Financing Agreement

(Guinea First Fiscal Management, Competitiveness, and Energy Reform Development Policy Financing)

between

THE REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF GUINEA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (ii) the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in the amount of sixty-six million and one hundred thousand SDR 66,100,000 ("Financing").

2.02. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.

2.03. The Service Charge is three-fourths of one percent (3/4 of 1%) per annum on the Withdrawn Credit Balance.

2.04. The Payment Dates are May 15 and November 15 in each year.

2.05. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.

2.06. The Payment Currency is the Dollar.

2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.
ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

5.03. For purposes of Section 10.05 (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 (20) years after the Signature Date.
ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its minister responsible for finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

   Boulevard de commerce
   BP 579 Conakry
   Republic of Guinea; and

(b) the Recipient's Electronic Address is:

   E-mail:
   mamadi.camara@mef.gov.gn

6.03. For purposes of Section 11.01 of the General Conditions:

(a) The Association's address is:

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

(b) the Association's Electronic Address is:

   Telex: Facsimile:
   248423 (MCI) 1-202-477-6391
AGREED as of the Signature Date.

REPUBLIC OF GUINEA

By

[Signature]

Authorized Representative

Name: Mamadi Camara
Title: Minister of Economic and Finance
Date: November 28, 2019

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

[Signature]

Authorized Representative

Name: Nestor Coli
Title: Country Manager
Date: November 28, 2019
SCHEDULE 1

Program Actions; Availability of Financing Proceeds

Section I. **Actions under the Program**

A. **Actions Taken Under the Program.** The actions taken by the Recipient under the Program include the following:

1. The President of the Republic of Guinea has signed a decree (No. D/2018/239 dated September 28, 2018) for law No. 056 of 2017 on the financial governance of public establishments and corporations, aiming to strengthen the performance and oversight of state-owned enterprises, and has issued five (5) decrees amending the statutes of five (5) public establishments and corporations to conform with the law No. 056 of 2017.

2. To improve the performance of the tax administration, the Recipient’s ministry of budget has issued:

   (a) ministerial order No. A/2019/0539 dated February 19, 2019, adopting a new organizational framework of the National Directorate of Taxes separating strategic operation management functions from control functions;

   (b) ministerial order No. A/2019/5034 dated August 1, 2019, creating and adopting the attribution and organization of a tax policy unit within the Ministry of Budget’s Bureau of Strategy and Development to strengthen evidence-based policymaking for tax policy; and

   (c) jointly with the Recipient’s ministry of economy and finance a joint circular 0966 dated October 1, 2018, instructing commercial banks and financial establishments to only accept electronic bank transfers for tax and customs payments due by large and medium enterprises.

3. To strengthen debt management:

   (a) the Recipient’s Ministry of Economy and Finance has published a declaration of public debt policy defining debt management objectives and procedures; and

   (b) the Recipient’s Ministry of Economy and Finance has published on its website a medium-term debt strategy and a statistical bulletin outlining the Recipient’s public debt data as of December 31, 2018, and the first quarter of 2019.
4. The Recipient’s ministry of agriculture:

(a) has launched a pilot e-voucher system for agricultural inputs to improve the transparency, the targeting, and monitoring and evaluation of the distribution of subsidized agricultural inputs and a digital platform to interact with farmers for the delivering of e-vouchers.

(b) has delivered e-vouchers in four (4) prefectures out of thirty-three (33).

5. The Recipient’s ministry of public works has issued:

(a) a ministerial order No. 5468 dated August 29, 2019, creating and providing a mandate and operationalizing the road classification commission.

(b) jointly with the Ministry of Agriculture, an inter-ministerial order No. 2019/649, dated March 4, 2019, implementing the road classification decree adopted on December 7, 2017, to define the technical standards for all road types after approval by the road classification commission.

