivery

Sound accountability relationships are at the core of improved service delivery, as they provide the incentives for actors to perform. The World Bank's *World Development Report* for 2004 identifies three types of accountability relationships between three main clusters of actors: the government/public sector, service providers, and users/citizens (see figure).

Accountability relationships in a decentralized setting



Client power is the power service users exercise over service providers through user fees, representation in decision making, and other mechanisms of participation or competition.

Voice is the influence citizens have over decision- and policy makers through the political process, complaint or redress mechanisms, and forms of consultation and participation in decision making.

Compact signifies contracts between decision- and policy makers and service providers that are either implicit or explicit (such as performance contracts), and monitoring of adherence to set standards.

Source: World Bank 2004

B. GOVERNANCE AND SERVICE DELIVERY: A DAUNTING AGENDA

4. **Guinea's economic performance has deteriorated since 2002.** In 2002, 40 percent of the population lived below the poverty line. Although reliable poverty data are not available for the years since then, it is likely that poverty has increased as inflation, coupled with stagnant salaries, has squeezed real wages. Guinea's economic performance slipped after 2002, with GDP growing at an average rate of 2.7 percent annually and slowing to an estimated 2 percent in 2006. Guinea's GNI per capita stood at US\$370 in 2005 (Atlas method), a deterioration from the more than US\$400 Guinea maintained throughout the 1990s. At the same time, inflation rose significantly, reaching 40 percent by the end of 2006. Guinea's poor economic performance stands in stark contrast with its riches in natural resources—it is the world's second-largest producer of bauxite.²

² Guinea has abundant natural resources, including 50 percent of the world's known bauxite reserves, along with diamonds, gold, and other metals.

5. **Guinea’s social indicators compare poorly with those of neighboring countries.** Twelve years ago, Guinea’s human development indicators were the worst in the world according to the UNDP Human Development Index; today they remain at the low end of the scale for the subregion (ranked 157 out of 175), with poor quality and low coverage of social services. Basic services such as water and electricity remain scarce. Access to those services is unchanged from 2002 levels (64.3 percent and 18.8 percent of the population, respectively). Guinea’s poor performance in providing access to water is particularly puzzling, as Guinea has ample access to headwaters and rivers—indeed, the country is often referred to as the “water tower” of Africa. Water provision especially in urban areas has been and remains problematic. Significant strides have been made in primary education, where enrolment rates grew from 34 percent to 81 percent between 1990 and 2003; however, quality remains low.

6. **Guinea fares poorly on governance.** A corruption perception survey (Republic of Guinea 2005) suggests the existence of systemic bribery in tax administration, public procurement, public service delivery, and the judiciary, among other areas. Transparency International’s 2006 Corruption Perceptions Index ranks Guinea among the second-most corrupt countries of the 163 countries rated worldwide. In the African region Guinea comes in last of 45 countries ranked. Guinea obtained an overall score of 1.9 (the score ranging from 10 “highly clean” to 0 “highly corrupt”).³

7. The poor and disadvantaged suffer the most from high levels of corruption and limited access to basic services. At the individual level, life has been challenging for several years and is deteriorating (International Crisis Group 2006a). The appointment of a new prime minister and cabinet, following a series of strikes in 2006 and 2007, provides an opportunity to capitalize on progress made in the decentralization framework to deliver improvements quickly and empower citizens to take charge of their own development.

C. DECENTRALIZATION AS A TOOL FOR IMPROVING SERVICES AND GOVERNANCE

8. **Decentralization can be a means to promote more effective and responsive state institutions—and hence development.** Decentralization can improve local governance and service delivery (see Box 2 for definitions). With regard to *services*, Guinea’s decentralization experience to date has begun to demonstrate that empowering local stakeholders can have a positive impact on service delivery. For instance:

- Health centers built by local governments with community participation, spearheaded under the Village Community Support Project (*projet d’appui aux communautés villageoises*, or PACV) were half the price of those built through the Ministry of Health. Thus, for every health center built by the Government, two could be built if the PACV approach were adopted.⁴

³ Results of the 2006 CPIA on Guinea should to be taken with caution, as Guinea’s ranking is based on three data sources only, notably the Bank’s 2005 CPIA and 2006 reports issued by the Merchant International Group and the World Markets Research Centre.

⁴ A financial and economic analysis of PACV phase 1 showed that a health center cost US\$15,241 under the PACV, compared with US\$34,134 under the Ministry of Health. Similar savings also applied to school construction. Schools built under the PACV were 19 percent cheaper than those built under the Education

- Involving citizens in the maintenance of water holes through committees (*comités point d'eau*) improves access and quality of water and leads overall to more satisfaction with water provision.
- Distributing grants for operational expenditures directly to the schools—where they are spent in line with a triennial school-improvement plan drawn up and monitored by a school committee consisting of community members, parents, teachers, and principals—increases availability of resources and encourages targeted and accountable spending.

9. **Decentralization can strengthen governance** by instituting participation, voice, and transparency in local decision making and service delivery. Decentralization moves governments closer to the people. Greater proximity allows citizens to voice concerns and hold governments accountable for their performance, thus providing incentives for good governance. At the same time, greater accountability increases government legitimacy vis-à-vis the citizenry. A qualitative survey in 12 local governments has shown that the 2005 local elections helped increase interaction between local officials and candidates and their constituencies and provided citizens a sense of empowerment as they were able to vote out of office underperforming elected officials (Condé 2007). Decentralization can thus have a real impact on the lives of the poor.

Box 2: Defining Decentralization

Decentralization is defined as the transfer of authority and responsibility for public functions from the central government to sub-national levels of government. In francophone contexts, it is particularly useful to distinguish between two forms of decentralization, where decentralization reforms entail a mix of deconcentration and devolution, often moving via deconcentration to increased devolution.

- **Deconcentration** is understood as the allocation of responsibilities of services to regional branch offices which are part of the central government but geographically removed (in the Guinean context, these are regions, prefectures and sub-prefectures). These branch offices do not possess autonomy and remain accountable to the center.
- **Devolution** means the transfer of responsibilities for decision making, finance and management to LGs, i.e. locally elected entities (in Guinea, these are *Communautés Rurales de Développement* or CRD and *Communes Urbaines* or CU). It is the most extreme form of decentralization and holds the greatest potential for improved responsiveness, participation and accountability.

Whenever “decentralization” is used in this report, it refers to the overall concept, not distinguishing further between deconcentration or devolution.

10. **In sum, decentralization is an important part of governance reform in Guinea.** If done well, decentralization can not only reinvigorate service provision but also strengthen local governance and empower communities by including citizens in local decision making and enticing them to take charge of their own development by setting priorities and contributing to the implementation and monitoring of services. It can help reintegrate citizens into a sound local governance system after decades of self-reliance, when citizens increasingly abandoned the formal economy. Strengthening communities and instituting principles of participation in

for All Program and 92 percent cheaper than under the Sustainable Social Development Project of the African Development Bank. The assessment cites as reasons the participation of sectoral branch office staff at sub-prefectural and prefectural levels and CRDs in planning, selection of engineers, choice of location and the implementation and oversight of works. However, there has been no assessment of quality of built infrastructure.

decision making, transparency in the allocation and management of funds, and accountability in service delivery are key aspects for building sound governance systems from the bottom up. Finally, decentralization can play an important role in solidifying emerging local institutions that can help stabilize the country.

11. **The Government has confirmed its commitment to decentralization through the adoption in 2006 of the Local Government Code.** Between 1984 and 2006, the back and forth of the decentralization process had resulted in an incoherent legal framework. The Local Government Code (*code des collectivités locales*) represents a turning point in the history of decentralization in Guinea. Adopted in May 2006, it harmonizes for the first time all previous texts regulating the functioning of local governments and spells out decentralization arrangements in a single, comprehensive text. The Code institutionalizes existing practices and pilots on the ground and turns those into official government policy. But it also goes far beyond existing practices, defining an ambitious and comprehensive vision for devolution of functions, finance, and staffing to local governments. It is one of the most comprehensive legal decentralization frameworks in Western Africa, containing no fewer than 542 articles in 98 pages.

12. **The Code presents an ambitious vision of devolution.** At its core, it foresees the transfer of significant responsibility for service delivery to local governments, especially in areas such as basic health and education services, urban planning, and water resource management (see table 1), making local government the main locus of service delivery. Compared to the previous legal framework, the responsibilities of urban communes (CUs, *communes urbaines*) and rural development communities (CRDs, *communautés rurales de développement*) are harmonized, clarified, and expanded. To enable local governments to take on their new functions, the Code stipulates that the state must transfer finances to compensate for the net increase in local government expenditures resulting from transfers of responsibilities. It further foresees the creation of a territorial public service, to be recruited, overseen, and managed by local governments. The Code also guarantees the existence of CRDs and CUs as devolved entities, putting urban and rural communes on an equal footing. It strengthens the administrative and financial autonomy of local governments in planning, managing, and financing local development. Finally, it confirms the state's role in controlling the legality of local decisions, regulations, budgets, revenues, and financial management and can inspect the quality of services (*tutelle*). Some ways to improve the Code are suggested in Annex 2.

Table 1: Responsibilities of local governments in public service delivery under the new Local Government Code

Administrative services	Registry services Local police and public safety
Infrastructure and transport	Construction and maintenance of communitarian/secondary/tertiary roads Construction and maintenance of public buildings and spaces
Urban management	Cleaning of public streets and spaces Automobile and pedestrian traffic, public parking, and other uses of public roads Maintenance and modification of cemeteries
Environment, hygiene, and sanitation	Water resource management and drinking water supply Sanitation and public hygiene Environmental protection, fire prevention
Social services	Construction, maintenance, and management of health centers Construction, maintenance, and management of pre-primary and primary schools Literacy campaigns Development of cultural and youth activities
Economic services	Management of markets, bus stations, and tourist sites
Local development and urban planning	Development planning Technical management of architecture and urban planning Implementation of operations related to city planning

II. KEY ENTRY POINTS FOR DECENTRALIZATION

13. **For decentralization to work, fiscal, administrative and political aspects of decentralization must be aligned to ensure subsidiarity, capacity, and accountability.** As a first step, roles and responsibilities need to be clearly defined. This has been accomplished in the Code but will need to be detailed for each sector (see chapter 3 on sectoral decentralization). As a second step, capacities will have to be aligned with functions to ensure that local governments have the financial and human resources necessary to fulfill their new responsibilities (sections 2.A and 2.B). Having clarity on responsibilities, autonomy in decision making without unnecessary interference also contributes to local government capacity (section 2.B). Third, local governments (and service providers) need to be held accountable by their citizens to provide an incentive for performance (section 2.C). This chapter addresses fiscal, administrative, and political aspects of decentralization as key entry points for building sound systems of decentralized governance and service delivery.

A. ALIGNING FINANCE WITH RESPONSIBILITIES

14. **Fiscal decentralization is the most critical and urgent item on the reform agenda.** Adequate financing arrangements are critical to ensure that local governments are able to meet their assigned expenditure roles and responsibilities across Guinea. At the core of fiscal decentralization is the principle that transfers of responsibilities must be accompanied by a commensurate transfer of revenue and/or a delegation of revenue-raising authority. Ideally, an intergovernmental fiscal system is designed to ensure a vertical balance (meaning that the different levels of government have sufficient funds in line with their functions) and a horizontal balance, allowing local governments to provide a minimum standard of basic services throughout the country. At the same time, intergovernmental transfers should not discourage the raising of local revenues—they should be designed to provide an incentive for local efforts at revenue generation. Local governments should be granted autonomy over at least part of their resource generation, planning, and use. Finally, to ensure that funds are spent wisely, an investment must be made in public financial management at the local government level.

15. **The gap between vision and reality is significant.** In its second annual poverty reduction strategy progress report in 2006, the Guinean authorities highlighted the importance of (a) strengthening decentralization and the financing powers of local government; (b) transferring public procurement powers to the regions and prefectures; and (c) introducing programs to strengthen capacities at the sectoral and subnational government levels. The Local Government Code of 2006 also foresees the granting of fiscal autonomy to local governments (Box 3). A close look at the current state of fiscal decentralization, however, reveals that none of the stated principles of sound fiscal decentralization and reforms envisioned in the PRSP and Local Government Code is currently being met in Guinea. The following paragraphs highlight the main aspects of the problem.

Box 3: Fiscal decentralization under the 2006 Local Government Code

The Code stipulates that the state must transfer resources to compensate for the net increase in local government spending resulting from any transfer of responsibility. It defines three sources of local revenue: own-source revenues, shared revenues, and financial transfers for recurrent expenditures

Own-source revenues. The Code grants greater autonomy in managing local governments' own sources revenues. Under the law, local governments now have general authority to set or modify tax rates within the limits set by the law. Local governments are responsible for the collection of all own-source revenues. (They may, however, require the assistance of the territorial administration.)

Shared revenues are collected jointly, a provision that should allow for a transparent repartition of tax proceeds, unlike under the previous system.

Financial transfers. For the first time, the law establishes the basis for an intergovernmental transfer system, which mainly relies on a general block grant for recurrent spending. The design is such that it should strictly compensate for the increase in the local government's responsibilities. An initial amount is set in the financial law and later indexed to GDP or readjusted whenever new responsibilities are transferred. Local governments may also receive an exceptional grant for investment spending, bestowed in accordance with the local development plan.

There are no provisions for local borrowing.

1. Low Levels of Local Finance

16. **Overall, revenue levels are insufficient to allow local governments to assume an important role in local development.** Fiscal devolution is marginal. Currently, local finance in Guinea is limited to own source revenues, shared revenues, and grants; no intergovernmental transfer system exists. The only form of central transfers goes to deconcentrated government levels (budgetary deconcentration) and not to local governments. Significant increases in local finance will have to be made to fulfill the provisions of the Code.

17. **Vertical imbalance compares unfavorably with the regional average.** Estimated per capita local revenue stood at GNF 3,100 (US\$0.69) in 2005⁵ which is estimated to be 1.7 percent of national revenue, far below regional standards of around 5 percent (Druilhe et al. 2006). The low share is partly explained by the absence of central transfers. Tax collection is hampered by poor capacity, confusion over roles, and a general lack of cooperation from taxpayers, who do not trust that their contributions are put to good use. Not all local revenues are recorded in financial statements.

