Financing Agreement
(Second Additional Financing for Rural Community-Driven Development Project)

between

REPUBLIC OF GUINEA-BISSAU

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 11, 2016
AGREEMENT dated November 11, 2016, entered into between REPUBLIC OF GUINEA-BISSAU ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing additional financing for activities related to the Original Project and the First Additional Financing Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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 or in 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 seven million three hundred thousand Special Drawing Rights (SDR 7,300,000) ("Financing") to assist in financing the project described in Schedule 1 to this Agreement ("Project").

2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 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 15 and October 15 in each year.

2.05. The Payment Currency is Euro.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MEF 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 Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — EFFECTIVENESS; TERMINATION**

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

4.02. For purposes of Section 8.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE V — REPRESENTATIVE; ADDRESSES**

5.01. The Recipient’s Representative is its minister responsible for economy and finance.

5.02. The Recipient’s Address is:

Ministério da Economia e Finanças
Avenida Amilcar Cabral
Caixa Postal N° 67
Bissau
Republic of Guinea-Bissau

Phone: (245) 675 2983

5.03. 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) 1-202-477-6391
AGREED at Bissau, Guinea-Bissau, as of the day and year first above written.

REPUBLIC OF GUINEA-BISSAU

By

Authorized Representative

Name: Geraldo Maticia
Title: Minister of Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Louise J. Cord
Title: Country Director
SCHEDULE I

Project Description

The objective of the Project is to support the Recipient’s efforts to increase access to priority basic social and economic infrastructures and services in participating Communities in at least two regions of the Recipient’s territory.

The Project consists of Parts A, B and C of the Original Project, Part D and E of the First Additional Financing Project and the following additional part:

Part F: Pilot Cash Transfer Program

1. Providing financing for the Cash Transfer Program (the “CTP”) to selected Beneficiaries.

2. Providing goods, consultants’ services, training and operating costs to establish the basic elements of the CTP through, inter alia: (a) the development of a management and information system; (b) the development of a unified registry of Beneficiaries; (c) the carrying out of training activities for local authorities and community leaders regarding procedures to identify Beneficiaries and for staff to administer the database; (d) monitoring and evaluation; (e) information and communication campaigns; (f) design of the CTP; and (g) preparation of studies, manuals and evaluations of the CTP.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements, Project Monitoring, Reporting and Evaluation, Financial Reports and Audits, Procurement, Anti-Corruption and Safeguards

1. The provisions of Section I of Schedule 2 to the Original Financing Agreement is incorporated herein, mutatis mutandis, and shall be deemed to be an integral part of this Agreement with the following amendment to Section B which shall include the following new subparagraphs 3 and 4:

"3. Cash Transfer Program

(a) Under Part F1 of the Project, the Recipient shall cause the Payment Agencies to implement the CTP in accordance with the eligibility criteria and procedures acceptable to the Association, and described in the Cash Transfer Contracts ("CT Contracts") and the provision of the Cash Transfer Manual;

(b) (i) To facilitate the carrying out of Part F1 of the Project, the Recipient shall make part of the proceeds of the Financing allocated to Category (2) of the table set forth in Section IV.A.2 of this Schedule available to Payment Agencies under contracts between the Project Coordination Unit and each of the selected Payment Agencies ("CT Contracts"), under terms and conditions approved by the Association, including the procedures for the payment of the Cash Transfers and the related Administrative Fees; and (ii) The Recipient shall exercise its rights under each of the CT Contracts referred to in paragraph (i) immediately above in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any provision of said contract or any provision thereof;

(c) The Recipient shall ensure that the amount of each Cash Transfer is paid, by the Payments Agencies, to its intended Beneficiaries.

4. Cooperation Agreement

(a) To facilitate the carrying out of Part F2 of the Project, the Recipient shall not later than six months after the Effective Date execute and thereafter maintain a cooperation agreement with INE, under terms and conditions approved by the Association ("Cooperation Agreement").
(b) The Recipient shall exercise its rights under the Cooperation Agreement in such manner as to protect its interests and those of Association in order to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Cooperation Agreement or any of its provisions. In case of any conflict between the terms of the Cooperation Agreement and the terms of this Agreement, the terms of this Agreement shall prevail.

