

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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CONFORMED COPY

April 16, 2011

H.E. Helena N. Embaló
Minister of Economy, Planning and Regional Integration
Ministry of Economy, Planning and Regional Integration
Avenida Amilcar Cabral N° 37
Bissau- Republic of Guinea-Bissau

Re: SPF Grant No.TF094746
Guinea-Bissau: Participatory Rural Development Project
Amending and Restating Grant Agreement

Excellency:

We refer to the Grant Agreement executed by the International Development Association (“World Bank”), acting as administrator of grant funds provided under the State and Peace-Building Fund (“SPF”) and countersigned by the Republic of Guinea-Bissau (“Recipient”) on August 4, 2009 (“Grant Agreement”), by which the World Bank agreed to extend a grant to the Recipient to assist in the financing of the Participatory Rural Development Project (“Project”).

We also refer to the letter from your Ministry dated December 2, 2010, requesting changes in the Project’s activities, implementation and relocation of process and to our subsequent discussions regarding the associated amendments to be put in place.

Accordingly, we are pleased to inform you that the World Bank, acting for the SPF in the same capacity indicated above, proposes to amend and restate the Grant Agreement on the terms and conditions set forth or referred to in this letter agreement (“Agreement”).

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement

Please confirm your agreement to the foregoing amended and restated Grant Agreement on behalf of the Recipient by countersigning and dating two original copies of this letter and returning one countersigned original to the World Bank. Upon receipt by the World Bank of this countersigned copy, the amending and restating Agreement shall become effective as of the date of the countersignature.

Very truly yours,
INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ McDonald Benjamin
Acting Country Director for Guinea-Bissau
Africa Region

AGREED:
REPUBLIC OF GUINEA-BISSAU

By /s/ Helena N. Embalo
Authorized Representative

Name _____

Title Minister of Economy, Planning and Regional Integration

Date: 16/4/2011

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
- (2) Disbursement Letter July 20, 2009, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 (“Standard Conditions”), with the modifications set forth in Section I of the Appendix to this Agreement, constitute an integral part of this Agreement:

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 meanings:

- (a) “Annual Work Plan and Budget” means any of the Project’s annual work plans and budgets prepared annually for the Project, as defined in paragraph 2.06 of Article II of this Agreement.
- (b) “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 and revised in January 2011.
- (c) “CDP” or “Community Development Plan” means a time-bound and prioritized plans prepared by the Communities in collaboration with the PCU, including the activities proposed for Micro-projects to be developed by the Community in collaboration with the PCU, all in accordance with the provisions of the PIM.
- (d) “CMC” means the community management committee elected by the relevant Community, which represents the Community for purposes of the collaboration in carrying-out the Project.
- (e) “Community” means a *tabanca* or a group of *tabancas*, selected on the basis of eligibility criteria defined in the PIM.
- (f) “Consultants’ Guidelines” means “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.
- (g) “Development Agent” means a PCU staff individual placed in the regional PCU offices in selected locations within the Project Area, with specializations as required by the PCU, working under the direct supervision of a Regional Coordinator and responsible for general support in implementation of Micro-projects and to facilitate participation of stakeholders at the community level.

- (h) “Displaced Person” means any person who, on account of the execution of the Project, has experienced or would experience direct economic and social impacts caused by: (a) the involuntary taking of land, resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets; or (iii) loss of income sources or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of such person.
- (i) “Environment and Social Management Framework” or “ESMF” means the framework adopted by the Recipient on March 2, 2009, describing the environmental and social planning, review, approval, mitigation, monitoring, training, technical assistance, and institutional measures under the Project referred to in Section 2.05 of the Annex to this Agreement.
- (j) “ESMP” means an environmental and social management plan (including any pest management plan), acceptable to the World Bank and consistent with the ESMF, adopted for the purposes of a Micro-project, and giving details of the magnitude of the environmental impacts, as well as the specific actions, measures and policies designed to facilitate the achievement of the objective of the ESMF under the Micro-project, including the budget and cost estimates, and sources of funding, along with the institutional and procedural measures needed to implement such actions, measures and policies, as such ESMP may be amended from time to time with the prior written agreement of the World Bank.
- (k) “Fiscal Year” means the Recipient’s fiscal year, commencing on January 1st of a calendar year and ending on December 31st of the same calendar year.
- (l) “IFR” means interim unaudited financial reports.
- (m) “Micro-project” means a development activity for a Community identified in the Community’s CDP which satisfies the criteria and is approved as set out in detail in the PIM, to be carried out by the PCU under Part B of the Project and supervised by the PCU in collaboration with the relevant Community.
- (n) “Ministry of Economy, Planning and Regional Integration” or “MERI” means the Recipient’s ministry responsible for economy and regional integration.
- (o) “NSC” means the Project’s National Steering Committee established on February 2, 2010, and legal successor or successors thereto, as referred in paragraph 2.03 of Article II of this Agreement.
- (p) “Operating Costs” means 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 Workshops.