18. **Horizontal imbalance is equally problematic.** Revenue varies significantly across local governments, raising concerns of severe horizontal fiscal imbalance. As expected, average per capita revenue in urban areas is higher than in rural areas—GNF 3,361 (US\$0.75) in 2005 versus GNF 2,970 (US\$0.66) respectively. Across *urban communes* (CUs, *communes urbaines*), per capita revenue ranges from GNF 1,148 (US\$0.26) in Kissidougou, Faranah Prefecture, to GNF 16,889 (US\$3.75) in Kaloum, a rich CU of Conakry.⁶ Differences are even starker in rural areas,

⁵ The analysis in this report is based on overall revenue and expenditure data for 148 rural development communities (CRDs, *communautés rurales de développement*) for 2003, 54 CRDs for 2005, and 24 CUs for 2005, representing 49, 17, and 66 percent of the rural and urban population respectively, and on detailed information on revenue and expenditure composition hand-copied from financial statements in six CUs (2005 data) and four CRDs (2004 data). The analysis therefore only indicates overall trends and draws preliminary conclusions.

⁶ An outlier is the City of Conakry, which has been excluded in the analysis due to its dual status as deconcentrated and devolved entity, making it eligible for central subsidies as a deconcentrated entity. Conakry had revenue of GNF 4.9billion (US\$1,344,565) in 2005, or 50 percent of all CU revenues.

where 2003 per capita revenue ranged from GNF 328 (US\$0.16) in Cisséla, Kankan Prefecture, to GNF 61,168 (US\$30.58) in Missira, Labé Prefecture, a 191-fold difference. Tolo, Mamou Prefecture, at GNF16,096 (US\$8.05), is a distant second to the leader. This stark horizontal imbalance of revenue reveals significant inequality across the country and poses a problem for poverty alleviation, as poor local governments are clearly not able to pay for development activities. An intergovernmental transfer system will have to ensure that inequities are compensated—without distorting incentives for local revenue generation—to guarantee a minimum level of services across the country.

19. **There is a clear need to diversify local revenues.** An analysis of six CUs and four CRDs (2005 and 2004 data respectively) shows that revenue sources differ significantly across localities. The number of taxes and their share of local revenue differ. Grants from development partners are by far the largest local revenue source in rural areas, whereas CUs rely mostly on shared taxes. It would be worthwhile to assess revenue sources in a larger, representative sample of local governments to identify ways to increase local revenue.

20. **The collection and allocation of shared taxes lack transparency and are open to abuse.** There is strong evidence that the collection of shared taxes is deficient and nontransparent. In most instances, the CRDs do not receive what is collected by the prefecture and region. In the City of Conakry, for example, tax collection is in the hands of the tax department of the Ministry of Finance. The amounts collected are not disclosed, and there is no way for the City to verify collected amounts, leaving the City de facto at the mercy of the national tax department. This is likely a nationwide problem and must be resolved to increase citizens' trust and tax-paying morale. The implementation of greater autonomy in creating and collecting taxes and setting tax rates as called for in the new Code, would increase the revenue-raising potential of local governments by providing the room and incentive to increase collection based on their own local possibilities..

21. **Given the importance of external project funding in local-government spending, a major question for further evaluation concerns the harmonization of project approaches and their responsiveness to citizens' needs.** While some multilateral initiatives, such as the World Bank's PACV or the Guinea Local Development Project (PDLG) of the United Nations Development Programme, require that donated funds be reported in CRDs' budgets and financial statements, other projects are bypassing the budgetary system, making it almost impossible to track and monitor these revenues. Evidence from other countries suggests that ad hoc funding of projects in individual localities can result in poor coordination and significant inequities. In addition, the predictability of funds is low, as allocations change with development partners' priorities, funding envelopes, and conditionalities. Integrating development partners' funding in a harmonized local development fund would help attenuate these shortcomings.

2. Expenditure Assignments Favor Deconcentration over Devolution

22. **The new expenditure assignments of local governments are a drastic change from the past.** The new Code assigns local governments responsibility for 32 functional areas (table 1). In these areas, the responsibilities of local government include construction, maintenance, distribution of services, and provision of information. This increase in responsibilities contrasts starkly with the current situation, where local government activity is limited in scope and depth owing to insufficient finance and capacity.

23. **Currently, local government spending is minimal.** Although local authorities have the autonomy to spend their own revenues, those revenues are only a small share of local expenditures, much smaller than budgetary deconcentration and funding from development partners. Local governments are thus not a dominant player in local development. As described in the case study on education, the majority of expenditure occurs either centrally or through deconcentrated government entities. Analysis of spending patterns in six CUs and four CRDs (2005 and 2004 data respectively) shows that local government spending on service delivery is limited. The same analysis found a significant imbalance between recurrent and investment spending, especially in rural areas, raising concerns as to the sustainability of investment spending and the functioning of CRDs.

24. **Spending through deconcentrated levels of government is plagued by a number of weaknesses.** In theory, budgetary deconcentration moves management of budgeted expenditures closer to the point of service delivery—a step in the right direction. Its implementation is flawed, however. Allocations are unpredictable, arbitrary, not based on objective criteria, and prone to wide fluctuations. In addition, because of significant “leakages” along the funding chain, only a fraction of budgeted funds arrives at the service delivery frontline.⁷ Little information is kept on how monies are spent within sectors: the budget records only that money is spent, with no way of verifying whether it was spent for the intended purpose. Local governments, schools, and other beneficiaries lack the autonomy to budget and spend the funds intended for them. Investment funds programmed in the national budget for CUs and CRDs are spent at the deconcentrated level. This seems ironic given that under the PACV CRDs have demonstrated their ability to manage investment funds effectively. (See Annex 3) for an overview of budgetary deconcentration.)

25. **Weaknesses of budgetary deconcentration need to be addressed.** As in other countries, limiting the number of government levels through which funds flow—for example, by transferring funds directly to schools and clinics—can reduce leakage. Similarly, measures to improve transparency, combined with oversight and participatory planning by local governments and citizens, would increase the likelihood of funds arriving intact at their destination and being well spent. In the short term, repeating the public expenditure tracking survey (World Bank 2004a) on a regular basis would be a good way of measuring progress in fund allocation and spending—transfers could then be linked to good performance or withdrawn if leakage continued. In the long term, it would be advisable to move to a system in which transfers are made directly to local governments where oversight and participatory planning are more likely to ensure effective use of funds.

3. Local Financial Management, Transparency, and Accountability

26. **Local public financial management has been bedeviled by a series of issues.** Local governments’ operational performance in planning, executing, and maintaining accounts, and in reporting on their budgets, has been poor because of their low capacity, especially in rural areas. CRDs do not have qualified financial management staff. The legislative framework is incomplete, with key pieces of legislation being outdated or missing. Public participation in budgeting is low, and the processes of allocating and spending funds lack transparency. Budgets often severely understate local finance and leave out contributions from development partners, mining companies, and others. Information on local budgets is not made available to citizens. Financial reporting is deficient, and external audits of government funds have only recently been piloted in

⁷ Public Expenditure Tracking Surveys (PETS) unearthed considerable leakage (World Bank 2004a).

a limited number of CUs. Data is not systematically collected at the central level (Box 4), hampering attempts at making reliable estimates, devising policies and monitoring the progress of fiscal decentralization over time. Improving data collection to underpin a more reliable analysis of the state of fiscal decentralization is hence one of the recommendations emerging from the analysis in this chapter.

Box 4: Weaknesses of local government statistics in Guinea

A paucity of reliable data prevents clear and thorough analysis of subnational revenues and expenditures. Central data collection is very spotty; data are not captured adequately; local government accounts are rarely audited; and local budgets are incomprehensive, often not capturing contributions from development partners and mining companies. There is no single consolidated national database on local government finances. Two ministries, the Ministry of the Interior and Security (formerly MATD) and the Ministry of Finance, collect partial data but do not exchange or consolidate them. The MATD captures data using Microsoft Word, thus making subsequent analysis cumbersome. Not surprisingly, the data are not analyzed as a way of monitoring of the local financial system. No data are available by sector, thus making it impossible to assess the degree of spending on health, education, or roads.

The presentation of financial information is not standardized. The Government has four different financial reporting systems, none of which is aligned with international standards. In 2005, the PACV financed a revision of the local budget nomenclature to harmonize the existing systems and to meet international standards, but the revised classification remains to be adopted. Audits, conducted infrequently, are of poor quality, yielding more unreliable data.

The most comprehensive data sets available are at the National Directorate of the Treasury covering overall revenue and expenditure levels for 2005 in 20 of 38 CUs and at the MIS covering revenue and expenditures for 148 CRDs for 2003 and 53 CRDs for 2005, out of 303 in the country.

4. Recommendations for Fiscal Decentralization

Recommendation 1—Increase local revenues.

27. **Local governments need additional resources.** As seen above, the local finance system in Guinea relies on the ability of local governments to raise their own revenues, participate in shared revenues, and attract funds from development partners, thus leaving out the central government. Those sources of revenue, however, are not sufficient to enable local governments to assume responsibilities for education, basic infrastructure, environment, local roads, primary health care, and other tasks as envisioned in the 2006 Local Government Code.

28. **Our first and most important recommendation, therefore, is to increase local revenue through an intergovernmental transfer system for recurrent and investment needs.** Improving the financial situation of local governments also helps strengthen their accountability and legitimacy, as they will have a larger stake in local development decisions and gain the ability to implement election promises and respond to the needs of their constituencies. Once financially empowered, local governments will also play a stronger role and exert greater autonomy vis-à-vis deconcentrated levels of administration. Finally, empowered local governments can generate positive momentum for further reform, as they will become vocal actors in the decentralization process. The following actions are recommended:

1. **Quick win 1.1.** *Use the investment fund piloted under the PACV as the transfer vehicle to local governments.* The amount allocated to each CRD under the PACV is based on a formula drawing on population and poverty data. CRDs have the authority to plan and implement activities (including contract management and financial management),

and to monitor, evaluate, and maintain investments. Under PACV phase 2 this investment fund will be rolled out to all 303 CRDs.

2. **Quick win 1.2.** Starting with the 2008 national budget, *channel government funding through the same mechanism*. Over time, each time local governments take on a new responsibility, funding should be increased accordingly. To this end, encouraging regular dialogue between the ministries of finance and interior, and ideally with the representatives of local governments (through their associations) will be important to ensure buy-in across the Government.
3. **Medium-term 1.1.** *Harmonize funding from development partners*. Development partners should be urged to harmonize their financial support and to contribute to a single fund, which should eventually cover both investment and recurrent costs (see box 5 for options). Access rules should be defined such that the same mechanism can be used for government and development partners' funds. All grants should be formula-based, with criteria to include (at a minimum) poverty and population size. Capacity building grants should further include performance measures.
4. **Medium-term 1.2.** *Convince mining companies to channel their development contributions through the same grant mechanism*.
5. **Medium-term 1.3.** *Establish for urban areas a transfer mechanism similar to that in effect for rural areas* (as envisioned under the World Bank's Third Urban Development Project). The design stage provides an opportunity for aligning the urban investment fund with the formula and transfer mechanism of the rural investment fund to allow future integration of the two.

Recommendation 2—Increase transparency and accountability in the use of funds; increase local financial management capacity.

29. **Increases in funding for local governments must be accompanied by measures to increase accountability for the use of funds.** The measures should include ensuring oversight by local actors; opening up processes and information to the public; designing incentives that encourage performance; training local officials and stakeholders and raising their awareness; and, finally, ensuring external oversight. Failure to take these steps could result in increased fiduciary risk, mismanagement, and abuse of funds, any of which would severely compromise the development impact that decentralization is set to achieve.

- **Quick win 2.1.** *Increase transparency by publicizing 2007 budget allocations to all subnational entities*. This could be achieved through circular letters, distribution of the finance law in easily accessible format, or, in the medium term, publishing subnational allocations on the Web.⁸
- **Quick win 2.2.** *Ensure that local governments inform their citizens about the local budget*. The Code requires that local budgets and accounts should be published locally and made available for public consultation 15 days after their adoption or modification (articles 399–400). Ensuring that this policy is followed will be an important step because budget transparency is a prerequisite for effective participation by civil society. Open and transparent budgets encourage accountability of public institutions, improve legislative

⁸ The Ethiopian Ministry of Finance provides budget information online at www.mofaed.org.

oversight, and encourage broader public participation, all of which are conducive to better decision making in local governments.

- **Quick win 2.3.** *Develop “citizens’ guides to the budget”* (under implementation; funding for this purpose has been allocated to the Finance Commission of Parliament). Such guides explain in simple terms the composition of the budget and its significance. They can be a powerful tool to ensure that citizens understand budgets and scrutinize their execution. Citizens’ guides could also be produced on taxation, local finance, and participatory planning.

30. **Regular audits** are important to ensure proper use of funds, as they provide an incentive for officials to comply with established guidelines and procedures.⁹ They also serve to identify deficiencies that need to be addressed through further capacity building. Audits should focus on the presence of proper accounting systems, records, and controls. They also should verify compliance with transparency measures, such as whether budgets are made available to citizens as required by the Code.

- **Quick win 2.4.** *Make PACV funds subject to annual audits.* Continue this practice as the investment fund is expanded to include government and other external funding (see quick win 1.2). Eventually, all audits should be conducted by the Chamber of Accounts, the mandated auditor for national and local government institutions.
- **Quick win 2.5.** *Strengthen the Chamber of Accounts by signing into law two draft decrees,* one on organization, mandate, operations, and procedures; the other on staffing of the Chamber. Both decrees have been approved by the cabinet and are awaiting the President’s signature.
- **Medium-term 2.1.** *Strengthen the Chamber of Accounts by recruiting additional magistrates* to complete its staffing; train magistrates in the use of auditing manuals that have been developed; establish a mechanism for capturing data electronically; and follow a work program that will increase the number and quality of audited accounts each year until the Chamber covers the entire country.

31. **Strengthen local government capacity.** Appointing tax collectors/accountants (*receveurs-comptables*) at CRDs, building staff skills, and developing and distributing procedures and manuals for financial management and procurement are important prerequisites for strengthening fiduciary capacity at the devolved level of government. The secondment of local tax collectors from the Ministry of the Economy and Finance will also strengthen local governments’ ability to raise revenue and manage their budgets better.