6. The Recipient has made operational the Commercial Court of Conakry, by making available to the Court the allocated budget under the 2019 revised budget law, and through:

(a) presidential decree No. 2018/135 dated August 6, 2018, appointing the judges sitting at the Commercial Court of Conakry;

(b) ministerial order No. 5035 dated August 1, 2019, issued by the Recipient’s ministry of justice, approving the internal rules of the Commercial Court of Conakry; and

(c) joint ministerial order No. 1454 dated April 25, 2019, and decision dated February 14, 2019, issued by the Ministry of Justice, staffing the Commercial Court of Conakry.

7. To simplify business procedures, the Recipient has established and made operational a single window pilot project for external trade at Conakry Port through a unique online platform that dematerializes the management of commercial transactions and facilitates the submission of the customs declarations and the management of certifications and authorizations for imports and exports.

8. To improve the governance of the Electricité de Guinée (EDG), the Recipient has issued decree No. D/2019/230 dated August 6, 2019, amending the statute establishing EDG, to include the creation of EDG’s Board and the competitive selection of EDG’s management team including the director general and directors,
to conform with law No. 056 of 2017 on the financial governance of public establishments and corporations and its implementation decree No. D/2018/239.


10. (a) The Recipient, represented by the ministries of energy, budget, and economy and finance, has signed an agreement with EDG, dated July 18, 2019, to clear the net cross-arrears balance owed to EDG by the Recipient as of December 31, 2018, and to establish a multi-year plan to pay the balance by January 10, 2025.

(b) The Recipient has transferred to EDG, under the above-mentioned agreement, the first payment of forty-five billion GNF (45 billion GNF).

Section II. Availability of Financing Proceeds

A. General. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. Allocation of Financing Amounts. The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<table>
<thead>
<tr>
<th>Allocations</th>
<th>Amount of the Financing Allocated (expressed in SDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Single Withdrawal Tranche</td>
<td>66,100,000</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>66,100,000</td>
</tr>
</tbody>
</table>

C. Withdrawal Tranche Release Conditions

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

D. Deposit of Financing Amounts

1. Notwithstanding the provisions of Section 2.03 of the General Conditions:
(a) the Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two dedicated accounts on terms and conditions satisfactory to the Association: (i) a dedicated account in United States’ Dollar (“Foreign Currency Dedicated Account”); (ii) a dedicated account in Guinean Franc (“Local Currency Dedicated Account”); and

(b) all withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Dedicated Account. Upon each deposit of an amount of the Financing into the Foreign Currency Dedicated Account, the Recipient shall deposit an equivalent amount into the Local Currency Dedicated Account.

2. The Recipient, within thirty (30) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the Foreign Currency Dedicated Account; (b) the details of the account to which the Guinean Franc equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’s budget management systems; and (d) the statement of receipts and disbursement of the Foreign Currency Dedicated Account.

E. Audit. Upon the Association’s request, the Recipient shall:

1. have the Dedicated Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than four (4) months after the date of the Association’s request for such audit, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and

3. furnish to the Association such other information concerning the Dedicated Accounts and their audit as the Association shall reasonably request.

F. Closing Date. The Closing Date is December 31, 2020.
**SCHEDULE 2**

Repayment Schedule

<table>
<thead>
<tr>
<th>Date Payment Due</th>
<th>Principal Amount of the Credit repayable (expressed as a percentage)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>On each May 15 and November 15, commencing May 15, 2026 to and including November 15, 2057.</td>
<td>1.5625%</td>
</tr>
</tbody>
</table>
APPENDIX

Section I. Definitions

1. "Bureau of Strategy and Development" means the Recipient's Bureau de Stratégie et de Development within the Ministry of Budget, or any successor thereto.


4. "EDG" means Electricité de Guinée, the national electricity company of the Recipient which statutes were approved by decree D/2019/230/PRG/SGG dated August 6, 2019.

5. "Foreign Currency Dedicated Account" means the account referred to in Part D.1(a) of Section II of Schedule I to this Agreement.


7. "Letter of Development Policy" means the letter dated October 7, 2019 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

8. "Local Currency Dedicated Account" means the account referred to in Part D.1(b) of Section II of Schedule I to this Agreement.


10. "Program" means: the program of objectives, policies, and actions set forth or referred to in the Letter of Development Policy.

11. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
12. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.