

CONFORMED COPY

GRANT NUMBER H215-GUI

Financing Agreement

(West and Central Africa Air Transport Safety and Security Project)

between

REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 29, 2006

GRANT NUMBER H215-GUI

FINANCING AGREEMENT

AGREEMENT dated May 29, 2006, between REPUBLIC OF GUINEA (“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 four million nine hundred thousand Special Drawing Rights (SDR 4,900,000) (“Grant”) 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 February 15 and August 15 in each year.
- 2.05. The Payment Currency is Dollars.

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

- 4.01. The Effectiveness Deadline is the date 120 days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is the Minister at the time responsible for economy and finance.

5.02. The Recipient's Address is:

Ministry of Economy and Finance
P. O. Box 579
Conakry
Republic of Guinea

Cable:	Telex:	Facsimile:
	22399 MIFIGE	224-42-21-02

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) or 64145 (MCI)	1-202-477-6391

AGREED at Conakry, Republic of Guinea, as of the day and year first above written.

REPUBLIC OF GUINEA

By: /s/ Madikaba Camara
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By: /s/ Ide Glandou
Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient in strengthening the institutional capacity of the Project Implementing Entity as well as improving compliance of the Project Implementing Entity and Conakry international airport with International Civil Aviation Organization (ICAO) safety and security standards.

The Project consists of the following parts:

1. Strengthening of safety and security oversight capacity of Project Implementing Entity

(a) Support to development and implementation of harmonized civil aviation code and related civil aviation regulations through provision of technical advisory services;

(b) Carrying out of technical and financial audit of *Agence de la Navigation Aérienne*;

(c) Support to development of emergency plan, including research and rescue plan, through provision of technical advisory services;

(d) Provision of training to Project Implementing Entity staff;

(e) Carrying out of preparatory studies for purposes of establishment of independent civil aviation authority through provision of technical advisory services;

(f) Carrying out of study relating to choice of navigational aids (retrofitting, replacement or Global Navigation Satellite System); and

(g) Acquisition of equipment, including information technology equipment and vehicles, for the Project Implementing Entity.

2. Strengthening of Conakry international airport safety and security standards

(a) Strengthening of Conakry international airport security and safety standards through:

- (i) Acquisition and installation of safety and security equipment;
 - (ii) Acquisition and installation of meteorological equipment;
 - (iii) Carrying out of training programs for safety and security personnel;
 - (iv) Construction of perimeter roads inside and outside airport;
 - (v) Construction of access road to reserved zone of airport;
 - (vi) Rehabilitation of airport infrastructure, including establishment of aircraft isolation point and access and patrol roads;
 - (vii) Acquisition of airport patrol vehicles and motorbikes;
 - (viii) Acquisition of equipment for airport crisis center; and
 - (ix) Acquisition and installation of navigational aids recommended by study carried out under Part 1 (f) of the Project.
- (b) Resettlement

Carrying out of Resettlement Action Plans for Affected Persons.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements

1. Steering Committee: The Recipient shall maintain, at all times during Project implementation, a Steering Committee which shall be responsible for supervision of Project implementation. To this end, the Steering Committee shall comprise representatives of: (i) the ministry at the time responsible for transport, of whom one shall be Chair; (ii) the ministry at the time responsible for public works; (iii) the ministry at the time responsible for economy and finance; (iv) the ministry at the time responsible for urbanization and housing; (v) the ministry at the time responsible for safety; (vi) the ministry at the time responsible for national defense; (vii) the ministry at the time responsible for the environment; (viii) the Governorate of Conakry city; and (ix) the City Hall of Matoto Commune.
2. Project Implementing Entity: The Recipient shall maintain at all times during Project implementation, the Project Implementing Entity, which shall be responsible for overall Project implementation. To this end, the Recipient shall maintain the Project Implementing Entity in form and substance and with resources and functions satisfactory to the Association.
3. Without limitation upon the provisions of paragraph 2 of this Section, upon submission by the Recipient to the Association, pursuant to Section V.7 of this Schedule, of the Recipient's legal instrument establishing an independent civil aviation authority, the Recipient shall agree with the Association on arrangements for the assumption of Project implementation responsibilities by said authority.
4. Project Implementation Team: The Recipient shall maintain within the Project Implementing Entity, at all times during Project implementation, the Project Implementation Team, which shall be responsible for day-to-day Project implementation. To this end, the Recipient shall maintain the Project Implementation Team in form and substance and with resources and functions satisfactory to the Association, including a coordinator from within the Project Implementing Entity, a financial specialist, a procurement specialist, a safety specialist, a security specialist and a monitoring and evaluation officer, all with qualifications, experience and terms of reference satisfactory to the Association.

