His Excellency Mr. Kerfalla Yasané  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Boite Postale 579  
Conakry  
Republic of Guinea  

Re: Republic of Guinea: Advance Agreement for the Preparation of the Guinea Project under the First Phase of the West Africa Regional Communications Infrastructure Program  
Project Preparation Advance No. Q-762-GUI  

Your Excellency:

In response to the request for financial assistance made on behalf of the Republic of Guinea ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank’s Project Preparation Facility in an amount not to exceed five million Dollars ($5,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex and Appendix, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to facilitate the preparation of a proposed project aimed to put in place an integrated approach focusing on improving connectivity in the region by addressing the missing infrastructure links, providing competitive access to submarine cables where opportunity exists, commercializing excess capacity where electricity transmission lines and other alternative networks are the appropriate platform, and creating an enabling environment and institutional strengthening to remove existing bottlenecks for private sector participation in both regional infrastructure and applications ("Project"), for the carrying out of which the Recipient has requested the World Bank’s financial assistance. The Project constitutes part of the first phase of a program designed to support populations, businesses and governments across the West Africa region to have access to quality and affordable information and communication technology services on open, transparent and non-discriminatory terms ("West Africa Regional Communications Infrastructure Program" or "Program").

The Recipient represents, by confirming its agreement below, that: (i) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (ii) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.
Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Ishac Diwan
Country Director
Africa Region

AGREED:

REPUBLIC OF GUINEA

By /s/ Kerfalla Yansané
Authorized Representative

Name /s/ Kerfalla Yansané

Title /s/ Minister of Economy and Finance

Date: ________________________

Enclosures:

(1) “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility”, dated July 31, 2010; and

(2) Disbursement Letter for the Advance of the same date as this Agreement, together with “World Bank Disbursement Guidelines for Projects”, dated May 1, 2006.
Article I

Standard Conditions; Definitions


1.02. Definitions. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meaning:

(a) “Consortium Fee” means the expenditures incurred by the Recipient to secure its membership and participation, through Sotelgui (as hereinafter defined in paragraph (c) below) in the ACE Consortium (as hereinafter defined in paragraph 2.01 of this Annex), which Consortium Fee is hereby deemed an Eligible Expenditure for purposes of Section 3.05 (a) of the Standard Conditions;

(b) “Construction and Maintenance Agreement” means the agreement entered into on June 5, 2010, by and among Sotelgui (as hereinafter defined in paragraph (c) below) and the other parties to the ACE Consortium (as hereinafter defined); and

(c) “Sotelgui.” means the Recipient’s wholly-owned company incorporated in May 1993 following the enactment of the Recipient’s Decree No D/92/141/PRG/SGG dated June 2, 1992.

Article II

Execution of the Activities

2.01. Description of the Activities. The Activities for which the Advance is provided consist of:

1. International Connectivity

Membership and participation on behalf of the Recipient in the Africa Coast to Europe (“ACE”) telecommunications undersea cable consortium (“ACE Consortium”) to allow the Recipient to secure access to capacity on the ACE regional submarine cable system which is expected to provide cheaper and higher quality international telecommunications connectivity for the Recipient.

2. Support to optimize the governance, ownership and financing issues related to the operation of the landing station and provision of networks and services emanating from the Africa Coast to Europe Cable

Development of a suitable structure for the establishment of one landing station for the ACE submarine cable, through the provision of the technical assistance required for: (i) designing and negotiating instruments, contracts and related stakeholders agreements; (ii)
defining the rights and obligation of different equity stakeholders; and (iii) defining appropriate risk sharing and commensurate financial rewards between parties.

2. Legal and regulatory safeguards for open access including gateway liberalization
Carrying out an assessment of the current legal and regulatory actions needed to ensure open and non-discriminatory access to the ACE cable landing facility, through the provision of the technical assistance required for, *inter alia*, the analysis of the licensing requirements for a proposed special purpose vehicle (SPV) company, the development of the required international gateway facilities, the establishment of a fully liberalized international gateway (landing station), options for an open access regime (national and international backbone essential facilities), mechanisms for wholesale price cap control, and quality outsourcing of operation and maintenance.

4. Study on ARPT and Sector Taxation to Improve Effective Regulation
Carrying out of: (i) an assessment of ARPT to help put in place an effective regulatory authority ahead of the cable landing, and (ii) a sector fiscal study with the objective of defining financing needs of ARPT and reforming the revenue sharing mechanism of sector resources.

5. Strategic plan for Sotelgui ahead of cable landing
Carrying out of a strategic study to position Sotelgui in the new environment and adopt a clear action plan for re-launching its privatization strategy ahead of the landing of the ACE submarine cable.

6. Environmental and Social Safeguards Assessment Framework
Preparation, consultation and disclosure of an environmental and social safeguards assessment framework for the Project.

7. Implementation support
Strengthening of the Recipient’s implementation capacity to carry out the Project through the setting up of an implementation unit and the recruitment of technical and support staff, all through the provision of goods and technical assistance required for the purpose.

2.02. *Execution of the Activities Generally.* The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall, through its Ministry of Post, Telecommunications and New Information Technologies, carry out the Activities in accordance with the provisions of: (i) Article II of the Standard Conditions; (ii) this Article II; and (iii) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 (“Anti-Corruption Guidelines”) and revised in January 2011.

