

THE REPUBLIC OF GUINEA

July 8, 2002

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

**Re: Credit No. 3685 GUI
(Decentralized Rural Electrification Project)
Performance Indicators
(Paragraph 4 (a) of Schedule 4 to the Development Credit Agreement)
(Paragraph 6 (a) of Schedule 1 to the Project Agreement)**

Gentlemen:

We refer to the Development Credit Agreement (Decentralized Rural Electrification Project) of even date herewith between the Republic of Guinea (the Borrower) and International Development Association (the Association) and to the Project Credit Agreement (Decentralized Rural Electrification Project) between the Association and Banque Internationale pour le Commerce et l'Industrie (BICI-GUI) for the above-captioned Project.

For purposes of Paragraph 4 (a) of Schedule 4 to the Development Credit Agreement, and of Paragraph 6 (a) of Schedule 1 of the Project Agreement, the Borrower will monitor and evaluate on an ongoing basis, the carrying out of the project as defined in Schedule 2 to the Development Credit Agreement, in accordance with the indicators set forth in the Attachment to this letter.

Please confirm your agreement to the foregoing by signing the form of confirmation in the space provided below.

Very truly yours,

REPUBLIC OF GUINEA

By: /s/ Alimou Diallo
Acting Authorized Representative

Attachment

PROJECT PERFORMANCE INDICATORS

The key performance indicators for monitoring the achievement of the project objectives are that:

1. The institutions and regulations put in place have worked reasonably well and contributed to the achievement of project objectives;

2. Individual loan collection rates, as a measure of the extent to which the project has been successful in establishing a sustainable delivery mechanism, do not fall below 75 % at the end of the project;
 3. The decentralized electrification financing mechanism (*Fonds pour l'Electrification Rurale Décentralisée, FERD*) is operational and has a sustainable source of government financing and financial support from donors;
 4. The necessary private sector financing has been mobilized to provide electricity to some 20,000 households by the end of the project; and
 5. It has been possible to reduce CO2 emissions by about 30,000 tons by the end of the project, as a result of photovoltaic, and micro-hydro electricity use.
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