Recommendation 3—Improve financial reporting, data collection, and data management.

32. The dearth of reliable financial information hinders effective policy development. Better data will be needed to underpin the design of a formula-based intergovernmental transfer system, and for tracking the implementation of fiscal decentralization, measuring the quality and quantity of service delivery, and monitoring change in the horizontal and vertical imbalances that

⁹ A randomized field experiment on corruption in road projects in over 600 Indonesian villages showed that the increase of audits from 4 to 100 percent significantly reduced missing expenditures. Audits were more successful in reducing corruption than community participation (Olken 2007).

presently mark the distribution of revenues and expenditures across the country. An urgent recommendation is thus to put in place a centralized data collection system.

- **Quick win 3.1.** *Integrate financial data into a single database.* A team of computer-literate graduates should be assembled to transfer to Microsoft Excel the data held at the Ministry of the Interior and Security, and integrate those data with the database of the Ministry of the Economy and Finance.
- **Quick win 3.2.** *Define a data gathering and reporting framework.* A single ministry should be made responsible for storing and analyzing data. A framework for reporting and sharing data should keep all relevant stakeholders informed. The framework should include the format and frequency for reporting data, as well as arrangements for sharing data with other ministries and with the Chamber of Accounts. The database should allow the monitoring of key indicators, such as transfers to localities, population data, local revenue, and shared revenue. The department in charge of data collection should provide regular reports on the progress of fiscal decentralization. A clear and user-friendly database template that meets international standards (such as the IMF's Government Finance Statistics) is needed to allow comparability.
- **Quick win 3.3.** *Apply the unified budget classification system at the local level* (already drafted, awaiting adoption), to ensure consistency of data reporting.
- **Medium-term 3.1.** *Train tax collectors, ministry staff, and the staff of the Chamber of Accounts* in the new budget classification, reporting framework, and database.

Box 5: The intergovernmental transfer system—policy options

Various African countries have put in place simple rules-based fiscal transfer systems to fund capital and recurrent expenditures at the local level. For example, Ghana and Rwanda have set aside a certain percentage of national revenues for distribution to localities based on population size. Combined with measures to ensure basic capacities in public financial management and reporting, the transfer systems represent a predictable source of financing for local services. At the same time, accountability mechanisms must be robust enough to ensure that resources are used to meet local priorities, rather than to bloat the payrolls of local governments.

The Government of Guinea may wish to consider the following three options for intergovernmental transfers:

Option 1. General block grant. Unlike the existing local investment fund, the general block grant would be an “open menu” and could be used for both recurrent and capital needs, as now practiced in Rwanda. Systems based on general block grants are relatively easy to design, administer, and monitor. Local governments have maximum flexibility to allocate funds where they need them most. That same flexibility can be a disadvantage, however, if local accountability mechanisms are not strong enough to prevent the diversion of funds from planned priorities (for example, to recruit family members into locally financed positions) or disruption of the balance between investment and recurrent costs.

Option 2. Conditional block grant. Such a grant would separate windows for recurrent and capital expenditures. Rules would specify the share of each to be transferred to local governments. Such a system would allow the central government to exert a certain control over local decision making by ensuring that a reasonable balance between investment and maintenance is maintained. Separate windows could also be opened for sectoral allocations, similar to the investment fund that will operate under phase 2 of the PACV. The disadvantage of conditional block grants is that they are more complex and difficult to administer than general block grants. Moreover, local governments are more constrained in their decision making, which can limit their ability to respond to local needs.

Option 3. Block grant combined with performance/capacity building grant. International experience has shown that linking transfers to performance provides a powerful incentive for sound local governance. The performance or capacity building grant would reward local governments’ performance in participatory planning, fund management, service delivery (either direct or contracted), and oversight. It would allow local governments to identify the training and technical assistance they need to increase their performance in planning and managing funds. In Uganda, for example, minimum conditions for accessing funds are participatory planning processes, sound financial management, sufficient technical capacity (such as for supervising engineering work), and program-specific conditions (such as co-financing requirements). The experience of performance-based grants has been replicated in Kenya, Tanzania, Sierra Leone, and Ghana (Steffensen 2005). Such grants clearly encourage better performance and therefore can be a powerful tool for institutionalizing good governance at the local level, but they are also more complex to design, administer, and evaluate. Implementation requires strong government commitment, continuous communication with local governments to explain the workings of the grant, regular performance audits, and evaluations to ensure that allocations are based on objectively verifiable achievement of performance benchmarks.

B. ALIGNING SUBNATIONAL STRUCTURES AND STAFF WITH FUNCTIONS

33. The organization of the state and the distribution of responsibilities, authority, and autonomy at various levels of government affect the relationships of accountability between actors and thus are central to effective service delivery. For better or for worse, decentralization alters these arrangements. Shifting functions downward engenders changes at all levels of government and requires that structures and staff be adjusted to ensure that decentralization remains affordable, especially where finance and human resources are as tightly constrained as they are in Guinea. In Guinea, the distribution of responsibilities, authority, and autonomy remains to some extent unclear, undefined, and misaligned. This section highlights the institutional constraints that block better performance by local governments. After presenting a

brief agenda for medium- and long-term change, we conclude with concrete recommendations for the role of the new generation of recently selected prefects.

1. Institutional and Administrative Challenges

34. **Local government performance is constrained by several institutional issues.** Poor progress in devolving finances and staff means that local governments are starved of capacity, both financial and human. Moreover, current structures engender accountability relationships that hinder, rather than promote, local government autonomy, legitimacy, and downward accountability. On the administrative side, four factors constrain local government performance: (i) administrative parallelism or the parallel presence of deconcentrated and devolved levels of government (leading to redundancies, unnecessary complexity, and the blurring of lines of accountability); (ii) the inefficient distribution of roles and responsibilities between deconcentrated and devolved levels; (iii) oversight relationships (*tutelle*) that compromise local government autonomy and downward accountability to citizens; and (iv) weak coordination of actors in service delivery and development planning. If local governments are to absorb additional responsibilities, these issues need to be addressed.

35. **A medium- to long-term reform agenda** would include clarifying roles, improving **coordination, and rationalizing structures.** A first step would be to define roles and responsibilities and to distribute them across different layers of government. To improve coordination, the Government might consider strengthening the prectoral development councils (*conseils préfectoraux de développement*) or establishing sectoral coordination bodies comprising public, private, and civil society actors. Vertical coordination along sectoral reporting lines is equally important to improve coordination of inputs and interventions for sector investments across different levels of government. Such coordination could be ensured through binding contracts¹⁰ between local governments and the deconcentrated and central bodies and, at the local level, through regular meetings between local governments and sectoral branch office.

36. In the long run, the Government should ask itself whether greater efficiency could be achieved by rationalizing state structures—for example, by relocating deconcentrated branch offices to where they are most needed and by shifting their reporting lines to local governments. The need for subprefectures could further be reconsidered in light of the strengthened role of local governments. Subprefecture oversight functions could for instance be integrated upward to the prefecture and their developmental functions devolved to CRDs, with staff following functions.

37. **Decentralization of staff can be phased in over time.** Local governments currently have very little staff of their own and possess no authority over deconcentrated staff. The Code foresees the creation of a territorial public service, which would be recruited, overseen, managed, and terminated by local governments. Local governments would manage their staff, regardless of status (local staff, contractual workers, seconded civil servants)—with the notable exception of the *receveur-comptable* (tax collector and accountant), who reports to the Ministry of the

¹⁰ Binding contracts (or *conventions*) are often used to improve coordination of inputs and interventions for sectoral investments (such as building or opening a school) and operating costs (such as managing schools and school inputs—supplies, furniture etc.). These contracts would (i) inform both deconcentrated units and the central administration on planned sector investments to enable them to integrate these activities into their own planning and budgeting; (ii) ensure that local governments observe the ministry's standards and norms; and (iii) clarify the respective roles and duties of each actor and specify a clear implementation schedule that is contractually binding.

Economy and Finance. A pragmatic intermediary step to ensure that local governments are adequately staffed would be to establish compacts between local governments and deconcentrated sectoral staff and to transfer responsibility for career and performance management to local governments. Deconcentrated staff would thus assist the CRD or CU in carrying out their expanding portfolio of tasks, and report on work program to the president of the CRD or mayor, who would evaluate their performance. In the medium to long term, establishing pooling arrangements for specialized sector staff covering 5–6 local governments would be a cost-effective way of ensuring that local governments have access to the skills they require.

2. Seizing the Opportunity Presented by New Prefect Appointments

38. Given the magnitude of changes facing the new Government of Guinea, we limit ourselves here to the issue of prefects and governors. More detailed analysis on other aspects of administrative decentralization and state rationalization has been conducted and is available upon request.

Recommendation 7—Redefine the role of the prefect.

39. As a result of the strikes of January and February 2007 and the appointment of a new prime minister and cabinet, all prefects and governors were relieved of their duties. The new Government has already selected a new generation of prefects, based on merit. The selected candidates are awaiting formal appointment by the President. The entry of a new cadre of leaders provides an opportunity to clarify their mandate and to define their relationships with local governments. To serve citizens effectively, these new leaders must support rather than stifle local governments, to become enablers of development, as described below.

- **Quick win 7.1.** *Define job descriptions and required qualifications for prefects and governors.* The role and mandate of the prefect vis-à-vis local governments, subprefectures, the region, and the central government should be clarified in a job description that also defines the prefect's responsibility with regard to nonstate actors and for coordination. The very process of developing job descriptions would be useful in clarifying the role of the prefect in the devolution process outlined in the new Code. It would provide an opportunity to make adjustments to the status quo where weaknesses persist. The Government might further consider introducing term limits for prefects and governors to discourage the formation of entrenched local networks and favoritism.
- Given low capacity and, more importantly, perverse incentives for the prefect to become a champion for empowering local governments, the role of the prefecture in development, and as a facilitator of development, should be reconsidered. We recommend maintaining the prefect's administrative and supervisory role, while gradually shifting its oversight responsibilities to *ex post* controls, and reducing the prefect's oversight over deconcentrated branch offices. The prefecture could maintain its coordination function—which is chiefly horizontal, but also vertical with regard to the Ministry of the Interior and Security. The Prefectoral Development Council should be made operational so as to provide the coordination that is currently missing. The prefecture could also play a useful role in distilling lessons from experience and feeding them into policy making and local practices.

- **Quick win 7.2.** *Develop a manual for tutelle control.* Consultations in 12 local governments have shown that prefects have at times been perceived as interfering in local government to the detriment of local autonomy and decision making (Condé 2007). Developing a manual defining the objectives, scope, and timing of *tutelle* control in line with the new Code would help clarify the role of the prefects vis-à-vis local governments. It would also establish clear standards for the response time for *tutelle* decisions, which to date are not well known.

C. BUILDING RESPONSIVE AND ACCOUNTABLE LOCAL GOVERNMENTS

40. At the core of decentralization is the idea of moving government closer to the people to make it more responsive and accountable to the public. The more directly accountable local governments are to their citizens, the more likely will they act in the public interest and improve their performance, which in turn strengthens their legitimacy. The effectiveness of this virtuous cycle depends on the degree of voice that citizens have—which is typically expressed through elections, feedback mechanisms (such as administrative recourse and user surveys), and participation in policy making and implementation. Access to information is a prerequisite for voice. The Code contains important provisions for increasing transparency of the local budget and decision-making processes and requires citizen participation in development planning (Box 6). Current practices relating to participation, information, and elections, surveyed below, could be brought closer to the Code by following the recommendations offered at the end of this section.

1. Local Information and Participation

41. The advances Guinea made through holding local elections and employing participatory methods in local development planning have—despite their flaws—increased citizens’ voice and improved the relationship between citizens and their elected officials. They have also strengthened the legitimacy of local governments. However, participation and access to information are relatively new concepts in Guinea.

42. **Information and transparency are very limited.** Local decisions and budgets are not yet published. Interviewed during fieldwork, representatives of the Ministry of the Interior and some elected officials opined that publishing budgets would be useless, because the majority of the population cannot read or write. In our sample, none of the respondents in the community had seen the local budget. People complained about the lack of transparency in development planning and in the management of local resources. Meanwhile, no mechanisms or institutions exist to collect citizens’ feedback; when people are dissatisfied with the services they receive, they are more likely to complain to the oversight body (*tutelle*) than to local governments (Condé 2007).

43. **Citizens’ participation in local affairs is limited to elections and, at times, development planning.** Although the practice of participatory planning has spread through various externally funded projects, participation remains limited. External projects, including the World Bank’s PACV, have used participatory methods to engage citizens in the preparation of local development plans. However, representation is uneven, leaving out certain geographical areas or social strata of a community. Interviews in 12 local governments revealed that people are rarely consulted - none of those community members interviewed had seen a local development plan. In the fieldwork sample, local development plans seemed to contain priorities that

development partners were willing to finance, while leaving out other priorities of the population. It also seemed that some local governments went so far in catering to the priorities of external financiers that they kept different plans for different development partners. Fieldwork further revealed that people understand “participation” primarily as their contribution (financial or through actual manpower) to development projects and not as a political process of making their voice heard and determining local priorities (Condé 2007), pointing to a lack of understanding of their potential role in influencing local development.

Box 6: Information and participation in the Local Government Code

The new Code establishes citizens’ right to information and participation, in particular:

Access to information. National regulations and decisions must be publicized orally or in writing. Local council regulations and decisions must be on public display within eight days of approval. Local budgets and accounts (*comptes administratifs*) are to be published in a local publication and must be available for public consultation 15 days after their adoption or modification. Socioeconomic diagnostics and local development plans are available for one month.

Participation. The local development plan (PDL) is the main instrument through which urban communes and rural development communities exercise their responsibility for socioeconomic development. The annual investment plan (PAI), which translates the priorities of the PDLs for the upcoming fiscal year, is tied to the investment budget and is binding. The Code requires citizen participation in the preparation of socioeconomic diagnostics and the local development plan. In addition, local council sessions are public; a minimum of two hours must be set aside for citizens to express their ideas and concerns.

