H.E. Excellence Madame Helena Nosolini Embaló  
Minister of Economy, Planning and Regional Integration  
Ministry of Economy, Planning and Regional Integration  
C.P. 67  
Bissau  
Guinea-Bissau  

Excellency:

**Guinea-Bissau: Multi-Sector Infrastructure Rehabilitation Project**  
(IDA Grant No. H235-GUB)  
Amendment to the Financing Agreement

We refer to the Financing Agreement dated June 15, 2007 between the Association and the Recipient (“MIRP Agreement”), where the Association agreed to provide the Recipient with a grant in an amount equivalent to ten million three hundred thousand Special Drawing Rights (SDR 10,300,000) to assist the Recipient in financing the Multi-Sector Infrastructure Rehabilitation Project (“MIRP”) described in Schedule 1 to the MIRP Agreement.

Pursuant to your letter dated February 25, 2010, requesting the Association to restructure the MIRP, I am pleased to inform you that the Association has agreed to amend and restate the MIRP Agreement.

Please indicate your agreement with the foregoing amended and restated MIRP Agreement on behalf of the Recipient by countersigning and dating the two original copies of this letter and returning one countersigned original to us. The amendment to the MIRP Agreement shall become effective as of the date of countersignature of this letter.

Sincerely,

/s/ Habib Fetini  

Habib Fetini  
Country Director for Guinea-Bissau  
Africa Region
AGREED:

REPUBLIC OF GUINEA-BISSAU

By: /s/ Helena Nosolini Embaló

Name: Helena Nosolini Embaló

Title: Minister of Economy, Planning and Regional Integration

Date: September 15, 2010
Financing Agreement
(Amending and Restating)

(Multi-Sector Infrastructure Rehabilitation Project)

between

THE REPUBLIC OF GUINEA-BISSAU

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated September 14, 2010
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 ten million three hundred thousand Special Drawing Rights (SDR 10,300,000) (“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 January 15 and July 15 in each year.

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 its Ministry of Economy, Planning and Regional Integration with assistance of the PIU, 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 — TERMINATION

4.01. 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 of Economy, Planning and Regional Integration.

5.02. The Recipient’s Address is:

Ministério da Economia, Planejamento e Integração Regional
Avenida Amilcar Cabral Nº 37
Bissau
Guinea-Bissau

Tel:         Fax:       
(245)3204594   (245)3204846/3204888

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
Washington, D.C.
AGREED at Bissau, Republic of Guinea-Bissau, as of the day and year first above written.

REPUBLIC OF GUINEA-BISSAU

By /s/ Helena Nosolini Embalo
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Habib Fetini
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in increasing the availability and reliability of electricity and water supply in its capital city and to improve the institutional and management capacities in the energy and water sectors.

The Project consists of the following parts:

Part 1: Institutional Development and Sectoral Studies

A. Energy Sector

(a) Provision of support to the Recipient for the drafting of electricity sector legislation.

(b) Elaboration of an efficient and transparent electricity tariff structure and indexation formula.

(c) Design of: (i) a medium to long term national energy development strategy, including least-cost and renewable energy options; (ii) a national energy sector investment and resource mobilization plan.

(d) Carrying out of an assessment of the Recipient’s potential to produce modern bio-energy.

(e) Carrying out of engineering studies and preparation of bidding documents for energy investments.

B. Water Sector

(a) Carrying out of a diagnostic study for water production systems.

(b) Provision of support the Recipient for the drafting of water sector legislation and standpipe regulations.

(c) Support the Recipient in the supervision of the construction of a 700m³ water reservoir.

C. Roads Sector

(a) Provision of advisory services to the Recipient’s State Ministry of Transport and Communications and the Ministry for Infrastructure to: (i) formulate a transport sector strategy; (ii) enable the Recipient’s participation in the Sub Saharan Africa Transport Policy program Initiative; (iii) establish a
revised road code; and (iv) develop technical capacities for road planning, management and maintenance, through the recruitment of a road expert, a ground transportation expert and an expert in maritime transport.

(b) Provision of training, equipment and logistical supplies, vehicles, computer equipment and software and office furniture.

Part 2: **Restoration and Rehabilitation of the Power System**

(a) Leasing of equipment to provide 2.5 MW of power in the Recipient’s capital.

