

# Ex post evaluation – Guinea



**Sector:** Water transport (CRS Code 21040)  
**Project:** Port of Conakry, Phase III (BMZ no. 2003 65 858)\*  
**Implementing agency:** Autonomous Port of Conakry (PAC)



## Ex post evaluation report: 2017

		Planned	Actual
Investment costs (total)	EUR million	13.68	8.43
Counterpart contribution**	EUR million	1.20	2.47
Funding***	EUR million	12.48	5.96
of which BMZ budget funds	EUR million	12.48	5.96

\*) Random sample 2016

\*\*) according to PCR

\*\*\*) Without planned co-financing from EIB and AfD in the amount of EUR 24 million

**Summary:** The project comprises expansion and modernisation investments in the basic infrastructure of the port of Conakry as well as associated engineering services. Ultimately, the project financed the paving of lorry waiting areas, the expansion of the water supply system in the port, the construction of a new harbour master's office (office of the port captain and the administrative units assigned to him), the rehabilitation of the existing quays and access to the container port. The project represented the third phase of the DC commitment aimed at developing the Port of Conakry. The co-financing from the French agency AfD and the EIB did not materialise. The planned expansion of the container terminal using this co-financing, which at the time was the centrepiece of the overall concept, was ultimately implemented on a commercial basis at the same time as the project was implemented. The FC project was cancelled in 2011 after the construction company filed for bankruptcy and insufficient construction progress was made. As a result of this, most of the measures which were originally planned were not implemented. The port management continued some of the construction measures using its own funds. However, with the exception of one measure, these measures have not yet been completed.

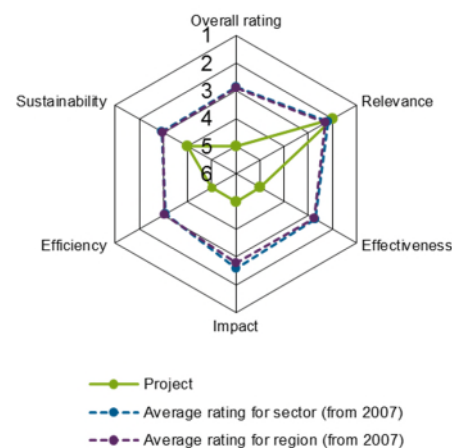
**Development objectives:** The project aimed to ensure cost-efficient management of foreign trade in Guinea, maintaining and improving the country's competitiveness in order to contribute to economic growth and therefore to help reduce income poverty (impact). The project objective was to ensure long-term efficient cargo handling in the Port of Conakry.

**Target group:** The recipients are shipping companies, transshipping companies, importers and exporters, the port management, the producers and users of the goods handled as well as the employees of the port who benefit from enhanced safety standards.

## Overall rating: 5

**Rationale:** In view of the fact that only two of the measures out of the set of measures financed by FC were completed by the time the project was cancelled and further measures were started and either not completed or partially completed by the port management and the concessionaire, the contribution made by the FC measure towards achieving the positive development of the port identifiable at the time of the ex post evaluation is minimal. The project is therefore classed as inadequate.

**Highlights:** Despite the occasional difficult political conditions, the loss of the planned co-financing from the French agency AfD and the EIB as well as the cancellation of the FC project and the individual measures which were not completed, the port has developed in a positive direction. This was primarily achieved through private investments, such as the expansion of the container terminal on a commercial basis, and efficiently operating transshipping companies.



## Rating according to DAC criteria

### Overall rating: 5

#### General conditions and classification of the project

In accordance with the project appraisal from 2003, the third phase of the project was intended to include a range of individual measures in line with results from the coordination with port management "Port Autonome de Conakry" (Autonomous Port of Conakry, PAC), which were closely related to the expansion of the container terminal originally planned for and initially to be co-financed by the French development agency, AfD, and the EIB. The project was started under difficult political conditions and after considerable delay, and encountered various problems in the course of its implementation.