2. Local Elections

44. **Political decentralization has begun to open up political space and stimulate local participation.** Our fieldwork confirmed that decentralization is gradually opening channels of direct accountability, as the rhetoric of local governance and the concept of responsiveness gain ground among local officials and citizens. Local elections in 2005 have – despite their flaws - strengthened the political process. They have forced officials to listen and respond to the people, given citizens a sense of empowerment vis-à-vis their leaders, and reinforced the legitimacy of elected leaders. Consultations during fieldwork in 12 local governments revealed that more than two-thirds of respondents have been in contact with the mayor or president and refer to the CU or CRD by their mayor’s or president’s name. Nonetheless, civil society organizations and neighborhood (*quartier*) or district chiefs are the actors with whom citizens still have the greatest interaction.

45. **Working through local elected officials.** However, much remains to be done to solidify the position of locally elected officials as the main representatives of local communities, as envisioned in the law. Local councils remain weak. Competing power centers, such as the deconcentrated administration (including the prefect and subprefect, traditional authorities, and development partners) are diverting attention away from elected officials. In the absence of government financing in particular, development partners have acquired a predominant role in defining local governance rules by determining the overall funding envelope available to communities, as well as the rules for accessing and managing those funds (Condé 2007). While this influence has been important in encouraging good governance principles locally, development partners should use their influence to empower local actors to strengthen accountability relationships. It will be important to further strengthen the legitimacy of local elected officials by channeling funds from development partners through local government budgets, and by enhancing transparency rules and deepening participation.

3. Recommendations for Strengthening Voice

46. Mechanisms to raise citizens' voice should take full advantage of the provisions in the new Code. Some ideas on how this could be achieved are presented below.

Recommendation 4: Enhance participatory planning.

- **Quick win 4.1.** *Make participatory planning mandatory in rural areas.* The PACV has already introduced participatory planning in CRDs. In its second phase (to begin by the end of 2007), it will cover all 303 CRDs and improve timing and methodology.
- **Medium-term 4.1.** *Make participatory planning mandatory in urban areas.* The World Bank's Urban Development Project (UDP) makes use of municipal contracts based on citizens' expressed needs. This successful experience could be rolled out to cover all CUs.

Recommendation 5: Educate local stakeholders on their new rights, roles, and responsibilities.

- **Quick win 5.1.** *Carry out information campaigns and capacity building measures for elected officials.* Local representatives cannot perform well if they do not understand the scope of their work as defined in the Code. A tremendous effort is needed to educate local officials on the main provisions of the Code—among them the provisions on participation and the budget.
- **Quick win 5.2.** *Educate the population—including traditional authorities, local professional NGOs, and local civil society groups—on their rights and responsibilities.* "Citizens' Guides" to the Code, the budget process, participation, and other areas of interest, translated into local languages, would be an effective way of raising knowledge and awareness. Using pictures and symbols is another way of overcoming the literacy barrier (World Bank 2006). In addition to information campaigns and brochures as above, radio programs or local plays could be effective means for disseminating information and modeling behavior.

Recommendation 6: Use citizens' report cards as a mechanism for regular user feedback.

Medium-term 6.1. Citizens' report cards are quick user surveys that assess satisfaction with the quality of services. Experience has shown that user feedback—if publicized—can be a powerful tool to increase pressures on institutions to improve performance. In Bangalore, India, for example, user satisfaction with water supply increased from 3 to 74 percent between 1994 and 2003 as a result of regular publicizing of report-card results.¹¹

¹¹ Public Affairs Centre (PAC), <http://www.pacindia.org/>.

III. MAKING SERVICES WORK

47. Primary education and water supply are vital for development. This chapter reviews bottlenecks in the delivery of services in these sectors, highlighting weaknesses in institutional structures and accountability relationships between various actors. Our recommendations are based on local and international service delivery practices that have proven successful.

48. **Education and water present different challenges but similar accountability arrangements.** Primary education being a social service sector and water an infrastructure sector, their service delivery arrangements differ substantially. While in education, human resource management represents one of the biggest challenges with the recruitment, management and monitoring of teachers' performance, the water sector involves at its core the construction or expansion of water networks and its maintenance. However, the case studies find that despite these differences, strengthening the accountability relationships of voice, compact and client power are critical ingredients for achieving services that are more responsive to citizens' needs.

A. DECENTRALIZING EDUCATION

49. In the education sector, as elsewhere, decentralization can enhance accountability by shortening the distance between citizens, service providers and the government. Box 7 describes the application of these accountability relationships to education in Guinea.

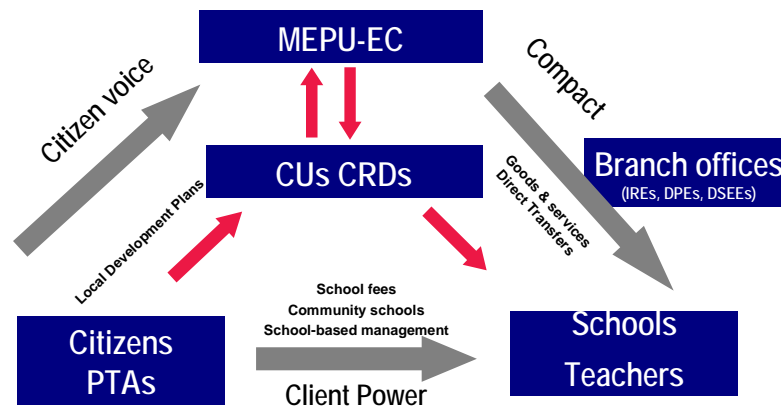
1. Key Challenges in Primary Education

50. **Despite progress, key challenges remain to achieve the Millennium Development Goals (MDGs).** Guinea made remarkable progress in increasing access to basic education for 6–11 year-olds during the last 15 years. The gross primary enrollment rate and primary completion rate (the ratio of children completing a full six-year primary cycle) increased to 80% and 60%, respectively, in 2005/06 from 30% and 15% in 1990/91. Girls and poor people in rural areas have been the primary beneficiaries of this significant increase in access to education. At the same time, the quality of learning has not deteriorated, and Guinea has been able to train some 15,000 new primary teachers since 1998. To a large extent Guinea has been catching up with other countries in Sub-Saharan Africa. However, improving the quality of education while expanding access, keeping up with increasing demand, remains a core challenge. Public spending on education has been drastically reduced in the last three to four years. Government and education sector performance in managing human resources (teachers) and pushing the decentralization agenda have been weak. If Guinea wants to reach the MDGs a concerted effort is needed.

Box 7: Accountability relationships in the education sector

Successful education systems may vary widely. The United States places great emphasis on local accountability and flexibility; France and Japan are more centralized. *But what successful education systems share is a working structure of accountability: clear objectives, adequate resources, and capable and motivated providers.* The figure presents the desired accountability relationships as applied to primary education in Guinea.

Accountability relationships in primary education in Guinea



Systems that succeed in providing universal education of high quality will likely contain the following three accountability relationships:

- **Voice.** How well citizens can hold the state accountable for performance affects both the school system's objectives and the public resources that go to education.
- **Compact.** The compact between policy makers and providers of schooling needs to balance the autonomy of schools and teachers with rigorous assessment of performance. Schools (and systems) must be enabled to manage for performance—and to find effective ways to train and motivate teachers.
- **Client Power.** Direct participation of parents can generate pressures to expand enrollment and quality of teaching. Granting parents the right to choose schools can further provide incentives for school improvement.

Source: Adapted for Guinea based on World Bank, *World Development Report 2004: Making Services Work for the Poor* (New York: Oxford University Press, 2004).

Note: MEPU-EC = Ministry of Primary Education and Civic Education; CU = urban commune (*commune urbaine*); CRD = rural development community (*communauté de développement rural*); IRE = regional education inspectorate (*inspection régionale de l'enseignement*); DPE = prefecture-level education directorate (*direction préfectorale de l'enseignement*); DSEE = subprefectural education office (*délégation scolaire de l'enseignement élémentaire*); PTA = parent-teacher association.

51. **Three priority areas** to be considered by the Government should be devolving finance down to the school level, improving teacher management, and empowering local actors (including schools and communities such as through parent-teachers associations) to play a greater role in education. Defining responsibilities across different levels of administration and aligning financing and human resources accordingly will be important steps in that direction, as outlined below.

2. Getting Finances to Schools

52. **Overall resource allocations, as well as investment decisions affecting school construction and rehabilitation, are planned, budgeted, authorized, and executed by the ministry and its deconcentrated offices.** The financial directorate within the Ministry of Primary Education and Civic Education (MEPU-EC) controls most resource allocations. Funds are executed mostly at the center, including the vast majority of externally funded school construction projects. Procurement for several budget lines remains centralized because of low availability of goods and services (such as school furniture) at the subnational level. For the recurrent budget, since 2002, the MEPU has delegated responsibility for nonsalary recurrent expenditures to the prefecture-level education directorates (DPEs, *directions préfectorales de l'enseignement*), which spend the delegated credits on behalf of the schools. Branch offices have limited autonomy in making allocation decisions to the lower levels. Goods and services are thus either transferred in-kind to the branch offices for distribution or—more generally—sent directly from the center to the schools. Regional-level education directorates (IREs, *inspecteurs régionaux de l'enseignement*) and DPEs oversee the school map but are not responsible for planning (although this will likely be changed in the next couple of years). This contrasts with countries such as Burkina Faso where investment expenditures—both under the national budget and through external financing—have been delegated to the provincial directorates, which prepare the school map, establish an investment plan on a triennial basis, and make spending decisions.

53. **The highly centralized system of public resource management has the following drawbacks:**

- *Schools have no discretion in planning or managing resources for operational expenditures.* They receive goods and services from the center or from deconcentrated branch offices. Delays and mismatches between needs and allocations are frequent.¹²
- *The DPEs have no autonomy in deciding on resource allocations* between schools and across budget lines; allocations are predetermined by the center according to school data, rather than based on local or DPE demands.
- *Deconcentrated offices at prefectural and subprefectural levels have virtually no operational budget,* which undermines both their implementation ability and their monitoring capacity. With their own budgets starved, it also blunts their incentives to distribute resources to the schools.
- *Goods and services provided from above do not always reach schools in a sufficient or timely manner because of bottlenecks and mismanagement along the supply chain.* In 2003, the public expenditure tracking survey (World Bank 2004a) estimated that less than 20 percent of budgeted nonwage recurrent expenditures reached the schools. Actual credits allocated from the center to the DPEs are less than the budgeted amounts (and unpredictable throughout the school year). Withholdings are made at the prefectural and subprefectural levels (including various tax and non-tax deductions) (World Bank 2004a).

¹² A comparative survey of decentralization in four West African countries, including Guinea, revealed that one school received 40 staplers from the DPE as part of its yearly supplies, but low quantities of other school supplies (IIEP 2004).

54. **Weaknesses in education spending have not been resolved but encouraging, yet isolated, practices exist.** Since both external and internal controls are weak and since there is no tracking of public expenditures to their final destination, management problems have not been resolved.¹³ Moreover, since local actors are unaware of the allocations programmed in the national budget, there is no public scrutiny over the management of public resources. There are, however, a number of encouraging practices:

- In the rural development community (CRD, *communauté rurale de développement*) of Dinguiraye, civil society played a role in fighting government corruption.¹⁴
- For the delivery of textbooks, COGES (a management committee composed of parents) helps to inventory and distribute textbooks at the school level, increasing actual delivery rates.
- To improve execution rates for investment spending, the Education for All (EFA) program delegated budget execution to nongovernmental organizations (NGOs), urban communes (CU, *communes urbaines*), and CRDs, which completed 62 percent and 10 percent, respectively, of their building projects for the school year 2005/06.
- The EFA program transfers funds for recurrent costs directly to the schools, thus avoiding the bottlenecks of a centralized financial management system. The School Project initiative (*projet d'école*), implemented in 15 percent of public primary schools in 2005/06, distributes a grant for operational expenditures directly to the schools, to be spent in line with a triennial school improvement plan. Owing to the success of the first phase, the School Project is to be extended to 60 percent of public schools within a year and to all schools by 2008.¹⁵

¹³ The MEPU-EC only recently created an internal audit unit.

¹⁴ The DPE of Dinguiraye was receiving small grants from a USAID project to be allocated to schools. The parent-teacher association, which had been trained in financial management and administrative transparency, stood firm when the DPE attempted to divert funds earmarked for additional training. Parents' vigilance prompted an investigation by the inspector general of Guinea's Ministry of Education. The minister demanded repayment of the misappropriated money from Dinguiraye's DPE. In an unprecedented rebuke, the minister later suspended the individual from his duties as DPE. Source: USAID Website.

¹⁵ For school year 2006/07, all public primary schools will receive a small grant for recurrent expenditures before they become eligible for the School Project. The grant will be made only after the school prepares its triennial school improvement plan.

55. **The School Project has three main advantages.** First, it makes funding available for goods that are typically underprovided (or underfunded) by the state—and that are thus paid for by parents—including repairs, supplies, and textbooks. Second, it allows schools to plan for resource allocation. A school committee, chaired by the school principal and including the director of the parent–teacher association, teachers, and students, draws up a triennial plan for school improvement (which includes all activities, regardless of financing source) and makes spending decisions accordingly. Third, the School Project provides two complementary grants to support the operational budgets of the subprefectural education office (DSEE, *délégation scolaire de l’enseignement élémentaire*) and a training program of primary teachers conducted by DSEEs. The DSEE and DPE oversee local financial management, whereas overall financial controls are exercised by the EFA Program.¹⁶

3. Decentralizing Teacher Management

56. **Teachers affect the quality of education** more than the condition of school buildings, the availability of teaching material, or any other factor (World Bank 2005). How teachers are managed, therefore, deserves close scrutiny.

57. **Most teachers are recruited and managed centrally.** There are three types of teaching staff in Guinea: public servants, contract teachers, and community teachers, constituting 38, 55, and 7 percent of the teaching corps. With the exception of community teachers, who are recruited, supervised, and paid by local governments, teachers are recruited, paid and sanctioned by the central government (Table 2).