(b) Design and carrying out of an environmental mitigation plan in connection with the implementation of Part 2(a) of the Project.

(c) Acquisition and installation of power distribution equipment commissioned on February 2009.

(d) Acquisition of 3MW electrical power capacity commissioned on December 2, 2008.

(e) Provision of technical assistance for commercial, accounting and financial management of EAGB and procurement of a financial and accounting system for EAGB.

Part 3: **Rehabilitation of Water Production Treatment and Urban Distribution**

Design and carrying out of the ESMP for the construction of a 700 cubic meters water reservoir in the Recipient’s capital city.

Part 4: **Limited Rehabilitation of Urban Road Infrastructure**

Carrying out of feasibility studies to determine the type of road works needed, as well as the eligibility criteria and timing for reconstruction of urban roads, in the Recipient’s territory.

Part 5: **Project Management, Monitoring and Evaluation**

Provision of training, equipment and operational support to the PIU for overall Project coordination, evaluation, supervision and implementation, including, inter alia: (a) strengthening of the capacity of the PIU to comply with its responsibilities under the Project; (b) the provision of training to PIU staff to enhance their knowledge in disbursement, financial management, social and environment safeguards policies and procurement policies and procedures; (c) the carrying out of audits for the Project; (d) the implementation of a program to monitor and evaluate the carrying out of the Project; and (e) acquisition of five 4x4 vehicles for PIU use.
SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Execution of the Project

The Recipient shall carry out the Project through its Ministry of Economy, Planning and Regional Integration with the assistance of the PIU.

2. The PIU

(a) The Recipient shall maintain the Project Implementation Unit, at all times during Project implementation, with a structure, functions and responsibilities acceptable to the Association, including, \textit{inter alia}, the responsibility of the PIU to assist the Recipient in the coordination, implementation, monitoring and supervision of the Project.

(b) The Recipient shall ensure that the PIU is, at all times during Project implementation, headed by a Project coordinator and staffed with a financial management specialist, a procurement specialist, a water specialist, an environmental specialist and a professional and administrative staff, all hired with terms of reference, through competitive processes, in numbers and with qualifications and experience acceptable to the Association.

(c) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not introduce changes in the number of positions of the PIU or in the professional skills required for occupying such positions, unless said changes have been previously agreed in writing with the Association.

3. General Inspectorate of Finance (IGF)

The Recipient shall maintain the IGF, at all times during Project implementation, with a structure, functions and responsibilities acceptable to the Association, including, \textit{inter alia}, the responsibility of conduct periodical supervisions of the use of funds by the PIU.

4. Project Operational Manual (POM)

(a) Without limitation upon the provisions of Section 4.01 of the General Conditions, the Recipient shall carry out the Project in accordance with
the POM, which includes, inter alia: (i) an AFPM as one of its chapters; (ii) an institutional implementation plan for the management of the Project (including, inter alia, allocation of responsibilities among staff, yearly planning of activities and budget and time allocation for those activities); (iii) detailed arrangements for the overall carrying out of the Project (including, inter alia, the procurement, financial management, environmental and social guidelines to be followed during Project implementation by the Recipient and the PIU; (iv) the guidelines for the preparation of Annual Action Plans; (v) internal control systems to be followed by the PIU during Project implementation; (vi) detailed guidelines and procedures for the implementation of the ESMP in connection with the carrying out of the Project; and (vii) detailed guidelines to determine the economic and technical viability, as well as the technical requirements, and eligibility criteria, for the acquisition of the equipment referred to in Part 2(a) of the Project.

(b) Except as the Recipient and the Association may otherwise agree in writing, the Recipient shall not abrogate, amend, repeal, suspend, waive or otherwise fail to enforce the POM or any provision thereof.

(c) In case of any conflict between the terms of the POM and those of this Agreement, the terms of this Agreement shall prevail.

5. The Annual Action Plan

(a) The Recipient shall, not later than January 31 of each year during Project implementation, or such later date as the Association shall determine, starting in year 2011, furnish to the Association for approval, an annual action plan (the Annual Action Plan), each said plan to include, inter alia: (i) the Project activities to be carried out during the twelve months immediately following the presentation of each said plan; (ii) the updated Procurement Plan, and disbursement schedule for each said twelve month period; and (iii) the annual budget for purposes of expenses of Operating Costs for the Project.