- (q) “Procurement Guidelines” means “Guidelines: 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.
- (r) “Project Coordination Unit” or “PCU” means the Project Coordination Unit established within the MERI, and legal successor or successors thereto, as referred in paragraph 2.03 of Article II to this Agreement.
- (s) “Project Area” means Bafata, Biombo, Cacheu, and Oio regions of the Recipient;
- (t) “Project Implementation Manual” or “PIM” means the Recipient’s Project implementation manual, dated January 2011, in form and substance satisfactory to the World Bank and adopted pursuant to paragraph 2.04 of Article II of this Agreement, containing or referring to detailed arrangements and procedures for the implementation of the Project, including *inter alia*, in relation to: (i) day-to-day execution of the Project; (ii) disbursement and financial management; (iii) procurement; (iv) monitoring, evaluation and reporting; (v) procedures, measures and guidelines for the social and environmental management and implementation of the ESMF and the RPF; (vi) detailed eligibility criteria for the selection of the Communities to benefit from activities set forth in Part B of the Project and for the development of the CDPs; (vii) detailed eligibility criteria, implementation arrangements, supervision and Community participation for the Micro-projects; and (viii) such other administrative, accounting, financial, technical and organizational arrangements and procedures as shall be required for the Project, as such manual may be amended from time to time with the prior written agreement of the World Bank, and such term includes any schedules and annexes of said manual;
- (u) “RAP” means a resettlement action plan referred to in paragraph 2.05(ii)(b) of this Agreement; and “RAPs” means, collectively, each such RAP.
- (v) “Regional Coordinator” means a PCU staff individual housed within a regional office, having experience in community development, and charged with the responsibility to oversee the execution of the Micro-projects at the regional level and provide training to Development Agents and stakeholders.
- (w) “Resettlement Policy Framework” or “RPF” means the framework dated March 2, 2009, outlining the modalities for land acquisition, resettlement and rehabilitation under the Project referred to in Section 2.05 of the Annex to this Agreement
- (x) “Training and Workshops” means reasonable costs associated with the training of personnel involved in Project supported activities under the Project for services, other than consultants' services, for the organization of the workshops, training materials and supplies, rental of training facilities and equipment, tuition fees, travel, accommodation and *per diem* of trainers and trainees and preparation and reproduction of training materials and other costs directly related to course preparation or implementation.

Article II Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to increase access to priority basic social and economic infrastructures and services in participating communities at the selected Project Area of the Recipient's territory. The Project consists of the following parts:

Part A: Capacity Building for Community Development

Supporting: (i) the capacity building activities of the selected stakeholders at the central, regional, administrative, and community levels to prepare the CDPs and to carry out Micro-projects in a participatory and transparent manner; and (ii) outreach and learning activities in view of supporting a greater harmonization and synergy between stakeholders on local development issues; all through the provision of technical advisory services, works, training and workshops, and operating costs.

Part B: Community-based Micro-projects

Financing of the Micro-projects identified through the CDPs under part A of the Project for the benefit of a selected Community to improve basic social and economic infrastructure and services in the selected Project Area, including but not limited to, in the areas of: (i) community productive economic activities (including training and awareness activities); and (ii) construction or rehabilitation of productive infrastructure, schools, community health posts or health centers, and community feeder roads; all through the provision of Micro-projects, technical advisory services, and training and workshops.

Part C: Project Coordination and Monitoring and Evaluation

Providing technical and logistical support to the PCU in day to day implementation and monitoring of the Project activities; all through the provision of technical advisory services, goods, training and workshops, and operating costs.