Table 2: Types of teaching staff and management responsibilities in Guinea

	Types of teachers		
	Civil servants	Contract teachers	Community teachers
Percentage of all primary teachers	38	55	7
Compensation (GDP units per capita, 2003)	3.2	1.6	Variable; close to contract staff
Career plan	Yes	No	No
Possibility of transfer to other staff category	--	To civil service, until 2003	To contractual positions (in 2003 only)
Recruited by:	MEPU-EC, MET-FP	MEPU-EC, MEF	Communities (with DPE approval)
Paid by:	MEF	MEF	Communities
Assigned to schools by:	IRE, DPE	IRE, DPE	Communities
Disciplined by:	MEPU-EC, MET-FP	MEPU-EC	Communities
Supervised by:	DPE/DSEE	DPE/DSEE	DPE/DSEE
Trained by:	Center/DSEE	Center/DSEE	Center/DSEE

Source: Interviews with MEPU-EC

Note: MEPU-EC = Ministry of Primary Education and Civic Education; MET-FP = Ministry of Labor and Public Service; IRE = regional education inspectorate (*inspection régionale de l’enseignement*); DPE = prefecture-level

¹⁶ Money is allocated via commercial banks to the regional level (IRE) and then distributed to the schools via the DPE and DSEE. The formula for allocating grants combines a fixed amount (\$20/class) and an equalization component (\$0.75/student).

58. Centralized management of teachers has resulted in weaknesses that should be addressed as the decentralization agenda is advanced.

- *Centralized management continues to interfere with accountability, resulting in weak control of teachers' performance.* The absence of accountability mechanisms at the local level (oversight or discipline)—aggravated by DSEE's weak monitoring capacity—does not allow for sufficient control of teachers' classroom performance. Teachers' conduct and attendance thus remain unaccounted for, leading to poor performance and absenteeism. Performance tests on a sample of 222 teachers in their second year revealed significant problems of quality, especially for the contract workers who constitute the majority of teachers at the primary school level. Only one-third of teachers passed the test satisfactorily, one-third demonstrated a low level of quality but were deemed trainable, and the last third was considered below standard and not trainable (World Bank 2006).
- *Central recruitment and career management favor concentration of teachers in Conakry and large urban centers.* No mechanism ensures adequate allocation of teachers across the country. Disparities between different regions remain large. The student/teacher ratio ranges from 5 to 121 (World Bank 2005) across the country, with a large concentration of teachers in Conakry and the main city centers, and wide disparities across regions and between urban/rural areas. Incentives are structured such that individuals are reluctant to accept positions outside major urban centers. Many of those who do work in rural areas ask for a transfer after one year of service for reasons of lifestyle or to advance in their career. Frequent transfers disrupt the affected rural schools.
- *Central recruitment leads to low effective teaching time.* Delays in needs evaluation at the center hold up assignments of teachers, postponing the arrival of new recruits at schools, and thus reducing effective teaching time, and delaying the payment of salaries by six to eight months. Salary payments are also unpredictable, because the Ministry of the Economy and Finance often fails to add a new recruit to its database or to take note of a staff transfer or contract extension (Box 8). This unpredictability has significantly reduced the number of candidates for teaching positions and led some teachers to abandon their positions during the school year.

Box 8: Where have all the teachers gone? Keeping track of numbers and pay

The 2003 public expenditure tracking survey (PETS, World Bank 2004a) found that nearly 10,000 in-service teachers, including 5,500 contract teachers, could not be accounted for. The figures in the PETS come from the comparison between statistical data from the Ministry of Primary and Civic Education and the payroll department of the Ministry of the Economy and Finance for the month of January 2003. This phenomenon is confirmed by other inventories of teaching staff in Guinea, reviewed during an external audit commissioned by the ministry (MEPU-EC 2004). The problem is due to fraudulent practices (ghost workers) and shortcomings of centralized management, which fails to keep track of staff as they are recruited, transferred, promoted, or terminated. Central management has also missed opportunities to coordinate stocktaking exercises of central ministries (MEPU-EC 2004; World Bank 2006). Teachers' files in the databases of three central ministries (education, labor, and finance) do not match. Within the Ministry of Primary and Civic Education, the statistical department of the prefecture-level education directorates account for primary teachers on the ground, but their data are not linked with central human resource files. As a result, there is little coherence between the two data sets related to the number and types of teachers (World Bank 2006). These issues will be partly addressed with the establishment of teachers' databases at the regional level by 2008, which should allow for better tracking of staff and for a definition of needs within the Ministry of Primary and Civic Education.

4. Empowering Local Stakeholders

59. Experience in Guinea and beyond shows that local actors—CU/CRDs, parents and schools—can play a powerful role in the delivery of primary education services. As described above, the role of local actors in Guinea today is generally limited to externally financed projects. (Development partners often rely on local actors to implement their projects.) But accountability in the delivery of education services could be improved through greater local involvement at three levels: local governments, parent–teacher associations, and school-based management.¹⁷

Local governments

60. **Overseeing education is not a current priority of local governments.** Our survey in 12 local governments shows that local government representatives rarely visit schools or interact with local PTAs (Condé 2007). Local development plans—and local governments generally—do not address issues other than school construction, which represents a visible achievement and requires no special knowledge of education. Participation of CU/CRDs in school management is limited to occasional participation in operational expenditures (supplies, for instance, in our qualitative survey) or in the hiring and payment of community teachers. Empirical evidence suggests that these contributions are greater in rural CU/CRDs, where the proximity of local governments to the schools and the severity of school problems create more incentives for local government involvement.

¹⁷ The analysis focuses on public schools only, leaving out schools run by communities and private organizations.

Parent–teachers associations

61. While the role of parents in monitoring school quality and demanding improvements in education is well recognized, parent–teacher associations (PTAs, *associations des parents d’élèves et amis de l’école*) in Guinea are a mixed bag.¹⁸ Empirical evidence, confirmed in our fieldwork, shows that PTAs in Guinea can be highly functional if supported by an NGO or a development partner. In some places, PTA boards are appointed rather than elected or are poorly structured and hardly representative of parents or accountable to them. Other PTAs in our sample—those benefiting from the support of a development partner—proved to be functional entities, with great involvement of and ownership by parents:

- Successful PTAs play a role in articulating parents’ *voice* through good dialogue with the administration, through community partnerships (with national and district councils and mosques, for example), and through external partnerships (with NGOs and aid donors). Links with CU/CRDs remain marginal, however.
- Successful PTAs can also strengthen *client power* by identifying school problems and by mobilizing communities and partners to solve them. Parents’ participation is increasingly multi-faceted and oriented toward monitoring of schools and providers.¹⁹ But parents have very little leverage in school management—for instance, PTAs can only report on absenteeism issues to the school administration or to the *tutelle*—and they appear to have little capacity to monitor teaching performance. Nonetheless, interviews revealed that parents are beginning to understand the critical conditions for quality education services. The ministry has issued “minimum quality standards for primary schools,”²⁰ which have been distributed to all primary schools. Some programs have made these quality criteria available in a simplified brochure for parents.

¹⁸ In all public primary schools in Guinea, parents are organized in PTAs. Parents pay an official annual fee to the PTA but their contributions are varied and mostly ad hoc, in cash (registration fees, etc.) or in kind. Their contributions pay for activities that have not been covered through the national budget (such as the maintenance of school facilities) or for goods and services that are not financed in a sufficient or timely manner (school supplies, teachers’ accommodation, teachers’ first salary payments, etc.). Contributions also go to branch offices, where a significant part of school fees regularly provides operational budget for the DSEE (supplies, etc.) or covers activities that are not budgeted for (such as the inspection visits of the DPE to the schools). While financial management of member dues tends to be a problem in PTAs generally, those supported by development partners tend to be more rigorous in managing their finances (they keep records, have a bank account, etc.).

¹⁹ Beyond the management of school fees, parents inform and organize the community, participate directly in renovation and sanitation projects, organize learning sessions provide transportation to exams, assist with the census of school-age children, support teachers, and monitor student progress and teacher performance.

²⁰ These quality criteria (from the NFQE project, *Niveaux Fondamentaux de Qualité des Ecoles*) include a list of minimal access and quality norms (students/classroom, student/teacher ratios, etc.), minimal school inputs (textbooks, teachers), a profile of a highly capable teacher, basic pedagogical activities, and activities of communities and parent–teacher associations.

School-based management

62. **School-based management experiences that give parents a more formal role in school governance have proved more successful in empowering clients** (Box 9). The School Project—described above—represents an important school-based management initiative as it strengthens both *compact* (schools possess autonomy in allocating resources but need to fulfill basic performance criteria) and *client power* (parents are involved in decision making). School-based management strengthens client power by broadening participation to all stakeholders at the school level as the community and the school administration jointly plan for school activities and make spending decisions. The school committee consisting of community members, parents, teachers, and principals conducts an outcome-oriented planning exercise where activities are linked to qualitative objectives (progress of student learning, improved school management, enhanced partnerships with the community). School-based management also allows parents to monitor outcomes and hold providers accountable for results. Finally, it also reduces the financial burden on parents.

Box 9: School-based management

What is school-based management? School-based management (SBM) is the decentralization of authority to the school level. Responsibility and decision making over school operations are transferred to principals, teachers, parents, and sometimes students. School-level actors, however, must operate under a set of centrally determined policies.

- SBM programs take many different forms, both in terms of who has the power to make decisions as well as the degree of decision making devolved to the school level. While some programs transfer authority to principals or teachers only, others encourage or mandate parental and community participation, often in school committees (sometimes known as school councils).
- In general, SBM programs transfer authority over one or more of the following activities: budget allocation, hiring and firing of teachers and other school staff, curriculum development, procurement of textbooks and other educational material, infrastructure improvement, setting the school calendar, and monitoring and evaluation of teacher performance and student learning. SBM also includes school-development plans, school grants, and sometimes dissemination of educational results (otherwise known as “report cards”).
- Program goals vary, but typically include: (i) increasing the participation of parents and communities in schools, (ii) empowering principals and teachers, (iii) building local capacity, and, perhaps the most important, (iv) improving quality and efficiency of schooling, thus raising student achievement.

Why is school-based management important? Advocates assert that SBM improves accountability of principals and teachers to students, parents, and teachers and allows local decision makers to determine the mix of inputs and education policies most appropriate for local realities and needs..

Source: <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTEDUCATION>

5. Recommendations for Decentralizing Education

Recommendation 8: Getting finances down to the school level.

- **Quick win 8.1.** *Inform schools and local governments of the budget allocations* (in kind and financial) that they are to receive, starting with the 2007 budget. Doing so would enhance transparency and thus allocation of existing resources.
- **Quick win 8.2.** *Strengthen local governments’ input into planning government spending for education.* In the absence of central transfers for recurrent or investment costs to local governments in 2007 (and possibly also in 2008), including local governments’ priorities in national decision-making and resource allocation would be a simple first step to improve targeting of education spending.

- **Medium-term 8.** *Over time, reforms should focus on transferring recurrent and investment budgets to the local level.* The mechanism piloted under the School Project, financed by the World Bank, transfers finance for recurrent costs directly to schools, while local governments provide oversight. This is a good example of how financing could be devolved effectively. Eventually, these transfers for operational costs should be complemented by capital grants to schools from the central government and overseen by local governments, taking advantage of increased fiscal decentralization (see paragraphs 27–32 in the previous chapter).

Recommendation 9: Decentralize teacher management.

- **Quick win 9.1.** *An immediate step to prepare devolution of staff would be to carry out a census of teachers (civil servants as well as contract and community teachers) across all levels of government.* The results will provide the necessary information on horizontal and vertical imbalances of teachers and help reduce ghost teachers and clean up payroll records.
- **Medium-term 9.1.** *Transfer responsibility for teacher management increasingly to local governments.* Local governments must increase their role in monitoring teachers' performance and managing their career tracks. As an intermediary step, recruitment of teachers should be deconcentrated to the regional level. Although the 2006 Local Government Code calls for local governments to take on all human resource management functions within a territorial public service, consideration could be given to maintaining teacher recruitment at the regional level due to economies of scale which would also allow for monitoring of the application of equitable recruiting standards.
- **Medium-term 9.2.** *Improve the management framework for contract teachers, who presently lack status, a career path, and a pension scheme and other benefits.* New recruits are given not a contract but merely a one-year letter of appointment without any further arrangements for training or professional development. In-service training is very much needed, given current low levels of teaching skills.

Recommendation 10: Give local actors a greater role.

63. **Decentralization should aim at empowering local governments, PTAs, and schools.** Empowering local governments to play a greater role in monitoring and eventually supplying education services (such as building and maintaining schools) would strengthen accountability and eventually the quality of education. The Code transfers extensive responsibilities to local governments, which are to take responsibility for construction, maintenance, and management of primary schools within their jurisdictions. It would be prudent to begin devolution in phases to make sure capacity can evolve over time.

- **Quick win 10.1.** *Transfer to local governments responsibility for school maintenance, construction, and monitoring (of distribution of school supplies, local PTAs/committees, local financial management, teacher absenteeism).* Such an increase in responsibility would be a relatively easy first step as CRDs, under the Village Community Support Project (PACV), already manage school construction and maintenance successfully. The roll out of this increase in responsibilities to all 303 CRDs is already planned under phase 2 of the PACV.

- **Medium-term 10.1.** *Establish compacts for school construction* between local governments and the DPE or central ministry. The compacts should ensure that necessary inputs would be supplied by the central government on a timely and regular basis, setting an example for scaling up of decentralization of the investment budget.
- **Medium-term 10.2.** *Clarify the roles and responsibilities of different actors.* The role of deconcentrated staff should be to support local governments in taking on increased responsibilities and to focus on highly specialized tasks. Over time, the central government's role should shift to policy making, standard setting, and coordination of the devolution process. In defining roles and responsibilities, the experience of the *Projet Maillon*, a USAID-financed project piloted in 10 prefectures, would be useful. The project helped clarify roles and responsibilities of deconcentrated, devolved civil servants, schools, and parent–teacher associations in the recruitment and oversight of teachers, among other areas. It is important to keep in mind that shifting responsibilities to the local level affects the tasks carried out at all other levels of the administration. Those levels must prepare for the changes, just as local actors must prepare to take on new tasks.

B. DECENTRALIZING WATER SUPPLY

64. The 2006 Local Government Code foresees the transfer of responsibility for water supply to local governments. To date, however, water supply remains centralized, especially in urban areas, and local governments play at best a marginal role. Useful lessons for improving accountability in water provision in line with the Code can be derived from a community-based model for water management in rural areas and from other local and international experience.

