Financing Agreement

(Additional Financing for the Economic Governance Technical Assistance and Capacity Building Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated July 26, 2017
FINANCING AGREEMENT

AGREEMENT dated July 26, 2017, entered into between the
REPUBLIC OF GUINEA ("Recipient") and the 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 sixteen
million one hundred thousand Special Drawing Rights (SDR 16,100,000) ("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 May 15 and November 15 in each year.

2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

3.01. The Recipient declares its commitment to the objective of the Project. To this end,
the Recipient shall carry out the Project through MPIC 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 — REMEDIES OF THE ASSOCIATION

4.01. An Additional Event of Suspension shall occur if the Association determines that, at any time before the Closing Date, the Recipient has failed to apply sound environmental or social standards or practices in its management or carrying out of investments, if any, through the Special Investment Fund.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) the Recipient has amended the Project Operational Manual in accordance with the provisions of Sections 1.B.1 and 2 of Schedule 2 to this Agreement; and

(b) the Recipient has transferred supervision of the PCU from MEF to MPIC and otherwise vested overall responsibility for the implementation of the Project.

5.02. The Effectiveness Deadline is the date falling ninety (90) days after the date of this Agreement.

5.03. 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 (20) years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient’s Representative is the Recipient’s minister at the time responsible for finance.

6.02. The Recipient’s Address is:

Minister of Economy and Finance
P. O. Box 579
Conakry, Guinea

Facsimile:

(224) 30 45 30 48
(224) 30 42 21 02
6.03. The Association's Address is:

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

Facsimile:
1-202-477-6391

AGREED at ________________________, as of the
day and year first above written.

REPUBLIC OF GUINEA

By:

[Signature]

Authorized Representative

Name: Malado KABA

Title: Minister Economy and Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By:

[Signature]

Authorized Representative

Name: Rachidi B. Rakji

Title: Country Manager
SCHEDULE 1

Project Description

The objective of the Project is to modernize public financial and human resource management and enhance statistical capacity in the Recipient's territory.

The Project consists of the following parts:

Part A: Strengthening Basic Expenditure Management

1. Supporting a program of activities aimed at improving public financial management (PFM) and public investment management (PIM) planning and multi-year, annual budgeting at both the central and sectoral levels, including:
   
   (a) provision of technical assistance to MOB for the: (i) development of a short-term fiscal and budget framework; (ii) establishment of an orderly budget calendar; and (iii) integration between current and capital expenditures;
   
   (b) development of a mandatory PIM manual for the preparation and implementation of investment projects under the Social and Economic National Development Plan (Plan national de développement économique et social), 2016-2020 (PNDES) and the Recipient's Public Investment Plan (PIP); provision of PIM capacity building for all government stakeholders;
   
   (c) the funding of feasibility studies of priority investment projects under PNDES and PIP; defining basic fiscal rules and guiding principles for the inclusion of the projects in the PIP and the budget;
   
   (d) provision of technical assistance to the MPIC and selected priority sectors for better monitoring and evaluation of said investment projects; and
   
   (e) provision of technical assistance and capacity building to Ministries of Agriculture, Health and Public Works to develop a medium-term expenditure framework (MTEF), annual budgets, procurement plans, cash flow plans and standard investment costs to improve cost planning and monitoring.

2. Supporting a program of activities aimed at strengthening the Recipient's public procurement framework; including:
   
   (a) capacity building through seminars and trainings of all key actors involved in the procurement system in planning, execution and contract management, as well as on project restructuring and closing of
underperforming projects; assistance in the creation of a professional cadre of procurement specialists;

(b) development of standardized technical specifications for the acquisition of common items to assist the National Directorate for Public Procurement (Direction nationale des marchés publics) (DNMP) and Administration and Control of Large Public Works and Procurement (Administration et Contrôle des Grands Travaux et des Marchés Publics) (ACGP) in evaluating the technical aspects of tender packages; and

(c) technical assistance to evaluate and revise the Public Procurement Code and the implementing regulations ("textes réglementaires"); drafting additional legislation regulating procurement of major public institutions, state owned enterprises and decentralized entities.

