

Public Disclosure Authorized

OFFICIAL DOCUMENTS V005

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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January 13th, 2016

Mr. Geraldo Jao Martins
Minister of Economy and Finance
Ministry of Economy and Finance
Bissau
Republic of Guinea-Bissau

Re: REPUBLIC OF GUINEA BISSAU: Advance Agreement for
Preparation of Proposed West Africa Regional Connectivity
Infrastructure Project
Project Preparation Advance No. V005

Excellency:

Public Disclosure Authorized

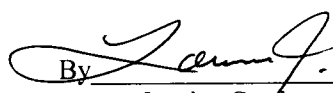
In response to the request for financial assistance made on behalf of the Republic of Guinea Bissau ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank") proposes to extend to the Recipient an advance out of the World Bank's Project Preparation Facility in an amount not to exceed six million Dollars (\$ 6,000,000) ("Advance") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in financing the activities described in the Annex ("Activities"). The objective of the Activities is to allow preparation and limited initial implementation activities for the proposed project ("Project") which aims to increase the geographical reach of broadband networks and reducing costs of communication services in the territory of the Recipient as well as between the Recipient and the Economic Community Of West African States (ECOWAS) countries.

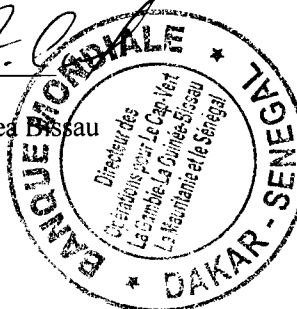
The Recipient represents, by confirming its agreement below, that: (a) it understands that the provision of the Advance does not constitute or imply any commitment on the part of IBRD or IDA to assist in financing the Project; and (b) it is authorized to enter into this Agreement and to carry out the Activities, repay the Advance and perform its other obligations under this Agreement, all in accordance with the provisions of this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. This Agreement shall become effective in accordance with Section 5.03 of the Annex to this Agreement.

Very truly yours

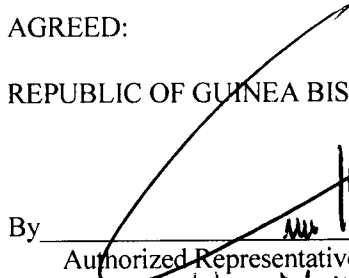
INTERNATIONAL DEVELOPMENT ASSOCIATION


By 
Louise Cord
Country Director for Guinea Bissau
Africa Region



AGREED:

REPUBLIC OF GUINEA BISSAU

By 
Authorized Representative
Name Geraldo Martins
Title Ministe of Economy and Finance
Date: January 13, 2016



Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010;
- (2) Disbursement Letter for the Advance of the same date as this Agreement, together with "World Bank Disbursement Guidelines for Projects", dated May 1, 2006;
- (3) Guidelines for "Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 and revised in July 2014;
- (4) Guidelines: "Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers", dated January 2011 and revised in July 2014; and
- (5) 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.

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility dated July 31, 2010 (“Standard Conditions”), 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 or in this Agreement and the following additional terms shall have the following meanings:

(a) “ACE Consortium” means the Africa Coast to Europe telecommunications undersea cable consortium created for international connectivity to connect South Africa to Europe through a submarine cable system, either directly for coastal countries or indirectly through terrestrial links for landlocked countries.

(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) “Consortium Fee” means the expenditures incurred by the Recipient to secure its membership and participation in the ACE Consortium, which Consortium Fee is hereby deemed an Eligible Expenditure for purposes of Section 3.05 (a) of the Standard Conditions

(d) “Construction and Maintenance Agreement” and “C&MA” means the agreement dated June 5, 2010, entered into by and among the parties to the ACE Consortium and to which the Recipient can request to be admitted as party no later than the Ready For Commercial Service date defined therein.”

(e) “Consultants’ Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014.

(f) “MERI” means the Recipient’s Ministry in charge of economy and regional integration, and currently known as “*Ministério da Economia e Integração Regional*”.

