Mr. Aloysius Uche Ordu  
Vice President Operations I  
Country and Regional Programs & Policy  
African Development Bank  
15 Avenue de Ghana  
BP 323, 1002 Tunis Belvedere  
Tunisia  

Re: Debt Relief Trust Fund Grant for Debt Relief to the Republic of Guinea Bissau  
(TF No. 027814)  

Dear Mr. Ordu:

I am writing on behalf of the International Development Association (the Association), as administrator (the Administrator) of the Debt Relief Trust Fund (the Trust Fund) to indicate the Administrator’s agreement to make a grant from the Trust Fund in an amount not exceeding Fifty Five Million Eight Hundred and Eight Thousand Nine Hundred and Thirty Five United States Dollars (US$55,808,935) (the Grant) to the African Development Bank and the African Development Fund (each individually, a Recipient and collectively, the Recipients). The Grant amount includes the value of three non interest-bearing promissory notes (the Notes), payable on demand issued in favor of the Trust Fund by the African Development Bank, the African Development Fund and the Nigeria Trust Fund in the principal amounts of: (1) Two Hundred Seventy Nine Thousand Four Hundred and Fifty Nine United States Dollars (US$279,459), (2) Nine Million Thirty Four Thousand Three Hundred and Fifty Four United States Dollars (US$9,034,354) and (3) One Hundred Five Thousand and Seventy Four United States Dollars (US$105,074), respectively, with regard to the Republic of Guinea-Bissau.

The Grant is made for the purposes and on the terms and conditions set forth in the Annex to this Letter Agreement. The Recipients represent, by confirming their agreement below, that they are authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.
Please confirm your agreement with the foregoing, on behalf of the Recipients, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the Administrator of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION
As Administrator of the Debt Relief Trust Fund

By: /s/ Axel van Trotsenburg
Vice President
Concessional Finance and Global Partnerships

AGREED:
AFRICAN DEVELOPMENT BANK
AFRICAN DEVELOPMENT FUND

By: /s/ Aloysius Uche Ordu  Date: April 26, 2011
Aloysius Uche Ordu
Vice President Operations I
ANNEX

Purposes, Terms, and Conditions of the Grant

1. Purpose

1.1. The purpose of the Grant is to finance the debt relief to be provided by the Recipients to the Republic of Guinea-Bissau (the Beneficiary Country) following the completion point for the Beneficiary Country under the enhanced HIPC Debt Initiative.

2. Withdrawal of Grant Proceeds

2.1. The amount of the Grant shall be credited to an account opened by the Administrator on its books in the name of the Recipients (the Grant Account). Following the countersignature of this Agreement by the Recipients, the Administrator shall promptly withdraw the Grant amount and transfer it to an account designated by the Recipients. At the same time as the effectiveness of this agreement, the Administrator shall apply and set off the Notes against the amount of the Grant and cancel and return the Notes to the Recipients.

2.2. No portion of the Grant shall be applied to payments for any fees, penalties or other charges whatsoever that may be due to the Recipients from the Beneficiary Country in respect of the prepayment of the debts on which debt relief is provided by the Recipients.

3. Accounts and Audits

3.1. (a) The Recipients shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Administrator, adequate to reflect the use of the proceeds of the Grant. Such financial statements may be consolidated with financial statements reflecting the use of proceeds of other grants provided by the Administrator from the Trust Fund.

(b) The Recipients shall: (i) have the financial statements referred to in subparagraph (a) above for each fiscal year audited, in accordance with auditing standards acceptable to the Administrator, consistently applied, by the Recipients’ external auditors; (ii) furnish to the Administrator as soon as available, but in any case not later than six months after the end of each such year, (A) certified copies of the financial statements referred to in paragraph (a) of this Section for such year as so audited, and (B) an opinion on such statements and report of such audit, by said auditors, of such scope and in such detail as the Administrator shall have reasonably requested; and (iii) furnish to the Administrator such other information concerning said financial statements and the audit thereof, and concerning said auditors, as the Administrator shall from time to time reasonably request, including, without limitation, copies of the Recipients’ debt relief agreements with the Beneficiary Country and other relevant information on the provision of debt relief on debts owed to the Recipients by the Beneficiary Country and the use of the proceeds of the Grant.
4. **Suspension and Cancellation**

4.1. The Administrator may at any time, by notice to the Recipients, suspend the right of the Recipients to receive further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipients have failed to comply with any of their obligations herein specified; (b) the Recipients have suspended the provision of debt relief to the Beneficiary Country; or (c) any donor that is the source of funds which are subject to withdrawal has informed the Administrator that such funds may not be provided to the Recipient, including if the European Community is source of the funds which are subject to withdrawal, the Commission of the European Communities has notified the Administrator that European Community financial cooperation with the Beneficiary Country has been suspended on the basis of article 366a of the Lome Convention or the equivalent provision of the ACP-EC Partnership Agreement, and no other funds are available under the Trust Fund that can be used to fund such withdrawals.

4.2. The Administrator may, by written notice to the Recipients, terminate the right of the Recipients to make further withdrawals from the Grant Account at any time after the right of the Recipients to make withdrawals from the Grant Account shall have been suspended pursuant to the provisions of paragraph 5.1 above for a continuous period of 30 days.

5. **Refund**

5.1. The Recipients shall ensure that the proceeds of the Grant are used solely for the purpose specified in Section 1.1 above. If the Administrator, in consultation with the Recipients, shall have determined at any time that any proceeds of the Grant have not been or will not be used for such purpose, the Recipients shall, promptly upon notice from the Administrator, refund to the Administrator an amount equal to the amount of such proceeds.

6. **Disclosure**

6.1. The World Bank will disclose this Grant Agreement and any information related on the Grant Agreement in accordance with its policy on access to information. By entering into this Grant Agreement, the Recipients consent to such disclosure.