3. Support for the automatization of government business processes in the area of investment planning and monitoring, procurement and for the gradual introduction of an integrated financial management information system (IFMIS), including:

(a) provision of technical assistance to support: (i) the development of the IT application Plateforme intégrée d’informations pour la programmation, la budgetisation et le suivi et évaluation des projets et programmes du PIP en République de Guinée to support investment planning, decision making, tracking and monitoring, and to serve as an investment project registry;

(b) support for the establishment of a procurement e-filing system within DNMP;

(c) support for the establishment of an Integrated Procurement Management System (Système Intégré de Gestion des Marches Publics-SIGMAP); and

(d) support for the acquisition of an IFMIS, elaboration of an operational plan for the implementation of the Organic Law on Financial Legislation (Loi Organique relative aux Lois des Finances) and the development of a PFM process and procedures in accordance therewith.

Part B: Improving Human Resource Management

1. Supporting an additional biometric census of the civil service to cover retirees, temporary staff, and newly recruited staff, including:

(a) assisting with the preparation and endorsement of the identification’s action plan;
(b) providing specialized training of the operation identification team (including identifiers);

c) supervising data collection, verification and treatment process; and

d) carrying out awareness and information campaigns through media and workshops to inform the target groups of the procedures, time schedule and required documents.

2. Provision of technical assistance for activities aimed at interfacing the Recipient’s human resource management system with the payroll system, including: upgrade of the national civil service human resources (HR) information system to include key modules pertaining to entry exam, performance evaluation, promotion, and retirement; development of integrated HR/Payroll/GSG database; and acquisition of additional digital fingerprint machines for monitoring staff attendance at work.

3. Support a program of activities aimed at strengthening the capacity of the government to implement the on-going public sector modernization reforms, including:

   (a) supporting the development of a merit-based recruitment and career development system; providing technical assistance and leadership training to human resource managers;

   (b) providing an intensive and tailored training on change management and leadership to Ministers and key collaborators such as Permanent Secretaries, Chiefs of Staff, and directors; and

   (c) strengthening the Prime Minister’s leadership and capacity to monitor and facilitate inter-ministerial coordination, by providing technical assistance to: (i) develop and operationalize a framework for the programming, monitoring and evaluation of ministerial programs; (ii) develop the tools to improve and stimulate the existing concertation framework between government and development partners; (iii) draft the legal text to strengthen the institutional, organizational, and regulatory framework of government coordination; and (iv) strengthen the government strategic communication framework.

Part C: Statistical Capacity Development

1. A program of activities aimed at assisting the Recipient to update the basis of national accounts and the gross domestic product (GDP), and to estimate the new poverty rate, and provide data for policy relevant evidenced-based analyzes, including macro-economic forecasts and monitoring of the PNDES, including
support for the implementation of a national Household Survey in 2017 and the implementation of a General Enterprise Census.

2. A program of activities aimed at increasing the capacity of the National Statistical Institute (Institut National des Statistiques) (INS) and the National Statistics System (NSS), including:

(a) support for a scholarship program for training Guineans in statistical schools in Abidjan (ENSEA), Dakar (ENSAE) and Yaoundé (ISSEA), in country-workshops, and a feasibility study on the possible creation of a national statistical school in line with the existing school models in the countries of the West African Economic and Monetary Union (WAEMU); and

(b) support for a young professional program to fund a pool of up to 20 young professionals for two to three years.

3. Support to INS aimed at improving its capacity to produce economic and social statistics and archiving and dissemination of statistical information, including:

(a) assistance to improve economic data quality by conducting small economic surveys, conducting studies on the annual performance of national programs and the elaboration of a national development report; and

(b) purchase of tracers for mapping and other printing materials (photocopiers, printers, and binders) and the Geographic Information software (GIS); recruitment of a consultant to support the elaboration of a national data dissemination policy.

Part D: Project Management

Supporting overall Project implementation, management, coordination, administration, monitoring and evaluation and fiduciary capacity, including providing training to and management of a pool of coaches to provide on-demand free support to line ministries in addressing challenges in the implementation of reforms.
SCHEDULE 2
Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall, throughout the implementation of the Project, maintain the following implementation and coordination arrangements:

1. The MPCI shall have the overall responsibility for the Project.

2. Steering Committee

   (a) The Recipient shall maintain a Steering Committee, headed by the Prime Minister and comprising the Minister of Planning, Minister of Finance, Minister of Budget, and the Minister of the Civil Service, or their representatives, in form and substance and with functions and resources satisfactory to the Association.