The building contract was not awarded until July 2008 to a special purpose vehicle, an association of several German medium-sized companies. The implementation of the construction measures was made much more difficult by the fragile state of the country following the military coup in December 2008 and regular renewed outbreaks of unrest. Furthermore, there were shortcomings in the organisation, planning and supervision of the construction work as well as liquidity bottlenecks at the special purpose vehicle in 2010. In summer 2011, the special purpose vehicle filed for bankruptcy, the building site was chaotically shut down and the FC project was cancelled. Up to this point, approximately 40 % of the planned measures had been implemented according to the consultant charged with supervising the construction work. Some measures were then continued by the PAC using their own funds. However, apart from the port entrance, and the parking area near the main entrance completed by a concessionaire, these measures have not yet been completed. The remaining residual funds were channelled into another programme.

The co-financing from the French agency AfD and the EIB set aside for the expansion of the container terminal did not materialise. From 2008, the terminal expansion was instead financed by two concessionaires. In March 2011, a presidential decree led to the cancellation of the license for the concessionaire, who had been active since 2008. Immediately after, a new concession contract was signed. Subsequently, an international court of arbitration and a French commercial court awarded the previous concessionaire compensation for damages totalling several millions, payable by the Republic of Guinea and the subsequent concessionaire. It stands to reason that the uncertainty arising from the events presented above also had an impact on the readiness of investors from the private sector to come forward.

#### Relevance

The improvement of transport infrastructure as basis for economic development was and is a strategic priority of the Guinean government. At the time of the appraisal, road infrastructure in the entire country was largely deficient. The further development of the Conakry port was an important component for improving this situation, importing consumer goods and capital goods for industrial development in a cost-efficient manner and creating export opportunities, especially for agricultural products. The impact chain can be continued to economic growth and the alleviation of poverty and endures at the time of the ex post evaluation (EPE) in 2017. The importance of the port with regard to economic development and poverty-reducing income effects becomes clear in view of the fact that, according to the project appraisal report (PAR) at the time (2003), foreign trade in Guinea was primarily conducted via sea freight (>90%) and the percentage of Guinean sea freight processed through Conakry was over 60%. In addition, the volume of Guinean foreign trade related to domestic value creation amounted to almost 50%.

As at 2017, the Conakry port continues to be of great economic significance. Over 90% of Guinean foreign trade is still conducted via sea freight and still contributes almost 50% of national value creation. Due to increased bulk commodity exports, the proportion of Guinea's sea freight handling which is currently processed through the port has risen to 90%. In the medium term, this is unlikely to fall below 70% and almost all trade in the container segment – as is currently the case – will continue to be handled at this port for many years to come.

From today's perspective, the basic decision to ensure efficient and competitive port operations by using investment measures in the general infrastructure, which is managed by the Autonomous Port of Conakry (PAC), still appears to be correct. The individual measures planned by the German FC were urgently needed for the further development of the port, irrespective of the expansion of the container terminal and the type of financing via international development cooperation or companies from the private sector. In contrast to the terminal expansion, the measures planned by the German FC also included infrastructure elements which attracted hardly any private investors, as they are more difficult to link to a concrete value creation. They thus possibly might have been able to pave the way for private sector investments to a certain degree.

The location of the port at the end of the peninsula of the capital city is still acceptable, despite spatial limitations, and makes sense due to its proximity to the economic centre. There are no economically feasible alternative locations near the city. In addition, bulk commodities such as bauxite are already delivered efficiently by rail. An additional parallel railway line is planned in order to transport containers to an inland terminal 30 km away. The first few small construction stages have already been completed. It therefore appears possible to avoid capacity problems in the hinterland transport. The port itself offers the possibility for expansion to the north. Initial plans to do this have already been drawn up, but investors still need to be found. The Port of Conakry therefore has opportunities for further growth.