1. Key Challenges in Water Supply

65. **Despite abundant water resources, access to drinking water in Guinea remains below the regional average.** Given its climate and geography, Guinea is often referred to as the “water tower” of West Africa. The country has a total of 1,161 watercourses and 23 drainage basins. These 23 basins alone cover an area of 99,168 km² (Aquastat 2005). Nevertheless, access to water increased from 44 percent of the population in 1990 to 50 percent in 2004, below the average for Sub-Saharan Africa, where access to drinking water increased over the same period from 48 percent to 56 percent (Human Development Report 2006). Water supply in urban areas is much better than in rural areas, with 78 percent of the urban population having access to improved water sources,²¹ compared with 38 percent in rural areas.

66. **However, user satisfaction is much higher in rural than in urban areas.** Consultations in eight CRDs showed the rural population to be very satisfied with water quality and availability. Citizens believe that access to clean water has contributed to the reduction of water-related disease (Condé 2007). By contrast, respondents in four CUs were highly dissatisfied with the availability and quality of water (Condé 2007). Consumers complained about poor-quality drinking water, frequent and prolonged disruptions in water supply, and inflated and inaccurate billing statements.²² Expansion of the water network lags behind population growth, and there are significant delays in providing newly populated areas with access to drinking water. These observations are echoed in a 2006 study by the United Nations Development Programme (UNDP), which found that drinking water coverage in all CUs, including Conakry, had shrunk both qualitatively and quantitatively.

User satisfaction is related to different institutional arrangements and differential degrees of community participation in urban versus rural areas. The *Société d'Exploitation des Eaux de Guinée* (SEG), is the national water utility responsible for urban water supply under the Ministry of Hydraulics and Energy (MHE, *Ministère de l'hydraulique et de l'énergie*). With the exception of policy making and tariff setting, the SEG is responsible for planning, operating, maintaining, and monitoring the water supply system. It operates from the top down, with no input from user groups or CUs. The SEG budget is largely unbalanced, and its investment capacity is very limited. Its revenues in 2005 were GNF 15.4 billion (US\$342,222), while expenditures, including debt service, exceeded GNF 108 billion (US\$2,419,753). Considering only operating costs, including salaries, the SEG runs a GNF 4.5 billion (US\$1 million) deficit.

²¹ Improved water sources include household connections, public standpipes, boreholes, protected dug wells, protected sources, and rainwater. By contrast, unimproved drinking water sources include unprotected wells, unprotected sources, rivers and ponds, vendor-provided water, bottled water, and tanker truck water.

²² Between 5 and 30 percent of respondents have broken their contracts due to poor water quality, inflated and inaccurate billing statements, or because they moved away.

67. **By contrast, in rural areas, communities play an active role in planning, building, and maintaining water holes.** The *Société nationale d’approvisionnement des points d’eau* (SNAPE) works closely with water point committees to manage water supply in rural areas. Water supply facilities (boreholes, protected springs, protected dug wells, and small networks) are managed through a contract between SNAPE and the water point committees. The committees must provide a sustainable financial plan and participate financially in the initial investment (GNF 150,000 or US\$33 for a drill or well; GNF 100,000 or US\$22 for an improved source). Water holes are managed through water point committees that contribute to their planning, construction, and maintenance. The committees also play an important role in community organization, awareness, and communication, with users monitoring the maintenance of water points and the safety of drinking water.

68. **Wider institutional issues compromise service delivery.**

- **By and large, the water sector is highly centralized.** The development budget for the water sector is completely centralized. Assets are owned by the utility companies. Contracting and recruiting of local employees are centralized. Planning remains in the hands of the utility companies. Public participation in planning is the exception, not the rule, and generally is found only in externally funded projects. The CUs have little influence on SEG, and their weak technical and financial capacity does not allow for strong participation (see Table 3).

Table 3: Responsibilities in urban and rural water management

Function	Responsibilities in urban areas	Responsibilities in rural areas
Policy making	Ministry of Hydraulics and Energy—Water code	Ministry of Hydraulics and Energy—Water code
Planning	SEG	SNAPE
Maintenance of network or water holes	SEG	Water point committees (WPCs)
Setting tariffs	Ministry of Hydraulics and Energy sets connection fees and water consumption fee structure	SNAPE set the fees (WPC contributions) for infrastructure construction costs WPCs for operations and maintenance costs
Fee collection	SEG	WPCs
Water provision	SEG	WPCs
Monitoring	SEG	WPCs and SNAPE In some projects (e.g. Unicef), the CRDs are directly involved in monitoring.

Note: SEG = *Société d’exploitation des eaux de Guinée*; SNAPE = *Service national d’approvisionnement des points*; CRDs = rural development communities (*communautés de développement rural*); WPC = Water point committees.

- **Institutional arrangements do not encourage accountability for performance.** The separation of roles of regulator, provider, and owner are not respected. SEG and SNAPE both own the water assets and networks and provide services (SEG in urban areas; SNAPE in rural areas). There is no independent regulator. No one holds SEG accountable for its poor performance, as its only external accountability mechanisms are weak: the SEG is accountable only to the central government for its funding and to customers for user fees.
- **SEG is a monopoly.** It has no competition, and customers have no alternative if they are not satisfied with the services.

2. Recommendations for Decentralizing Water Supply

69. The following recommendations aim at improving service delivery through strengthened accountability and decentralization:

In urban and rural areas

Recommendation 11: Increase citizens' voice through citizens' report cards.

70. During fieldwork in 12 local governments, users cited the introduction of a complaint and feedback mechanism as the number one recommendation for improving water supply from SEG (Condé 2007). Given low satisfaction with water supply in urban areas, we recommend citizens' report cards as a first step to create a sense of urgency and develop pressure for reforms. Policy makers need hard information on the quality of services before they can take action. A citizen's report card could be implemented by the SEG as a customer satisfaction tool, by CUs to prop up demands for better water supply, or by independent organizations such as CSOs to draw policy makers' attention to the poor state of water supply in urban areas. Results could be used as the basis for dialogue with citizens and local authorities (including CUs, prefectures, and the Ministry of Hydraulics and Energy). Report cards could be implemented simultaneously in urban and rural areas to highlight the differences in performance. In this way, rural water supply could become a benchmark for urban areas.

Recommendation 12: Devolve more responsibilities to local governments.

71. Increasing the role of local governments in both rural and urban areas can strengthen accountability in water supply. The community and local governments could play a more active role in the planning, monitoring, and even financing of systems. Greater involvement would help citizens and local governments understand the water supply system and encourage participation and concern for the development of better services. Successful models for increasing the participation of local government in water management already exist. For instance, the City of Kindia is responsible for urban planning and funding of infrastructure, through the Guinea 44 project (Box 10).

Box 10: Guinea 44 : An innovative model for strengthening local government capacity

Created in 1994, the association known as Guinea 44 manages cooperation between the cities of Kindia, in Guinea, and Nantes (and its surrounding department), in France. Guinea 44 has a three-year cooperative agreement with Guinea's Ministry of the Interior and Security, the city of Kindia, and nine rural communities in the Kindia area. In France, it works with a group of regional governments, urban governments, and the French Ministry of Foreign Affairs.

Development activities focus on water, sanitation, youth, small enterprises, construction, and rural development, and on the operations of the Kindia urban council. The centerpiece of current cooperative efforts is the preparation of a comprehensive urban development plan for the city of Kindia. *Kindia Horizon 2015* was prepared with the participation of the local population.

The plan includes a pilot project on water service delivery involving three actors: the city as the key coordinator and planner; the local office of the SEG, the national water utility, as operators; and users. The city receives capacity development and financial support. Through the participatory planning process, the population and the city gained hands-on experience in water management. Although the SEG remains the main service provider, the city plays a growing role in planning, funding, and monitoring the water system in the area. It now takes part in infrastructure investments and identifies priorities for expanding the water network. People can hold the city accountable for the quality of water services.

The pilot initiative may be used as a model in developing legislation (application decrees for the 2006 Local Government Code) on the decentralization process and the role of urban communities in water supply. The experience may also help guide the reorganization of the SEG to provide more autonomy to local offices. Meanwhile, Guinea 44 can serve as an example of how to leverage the intervention of NGOs and contractors to build local capacity.

Sources: Guinea 44 website (<http://www.guinee44.fr>); City of Kindia. 2004. *Kindia Horizon 2015*

- **Quick win 12.1.** *Involve local governments in planning.* In line with the Code, local governments should start by ensuring that drinking water needs are included in local development plans and then begin a dialogue with SNAPE and SEG for a better alignment between citizens' needs and national coordination. Programs like the World Bank's PACV and PDU or UNDP's Guinea Local Development Project provide sound local planning methods that should be extended to the drinking water sector. Using municipal contracts would be another option for improving planning for water needs, managed by CUs.
- **Quick win 12.2.** *Establish a coordination mechanism.* A major challenge will be the sectoral coordination between the central level (SNAPE and the Ministry of the Economy and Finance) and the local level (local governments). How can local governments make sure that the priorities identified in local development plans are taken into account in the development plans of SNAPE and SEG, and in the national budget? One recommendation for improving coordination is the establishment of coordination committees comprising sector representatives at the prefecture or regional level. Another is to devise compacts that spell out agreed investments, quality standards, and financing arrangements, including future maintenance costs (see paragraphs 27–32 in the previous chapter). A third is to develop liaison mechanisms between local governments and the utility companies.
- **Medium-term 12.1.** *Expand local governments' responsibility for monitoring water supply and quality.* In both, rural and urban areas, water supply can be improved if local governments play a larger role in monitoring, as demonstrated by the UNICEF's Water, Sanitation, and Hygiene Project (Box 11).

Box 11: The Role of CRDs in UNICEF's Water, Sanitation and Hygiene (WASH) program

UNICEF's Water, Sanitation, and Hygiene (WASH) program in Guinea reaches 45,000 displaced persons and their host communities, most of them children and women. Its goals are to build 150 modern water points for 25,000 persons in N'Zerekore, Lola, and Yomou and to extend the water supply network by building 50 public water stand posts in overcrowded urban areas.

UNICEF has developed an original approach for dealing with the rural development communities (CRDs, *communautés rurales de développement*). It hands over to the CRDs the responsibility for monitoring the water infrastructure it builds. In collaboration with SNAPE, Guinea's rural water utility, and the national decentralization unit (DND, *Direction Nationale de la Décentralisation*), UNICEF has developed a simple survey tool (*fiche de suivi communautaire des points d'eau*) to monitor existing water infrastructure alongside four dimensions:

- Condition of the water point or stand posts (date of last breakdown, date of last repair)
- Condition of surrounding area (fence, gravel, maintenance, etc.)
- Water quality (smell, taste, color/look, presence of worms)
- Management (date of last visit of repair crew; money in reserve and contributions; expenditures; description of replaced parts; number of members in the water point committee; number of women members of the committee).

This information is collected on behalf of the CRD (an elected official or staff) and transmitted to the regional office of SNAPE, which passes the information to UNICEF (for inclusion in a database) and to the DND. At least once a year UNICEF hosts a meeting for the CRDs involved in the WASH program. Participants can compare their performance through benchmarks, which generates an incentive for sound management practices and induces CRDs to participate in water services and build their technical capacity gradually. SNAPE is considering the approach as an entry point for implementing the provisions of the Local Government Code relating to local government participation in water supply infrastructure and development.

Sources: UNICEF website (www.unicef.org), and interviews.

- **Medium-term 12.2.** *Local governments' role could be extended to include financing of infrastructure investment.* To assume greater responsibility, however, local governments would need more specialized skills (in planning, contracting, supervision, etc.) as well as capital grants from donors or the central government under the proposed local development fund. Also, in urban areas, the Government might consider options for privatization and increased competition of suppliers, as practiced in Burkina. The implementation of increased devolution should be monitored and evaluated over time so as to improve regulation and practices continuously.

In urban areas

Recommendation 13: Ensure CU representation on SEG's governing board.

72. To ensure that SEG takes CUs' concerns into account, CU representatives should be made voting members of the utility's board. Physical assets of the utility could be transferred to CUs to give them a real stake in water provision and maintenance of infrastructure. That way, CUs could voice their constituencies' concerns at the management level and demand corrective action, based on results from annual citizens' report cards and other feedback. CUs could further ensure that needs identified in local development plans are reflected in SEG's strategic planning. In the future, Guinean policy makers might decide to transform SEG into a holding company and eventually pursue privatization.

In rural areas

Recommendation 14: Shift to a consumption-based fee.

73. Shifting to a consumption-based fee for water point committees would be a quick way of increasing incentives for better maintenance. Fieldwork in eight CRDs found that committees that used a consumption-based pricing system (rather than a fixed contribution each month) experienced less service downtime (Condé 2007). The consumption-based approach seems to have a positive impact on accountability relationships and on the quality of services. The shift to a consumption-based fee can be made quickly, as it does not depend on implementation of other parts of the decentralization framework.

C. IMPLEMENTING SECTORAL DECENTRALIZATION

74. **Start with decentralization in two sectors and let other sectors follow.** The education and water sectors were chosen as case studies to highlight the important benefits that decentralization and strengthened accountability relationships hold for sector performance. While the Local Government Code transfers additional responsibilities to local governments in all major service areas, it would be useful to begin with one or two sectors so that early experience can be used to improve implementation in other sectors. A phased approach also will allow local governments to learn to manage their increased responsibilities and help the deconcentrated levels of government adapt to their new roles. Two main challenges will have to be thought through: first, to harness the three accountability relationships of voice, compact, and client power for better service delivery; and second, to phase implementation of reforms in administrative and fiscal decentralization to ensure that roles and responsibilities of all actors in service delivery are clearly defined, coordination is assured and sufficient staff and financial resources are made available to local levels, as detailed in previous sections.

75. Since sectoral decentralization cannot be done in isolation, consultations between sector ministries and the ministries of interior, finance, and public service will be a necessary first step to agree on the details of sectoral decentralization. Drawing on innovative experiences such as the School Project and the water point committees in rural areas will be an important starting point. We recommend using the Rapid Results Approach²³ (Schaffer 2005) to accelerate implementation and learn from bottlenecks and shortcomings. Over time, as capacity and experience increase, local governments can take on progressively more responsibilities, moving to the forefront of local service delivery. Other sectors will follow, building on lessons learned in the pilot sectors.