2.03. *Institutional and Other Arrangements.* The Recipient shall take all action required: (i) to ensure the proceeds of the Advance allocated from time to time to Category (1) are transferred to Sotelgui in an efficient and timely manner to support the implementation of Part 1 of the Activities; and (ii) to have in place a suitable legal framework to ensure the Advance is used for
the intended purposes. To that end, the Recipient shall conclude a contractual arrangement with Sotelgui whereby the Recipient shall:

(i) transfer the amount of the Advance allocated from time to time to Category (1) to Sotelgui in consideration of the undertaking by Sotelgui that such amount shall be transferred by Sotelgui to the ACE Consortium for the purposes of payment of the membership of Sotelgui in the ACE Consortium;

(ii) require Sotelgui to establish in a timely manner and pursuant to a time-bound schedule acceptable to the Recipient and the World Bank, a special purpose vehicle company in form and substance satisfactory to the World Bank for the purposes of transferring to the said special purpose vehicle company all the rights and obligations of Sotelgui in the ACE Consortium and substitute Sotelgui as the member in the ACE Consortium while ensuring the Recipient retains in the special purpose vehicle company a proportional ownership interest and control acceptable to the World Bank;

(iii) obtain rights adequate to protect the interests of the Recipient and those of the World Bank, including subrogation rights against the ACE Consortium upon the failure of the ACE Consortium, any of the parties thereto, or the Management Committee, to perform any of their obligations under the Construction and Maintenance Agreement; and

(iv) require Sotelgui: (A) to use and apply the proceeds of the Advance in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit and grant proceeds other than the Recipient; and (B) to ensure that the special purpose vehicle company referred to in the preceding subparagraph (ii) use and apply, in turn, the proceeds of the Advance in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of credit and grant proceeds other than the Recipient.

2.04. The Recipient shall maintain its one hundred percent (100%) ownership interest and control in Sotelgui until the Refinancing Date.

2.05. The Recipient shall, not later than June 21, 2011, prepare, consult on, and disclose the environmental and social safeguards assessment framework for the Project to be prepared under Part 6 of the Activities in form and substance acceptable to the World Bank and under terms of reference that have been previously approved by the World Bank.

2.06. Monitoring, Reporting and Evaluation of the Activities. The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.07. Financial Management.

(a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five
(45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Sections 2.09(b) of the Standard Conditions:

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of the Recipient’s fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six (6) months after the end of such period.

2.08. Procurement

(a) General. All goods, non-consulting services and consultants’ services required for Parts 2 through 7 of the Activities and to be financed out of the proceeds of the Advance shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines for Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Activities in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).
(b) **Definitions.** The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(c) **Particular Methods of Procurement of Goods and Non-consulting Services**

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts which are specified in the Procurement Plan: Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

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

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (i) Selection of Individual Consultants; and (ii) Consultant Qualifications.

(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

**Article III**

**Withdrawal of the Advance**

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance in accordance with the provisions of: (i) Article III of the Standard Conditions; (ii) this Section; and (iii) such additional instructions as the World Bank may 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 World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:
3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Refinancing Date.** The Refinancing Date is September 30, 2011.

### Article IV
**Terms of the Advance**

4.01. **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be paid to the World Bank as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of such amount of the Refinancing Proceeds, in accordance with the provisions of the Refinancing Agreement.

4.02. **No Repayment in the absence of a Refinancing Agreement:** Notwithstanding any provision to the contrary in the Standard Conditions, if, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then the Recipient shall not be obligated to repay the Withdrawn Advance Balance.

### Article V
**Effectiveness**

5.01. **Effectiveness Conditions.** This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the conditions specified below have been satisfied:

(a) The execution and delivery of the Construction and Maintenance Agreement, in form and substance satisfactory to the World Bank and containing no prohibition

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Advance Allocated (expressed in Dollars)</th>
<th>Percentage of Expenditures to be Financed (inclusive of Taxes)</th>
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<tr>
<td>(1) Consortium Fee</td>
<td>3,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Operating costs, non-consulting services, and consultants’ services for Parts 2 through 7 of the Activities</td>
<td>1,500,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>5,000,000</td>
<td></td>
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</tbody>
</table>
of divestiture of the Recipient’s shareholding, on behalf of Sotelgui has been duly authorized or ratified by all necessary governmental or corporate action.

(b) The execution and delivery of the contractual arrangement referred to in paragraph 2.03 of this Annex, in form and substance satisfactory to the World Bank, on behalf of the Recipient and Sotelgui has been duly authorized or ratified by all necessary governmental or corporate action.

5.02. **Legal Opinion.** As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing the following matters:

(a) On behalf of Sotelgui, that the Construction and Maintenance Agreement has been duly authorized or ratified by, and executed and delivered on its behalf, and is legally binding upon it in accordance with its terms.

(b) On behalf of the Recipient and Sotelgui, that the contractual arrangement referred to in paragraph 2.03 of this Annex has been duly authorized or ratified by, and executed and delivered on their behalf, and is legally binding upon the Recipient and in accordance with its terms.

5.03. **Effective Date.** This Agreement shall enter into effect as of the date of the countersignature upon dispatch by the World Bank to the Recipient of a notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Advance Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

**Article VI**

**Recipient’s Representative; Addresses**

6.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 9.02 of the Standard Conditions is the Minister of Economy and Finance.

6.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 9.01 of the Standard Conditions is:

Ministry of Economy and Finance  
Boîte Postale 579  
Conakry  
Republic of Guinea

Telex: Facsimile:

22399 MIFIGE (224) 30 45 54 22/30 41 27 99
6.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 9.01 of the Standard Conditions is:

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

<table>
<thead>
<tr>
<th>Cable:</th>
<th>Telex:</th>
<th>Facsimile:</th>
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<tbody>
<tr>
<td>INDEVAS</td>
<td>248423 (MCI) or</td>
<td>(1) 202-477-6391</td>
</tr>
<tr>
<td>Washington, D.C.</td>
<td>64145</td>
<td>(MCI)</td>
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