From today's perspective, the bottlenecks in the port were correctly identified at the time of project appraisal (PA). The strategy is still considered appropriate, also with regard to the high level of fragility of the country. Bearing in mind the technological progress that has since been made, we would now identify IT infrastructure, especially with regard to customer communication, as another bottleneck and take this into account accordingly. Against the backdrop of the FC activities in consolidation and sustainability assurance that were implemented as part of the Port of Conakry projects I and II, the project represented a logical supplement.

**Relevance rating: 2**

### Effectiveness

The programme's objective was to ensure long-term efficient and competitive cargo handling in the Port of Conakry.

If we take the initially planned set of measures as a basis, measuring the achievement of the project objectives using port handling turnover and ship docking times seems to be rational from today's perspective. In addition to container turnover, which was defined as an indicator in the PA, total turnover is also considered in this EPE. The indicators defined for measuring effectiveness and whether the targets have been achieved can be summarised as follows:

Indicator	Status and target value PA	Ex post evaluation
Freight handling in the Port of Conakry	PA status (2002): <5 million tonnes, no target defined	2016: 8.7 million tonnes
Container turnover in the Port of Conakry	PA status (2002): 47,000 TEU <sup>1)</sup> Target for 2008: 60,000 TEU	2012: 147,466 TEU 2016: 176,167 TEU
Waiting times for container ships in roadsteads	PA status (2002): approx. 8h, Defined target is approx. 3h	2009: >15h 2016: max. 6h, average 3h

1) TEU stands for Twenty-foot Equivalent Unit (20-foot container), which also denotes a standard container in Germany

The indicator target values were achieved or in some cases significantly exceeded. The turnover figures (total and container turnover) of the port have continuously improved in recent years. The waiting time in roadstead's also decreased to an average of three hours, which meets the objective. This positive development can be considered a joint success of PAC as a provider of basic port infrastructure and the tran-

shipping companies. The cooperation between a strengthened port authority with appropriate infrastructure and flexible, private transshipping companies was successful. The assumption made in the PAR, that an increase in turnover volume could also be expected due to goods from neighbouring Mali once a bitumen-covered road to Bamako had been completed, finally turned out not to carry any weight in turnover development due to the ongoing political crisis in Mali.

Out of 15 planned individual measures, the paving of the lorry waiting areas at the container terminal and the expansion and rehabilitation of the water supply network (without pressure boosting systems) were the only measures to be completed as part of the project before the FC financing was discontinued. However, the latter cannot be used without a pressure boosting system. After the project was discontinued, the PAC only completed the access road to the port and the concessionaire completed an additional lorry waiting area. The planned measures for security and improvement of the navigation marks were replaced by investments from the PAC (partially redesigned); three further measures (two storage facilities for dangerous goods and fire extinguishing equipment) were replaced by investments from private investors. Three measures are still incomplete, including the construction of the harbour master's office, the rehabilitation of a pressure boosting system and quay walls 00 to 05. However, the latter can be used despite not being finished. Three further measures (construction of an additional pressure boosting system, improvement of fire safety and rehabilitation of the electricity network) have not yet been started. Thus, 8 out of the 15 measures which were planned at the time therefore make a contribution towards achieving the indicator target values, even though they were primarily financed through other sources after the German FC was discontinued. Based on a calculation of costs, around 40% of the construction measures were implemented using FC; however, around 20% of these measures cannot be used and therefore have no effect on port operations (see efficiency). Overall, approximately 63% of the measures were implemented thanks to replacement investments and steps taken to complete them by the PAC and private investors.

As the harbour master's office was not completed, the positive effects this would have had on the organisation of the port (which were justifiably expected at the time of the PA) had not materialised. If the now plastered shell was becompleted, these positive effects could still be expected. Furthermore, the anticipated positive effects with regard to fire safety did not come to fruition because the planned fire-fighting equipment was not purchased. For safety reasons, and to protect the environment when storing dangerous goods, the private terminal operator itself carried out investment measures in accordance with international safety standards so that the intended improvement of this area of the port operations were achieved despite the discontinuation of the German FC measure.

