

CONFORMED COPY

GRANT NUMBER H379-GW

Financing Agreement

(Emergency Public Service Delivery Project)

between

REPUBLIC OF GUINEA-BISSAU

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 13, 2008

GRANT NUMBER H379-GW

FINANCING AGREEMENT

AGREEMENT dated May 13, 2008 entered into between REPUBLIC OF GUINEA-BISSAU (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 six million and one hundred thousand Special Drawing Rights (SDR 6,100,000) (“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.

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 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 the Minister responsible for finance.

- 5.02. The Recipient's Address is:

Ministério das Finanças
Avenida Domingos Ramos
C. P. 67
Bissau
Guinea-Bissau

Cable:	Telex:	Facsimile:
MEF	257 MEF B1	(245) 205156

- 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 Washington, D.C.	248423 (MCI)	1-202-477-6391

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

REPUBLIC OF GUINEA-BISSAU

By /s/ Fali Embaló

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Madani M. Tall

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support human development through the uninterrupted delivery of education services in the Recipient's territory.

The Project consists of the following part:

PART A Human Development Support

Carrying out of education programs through the provision of resources for payment of salaries of Primary Education Teachers working in the public sector, including audits.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

The Recipient shall maintain at all times, during Project implementation, with terms of reference and resources satisfactory to the Association and competent staff in adequate numbers, a PCU, which shall be responsible for coordination of the Project.

B Anti-Corruption

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

Section II. Project Monitoring, Reporting and Evaluation**A. Project Reports**

1. (a) 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 the indicators set forth below in sub-paragraph (b) of this paragraph. Each Project Report shall cover the period of one calendar year or such shorter period as the Association shall otherwise agree, and shall be furnished to the Association not later forty five (45) days after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) Ensure provision of primary education programs during: (A) the period 2007/2008: the 2007/2008 evidenced by its successful completion; and (B) the period 2008/2009 evidenced by the starting of the school year on time.
 - (ii) Ensure provision of primary education programs through the timely payment of Primary Education Teachers' salaries during Project implementation avoiding accumulation of new arrears by end of calendar year 2008.

2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than July 31, 2009.

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 not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its final Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. The audit of the Financial Statements shall cover the period of the implementation of the project. The project audit report of the Grant should be submitted to the Bank within six months after the Closing Date.

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 category 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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Operating Costs	6,100,000	100%
TOTAL AMOUNT	6,100,000	

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, except that withdrawals up to an aggregate amount not to exceed SDR 2,430,000 (two million four hundred and thirty thousand Special Drawing Rights) equivalent may be made for payments made prior to this date but on or after October 1, 2007 for Eligible Expenditures under Category (1).
2. The Closing Date is March 31, 2009.

APPENDIX**Section I. Definitions**

1. “Anti-Corruption Guidelines” means the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006.
2. “Category” means the category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006) .
4. “Operating Costs” means expenditures incurred under Part A of the Project described under Schedule 1 to this Agreement consisting of salaries of Primary Education Teachers, as defined here below, audits and fees of payment agents in charge of carrying out the payment of salaries.
5. “PCU” means Project Coordination Unit, a unit established and operating pursuant to the laws of the Borrower, with the responsibility of coordinating the implementation of projects financed by the Association in the Recipient’s territory.
6. “Primary Education Teachers” means civil servants and contractors employees of the Recipient’s government working in the education sector.