²³ The Rapid Results Approach uses 100-day cycles to achieve set objectives. This approach has been developed in the private sector and tested widely in developing country contexts with sound results. Projects produce results quickly, introduce new work patterns, and enable participants to acquire capacity in leadership and change management.

IV. MANAGING CHANGE AND MANAGING RISKS: SOME PRACTICAL CONSIDERATIONS

76. The report has shown that decentralization is an important reform agenda for better local service delivery and governance. It has also shown that decentralization is a complex exercise in long-term change. It is therefore important that steps should be taken to mitigate risks of failure and opposition, by mounting a change process that is self-reinforcing, enables learning from experience, and builds a strong case for decentralization. In this chapter we offer recommendations on managing change.

Recommendation 15: Establish an interministerial steering committee to draft decrees to implement the Local Government Code and to coordinate and monitor reforms. The steering committee should include representatives of the ministries of the interior, finance, and civil service, as well as sector ministries and local government representation. The steering committee would also be charged with drafting decrees to implement the provisions of the Code, and with coordinating and monitoring reforms in accordance with the plan contemplated by the next recommendation.

Recommendation 16: Prepare an implementation plan for the Code. The steering committee mentioned above should oversee the preparation of a plan to implement the Code that would guide development partners' interventions in support of decentralization. The plan would serve as the umbrella program for decentralization under the PACV and would contain an overall strategy sequencing key areas of implementation over a five-year period, as well as a more detailed action plan for the next two years. Given local governments' generally low level of capacity, the plan should provide for a sequenced transfer of responsibilities. A sequenced implementation would also provide sufficient time for central and deconcentrated levels of government to adapt to their reduced mandate and to the change in their roles from operations to oversight and facilitation.

Recommendation 17: Raise awareness and build consensus among key stakeholders. The Code should be disseminated in an accessible format and in local languages. Stakeholders and government officials at various levels should be trained in their rights and responsibilities under the Code.

Recommendation 18: Devise mechanisms for monitoring and evaluating decentralization reforms and their impact on development. The necessary tracking mechanisms include financial reporting as well as other measures of progress toward greater transparency and improvements in services.

- **Quick win 18.1.** *Establish a monitoring and evaluation unit*, possibly within the National Decentralization Unit (DND, *Direction Nationale de la Décentralisation*) of the Ministry of the Interior. At the same time, an independent observatory for decentralization (at a local university, for example) could provide additional analysis, studies, and data gathering under contract to the DND. Careful monitoring will allow for fine-tuning of the decentralization process. Reports should be published to help make the case for decentralization.

- **Medium-term 18.1.** *Carry out annual assessments of decentralization progress*, using a set methodology, such as the Rapid Decentralization Appraisals developed by the Asia Foundation in Indonesia²⁴ to appraise issues related to devolution of personnel, assets, and reorganization of local government institutions, fiscal decentralization, public services, transparency, accountability and civic participation, intergovernmental relations, and people's understanding and knowledge of decentralization/local autonomy.

Recommendation 19: Strengthen a coalition of reformers.

- **Quick win 19.1.** *Strengthen proponents of decentralization*, such as the recently established associations of mayors and CRD presidents and include them in policy dialogue. The associations can identify incomplete reforms and dysfunctional arrangements, while suggesting changes to legislation and applying pressure for adoption of missing regulations.
- **Medium-term 19.1.** *Connect reformers with their counterparts in other countries* and across the region to provide moral, technical, and conceptual support through a series of policy dialogues.
- **Medium-term 19.2.** Continuously invest in *increasing local government capacity* and performance; train and educate locally elected officials to enable them to live up to their mandate.

Recommendation 20: Reward innovation by introducing annual awards for excellence in service delivery. Such awards would go to local governments, communities, and their leaders for innovative arrangements in service delivery. This could be linked to the rapid results approach or to specific reform areas related to increasing transparency, civic participation, and collaborative arrangements between service providers, citizens, and local governments.

Recommendation 21: Manage donors. Donors should align their practices and financing with the long-term vision of the Code by supporting the Government's implementation plan for decentralization reforms (see recommendation 16), strengthening their engagement with local government, and building local governments' capacity in financial management, planning, and service delivery. Donors should adhere to local development plans so as to ensure integration of financing into local budgets. Sector projects could be used to leverage decentralization of service delivery in that particular sector, aiming to work through and empower local government structures, define roles and responsibilities clearly, and build capacity for implementation.

²⁴ The Asia Foundation in Indonesia carries out annual assessments of decentralization progress. See for instance its 2004 report at: <http://www.asiafoundation.org/pdf/IRDA5-english.pdf>.

V. OUTLOOK

77. **For decentralization to work, all actors need to embrace and pursue a shared vision.**

The central government must steer the national discussion of decentralization and promote transparency, creating an environment that encourages, enables, and monitors local government performance. Local government associations are needed to lobby for reform in intergovernmental relations and maintain peer pressure for good governance. Civil society and the private sector need to pressure local governments to elect effective leaders and to fulfill their electoral commitments. And the media must publicize comparative information on local government performance, spreading awareness of successful experiences and raising pressure for reform in lagging areas.

78. **Above all, progress will depend on the leadership, vision, and perseverance of reformers.**

When past practices no longer work and serve only to impede progress, a nation may be at risk of losing the gains it has made. In the mid-1980s, Guinean society stood confidently at the edge of a new era, leaving behind years of socialist dictatorship and oppression. Decentralization was seen as a way of modernizing the country and giving people a greater say in decision making. It is time for Guinea to reconnect to that vision and make it a reality. Progress in decentralization has been achieved thanks to the efforts of committed individuals in government and society. By taking small but continuous steps that build on those efforts, Guineans can achieve the vision for better service delivery that animates the 2006 Local Government Code.

79. **The analysis presented in this report is only a summary of findings.**

More detailed background documents are available on fiscal and administrative decentralization, water, education, and the history and political economy of decentralization. The recommendations contained in this report are neither complete nor final - solutions must match the specific cultural and political context, and changes can bring new opportunities and priorities. But this report is an invitation to discuss the best way for Guinea to move decentralization forward in line with the new Code. It is meant to serve as the basis for a continuing dialogue about decentralization between the Government and the World Bank, as well as other development partners.

Annex 1: Key Opportunities—A Road Map for Quick Wins and Medium-Term Reforms to Improve Services and Governance

This section lists recommendations made in this report, distinguishing between quick wins and a medium-term reform agenda. Quick wins are aimed at achieving a quick and visible impact on service delivery, thus building support for further reforms. The medium-term agenda consists of crucially important reforms that should be begun now and pursued over the years to lay the groundwork for structural changes that will be needed to sustain the impact of reforms.

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
Fiscal decentralization—aligning finance with responsibilities				
Rec. 1: Increase local revenue	Expand PACV investment fund to all CRDs	Already practiced under PACV, will be expanded to all CRD in phase 2	Local government equipped with investment budget to implement priorities in the development plans	Quick win
	Starting with 2008 budget, channel government funding through the same mechanism. Expand to include recurrent cost.	New	Empower local governments to be responsible for their own development	Quick win to medium-term
	Harmonize development partner funding	Partially ongoing	Greater predictability of funding and harmonized rules	Medium-term
	Get mining companies to channel development contributions through the same grant mechanism	New	Greater predictability of funding and harmonized rules	Medium-term
Rec. 2: Increase transparency and accountability in the use	Publish 2007 budget allocations to all subnational levels	New	Greater predictability of funds and local governments can verify arrival	Quick win

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
of funds and local financial management capacity	Local governments inform their citizens about the local budget	New—as per new Code	Prerequisite for greater participation and monitoring of local government spending	Quick win
	Publish “citizens’ guides to the budget”	Planned—funding available for the Finance Committee of Parliament	Better informed citizens monitoring and participation in local government spending	Quick win
	Regular audits under PACV	Ongoing and planned expansion to all CRDs under phase 2	Reveals institutional and capacity weaknesses which can be targeted for improvement and discourages abuse of funds	Quick win
	Sign into law two decrees on Chamber of Account (on personnel and mandate and organization)	Decrees are already approved by Cabinet	Chamber has legal backing it needs to effectively audit government accounts	Quick win
	Recruit additional magistrates, establish a mechanism for electronic data collection and increase number of audited accounts per year	New but builds on past intervention	Better audited government accounts	Medium-term
Rec. 3: Improve financial reporting and data collection and management	Integrate financial data into a single data base	New	Easy access to available data	Quick win
	Define a data gathering and reporting framework	New	Regular data updates	Quick win
	Apply the unified budget classification system at the local level	Already drafted, awaits approval and application	Better data quality as data becomes reliably comparable	Quick win

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
	Train tax collectors, ministry staff and the Chamber of Accounts in new budget classification, reporting framework and use of the data base	New	Better data quality and use of data	Medium-term
Building responsible and accountable local governments				
Rec. 4: Enhance participatory planning	Make participatory planning mandatory in rural areas	Ongoing under PACV, to be expanded to all CRDs in phase 2	Greater involvement of citizens, thus investments respond to needs	Quick win
	Make participatory planning mandatory in urban areas	Partially ongoing under municipal contracts in Urban Development Project	Greater involvement of citizens, thus investments respond to needs	Medium-term
Rec. 5: Educate local stakeholders on their new rights, roles, and responsibilities	Carry out information campaigns and capacity building measure for elected officials	New	Elected officials fully aware of their roles and functions	Quick win
	Educate the population on their rights and responsibilities, including traditional authorities, local professional NGOs and local civil society groups.	New	Local stakeholders capable of fully participating in development decision making and implementation, leading to greater representation and voice	Quick win
Rec. 6: Launch citizens' report cards	Launch and regularly carry out user surveys to establish the degree of satisfaction with services	New	Greater voice and pressure for reform, leading to better services	Medium-term
Aligning subnational structures and staff with functions				

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
Rec. 7: Redefine the role of the prefect	Define job descriptions and required qualifications for prefects and governors	New	Clearly defined roles and responsibilities; opportunity to realign functions	Quick win
	Develop a manual for tutelle control	New	Greater clarity on rights and limits of <i>tutelle</i> control, leading to fewer frictions and less undue interference in local government affairs	Quick win
Sectoral decentralization—primary education				
Rec. 8: Getting finances down to the school level	Inform schools and local governments of budget allocations for 2007	New	Informed schools and local governments verify whether resources arrive	Quick win
	Consult local governments when planning of 2008 government spending on education	New	Better targeted spending, responding to local government needs	Quick win
	Transfer recurrent and investment budget to local level (schools)	Partially (for recurrent cost) ongoing under Projet d' école, Education for All	Better targeted spending, used more efficiently and effectively.	Medium-term
Rec. 9: Decentralize teacher management	Carry out a census of civil servant, contract and community teachers	Planned/Ongoing (EU financing)	Identify horizontal and vertical imbalances and reduce ghost teachers, clean up payroll	Quick win

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
	Transfer responsibility for teacher management increasingly to local governments	New	Move teacher management closer to the teachers, thus increasing oversight and accountability	Medium-term
	Improve management framework for contract teachers	New	Professionalization of contract teachers, leading to better quality teaching	Medium-term
Rec. 10: Give local actors a greater role	Transfer responsibility for school maintenance, construction and monitoring to local governments	Already practiced under PACV	More efficient way of spending; greater needs orientation	Quick win
	Establish compacts between local governments and DPE or central ministry for school construction	Already practiced under PACV	Ensures necessary inputs such as allocation of teachers, supplies, cost for construction etc on a timely basis	Medium-term
	Define roles and responsibilities for deconcentrated, devolved government, schools, and PTA	Already practiced in 10 prefectures under Projet Maillon (USAID)	Greater clarity of roles and responsibilities leading to smooth functioning	Medium-term
	Build local government capacity through human and financial resources	New	Local government capable of taking on new responsibilities, further strengthening their performance	Medium-term
Sectoral decentralization—water supply				
Rec. 11: Increase	Carry out Citizens Reports Cards (can be combined	new	Provides information on	Medium term

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
citizens' voice	with those on education and other basic services)		weaknesses in water provision and pressure to change	
Rec. 12: Devolve more responsibilities to local governments	Involve local governments in planning by integrating water needs into Local Development Plans and/or municipal contracts	LDPs already practiced under PACV; municipal contracts in select cities	Expansion of access to water	Quick win
	Establish a coordination mechanism between different levels of government for timely provision of inputs (through sectoral committees, compacts or liaison mechanism between local governments and utility companies)	Pilot experience exists (including municipal contracts)	Timely provision of inputs; investments in line with needs and government policies	Quick win
	Expand local government responsibility to monitoring of water provision	Piloted under UNICEF's Water, Sanitation and Hygiene Project	Better maintenance of water facilities	Medium-term
	Expand local government responsibility to financing of infrastructure	Piloted under Guinea 44	Devolved decision making on investments	Medium-term
Rec. 13: URBAN: Ensure CU representation on the SEG governing board	Provides an opportunity for CUs to voice their concerns and needs directly at the SEG	New	Decision making closer to local needs	Medium-term
Rec. 14: RURAL: Shift to a consumption-based	Introduce a consumption based fee (opposed to a monthly fee) for water holes managed by water	New	Reduced downtime for water holes	Medium-term

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
fee	committee			
Managing change and risks				
Rec. 15: Establish an interministerial steering committee to draft decrees to implement the Local Government Code and to coordinate and monitor reforms	Establish an interministerial steering committee	New but building on existing steering committees and working groups	Better coordinated reforms, consultation and oversight	Quick win
Rec. 16: Prepare an implementation plan for the Code	Establish technical level working groups to guide preparation of implementation plan	New but building on PACV project implementation plan	Strategic direction for reforms and better coordination, also of development partner support	Quick win
Rec. 17: Raise awareness and build consensus among key stakeholders	Disseminate the Code in accessible format	Planned/ongoing	Broad knowledge on existence and relevance of new legislation, facilitating its implementation	Quick win
Rec. 18: Institute mechanisms for monitoring and evaluation of decentralization reforms and their impact on development	Establish an M&E unit at DND for instance	Planned	Allows for learning from experience and fine-tuning of approach	Quick win
	Carry out annual assessments of decentralization	New	Allows monitoring of progress to improve policy making and	Medium-term

Objective	Recommended action	Status (ongoing, programmed under a project, or new)	Estimated impact	Required effort
	process (“Rapid Decentralization Appraisal”)		implementation	
Rec. 19: Strengthen a coalition of reformers	Strengthen proponents of decentralization such as mayors’ and CRD presidents’ associations	New	Greater pro decentralization voice in policy making	Quick win
	Connect reformers with their counterparts in the region	Partially ongoing	Getting new ideas and peer advice	Medium-term
	Continuously invest in increasing local government capacity	Partially ongoing	Better performing local governments for better service delivery and local governance	Medium-term
Rec. 20: Reward innovation	Introduce annual awards for excellence in service delivery	New	Incentive for better performance and tool to spread good practice	Medium-term
Rec. 21: Manage donors	Encourage development partners to align the content and project modalities with the new Code	Partially already ongoing under the PACV	Greater impact and fewer transaction costs.	Medium-term

Annex 2: Improving the 2006 Local Government Code

The Code provides a solid legal framework and ambitious reform agenda for the next decades, cementing Guinea's agenda for devolution of government responsibility. The implementation of that agenda would benefit from clarifications and improvements in the following areas:

Intergovernmental transfers for investment purposes. The Code currently does not contemplate transfers for investment needs, but only for operating costs. Adding provisions for investment needs would enable local governments to take on additional responsibilities in service delivery, including construction of infrastructure. The legal framework should also address the issue of the vertical versus horizontal balance of fiscal decentralization. An intergovernmental fiscal transfer system would not just seek to transfer resources in line with functions to local governments but is also a tool to ensure a minimum standard of services across the country (horizontal balance). In addition, a well balanced transfer system would also provide for a calibration of resources across different levels of government, in line with functions.