2.02. ***Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the PCU established within MERI in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. ***Institutional and Other Arrangements.*** Without limitations upon the foregoing, the Recipient shall:

(i) implement the Project in accordance with this Agreement and PIM, and in a manner and substance satisfactory to the World Bank;

(ii) maintain at all times until the completion of the Project, the PCU within the MERI, and regional PCU offices in selected locations within the Project Area, including a Project coordinator, a financial management specialist, a senior accountant, , a procurement specialist, a monitoring and evaluation specialist, a safeguard specialist, Regional Coordinators, Development

Agents and administrative staff, each with experience, qualifications and expertise satisfactory to the World Bank, which is responsible for the day-to-day implementation of the Project as detailed in the PIM, including, *inter alia*: (1) ensuring timely implementation in accordance with the PIM; (2) financial management and procurement; (3) preparing IFRs and arrangements for the annual financial audit of Project Financial Statements, as well as preparing semi-annual and annual Project Reports and their subsequent submission to the World Bank by the Recipient in a timely manner; (4) preparing Annual Work Plans and Budgets and annual Procurement Plans; (5) overseeing Project activities under its direct responsibility and of those under the responsibility of other agencies involved in Project implementation and coordinate collaboration with the CMC for Community participation in the development of the CDPs and on supervision of the implementation of Micro-projects; (6) managing Project finances; (7) maintaining consolidated Project accounts; (8) ensuring adherence to the ESMF and the RPF of all agencies involved in the implementation of the Project and the preparation, disclosure and adoption of ESMPs and RAPs for the Micro-projects, if needed; and (9) developing and maintaining a system of monitoring the Project key performance indicators; and

(iii) maintain at all times until the completion of the Project, the NSC, including representatives from the Recipient's Ministry of Finance, the Recipient's Ministry of Territorial Administration, the Recipient's Ministry of Health, the Recipient's Ministry of Agriculture, the Recipient's Ministry of Education, MERI, and civil society to oversee and provide technical advice on Project implementation, with the roles, functions and composition acceptable to the World Bank and further detailed in the PIM. The NSC shall meet for one day twice every year during Project implementation or as reasonably requested by the PCU.

2.04. ***Project Implementation Manual.*** The Recipient shall ensure that the Project is carried out in accordance with the arrangements and procedures set out in the PIM (provided, however, that in case of any conflict between the arrangements and procedures set out in the PIM and the provisions of this Agreement, the provisions of this Agreement shall prevail), and shall not amend, abrogate or waive the PIM or fail to enforce the PIM or any of its provisions without prior approval in writing by the World Bank.

2.05. ***Safeguards.*** Except as the World Bank shall otherwise agree, the Recipient shall:

(i) carry out the Project in accordance with the environmental, social and resettlement guidelines, rules and procedures defined in the ESMF, and the RPF;

(ii) in cases of any Micro-project requiring the adoption of an ESMP and RAP, (a) prepare, disclose and implement ESMPs (including pest management plans) in accordance with the ESMF and in form and substance acceptable to the World Bank, defining: (1) the measures to be taken during the implementation of the Micro-projects to eliminate or offset adverse environmental or social impacts, or to reduce them to acceptable levels; and (2) the actions needed to implement these measures; and (b) prepare, disclose and implement RAPs in accordance with the RPF and in form and substance acceptable to the World Bank, defining a program of actions, measures and policies for compensation and resettlement of Displaced Persons, including the magnitude of displacement, proposed compensation and resettlement arrangements, budget and cost estimates, and sources of funding, together with adequate institutional, monitoring and reporting arrangements capable of ensuring proper implementation of, and regular feedback on compliance with, the RAPs;

(iii) not amend or waive, or permit to be waived, the ESMF, RPF, RAPs, the ESMPs, or any provision of any one thereof, without the prior written consent of the World Bank;

(iv) ensure that all measures for carrying out the recommendations of the ESMF, RPF, RAPs and ESMPs are taken in a timely manner;

(v) include in the progress reports referred to in paragraph 2.06 of this Annex, adequate information on monitoring the measures defined in the ESMF, ESMPs, RPF and RAPs, giving details of: (1) measures taken in furtherance of such ESMF, EMPs, RPF and RAPs; (2) conditions, if any, which interfere or threaten to interfere with the smooth implementation of such ESMF, EMPs, RPF and RAPs; and (3) remedial measures taken or required to be taken to address such conditions and to ensure the continued efficient and effective implementation of such ESMF, EMPs, RPF and RAPs.