B. Execution Covenants

1. Project Implementation Manual and Administrative, Financial and Accounting Manual: The Recipient shall ensure, and shall cause the Project Implementing Entity to ensure, that the Project is implemented in accordance with the provisions of the Project Implementation Manual and the Administrative, Financial and Accounting Manual and, except as the Association shall otherwise agree, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect Project implementation.
2. Resettlement Action Plans: The Recipient shall ensure, and shall cause the Project Implementing Entity to ensure that the Project is implemented in accordance with the provisions of the Resettlement Action Plans and, except as the Association shall otherwise agree, the Recipient shall not amend or waive, or permit to be amended or waived, any provision of the aforementioned if such amendment or waiver may, in the opinion of the Association, materially or adversely affect Project implementation.

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 (1) calendar quarter, and shall be furnished to the Association no later than 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) Part 1 of the Project
 - (A) By the Closing Date, the compliance rate of the Project Implementing Entity with ICAO safety standards has increased from 53% to at least 75%.

- (B) By the Closing Date, the compliance rate of the Project Implementing Entity with ICAO security standards has increased from 1% to at least 35%.
- (C) By the Closing Date, the proportion of technical personnel of the Project Implementing Entity complying with ICAO safety standards has increased from 38% to at least 60%.
- (D) By the Closing Date, the proportion of ICAO-certified security inspectors employed by the Project Implementing Entity has increased from 30% to at least 70%.
- (E) By the Closing Date, the budget of the Project Implementing Entity has increased to at least \$700,000, with at least \$250,000 being allocated to security activities.

(ii) Part 2 of the Project

- (A) By the Closing Date, the proportion of Conakry international airport security personnel with at least three (3) years of experience has increased from 58% to at least 65%.
- (B) By the Closing Date, the number of serious problems recorded during annual crisis simulation exercises at Conakry international airport has decreased to less than five (5).
- (C) By the Closing Date, the rate of seizure of illegal objects (as defined by the ICAO) from passengers by airline security personnel has decreased to less than 3%.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain, or cause to be maintained by the Project Implementing Entity, a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation upon the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report no later than 45 days after the end of each calendar quarter, interim un-audited 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 Fiscal Year. The audited Financial Statements for each such period shall be furnished to the Association no later than six (6) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works required for the Project 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 Schedule.
2. **Consultants' Services.** All consultants' services required for the Project 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 Schedule.
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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding
(b) Shopping
(c) Limited International Bidding

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 Method
(a) Individual Consultants
(b) Least Cost Selection
(c) Consultants' Qualifications

D. Review by the Bank 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 this Section and such additional instructions as the Association may specify by notice to the Recipient, 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:

	Category	Amount of the Financing Allocated (Expressed in SDR)	Percentage of Expenditures to be Financed
(1)	Goods	1,650,000	100% of Foreign Expenditures and 80% of Local Expenditures
(2)	Works	1,900,000	80
(3)	Consultants' services	700,000	80
(4)	Training	350,000	100
(5)	Operating Costs	150,000	100
(6)	Unallocated	150,000	
	TOTAL AMOUNT	4,900,000	

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 245,000 may be made for payments made prior to this date but on or after October 1, 2005 for Eligible Expenditures under Categories (1), (3), (4) and (5).
2. The Closing Date is December 31, 2009.

Section V. Other Undertakings

The Recipient shall:

1. Submit to the Association, from the Effective Date onward and throughout Project implementation, quarterly reports, in form and substance satisfactory to the Association, containing information relating to the rate of seizure of illegal objects (as defined by ICAO) from passengers by airline security personnel.
2. Appoint a financial auditor, with qualifications, experience and terms of reference satisfactory to the Association, no later than 30 days after the Effective Date.
3. Submit to the Association a report, in form and substance satisfactory to the Association, on the use of the Recipient's Airport Security Fee, no later than six (6) months after the end of each Fiscal Year.