Structure, organization, and roles of deconcentrated levels of government (territorial or sectoral). Implementation of decentralization requires a clear definition of the role of each deconcentrated level and of the relationship between deconcentrated ministries, prefectures, and devolved authorities. Absent such definitions, mandates may overlap or leave gaps, leading to confusion and inefficiencies as the deconcentrated levels may cling to their mandates and practices while local governments acquire more responsibilities.

A strategy for converting, transferring or maintaining currently deconcentrated civil servants. The Code foresees the creation of a territorial public service and for local governments to recruit their own staff. Such a change brings with it the need for careful transition planning. Some of the questions to be addressed include: Will existing staff be transferred to local government? If so, under what circumstances? What will happen to those civil servants that are no longer required? What is the strategy for retrenchment of civil servants? Also, within the territorial public service, clarifying the distinction between the "decentralized civil service" and the "attached civil service," would be helpful to avoid confusion.

The legal framework for decentralization. The legal context for decentralization could be strengthened by explicitly recognizing the role of the state in assisting and supporting local governments as a general principle. The current framework only mentions temporary missions of central civil servants to local governments (Article 164) and assistance to local governments in tax collection (Article 451).

Annex 3: Budgetary Deconcentration in Guinea (“déconcentration budgétaire”)

Guinea started deconcentrating its hitherto highly centralized budget management system in 2002, ringing in an important change in the management of public funds. Deconcentrated levels of government, most prominently the prefectures, took on a more prominent role in public financial management. Budget commitment and management authority (*ordonnateur*) for deconcentrated funds was transferred to prefects. At the same time, transfers were initiated to cover operating expenses (through *credits délégués* or “delegated credits”) and investment needs (through transfers and subsidies) of deconcentrated and devolved government entities, and of service providers such as schools and hospitals.

Budgetary deconcentration has increased but fluctuates significantly. Allocations, both operating costs (Title III) and transfers and subsidies (Title IV), are decided on an annual basis through the budget department of the Ministry of Finance (MoF). Transfers are not predictable and are not linked to patterns of expenditures. Allocations are arbitrary and lack transparency and objectivity. Several observations can be made: first, total expenditures at deconcentrated units generally started to increase in 2002. Second, operating expenditures (Title III) increased more rapidly than transfers (Title IV) and actual allocations were closer to budgeted amounts. Third, the planned budget is usually higher than the actual budget.

Table 4: Deconcentrated Operating Expenditures (Title III) in Guinea, 2000- 2005

(In billion GNF)

	2000		2001		2002		2003		2004		2005	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Central Services	24.86	22.11	31.76	27.84	38.08	39.54	41.84	37.89	43.82	38.58	58.27	52.57
Deconcentrated Services Conakry	75.35	71.31	98.86	7.02	13.04	12.80	11.90	10.79	7.34	4.39	11.31	8.27
Deconcentrated Sub-National Services	23.14	22.30	40.96	27.70	55.66	58.88	31.44	27.40	21.18	13.02	31.60	26.80

Table 5 : Deconcentrated Subsidies and Transfers (Title IV) in Guinea, 2000-2005

(In billion GNF)

	2000		2001		2002		2003		2004		2005	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Central Services	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8.53	8.53	9.25	11.52
Deconcentrated Services Conakry	8.99	8.76	11.30	10.62	14.64	13.71	20.61	12.36	15.14	11.53	18.29	16.50
Deconcentrated Sub-National Services	8.08	8.07	10.99	10.60	17.30	17.09	44.87	26.03	30.33	22.83	25.89	22.03

Source: Ministry of the Economy and Finance –Treasury Department

Little is known about what share of budgeted funds actually arrives and how it is spent. There is little reliable information on actual expenditure levels, as actual execution levels shown above for titles III and IV indicate only that a payment has been processed and not whether the service was actually delivered. The Ministry of Finance therefore has no way of verifying that monies arrived or were well spent on intended purposes. In other words, the budget circle cannot be closed. One obstacle is that budget management at the deconcentrated level is not computerized; the

information fed back to the central level is incomplete. Public expenditure tracking surveys (PETS) in education and health, conducted in 2003, revealed serious deficiencies: only 16 percent of the programmed nonsalary operating budget reached the schools, compared to 30 percent for clinics. For both sectors, the survey could not clearly identify how the funds were subsequently spent (World Bank 2004a).

Deconcentrated Budget Allocations by Sector

Budgetary deconcentration in sectors varies widely. Beginning in 2002, the Government of Guinea piloted deconcentrated management of nonsalary operating expenditures in priority sectors (education, health, and rural development). Since 2003, the investment costs of decentralized operations in education, health, and rural services have been deconcentrated. This pilot has been broadened to include justice, fishery, urban development, and other sectors. To date, education, health, and rural development remain the most important beneficiaries of deconcentrated funds. Also in 2002, on a pilot basis, the Government transferred funds directly to clinics and schools. This experience was not considered successful, however, as these institutions had only limited experience in managing funds. Subsequently, the policy was reversed and government transfers are being spent again at the regional and prefecture level.

Execution of budgetary deconcentration by sector, 2001–05

Titles III and IV for nonsalary recurrent cost and transfers and subsidies respectively

Billions of GNF					
Sector	2001	2002	2003	2004	2005
Education	41.77	40.52	52.02	n/a	n/a
Health	10.79	23.16	20.14	4.77	18.92
Agriculture	2.10	11.25	3.30	1.72	4.49
Infrastructure	13.66	17.54	15.20	12.80	2.39
Justice	2.90	3.39	2.85	2.05	2.74

Note: 2004 and 2005 figures for education are only available for technical and university education, not primary education and are therefore not comparable with 2001-2003 figures.

Source: Ministry of the Economy and Finance, Treasury Department

Annex 4: Administrative Organization at the Subnational Level in Guinea

Status	Name				Sectoral directorates	Tutelle Authority
		Responsibilities	Deliberative	Executive	Responsibilities	
TA	7 REGIONS	<ul style="list-style-type: none"> • Disseminates national guidelines and policies • Transmits suggestions and demands from the Prefectures to the center • Executes the region's recurrent budget and the investment <i>credits délégués</i> placed under its control by law • Animates/coordinates/controls all regional administrative directorates and their agents • Coordinates and promotes NGOs, public projects • Promotes information, cooperation, and communication for a harmonized and sustained development process 	CORD ^a	Governor	Service delivery responsibilities (role varies by sector)	<p><i>For TA: MIS</i></p> <p><i>For sectors: governor</i></p>
TA	33 PREFECTURES	<ul style="list-style-type: none"> • Disseminates, executes and monitors national guidelines and policies • Implements laws/regulations and maintains security • Executes public expenditures within the Prefecture • Animates/coordinates/controls all prefectural administrative directorates and their agents (gives opinions on transfer, promotion, secondment of public servants) • Exercises Tutelle over CU/CRDs • Promotes micro-projects and supports local governments, community groups, cooperatives, NGOs in the management of their projects • Plans and promotes socioeconomic and cultural development within the prefectures (prefectural development plans) 	CPD	Prefect	Service delivery responsibilities (exact role varies by sector) <ul style="list-style-type: none"> ▪ economy/finance ▪ rural development/environment ▪ urban development/habitat/public works ▪ youth/cultures/arts/sports ▪ health ▪ education ▪ social affairs/gender promotion/childhood ▪ planning/statistics 	<p><i>For TA: Governor</i></p> <p><i>For sectors: prefect</i></p>

LG	33 URBAN COMMUNES [CUs or Municipalities]	<ul style="list-style-type: none"> • Service delivery in 32 areas • Creates, organizes, manages own administrative and public services (structures and staff) • Sets and collects local taxes 	Council	Mayor		Prefect
TA	QUARTIERS [neighborhoods]	<ul style="list-style-type: none"> • Daily management of <i>quartier</i> to promote social, economic and cultural development 	Council (put in place either by local governments, prefectures or the City of Conakry)	Chief		Prefect
TA	302 SUB-PREFECTURES	<ul style="list-style-type: none"> • Implements of laws, regulations and decisions from higher levels of government • Maintains public order and security (together with district council) • Takes stock of all local taxes and fees and collects them (together with district councils) • Animates/coordinates/controls administrative directorates of the sub-prefectures • Exercises <i>tutelle</i> over CRDs (reviews and provides a professional statement on all CRD decisions to facilitate the prefect's exercise of <i>tutelle</i>) 		Subprefect	Service delivery responsibilities (exact role varies by sector) <ul style="list-style-type: none"> ▪ Agriculture ▪ Health ▪ Education 	<p><i>For TA: prefect</i></p> <p><i>For sectors: prefect & subprefect</i></p>
LG	303 RURAL DEVELOPMENT COMMUNITIES [CRDs]	<ul style="list-style-type: none"> • Service Delivery: 32 domains of own competencies • Create, organize, manage own administrative and public services (structures and staff) • Creation of local taxes; collection of local taxes 	Council	President		Prefect & subprefect
TA	2300 DISTRICTS (subdivided into SECTEURS)	<ul style="list-style-type: none"> • Daily management of district to promote social, economic and cultural development 	Council (put in place either by CRDs or subprefectures)	Chief		<i>Subprefect</i>

LG & TA	1 CITY with 5 urban communes [Ville de Conakry]	<ul style="list-style-type: none"> • Service delivery in 32 areas • Creates, organizes, manages own administrative and public services (structures and staff) • Sets and collects local taxes 	Council	Governor	Service delivery responsibilities (exact role differs by sector)	Governor
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Note: Responsibilities of CUs and CRDs are those stipulated in the new Code. CPD = Conseil Prefectoral de Développement; CORD = Conseil Régional de Développement; LG = Local Government ; TA = Territorial administration.

a. There is also at the regional level a defense and security committee and a *service régional d'appui aux collectivités et de coordination des interventions des coopératives et ONG*.

Annex 5: Research methodology

This report is based on desk research, interviews, data collection, and consultations during two visits to Guinea; qualitative field research; and background studies. A desk study (Druilhe and others 2007) has been completed to understand fiscal, administrative, and political decentralization and history in regional comparison. During visits to Guinea in March–April and December 2006, the World Bank team interviewed officials from the ministries of territorial administration and decentralization (since renamed), finance, civil service, education, and water, as well as representatives from other government agencies, nongovernmental organizations (NGOs), and development partners. The purpose of the interviews was to understand decentralization and sector policies and strategies as well as service delivery and accountability arrangements at all government levels, and to collect documents and data. Between May and October 2006, a Guinean socio-anthropologist conducted qualitative field research (Condé 2007) in 12 local governments (8 rural and 4 urban) in the four natural regions of Guinea (Maritime Guinea, Middle Guinea, Higher Guinea, Forest Guinea). Focusing on levels of administrative, fiscal, and political decentralization and service delivery arrangements in water and education sectors, the field research (i) took stock of the status quo, (ii) assessed local power dynamics, incentives, and roles and responsibilities of each actor as they affect local accountability relationships, and (iii) solicited the views of local stakeholders on what works well and what does not and on how service delivery could be better organized and accountability be strengthened. The research consisted of:

- 356 semi-structured interviews with representatives of the central government (prefects and subprefects, secretaries-general, *chargés des collectivités décentralisées et de l'administration, directeurs des services préfectoraux*), local government (mayors, presidents of rural development communities, council members, SGs of urban communes), directors of the education and water sectors, and users of schools and water services.
- Focus group discussions were held with 203 participants, 5–10 members each, mostly with users of education and water services but also key actors involved at the local service delivery (providers, deconcentrated administrations, local governments, schools, citizens/users groups, and private sector/NGOs) at the communal level and the relevant service delivery points (primary schools and water points).
- Direct observation of infrastructure (schools and water points, offices of urban communes and rural development communities).
- Literature review.

Finally, the team prepared background papers to inform the drafting of this report. These cover the political economy of Guinea's decentralization reforms (Picard and others 2007), fiscal decentralization (Bah and Champagne 2007), decentralization of primary education, decentralization of water and administrative decentralization.

Great care was taken to ensure a participatory approach in carrying out the research. The Government established a steering committee of representatives from all ministries concerned (territorial administration and decentralization (since renamed), finance, civil service, education, and water) and from other government agencies. The steering committee provided expert opinion, access to information, and guidance and comment on findings from the field research. The draft report was presented to Government and discussed at a workshop in Guinea on December 11, 2006. Participants' comments were included in the final report. The team drew on Guinean experts to carry out research whenever possible, for the mutual benefit of those experts and their international colleagues.

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