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

between

REPUBLIC OF GUINEA-BISSAU

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 3, 2014
GRANT NUMBER H908-GW

FINANCING AGREEMENT

AGREEMENT dated 2, 2014, 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 (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 nine million eight hundred thousand Special Drawing Rights (SDR 9,800,000) ("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 Dollar.

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 MERI 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 regional integration.

5.02. The Recipient’s Address is:

Ministério da Economia e Integração Regional
Avenida Combatentes da Liberdade da Pátria
Palácio do Governo, Caixa Postal no. 6
Bissau
Republic of Guinea-Bissau

Phone: (245) 6801-032

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 Dakar, Senegal, as of the day and year first above written.

REPUBLIC OF GUINEA-BISSAU

By

Authorized Representative

Name: H.E. Soares Sambo

Title: Minister of Economy and Regional Integration

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Authorized Representative

Name: Vera Sambo

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 and the following additional component:

Part D: Delivery of Education and Health Services

Carrying-out of education and health programs through the provision of resources to pay for Teachers and Health Workers' salaries.
SCHEDULE 2

Project Execution

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

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

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</td>
<td>3,900,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs under Part D of the Project</td>
<td>2,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Refund of Preparation Advance</td>
<td>3,900,000</td>
<td>Amount payable pursuant to Section 2.07 of the General Conditions</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>9,800,000</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 payments made prior to the date of this Agreement.

2. The Closing Date is December 31, 2017.

Section V. Other Undertakings

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, employ external auditors for that purpose, in accordance with the provisions of Section III of Schedule 2 to the Original Financing Agreement.

Section VI. Amendments to the Original Financing Agreement

A. The Original Financing Agreement is amended as follows:

1. Section IV.B.2 of Schedule 2 to the Original Financing Agreement is amended as follows:

   “2. The Closing Date is December 31, 2017.”

2. In Section 3.01, in Part C.1 of Schedule 1 and in Sections I.A.I and I.A.3(a) of Schedule 2 the reference to MEPRI is replaced with MERI.

3. Definitions set forth in paragraphs 17 and 27 of the Appendix to the Original Financing Agreement shall read, respectively, as follows:

   “17. “MERI” means the Recipient’s Ministry of Economy and Regional Integration, formerly denominated MEPRI (Ministry of Economy, Planning and Regional Integration) and any successors thereto.

   “27. “RPF” or “Resettlement Policy Framework” means the Recipient’s framework, dated March 2, 2009, outlining modalities for land acquisition, resettlement and rehabilitation under the Project, referred to in Section I.D of Schedule 2 to the Original Financing Agreement, as updated and re-disclosed on January 2014, in form and substance satisfactory to the Association”.
APPENDIX

Section I. Definitions

The definitions of the Appendix to the Original Financing Agreement shall apply to this Agreement, *mutatis mutandis*.

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

2. "Folha Única" means the unified payroll list prepared by the Recipient under the Preparation Advance, validated by the Recipient’s ministries responsible for finance, education, health and public administration and certified by the Project internal auditor within the PCU and satisfactory to the Association listing Teachers and Health Workers.


4. "Health Workers" means civil servants working in the Recipient’s public health sector and listed at the Folha Única.

5. "Operating Costs" means: (i) for Category (1), 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; and (ii) for Category 2, expenditures incurred under Part D of the Project on account of salaries of Teachers and Health Workers listed at Folha Única, audits and fees of payment agents in charge of carrying out salary payments.

6. "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).

7. "Original Project" means the Project described in the Original Financing Agreement.

8. "Preparation Advance" means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on January 10, 2014, and on behalf of the Recipient on January 17, 2014.

9. "Procurement Plan" means the Recipient’s procurement plan for the Project, dated December 18, 2013, 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.

10. "Teachers" means civil servants and contractor employees working in the Recipient's public education sector and listed at the *Folha Única*. 