Financing Agreement

(Additional Financing for Village Communities Support Program (Phase I))

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated January 30, 2006
ADDITIONAL FINANCING AGREEMENT

AGREEMENT dated January 30, 2006 entered into between REPUBLIC OF GUINEA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I – GENERAL CONDITIONS; DEFINITIONS; AMENDMENT

1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions, in the Original Financing Agreement, or in the Appendix to this Agreement.

1.03. The Original Financing Agreement is amended as set out in Section II of the Appendix to this Agreement.

ARTICLE II — FINANCING

2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to five million Special Drawing Rights (SDR 5,000,000) (“Grant”) to assist in financing the Original Project.

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of the Schedule to this Agreement.

2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Payment Dates are April 1 and October 1 in each year.
2.05. The Payment Currency is Dollars.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Original Project. To this end, the Recipient shall carry out the Original Project in accordance with the provisions of Article IV of the General Conditions.

3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Original Project is carried out in accordance with the provisions of the Schedule to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Events of Suspension consist of the following:

   A situation shall have arisen which shall make it improbable that the Program, or a significant part thereof, will be carried out.

ARTICLE V — EFFECTIVENESS

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSSES

6.01. The Recipient’s Representative is the minister at the time responsible for finance.

6.02. The Recipient’s Address is:

   Ministry of Economy and Finance
   Conakry
   Guinea

   Telex:   Facsimile:

   22399 MIFIGE   (224) 45 54 22
6.03. The Association’s Address is:

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: Telex: Facsimile:
INDEVAS 248423 (MCI) or 1-202-477-6391
Washington, D.C. 64145 (MCI)

AGREED in the District of Columbia, United States of America, as of the day and year first above written.

REPUBLIC OF GUINEA

By /s/ Rafiou Barry  
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Mamadou Dia  
Authorized Representative
SCHEDULE

Project Execution

Section I. Institutional and Other Arrangements

1. Schedule 4 to the Original Financing Agreement is incorporated in this Agreement, with the following modifications in said Schedule, unless the context otherwise requires:

(a) the term “Credit” shall be read as “Financing”; and
(b) the term “Borrower” shall be read as “Recipient”.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than one (1) month after the end of the period covered by such report.

(b) The performance indicators referred to above in sub-paragraph (a) consist of the following:

(i) At least 80 percent of the Communautes Rurales de Developpement (CRDs) participating in the Original Project have raised their 20 percent contribution toward implementation of their respective Micro-projects.

(ii) At least 60 percent of the Micro-projects approved under the Original Project have been satisfactorily completed, as measured by technical audits.

(iii) At least 60 percent of the investments made under the Original Project have functional maintenance plans in place.

(iv) At least 60 percent of the newly elected chairpersons of the CRDs participating in the Original Project have been trained in the participatory local development process.
(v) At least 75 percent of the Local Development Plans of the CRDs participating in the Original Project and that were prepared prior to January 1, 2003 have been updated.

(vi) At least 75 percent of the socio-economic infrastructure established under the Original Project prior to January 1, 2006 is fully functional and action plans are in place for the remaining 25 percent.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report, interim unaudited financial reports for the Project covering the calendar semester, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General.

1. Goods and Works. All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.

2. Consultants’ Services. All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.

3. Definitions. The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.
B. Particular Methods of Procurement of Goods and Works

1. International Competitive Bidding. Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. Other Methods of Procurement of Goods and Works. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) National Competitive Bidding</td>
</tr>
<tr>
<td>(b) Shopping</td>
</tr>
<tr>
<td>(c) Procurement from United Nations Agencies</td>
</tr>
<tr>
<td>(d) Procurement of Small Works</td>
</tr>
<tr>
<td>(e) Community Participation</td>
</tr>
</tbody>
</table>