(g) “Operating Costs” means the expenditures incurred by the Recipient under Advance and Project to finance: (i) allowances of the staff of the PIU; (ii) travel expenditures and other travel-related allowances of staff required to perform their responsibilities under Advance and Project; (iii) vehicle operation, maintenance, repair and insurance but not the purchase of fuel; (iv) media information campaigns and communications’ expenses (including, without limitation, internet and telephone service); (v) rent for office space and building security and office maintenance services; (vi) translation services, photocopies and publications; (vii) materials and office supplies; (viii) utilities; and (ix) bank charges.

(h) “Procurement Guidelines” means the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 and revised in July 2014.

(i) “PIU” means the project implementation unit established within the MERI for the purposes of the Emergency Water and Electricity Services Upgrading Project (Credit No. 5467-GW and Grant No. H956-GW) under the Financing Agreement between the Republic of the Republic of Guinea Bissau and the International Development Association, dated June 5, 2014.

(j) “Ready For Commercial Service Date” means the date of commercial operationalization for the Recipient of the submarine cable system connection, as supported by the ACE Consortium.

(k) “SPV” means the special purpose vehicle company to be created in the Recipient's territory with the membership of the Recipient, public and private operators, and internet service providers to finance, own and manage the landing station for the Africa Coast to Europe telecommunications undersea cable.

(l) “Standard Conditions” means the “Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility” dated July 31, 2010.

(m) “Training” means the reasonable costs associated with training and workshop participation under the Activities, consisting of travel and subsistence costs for training participants, costs (other than consulting services) associated with securing the services of trainers and presenters, rental of training facilities, translation and interpretation services, preparation and reproduction of training materials.

Article II Execution of the Activities

2.01. ***Description of the Activities.*** The Activities for which the Advance is provided consist of the following parts:

(a) (i) Provision of Consortium Fee for the Recipient’s membership and participation in the ACE Consortium to trigger the planning process by ACE for activities related to building and installation of the submarine cable; and (ii) Support to establish SPV, including, *inter alia*, the finalization of the legal documents related to creation and establishment of the SPV, analysis and recommendations on the transfer of the C&MA signatory rights.

(b) Provision of technical assistance to design and structure the Public Private Partnership (PPP) arrangement for the management, maintenance, operation and commercialization of fiber optic infrastructure under an open access regime.

(c) Carrying out environmental and social studies for the proposed Project.

(d) Provision of goods, consultant’s services, Training and Operating Costs for the implementation of Activities and to support the establishment of an implementation unit for the proposed Project.

2.02. **Execution of the Activities Generally.** The Recipient declares its commitment to the objectives of the Activities. To this end, the Recipient shall carry out the Activities through the PIU, established within MERI, in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) 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.

2.03. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall monitor and evaluate the progress of the Activities in accordance with the provisions of Section 2.08 of the Standard Conditions.

2.04. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.09 of the Standard Conditions.

(b) The Recipient shall ensure that interim un-audited financial reports for the Activities are prepared and furnished to the World Bank not later than forty-five (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 Sections 2.09 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Advance was made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.05. **Procurement**

(a) **General.** All goods, non-consulting services and consultants’ services required for the Activities and to be financed out of the proceeds of the Advance 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” dated January 2011 and revised in July 2014 (“Procurement Guidelines”), in the case of goods and non-consulting services;

(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” dated January 2011 and revised in July 2014 (“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 Activities 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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

Goods and non-consulting services shall be procured under contracts awarded on the basis of: (1) National Competitive Bidding (“NCB”), subject to the following additional provisions: (i) four (4) 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; (ii) for all procurement of goods and works, standard bidding documents acceptable to the Association will be used; (iii) bids will be advertised in national newspapers with wide circulation and will be presented and submitted in one envelope; (iv) bid evaluation and bidder qualifications criteria will be clearly specified in the bidding documents; (v) no preference margin will be granted to domestic bidders; (vi) no eligible firm, whether foreign or domestic, will be excluded from the competition; and (vii) the results of the bid evaluation and of the award of the contract, and procedures for bidders to object, will be published; and (2) Shopping.