   (b) Without limitation upon the provisions of subparagraph (a) above, the Steering Committee shall be responsible for oversight over the implementation of the Project. As such, it shall, *inter alia:* (i) review and approve proposed annual work plans and budgets; (ii) review progress towards achievement of the Project objective; and (iii) ensure coordination among ministries, public and private institutions, civil society and donors.

3. Project Coordination Unit

   (a) The Recipient shall maintain a Project Coordination Unit (PCU) within the MPCI, with functions and resources satisfactory to the Association, including staff with qualifications, experience and terms of reference, satisfactory to the Association.

   (b) Without limitation to the provisions of paragraph (a) above, the PCU shall be responsible for preparing project activities and overall day-to-day coordination of project implementation, including: (i) preparation of Annual Work Plans and Budgets as described in Section I.E of this Schedule 2; (ii) coordinating with focal points and managers in charge of implementation of project activities by relevant ministries and agencies; (iii) providing training to and management of a pool of coaches to provide on-demand free support to line ministries in addressing challenges in the implementation of reforms; (iv) monitoring and evaluation of project activities and preparation of consolidated technical and financial reports as described in Section II of this Schedule 2; (v) ensuring that lessons and
skills derived from Project implementation are disseminated to relevant ministries and agencies; and (vi) the fiduciary oversight of the Project (procurement, financial management and monitoring and evaluation).

(c) Without limitation to the provisions of paragraph (a) above, the PCU shall be headed by a Project coordinator, who shall be assisted by a core team comprised of, _inter alia_: (i) a finance and administrative manager; (ii) a procurement specialist and a procurement assistant; (iii) a monitoring and evaluation specialist; and (iv) an accountant.

B. **Project Operational Manual**

1. The Recipient shall amend and thereafter implement the Project in accordance with the Project Operational Manual (POM); provided, however, that, in the event of any conflict between the provisions of the POM and those of this Agreement, this Agreement shall prevail.

2. The Recipient shall afford the Association a reasonable opportunity to exchange views with the Recipient on the proposed amendments to the POM and thereafter adopt such amendments as shall have been approved by the Association.

3. Except as provided above and as the Association shall otherwise agree, the Recipient shall not amend or waive any provision of the POM if, in the opinion of the Association, such amendment or waiver may materially and adversely affect the implementation of the Project.

C. **Anti-Corruption**

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

D. **Safeguards**

The Recipient shall ensure that:

(a) all terms of reference for any technical assistance or studies carried out under the Project are consistent with, and pay due attention to, the Association’s environmental and social safeguards policies, as well as the Recipient’s own laws relating to the environment and social aspects; and

(b) in drafting any laws or regulations under the Project, due attention will be given to said policies and laws.
E. Annual Work Plans and Budgets

1. The Recipient shall prepare, under terms of reference satisfactory to the Association, and furnish to the Association not later than November 30 in each calendar year, for the Association’s consideration, a proposed work plan of activities to be carried out for the Project for the following calendar year, such plan to include an implementation schedule and budget and financing plan ("Annual Work Plan and Budget").

2. The Recipient shall afford the Association a reasonable opportunity to review and exchange views with the Recipient on such proposed plan, and shall thereafter promptly adopt and then implement such work plan as shall have been approved by the Association, in accordance with this Agreement.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

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 set forth in the Project Operational Manual. Each Project Report shall cover the period of one (1) 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.

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, 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 (1) 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.
4. The Recipient shall recruit, no later than four (4) months after the Effective Date, an independent external auditor in accordance with the provisions of Section III of this Schedule 2 to this Agreement.

5. The Recipient shall install and thereafter maintain operational throughout the implementation of the Project a computerized accounting system within the PCU, in form and substance acceptable to the Association, no later than four (4) months after the Effective Date.