C. Particular Methods of Procurement of Consultants’ Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

2. Other Methods of Procurement of Consultants’ Services. The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(b) Least-Cost Selection</td>
</tr>
<tr>
<td>(c) Single Source Selection (With the Association’s prior agreement)</td>
</tr>
<tr>
<td>(d) Individual consultants</td>
</tr>
</tbody>
</table>

D. Review by the Bank of Procurement Decisions.

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods or works estimated to cost the equivalent of $200,000 or more; (b) each contract for consultants’ services provided by a firm estimated to cost the equivalent of $100,000 or more; (c) each contract for employment of individual consultants estimated to cost the equivalent of $50,000 or more. All other contracts shall be subject to Post Review by the Association.
Section IV. **Withdrawal of the Proceeds of the Additional Financing**

A. **General.**

1. The Recipient may withdraw the proceeds of the Additional Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient, to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Additional Financing (“Category”), the allocations of the amounts of the Additional Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Additional Financing Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>60,000</td>
<td>100% of foreign expenditures and 85% of local expenditures</td>
</tr>
<tr>
<td>(2) Consultants’ Services and audits</td>
<td>140,000</td>
<td>100% of foreign expenditures and 80% of local expenditures</td>
</tr>
<tr>
<td>(3) Training</td>
<td>420,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Grants for Micro-projects</td>
<td>3,530,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>560,000</td>
<td>90%</td>
</tr>
<tr>
<td>(6) Unallocated</td>
<td>290,000</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,000,000</strong></td>
<td></td>
</tr>
</tbody>
</table>
B. Withdrawal Conditions; Withdrawal Period.

The Closing Date is June 30, 2007.

Section V. Other Undertakings

The Recipient shall ensure that the Project is implemented in accordance with the provisions of the EMP and, except as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect Project implementation.
APPENDIX

Section I. Definitions

1. “Category” means a category set forth in the table in Section IV of the Schedule to this Agreement.


3. “Environmental Management Plan” or “EMP” means the plan, dated June 30, 1998, agreed with the Association and outlining measures for the mitigation of the potential adverse environmental and social impact associated with activities to be implemented under the Original Project, as the same may be amended from time to time with the concurrence of the Association, and such term includes any schedules to the EMP.


5. “Local Development Plan” means a plan prepared by a CRD outlining its priority development needs.

6. “Original Financing” means the amount in various currencies equivalent to fifteen million seven hundred thousand Special Drawing Rights (SDR 15,700,000) made available by the Association to the Recipient, on the terms and conditions set forth in the Original Financing Agreement (as hereinafter defined) (Credit 3174 GUI).

7. “Original Financing Agreement” means the development credit agreement for a Village Communities Support Program (Phase I) between the Recipient and the Association, dated May 19, 1999, as amended.

8. “Original Project” means the Project described in the Original Financing Agreement.


10. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated December 14, 2005 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
Section II. Amendment to Original Financing Agreement

The Original Financing Agreement is amended as set forth below.

1. Section 2.03 is amended to read as follows:

“Section 2.03. The Closing Date shall be June 30, 2007 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.”

2. The table in paragraph 1 of Schedule 1 is amended to read as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>870,000</td>
<td>100% of foreign expenditures and 85% of local expenditures</td>
</tr>
<tr>
<td>(2) Works</td>
<td>2,860,000</td>
<td>85%</td>
</tr>
<tr>
<td>(3) Consultants’ Services, audits, and training</td>
<td>4,460,000</td>
<td>100% of foreign expenditures and 80% of local expenditures</td>
</tr>
<tr>
<td>(4) Grants for Micro-projects</td>
<td>4,450,000</td>
<td>100% of amounts disbursed</td>
</tr>
<tr>
<td>(5) Operating Costs</td>
<td>2,270,000</td>
<td>90%</td>
</tr>
<tr>
<td>(6) Refunding of Project Preparation Advance</td>
<td>790,000</td>
<td>Amount due pursuant to Section 2.02 (c) of this Agreement</td>
</tr>
</tbody>
</table>

TOTAL 15,700,000

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