(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) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the 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.

Article III Withdrawal of the Advance

3.01. **Eligible Expenditures.** The Recipient may withdraw the proceeds of the Advance 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 each category of Eligible Expenditures that may be financed out of the proceeds of the Advance (“Category”), the amount of the Advance allocated to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Advance Allocated (expressed in Dollars)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants' services, Operating Costs and Training under the Activities	1,000,000	100%
(2) Consortium Fee	5,000,000	100%
TOTAL AMOUNT	6,000,000	

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. **Refinancing Date.** The Refinancing Date is August 30, 2016.

**Article IV
Terms of the Advance**

4.01. **Service Charge.** The Recipient shall pay a service charge on the Withdrawn Advance Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum. The service charge shall accrue from the respective dates on which amounts of the Advance are withdrawn and shall be paid in arrears in accordance with the provisions of Section 4.02 of this Agreement. Service charges shall be computed on the basis of a 360-day year of twelve 30-day months.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the World Bank (together with any service charges accrued thereon) in accordance with the provisions of Article IV of the Standard Conditions and the following provisions:

(a) **Refinancing under the Refinancing Agreement:** If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, then the full amount of the Withdrawn Advance Balance shall be repaid to the World Bank (together with any service charges accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the World Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such service charges, in accordance with the provisions of the Refinancing Agreement.

(b) **Repayment in the absence of a Refinancing Agreement:** If, on or before the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, or if, by such date or at any time thereafter, it has been so executed but terminates without becoming effective, then:

- (i) if the amount of the Withdrawn Advance Balance does not exceed \$50,000, it shall be repaid by the Recipient to the World Bank (together with service charges accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the World Bank shall specify in a notice to the Recipient, which shall in no event be earlier than 60 days following the date of dispatch of such notice; and
- (ii) if the amount of the Withdrawn Advance Balance exceeds \$50,000, it (together with service charges accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the World Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the World Bank shall specify in a notice to the Recipient. In no event shall the first Payment Date be set earlier than 60 days following the date ("Notice Date") of dispatch of such notice. The Recipient shall pay a service charge on the Aggregate Balance at the rate of three-fourths of one percent (3/4 of 1%) per annum, payable in arrears on each Payment Date. The service charge shall be computed on the basis of a 360-day year of twelve 30-day months.

Article V Effectiveness

5.01. *Effectiveness Conditions.* This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery by the Recipient of the Construction and Maintenance Agreement, (in form and substance satisfactory to the World Bank and containing no prohibition of divestiture of the Recipient's shareholding) has been duly authorized or ratified by all necessary governmental or corporate action.

5.02. *Legal Opinion.* As part of the evidence to be furnished pursuant to Section 5.01 of this Agreement, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing that the Construction and Maintenance Agreement has been duly authorized or ratified by, and executed and delivered on behalf of the Recipient and is legally binding upon it in accordance with its terms.

5.03. *Effective Date.* This Agreement shall enter into effect as of the date of the countersignature upon dispatch by the World Bank to the Recipient of a notice of its acceptance of the evidence required pursuant to Section 5.01 and 5.02 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Advance Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

Article VI
Recipient's Representative; Addresses

6.01. **Recipient's Representative.** The Recipient's Representative referred to in Section 9.02 of the Standard Conditions is its minister of economy and finance.

6.02. **Recipient's Address.** The Recipient's Address referred to in Section 9.01 of the Standard Conditions is:

Ministério da Economia e Finanças
Avenida Amílcar Cabral
Caixa Postal no. 67
Bissau
Republic of Guinea-Bissau

Phone: (245) 6752983

6.03. **World Bank's Address.** The World Bank's Address referred to in Section 9.01 of the Standard Conditions is:

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

Telex:

Facsimile:

248423 (MCI) or
64145 (MCI)

1-202-477-6391