4. Submit to the Association no later than six (6) months after the end of each Fiscal Year, a report, in form and substance satisfactory to the Association, relating to the finances of the Project Implementing Entity over that Fiscal Year. This report shall include statements of revenues collected and expenditures incurred and shall detail the percentage of expenditures used for safety and security activities.
5. Submit to the Association, no later than three (3) months after each of the Recipient's annual airport-crisis simulation exercises, a report, in form and substance satisfactory to the Association, describing the results of such exercise, as well as ICAO-certified experts' comments on said report. The Recipient shall carry out the first annual airport-crisis simulation exercise no later than September 30, 2007.
6. Submit to the Association, no later than 18 months after the Effective Date and six (6) months prior to the Closing Date, ICAO safety and security audit reports.
7. Submit to the Association, no later than June 30, 2007, a copy of the Recipient's legal instrument, in form and substance satisfactory to the Association, establishing an independent civil aviation authority in form and substance and with resources and functions satisfactory to the Association.

APPENDIX

Definitions

1. “Administrative, Financial and Accounting Manual” means the manual outlining administrative, financial and accounting procedures and guidelines, adopted by the Recipient, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time to time in consultation with the Association, and such term includes any annexes thereto.
2. “Affected Persons” means persons who are susceptible of being adversely affected by Project implementation; and “Affected Person” means any of the Affected Persons.
3. “*Agence de la Navigation Aérienne*” (Air Navigation Agency) means the Recipient’s entity established and operating pursuant to the Recipient’s Ordinance No. 031/PRG/SGG/89 of April 13, 1989, and which is responsible for ensuring the safety, legality and efficiency of air navigation in the territory of the Recipient as well as the management and operation of the Recipient’s domestic airports.
4. “Airport Security Fee” means the fee levied by the Recipient for purposes of financing acquisition, operation and maintenance of airport security equipment and infrastructure, and payable by passengers using any of the Recipient’s airports.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
7. “Fiscal Year” means the Recipient’s fiscal year beginning on January 1 in any one calendar year and ending on December 31 in the same calendar year.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005.
9. “International Civil Aviation Organization” or “ICAO” means the organization established pursuant to the International Civil Aviation Convention of

September 7, 1944, and whose objective is to promote the secure and organized development of international civil aviation across the world.

10. “Operating Costs” means the incremental expenses incurred by the Project Implementing Entity on account of Project implementation, management and monitoring, including for office space rental and utilities, office supplies, bank charges, communications, vehicle operation, maintenance and insurance, building and equipment maintenance, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, honoraria and fees of members of the Recipient’s civil service.
11. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
12. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 2, 2006 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
13. “Project Implementation Team” means the team referred to in Section I.A.4 of Schedule 2 to this Agreement, established and operating pursuant to the Recipient’s Ministerial Decision No. 7025/MT/CAB/2005 of December 29, 2005 and 0451/MT/CAB/2005 of December 29, 2005.
14. “Project Implementation Manual” means the manual outlining the procurement procedures, social and environmental management and other institutional and administrative arrangements, as well as guidelines to be followed in the implementation of the Project to be adopted by the Recipient, as the same may be amended by agreement of the parties to this Agreement from time to time, and such term includes any schedules to the Project Implementation Manual.
15. “Project Implementing Entity” means the Recipient’s *Direction Nationale de l’Aviation Civile* (National Directorate for Civil Aviation) or the independent civil aviation authority upon its establishment by the Recipient.
16. “Resettlement Action Plan” means the plan referred to in Section I.B.2. of Schedule 2 to this Agreement, setting out the principles and procedures governing land acquisition, cultural property protection measures, environmental protection measures, resettlement, compensation and rehabilitation of Affected Persons, as well as administrative, reporting and monitoring arrangements to ensure compliance with said plan, as shall have been agreed with the Association for purposes of Project implementation, as the same may be amended from time

to time in consultation with the Association, and such term includes any annexes thereto.

17. "Steering Committee" means the entity referred to in Section I.A.1 of Schedule 2 to this Agreement, established and operating pursuant to the Recipient's Ministerial Decision No. 1027/MT/CAB/2006 of March 2, 2006.
18. "Training" means seminars, workshops and study trips.