

OFFICIAL V0370-6N  
DOCUMENTS

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

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October 13, 2016

H.E. Ms. Malado Kaba  
Minister of Economy and Finance  
Ministry of Economy and Finance  
P.O. Box 579  
Conakry, Guinea

Re: Republic of Guinea: Advance Agreement for Preparation of  
Proposed Urban Water and Sanitation Project  
Project Preparation Advance No. V0370

Honorable Minister:

In response to the request for financial assistance made on behalf of the Republic of Guinea ("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 one million one hundred thousand United States Dollars (\$1,100,000) ("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 facilitate the preparation of a proposed project designed to increase access to improved water and sanitation services in the Greater Conakry area and to improve the operating performance of the urban water utility ("Project"), for the carrying out of which the Recipient has requested the World Bank's financial assistance.

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,

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and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the Effective Date.

Very truly yours,  
INTERNATIONAL DEVELOPMENT ASSOCIATION

By 

Paul Noumba Um  
Country Director for Guinea

Africa Region

AGREED:  
REPUBLIC OF GUINEA

By 

Authorized Representative

Name Valado KABA

Title Ministre Economie

Date: 1.12.16.



Enclosures:

- (1) "Standard Conditions for Advances Made by the World Bank under its Project Preparation Facility", dated July 31, 2010; and
- (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.

**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 and the following term has the following meaning:

- (a) « SEG » or « *Société des eaux de Guinée* » means a public enterprise created pursuant to decree No. D/01/096/PRG/SGG, dated December 18, 2001, for the purpose of ensuring that potable water is available in the Recipient’s territory.
- (b) “Operating Costs” means the reasonable expenditures incurred by SEG to finance the Activities, 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 Activities, and travel, lodging and per diems, but excluding salaries of officials of the Recipient’s civil service; and
- (c) “Training” means the reasonable costs associated with training, workshop and seminars 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:

- (i) Preparation of the safeguards documents for the Project.
- (ii) Preparation of the manual of procedures and implementation manual for the Project.
- (iii) Provision of Training to staff from ministries and agencies to be responsible for the implementation of the Project and establishment of fiduciary arrangements.
- (iv) Preparation of the Project’s economic and financial analysis.

- (v) Preparation of technical studies and bidding documents for selected investments under the water investment program.

2.02. ***Execution of the Activities Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall cause the Project to be carried out by SEG 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.***

(a) The Recipient shall make the proceeds of the Advance available to SEG under a subsidiary agreement, in form and substance satisfactory to the World Bank, to be entered into between the Recipient and SEG (“Subsidiary Agreement”).

(b) The Recipient shall ensure that the Subsidiary Agreement shall maintain, at all times during the implementation of the Activities, provisions to the following effect:

(i) the Recipient’s obligation to provide the proceeds of the Advance to SEG on terms and conditions satisfactory to the World Bank;

(ii) SEG’s obligation to carry out the Activities with due diligence and efficiency, in conformity with appropriate administrative, technical, environmental and social practices, under the supervision of qualified and experienced management assisted by competent staff in adequate numbers;

(iii) SEG’s obligation to carry out the Activities in accordance with the Anti-Corruption Guidelines;

(iv) SEG’s obligation to procure the goods and services required for the Project and to be financed out of the proceeds of the Advance, in accordance with the provisions of Section 2.06 of this Annex;

(vi) SEG’s obligation to furnish all such information as the Recipient or the World Bank shall reasonably request;

(vii) SEG’s obligation to promptly inform the Recipient and the World Bank of any condition which interferes or threatens to interfere with the progress of the Activities and the performance of its obligations under the Subsidiary Agreement; and

(viii) SEG’s obligation to neither take nor concur in any action which would have the effect of amending, abrogating, assigning or waiving the Subsidiary Agreement.

(c) The Subsidiary Agreement shall include a provision stipulating that in the case of conflict between the Subsidiary Agreement and this Agreement, the latter shall apply.

2.04. **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.

2.05. **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 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.

(i) If, on or before the Refinancing Date, a Refinancing Agreement has been executed by all of its parties, the Recipient shall have the Financial Statements included in the first audit of financial statements required under the Refinancing Agreement.

(ii) If, by the Refinancing Date, no Refinancing Agreement has been executed by all of its parties, such audit of the Financial Statements shall cover the period of the Advance, 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 the Recipient's fiscal year in which the Refinancing Date occurs.

(iii) Notwithstanding the provisions of paragraphs (i) and (ii) of this Section, the World Bank may request an audit of the Financial Statements prior to the Refinancing Date, covering such period as is indicated in its request. 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.

#### 2.06. **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 (revised 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 (revised 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

(i) Except as otherwise provided in sub-paragraph (ii) below, goods 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 and non-consulting services for those contracts specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) National Competitive Bidding, subject to the following additional provisions:

- i. Bidding documents acceptable to the Association shall be used.
- ii. Four weeks will be provided for preparation and submission of bids after issuance of the Invitation for Bids or availability of the Bidding Documents to the bidders, whichever is later;
- iii. bids will be advertised in national newspapers with wide circulation;
- iv. bids will be presented and submitted only in one internal envelope (no system with two envelopes will be used);
- v. Eligibility to participate in a procurement process and to be awarded an Association-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the for

reasons other than those provided in Section I of the Procurement Guidelines. Foreign bidders shall be allowed to participate in NCB procedures, and foreign bidders shall not be obligated to partner with local bidders in order to participate in a procurement process.

- vi. Bidding shall not be restricted to pre-registered firms, and foreign bidders shall not be required to be registered with local authorities as a prerequisite for submitting bids.
- vii. No margins of preference of any sort (e.g., on the basis of bidder nationality, origin of goods, services or labor, and/or preferential programs) shall be applied in the bid evaluation.
- viii. Joint venture or consortium partners shall be jointly and severally liable for their obligations. Bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be submitted in a single envelope.
- ix. bid evaluation criteria, bidder qualifications criteria, and the contract award criteria will be clearly specified in the bidding documents
- x. the procedures will include the publication of the results of evaluation and of the award of the contract, and provisions for bidders to protest;
- xi. if the procurement Code doesn't apply to small contracts, the procedures will require that for such contracts, a competitive method be used (reference for example to the shopping method in instance)
- xii. All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.
- xiii. Qualification criteria shall be applied on a pass or fail basis.

(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; and (D) 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)
Goods, Training, Operating Costs, non-consulting services and consultants' services under the Activities	1,100,000	100%
<b>TOTAL AMOUNT</b>	1,100,000	

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 June 30, 2017.

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**Article IV**  
**Effectiveness; Termination**

4.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the the Subsidiary Agreement referred to in Section 2.03 of this Annex has been executed on behalf of the Recipient and SEG.

4.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 ("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 Grant 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.

4.03. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

**Article V**  
**Terms of the Advance**

5.01. *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.

5.02. *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 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 the minister responsible Planning and Interantional Cooperation

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

B.P. 221 Commune Kaloum  
Conakri, Guinea

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:

248423 (MCI) or  
64145 (MCI)

Facsimile:

1-202-477-6391

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