According to the PAC management's own reports, the studies regarding the privatisation of port activities, container terminal management and port tariffs, which were promised at the time of the PA and financed by the BMZ study fund, have been carried out and were of considerable help, especially when drawing up contracts with various transshipping companies. This is significant as port authorities increasingly face international and dominant emerging port operators.

In view of the fact that only two of the measures out of the set of measures financed by FC were completed by the time the project was discontinued and further measures were started and either not completed or partially completed by the PAC and the concessionaire, the contribution made by the FC project towards achieving the project target indicators is marginal. The target values were primarily achieved through private investments and efficient transshipping companies. Effectiveness is therefore rated inadequate.

**Effectiveness rating: 5**

### **Efficiency**

The withdrawal of the French agency AfD and the EIB was one of the significant reasons why implementation was delayed for several years, as the initial plan was to tender the construction measures in two lots. The sole invitation to tender from the lot financed by FC was less attractive, which meant that it did not immediately attract enough bidders. Moreover, political unrest made it difficult to implement the project efficiently.

The production efficiency of the FC measure was significantly impaired by deficiencies in the supervision of works. This resulted in significant building mistakes and flawed or missing notice of default for the con-

struction company, which later became insolvent. The PAC used its own funds to continue individual construction measures. As per project completion report, the costs of the measures carried out were appropriate despite the fact that the prices exceeded the contractual unit prices due to inflation. In view of the measures which were implemented, the consulting costs of EUR 1.8 million appear high.

In view of the fact that before the project was discontinued, only one individual measure was completed and in working order, and there are other individual measures which have still not been completed, of which some are unusable while they remain unfinished, the allocation efficiency is inadequate. Based on the cost calculation, approximately 19.9% of the complete and incomplete FC measures implemented (water supply network, pressure boosting system and harbour master's office) have had no effect on port operations when considered from today's perspective. Some measures were completed or taken over in full by the PAC or the private concessionaires (see effectiveness), but most of the planned individual measures which are important for developing the basic port infrastructure were dropped completely after the project was discontinued. Any positive effects must primarily be attributed to the individual measures completed by the PAC and the concessionaires.

**Efficiency rating: 5**

### Impact

The project aimed to ensure cost-efficient management of foreign trade in Guinea, maintaining and improving the country's competitiveness in order to contribute to economic growth and therefore to help reduce income poverty. The objectives with regard to cost-efficient management of foreign trade and maintaining and improving competitiveness were achieved. This is clearly demonstrated by the containerisation level<sup>1</sup> which increased from 11% (PA) in 2003 to 20% in 2016. This improvement is based solely on the processing of imports, for which containerisation has increased from 22% to 33%; this can already be considered a respectable improvement. For the current bulk commodity import in the food sector (rice and grains), more investments are required to convert the transport chain in order to make more progress in terms of containerisation. The containerisation level for exports remained unchanged at 5% due to the high proportion of bulk commodities (bauxite). In addition, the efficiency of Guinean foreign trade is also reflected in the reduced waiting times for ships, which is used here as a proxy project target indicator. Thanks to its capacity and connections into the hinterland, the port in Conakry is very competitive compared to national competitor ports. However, if all the capacity expansions planned for elsewhere are carried out and are also actually used, the port of Conakry's share of sea freight could fall from 90% today to 70%, particularly because of possible shifts in the bulk commodity sector. However, we can assume that Conakry will retain its dominant position in the market for container traffic of almost 100% in the medium term. Irrespective of future developments, in view of the outstanding significance of the port for the Guinean economy and the fact that foreign trade makes up almost 50% of national value creation in Guinea (see relevance), it is obvious that the overall investments in the port made an contribution to economic growth in terms of the chain of effects, and therefore contributed to a reduction in income poverty. However, the growth rate trend does not allow us to draw any concrete conclusions regarding the contribution of the port to economic growth, because on the one hand, this trend is influenced by a variety of factors, and on the other hand, Guinea was confronted by the most serious outbreak of political unrest in its recent history (end of 2008) and the Ebola epidemic (2014/2015), which caused economic growth to decline sharply on multiple occasions. At the time of the PA (2003), the growth rate was 1.2%, rose to 4.9% (2008) in the meantime, and was 3.9% at the time of the EPE (2017).