Section III. Procurement

A. General

1. **Goods and Non-Consulting Services.** All goods 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-Consulting Services

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

2. **Other Methods of Procurement of Goods and Non-Consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:
**Procurement Methods**

<table>
<thead>
<tr>
<th>(a)</th>
<th>National Competitive Bidding, subject to the provision below*;</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b)</td>
<td>Limited International Bidding;</td>
</tr>
<tr>
<td>(c)</td>
<td>Shopping; and</td>
</tr>
<tr>
<td>(d)</td>
<td>Direct Contracting.</td>
</tr>
</tbody>
</table>

*National Competitive Bidding shall be subject to the following additional provisions: (a) four weeks will be provided for preparation and submission of bids, after the issuance of the Invitation for Bids or availability of the bidding documents, whichever is later; (b) for all procurement of goods and the standard bidding documents (SBD) published by the World Bank for International Competitive Bidding will be used and modified in order to adapt it to the current situation; (c) bids will be advertised in national newspapers with wide circulation; (d) bids will be presented and submitted only in one internal envelope (no system with two envelopes will be used); (e) bid evaluation, bidder qualifications criteria, and the contract award criteria will be clearly specified in the bidding documents; (f) no preference margin will be granted to domestic bidders; (g) eligible firms, including foreign firms, will not be excluded from the competition; (h) the procedures will include the publication of the results of evaluation and of the award of the contract, and provisions for bidders to protest; (i) procurement audit will be included in the terms of reference of financial audits of the project; (j) if the Recipient’s procurement code does not apply to small contracts, the procedures will require that for such contracts, a competitive method be used (reference for example to the Shopping method referenced above); and (k) all bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association’s prior written concurrence.

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:
Procurement Methods

(a) Quality-Based Selection
(b) Least Cost Selection;
(c) Selection under a Fixed Budget;
(d) Selection based on Consultants' Qualifications;
(e) Selection of Individual Consultants; and
(f) Single-source Selection.

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 Investment Project Financing” dated February 2017, 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, non-consulting services, consultants’ services, Operating Costs and Training for the Project</td>
<td>16,100,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>16,100,000</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 June 30, 2021.

C. Other Undertakings

1. The Recipient shall finance any rental costs to house the PCU throughout the implementation of the Project, including four months after the Closing Date.
APPENDIX

Definitions


2. “Annual Work Plan and Budget” has the meaning given to such term in Section I.E.1 of Schedule 2 to this Agreement.

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


7. “MEPS” means the Recipient’s ministry in charge of employment and public service (Ministère du Travail et de la Fonction Publique).

8. “MOB” means the Recipient’s delegated ministry in charge of budget (Ministère du Budget).


10. “MPIC” the Recipient’s ministry of planning and international cooperation (Ministère du Plan et de la Cooperation Internationale).

11. “Operating Costs” means the reasonable incremental operating expenses, based on Annual Work Plans and Budgets approved by the Association, incurred on account of operation and maintenance incurred in connection with the implementation of the Project, including costs related to office, vehicles and office equipment, water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service and rental costs to house the PCU.

13. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.


15. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 17, 2012, and updated on May 2, 2017, 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.

16. “Project Coordination Unit” or “PCU” means the Project management unit (Unite de Coordination et d'exécution) established pursuant to the MEF’s order no. A/2011/2978/MEF/CAB/SGG dated June 9, 2011, and transferred from the MEF to the MPIC pursuant to a ministerial order (arrêté) from the Prime Minister.

17. “Project Operational Manual” or “POM” means a manual, in form and substance acceptable to the Association, to be adopted by the Recipient for the Project containing detailed guidelines and procedures for the implementation of the Project, including in the areas of monitoring and evaluation, procurement, coordination, social and environmental safeguards, financial, administrative and accounting procedures, and such other administrative, financial, technical and organizational arrangements and procedures as shall be required for the Project.

18. “Special Investment Fund” means the special investment fund established in accordance with Article 26 of the Recipient’s 2012 budget law to, inter alia, promote the cost-effective and sustainable use of such revenue from the mining sector.

19. “Steering Committee” means the steering committee maintained under Section I.A(2) of Schedule 2 of this Agreement.

20. “Training” means the reasonable costs of training under the Project, based on the Annual Work Plans and Budgets approved by the Association, and attributable to seminars, workshops, and study tours, along with travel and subsistence allowances for training participants, services of trainers, rental of training facilities, preparation and reproduction of training materials, and other activities directly related to course preparation and implementation.