2. The provisions of Section II of Schedule 2 to the Original Financing Agreement is incorporated herein, mutatis mutandis, and shall be deemed to be an integral part of this Agreement.

3. The provisions of Section III of Schedule 2 to the Original Financing Agreement is incorporated herein, mutatis mutandis, and shall be deemed to be an integral part of this Agreement with the following amendment to paragraph B.3. which shall read as follows:

"3. Additional Provisions for National Competitive Bidding. Procurement of goods, works and non-consulting services under National Competitive Bidding shall be carried out through an open tender ("Concurso aberto") as set forth in the Guinea-Bissau National Procurement Code (Decreto Lei no 2/2012 dated August, 20, 2012), subject to the provisions of Section I and paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the following additional provisions: (i) a minimum of four (4) weeks will be provided for preparation and submission of bids, after the issuance of the invitation for bids or availability of the bidding documents, whichever is later; (ii) for all procurement of goods, works, and non-consulting services, standard bidding documents acceptable to the Association will be used; (iii) bidding opportunities will be advertised in at least a national newspaper with wide circulation; (iv) bid evaluation and bidder qualifications criteria will be clearly specified in the bidding documents; (v) no preference margin will be granted to domestic and community bidders; (vi) no firm which is eligible in accordance with Section I of the Procurement Guidelines, whether foreign or domestic, will be excluded from participation in the competition; (vii) the results of the bid evaluation and of the award of the contract, and the procedures for bidders to protest, will be published; (viii) in case of an unsuccessful open bidding process ("Concurso infrutifero"), a new open tender ("Concurso aberto") will be launched; (ix) in accordance with the Procurement Guidelines, each bidding document and contract shall include: provisions stating the Association’s policy to sanction firms or individuals found to have engaged in fraud and corruption; and provisions stating the Association’s policy with respect to inspection and audit of accounts, records and other documents relating to the bid submission and contract performance. (x) the bidding documents shall not require foreign bidders to produce any administrative or tax related certificates prior to confirmation of awarding a contract; and (xi) any change in the contract amount which, singly or combined with all previous changes, increases the original
contract amount by 15% (fifteen percent) or more must, be done through an amendment to the signed contract instead of signing a new contract.”

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects”, dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), 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 Financing (“Category”), the allocations of the amounts of the 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 Financing Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants’ services, Training and Operating Costs under Parts A, B, C and F2 of the Project</td>
<td>6,570,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Cash Transfers and Administrative Fees (under CT Contracts) under Part F1 of the Project</td>
<td>730,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>7,300,000</td>
<td></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for:

   (a) payments made prior to the date of this Agreement;

   (b) payments made under Category (2), until and unless the Cash Transfer Manual has been adopted by the Recipient in form and substance satisfactory to the Association and the first CT Contract has been signed.
2. The Closing Date is September 20, 2019.

Section V. Other Undertakings

A. In order to ensure the timely carrying out of the audits referred to in Section II.B of Schedule 2 of the Original Financing Agreement, the Recipient shall, not later than three (3) months after the Effective Date, hire external auditors for that purpose, in accordance with the provisions of Section III of Schedule 2 to the Original Financing Agreement.

B. The Recipient shall cause Part F of the Project to be carried out in accordance with the provisions of the Cash Transfer Manual and except as the Association shall otherwise agree, the Recipient shall not amend or waive the Cash Transfer Manual, or any provision thereof, or permit any such provision to be amended or waived. In case of any conflict between the provisions of the Cash Transfer Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section VI. Amendments to the Original Financing Agreement and to the First Additional Financing Agreement