2.06 Annual Work Plan and Budget. (a) The Recipient shall prepare and furnish to the World Bank for its approval, no later than December 31 of each year during the implementation of the Project, or such later date as the World Bank may agree, an Annual Work Plan and Budget, and an updated Procurement Plan containing all eligible Project activities and expenditures planned for the following Fiscal Year, including a specification of the source or sources of financing for all eligible expenditures, modified in a manner satisfactory to the World Bank, taking into account the World Bank's comments and reviews on the matter.

(b) The Recipient shall ensure that the Project is implemented in accordance with the Annual Work Plan and Budget and original or updated Procurement Plan approved for the respective Fiscal Year; provided, however, that in case of any conflict between the Annual Work Plans and Budgets and Procurement Plan and the provisions of this Agreement, the provisions of this Agreement shall prevail.

2.07. Project Monitoring, Reporting and Evaluation. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators acceptable to the World Bank. Each Project Report shall cover the period of three months, and shall be furnished to the World Bank not later than forty five days after the end of the period covered by such report.

(b) The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.08. Financial Management. (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient shall ensure that unaudited interim financial reports ("IFR") for the Project are prepared and furnished to the World Bank not later than 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 Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one Fiscal Year. The audited Financial Statements for each

such period shall be furnished to the World Bank not later than six months after the end of such period.

2.09. *Procurement*

(a) General. All goods, works and services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: 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, works and non-consulting services; and

(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 Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 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, Works and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods, works 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, works and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the following additional provisions (i) four (4) weeks shall be provided for preparation and submission of bids, after the issuance of the invitation to bid or availability of the bidding documents, whichever is later; (ii) invitations to bid shall be advertised in at least one widely circulated national daily newspaper; (iii) minimum experience, technical and financial requirements of the bidders shall be explicitly stated in the bidding documents; (iv) the Recipient shall use the World Bank’s Standard Bidding Documents in the procurement of goods, works and non-consulting services and other bidding documents, if any, acceptable to the World Bank shall be modified in order to meet the exceptions authorized under NCB; and (v) (1) Bids shall be submitted in a single envelope containing the bidder’s qualification information, technical and price bids, which shall be opened simultaneously at the public bid opening; (2) Bids shall be opened in public, immediately after the deadline for submission of bids. The name of the bidder, the total amount of each bid and any discounts offered shall be read aloud and recorded in the minutes of the public bid opening; (3)

The procedures shall include the publication of the results of evaluation and of the award of the contract, and provisions for bidders to protest; (4) No preference shall apply under National Competitive Bidding; (5) Eligible firms, including foreign firms, shall not be excluded from the competition; (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants' Services

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

(ii) The following methods may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-Based Selection; (B) Least Cost Selection; (C) Selection based on Consultants' Qualifications; (D) Single-source Selection; and (E) Selection of Individual Consultants.

(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.

(f) Provisions Applicable to Procurement of Goods, Works, Consultants' and Non-consulting Services initiated prior to the date of this Agreement. Notwithstanding the provisions of this Paragraph 2.09 (Procurement) of this Article 2 of this Agreement for procurement processes initiated in respect of a contract for goods, works, consultants' or non-consulting service to be financed out of the proceeds of this Agreement occurred between August 4, 2008 and the date of this Agreement, on an exceptional basis only and subject to the World Bank's prior no-objection, the following anti-corruption guidelines, procurement guidelines and consultant's guidelines shall apply: (i) "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 ; (ii) Section I of the "Guidelines: Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 and revised in October 2006 ("Procurement Guidelines"), in the case of goods and works and services (other than consultant services); and (iii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the World Bank in May 2004 and revised in October 2006 ("Consultant Guidelines") in the case of consultants' services.

Article III Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) 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 the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services and consultants' services (including audits), Training and Workshops, Operating Costs	5,000,000	Such percentage for Eligible Expenditures payable pursuant to the Annual Work Plan and Budget for each Fiscal Year
TOTAL AMOUNT	5,000,000	

For the purpose of this paragraph 3.01, Training and Workshops and Operating Costs shall have the meanings indicated in paragraph 1.02 of this Agreement.

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. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2013.

Article IV Recipient's Representative; Addresses

4.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Economy, Planning and Regional Integration.

4.02. **Recipient's Address.** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministério da Economia, Plano e Integração Regional
Avenida Amílcar Cabral N° 37
Bissau
Republic of Guinea-Bissau

4.03. **World Bank's Address.** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

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INDEVAS
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