However, the positive impacts presented at the beginning can primarily be attributed to private investments and efficient transshipping companies. The effects brought about by the project under FC are marginal at best (see effectiveness). The substantial level of commitment from the private sector could in turn be seen as a positive impact in itself. This commitment may however be more connected to private sector interests and only attributable to a small extent to the basic port infrastructure measures financed by FC, if at all.

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<sup>1</sup>The containerisation level is the share of the cargo which is shipped in containers, measured against the total amount of cargo. Shipping in containers is the most cost-effective shipping option for general goods.

Even though the indicator target values were achieved, the impact of the project is rated inadequate because the positive impacts presented previously can primarily be attributed to private investments and transshipping companies and only marginally to the FC measure.

**Impact rating: 5**

### **Sustainability**

With the exception of the unfinished harbour master's office and the water supply system (including a pressure boosting system), the infrastructure elements (lorry waiting area, port entrance and quays), which were completed and implemented partly by FC and by the PAC and the concessionaires, were operating correctly at the time of the evaluation. As planned in the PA, maintenance concepts were and are developed and implemented on an annual basis. The budgets appear to be appropriate and the structural condition of the refurbished infrastructure is acceptable. The economic situation of the PAC is judged to be robust and sufficient for further maintenance investments. The new management of the PAC appears to be highly committed to strengthening the institutional structure of the PAC.

We can assume that the implemented infrastructure elements will be appropriately maintained and used for the envisaged useful life and beyond due to the importance of the port and in view of the private interests of the concessionaires. It is very likely that the two as yet unfinished infrastructure elements mentioned above will be completed, but it is difficult to predict when this will happen. This represents a risk to the building structure and therefore the sustainability of this individual measure. Moreover, the soakaway connected to the waste water system for the unfinished harbour master's office, which is not yet sealed, represents further ecological and health risks.

Due to the individual measures financed by FC which were not completed, the sustainability is rated unsatisfactory.

**Sustainability rating: 4**

### Notes on the methods used to evaluate project success (project rating)

Projects are evaluated on a six-point scale, the criteria being **relevance, effectiveness, efficiency** and **overarching developmental impact**. The ratings are also used to arrive at a **final assessment** of a project's overall developmental efficacy. The scale is as follows:

<b>Level 1</b>	Very good result that clearly exceeds expectations
<b>Level 2</b>	Good result, fully in line with expectations and without any significant shortcomings
<b>Level 3</b>	Satisfactory result – project falls short of expectations but the positive results dominate
<b>Level 4</b>	Unsatisfactory result – significantly below expectations, with negative results dominating despite discernible positive results
<b>Level 5</b>	Clearly inadequate result – despite some positive partial results, the negative results clearly dominate
<b>Level 6</b>	The project has no impact or the situation has actually deteriorated

Rating levels 1-3 denote a positive assessment or successful project while rating levels 4-6 denote a negative assessment.

### Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability): The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability): The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected).

Sustainability level 3 (satisfactory sustainability): The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a project is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability): The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and is very unlikely to improve. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The **overall rating** on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. Rating levels 1-3 of the overall rating denote a "successful" project while rating levels 4-6 denote an "unsuccessful" project. It should be noted that a project can generally be considered developmentally "successful" only if the achievement of the project objective ("effectiveness"), the impact on the overall objective ("overarching developmental impact") and the sustainability are rated at least "satisfactory" (level 3).