A. The Original Financing Agreement and the First Additional Financing Agreement are amended as follows:

1. All references to “MEPRI” or to “MERI” are replaced by “MEF”.

2. The provisions of Section III paragraph B.3 of Schedule 2 are amended to read as follows:

"3. Additional Provisions for National Competitive Bidding. Procurement of goods, works and non-consulting services under National Competitive Bidding shall be carried out through an open tender ("Concurso aberto") as set forth in the Guinea-Bissau National Procurement Code (Decreto Lei n° 2/2012 dated August, 20, 2012), subject to the provisions of Section I and paragraphs 3.3 and 3.4 of Section III of the Procurement Guidelines and the following additional provisions: (i) a minimum of four (4) weeks will be provided for preparation and submission of bids, after the issuance of the invitation for bids or availability of the bidding documents, whichever is later; (ii) for all procurement of goods, works, and non-consulting services, standard bidding documents acceptable to the Association will be used; (iii) bidding opportunities will be advertised in at least a national newspaper with wide circulation; (iv) bid evaluation and bidder qualifications criteria will be clearly specified in the bidding documents; (v) no preference margin will be granted to domestic and community bidders; (vi) no firm which is eligible in accordance with Section I of the Procurement Guidelines, whether foreign or domestic, will be excluded from participation in the competition;"
(vii) the results of the bid evaluation and of the award of the contract, and the
procedures for bidders to protest, will be published; (viii) in case of an
unsuccessful open bidding process ("Concurso infrutifero"), a new open tender
("Concurso aberto") will be launched; (ix) in accordance with the Procurement
Guidelines, each bidding document and contract shall include: provisions stating
the Association's policy to sanction firms or individuals found to have engaged in
fraud and corruption; and provisions stating the Association's policy with respect
to inspection and audit of accounts, records and other documents relating to the
bid submission and contract performance; (x) the bidding documents shall not
require foreign bidders to produce any administrative or tax related certificates
prior to confirmation of awarding a contract; and (xi) any change in the contract
amount which, singly or combined with all previous changes, increases the original
contract amount by 15% (fifteen percent) or more must, be done through an
amendment to the signed contract instead of signing a new contract.

3. The definition set forth in paragraphs 17 of the Original Financing Agreement is
deleted in its entirety and replaced to read as follows:

"17. "MEF" means the Recipient's Ministry in charge of economy and finance
and any successor thereto."
APPENDIX

Section I. Definitions

The definitions of the Appendixes to the Original Financing Agreement and to the First Additional Financing shall apply to this Agreement, mutatis mutandis.

1. "Administrative Fees" means the administrative fees to be paid to the Payment Agencies under the CT Contracts, in form and substance satisfactory to the Association.

2. "Beneficiaries" or "Beneficiary" means any or all of the beneficiaries who have met the eligibility criteria set forth in the Cash Transfer Manual and have received or are to receive Cash Transfers, in form and substance satisfactory to the Association.

3. "Cash Transfer" means a transfer of funds in the form of grants on behalf of the Recipient to a Beneficiary, made or to be made in accordance with the provisions of the Cash Transfer Manual and a CT Contract (as defined herein), including the Administrative Fees (as defined herein) for the Payments Agencies (as defined herein).

4. "Cash Transfer Manual" means the manual to be adopted by the Recipient in form and substance satisfactory to the Association, giving details of guidelines and procedures agreed with the Association for the implementation of the Cash Transfer Program; as such manual may be amended from time to time with the prior written agreement of the Association.

5. "Cash Transfer Program" or "CTP" means a program of Cash Transfer payments to Beneficiaries under Part F1 of the Project, which shall receive part of the proceeds of the Financing allocated to Category (2) of the table in Section IV of Schedule 2 to this Agreement.

6. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


8. "Cooperation Agreement" means the agreement between the Recipient and INE to be executed and implemented in form and substance satisfactory to the Association in order to carry out selected activities under Part F of the Project.

9. "CT Contracts" means any of the agreements referred to in Section 1.1 of Schedule 2 to this Agreement to be executed between the Project Coordination Unit and each
of the Payment Agencies for the implementation of the Cash Transfer Program under Part F1 of the Project.


11. "First Additional Financing Project" means the Project described in the First Additional Financing Agreement.


13. "INE" means Instituto Nacional de Estadística, the Recipient’s national institute of statistics, as established and operating under the Recipient’s Decree-Law No 2/91 dated March 25, 1991.

14. “Operating Costs” means the reasonable incremental expenses incurred in connection with Project implementation, including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service, and Training.

15. “Original Financing Agreement” means the Amended and Restated Financing Agreement for the Rural Community-Driven Development Project between the Recipient and the Association, dated April 16, 2011 (Grant No H513-GW).

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

17. “Payment Agencies” or “Payment Agency” means any or all the entities that have entered into a CT Contract with the Recipient in accordance with the provisions of Section I.1 of Schedule 2 to this Agreement and the Cash Transfer Manual.


19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 7, 2016, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.