(b) The Recipient shall thereafter implement each said Annual Action Plan, approved by the Association, in accordance with its terms.

(c) The Recipient shall carry out the Annual Action Plan for the year 2010, approved by the Association prior to the date of this Agreement.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.
C. Social and Environmental Safeguards

The Recipient shall ensure that, in respect of the construction of a 700 cubic meters water reservoir at EAGB’s premises, that an ESMP is updated and/or prepared and submitted to the Association for its review and approval and that such instrument is thereafter adopted and disclosed as set forth in the POM prior to the commencement of such construction.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. 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 indicators acceptable to the Association and specified in the POM. Each Project Report shall cover the period of one calendar quarter and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

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 not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, 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 fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. 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 Works and Non-consulting services.** All goods, works and non-consulting 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 Section I of the Procurement Guidelines, and with the provisions of this Section.

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 Section.

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, Works and Non-consulting services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding, subject to the following additional procedures:

2. **Other Methods of Procurement of Goods, Works and Non-Consulting Services.** 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) Direct Contracting</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) Quality Based Selection</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection under a Fixed Budget</td>
</tr>
<tr>
<td>(d) Selection Based on Consultant’s Qualifications</td>
</tr>
<tr>
<td>(e) Single Source Selection</td>
</tr>
<tr>
<td>(f) Individual Consultants</td>
</tr>
</tbody>
</table>

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

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 Grant 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 Grant Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Works</td>
<td>200,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods (including those leased under Part 2(a) of the Project and those purchased under Part 2 (c) and (d) of the Project)</td>
<td>5,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Consultant’s services (including audits)</td>
<td>3,300,000</td>
<td>100%</td>
</tr>
<tr>
<td>(4) Training</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td>(5) Transportation and small works for the Private Operation Scheme under former Part 2.A of the Project</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>(6) Operating Costs</td>
<td>700,000</td>
<td>100%</td>
</tr>
<tr>
<td>(7) Unallocated</td>
<td>350,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>10,300,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

B. Withdrawal Conditions; Withdrawal Period

The Closing Date is September 30, 2012.
APPENDIX

Section I. Definitions

1. “AFPM” means the Administrative and Financial Procedures Manual included in the POM, as defined here below.

2. “Annual Action Plan” means any of the plans referred to in paragraph 5 of Section I.A of Schedule 2 to this Agreement.


4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


6. “EAGB” means Eletricidade e Águas de Guiné-Bissau, the Recipient’s entity for the provision of electricity and water, established pursuant to Decree Nr. 32/83 dated November 9, 1983 of the Recipient’s legislation.

7. “ESMP” means any Environmental and Social Management Plan, acceptable to the Association, as may be adopted for the purposes of the construction of a 700 cubic meter water reservoir in the recipient’s capital city, which gives details of the specific actions, measures and policies designed to facilitate the achievement of its objectives, along with the procedural and institutional measures needed to implement such actions, measures and policies, including any schedules to such plan, and as such plan may be amended by the Recipient from time to time in accordance with Section I.C of Schedule 2 of this Agreement.

8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.


10. “MW” means megawatt.
11. “Operating Costs” means the costs incurred on account of the implementation of the Project, and on the basis of approved Annual Action Plan and budget for the Project, including: office machines and equipment maintenance, operation and maintenance costs for vehicles, office supplies, consumables, travel costs, travel per diems, and accommodation, but excluding salaries of the Recipient’s civil servants.

12. “PIU” means the Project Implementation Unit referred to in paragraph A.2 of Section I of Schedule 2 to this Agreement.

13. “POM” or “Operational Manual” means the operation manual developed and adopted for the implementation of activities under the Project, including the AFPM.


15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 26, 2010 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.


17. “Training” means the costs associated with the training of personnel involved in Project supported activities under the Project, including travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course preparation and implementation.

Section II. Modifications to the General Conditions

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

“Section 2.07. Refinancing Preparation Advance
If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (i) of Section 6.02 is modified to read as follows:

“Section 6.02. Suspension by the Association

... (i) Ineligibility. The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

Section III. Modifications to the Anti-Corruption Guidelines

The modifications to the Anti-Corruption Guidelines are as follows:
1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“(b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“(a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”
“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise be made known to staff and other stakeholders.”