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CREDIT NUMBER 5555-GN  
GRANT NUMBER D0010-GN

# Financing Agreement

(Emergency Macroeconomic and Fiscal Support Development Policy Financing)

between

THE REPUBLIC OF GUINEA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *November 25*, 2014

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**CREDIT NUMBER 5555-GN  
GRANT NUMBER D0010-GN**

**FINANCING AGREEMENT**

AGREEMENT dated November 25, 2014, entered into between REPUBLIC OF GUINEA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (a) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (b) the Recipient's maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore 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.

**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 and a credit (collectively, "Financing") in the following amounts:
  - (a) an amount equivalent to six million eight hundred thousand Special Drawing Rights (SDR 6,800,000) ("Grant"); and
  - (b) an amount equivalent to twenty-seven million Special Drawing Rights (SDR 27,000,000) ("Credit").
- 2.02. The Recipient may withdraw the proceeds of the Financing in support of the Program in accordance with Section II of Schedule 1 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).
- 2.05. The Payment Dates are February 15 and August 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 2 to this Agreement.
- 2.07. The Payment Currency is United States Dollar.

### **ARTICLE III — PROGRAM**

- 3.01. The Recipient declares its commitment to the Program and its implementation. To this end:
- (a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program and the actions specified in Section I of Schedule 1 to this Agreement;
  - (b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comments a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and
  - (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Events of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representative is the Recipient's minister of state in charge of economy and finance.
- 6.02. The Recipient's Address is:

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

6.03. The Association's Address is:

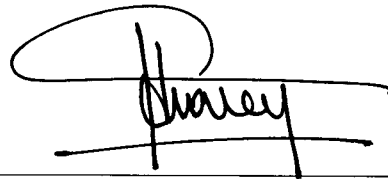
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable address:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423(MCI)	1-202-477-6391

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

REPUBLIC OF GUINEA

By



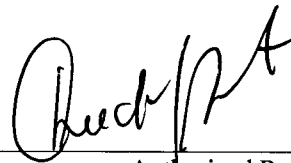
Authorized Representative

Name: Mohamed Diaré

Title: Minister of State, Minister of  
Economy & Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Cheik Fantamady Kante

Title: Country Manager

## SCHEDULE 1

### Program Actions; Availability of Financing Proceeds

#### Section I. Actions under the Program

The actions taken by the Recipient under the Program include the following:

1. The Recipient has prepared a draft Amended Finance Law for 2014 and submitted it for approval.
2. The Recipient has adopted the Ebola Response Plan.
3. The Recipient has published the Statement of Income and Expenditure on Ebola.
4. The Recipient has prepared a draft Decree on Governance of Public Finance and submitted it for issuance.
5. The Recipient has issued the Joint Decree on the Legal Framework for Financial Inspections.
6. The Recipient has issued the ministerial decision to block the monthly payments of civil servants who are on the payroll but not registered under the Biometric Census.

#### Section II. Availability of Financing Proceeds

- A. General.** 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.
- B. Allocation of Financing Amounts.** The Financing is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Financing. The allocation of the amounts of the Financing to this end is set out in the table below:

Allocations	Amount of the Grant (expressed in SDR)	Amount of the Credit (expressed in SDR)
Single Withdrawal Tranche	6,800,000	27,000,000
TOTAL AMOUNT	6,800,000	27,000,000

#### C. **Withdrawal Tranche Release Conditions**

No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

**D. Deposit of Financing Accounts**

1. The Recipient shall open, prior to furnishing to the Association the first request for withdrawal from the Financing Account, and thereafter maintain the following two deposit accounts ("Deposit Accounts") on terms and conditions satisfactory to the Association:
  - (a) a deposit account in United States Dollars ("Foreign Currency Deposit Account"); and
  - (b) a deposit account in the Recipient's currency ("Local Currency Deposit Account").
2. All withdrawals from the Financing Account shall be deposited by the Association into the Foreign Currency Deposit Account. Upon each deposit of an amount of the Financing into the Foreign Currency Deposit Account, the Recipient shall deposit an equivalent amount into the Local Currency Deposit Account.

**E. Audit.**

The Recipient shall:

1. have both Deposit Accounts audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;
2. furnish to the Association as soon as available, but in any case not later than four months after the end of the Recipient's fiscal year, a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association; and
3. furnish to the Association such other information concerning the Deposit Accounts and their audit as the Association shall reasonably request.

**F. Excluded Expenditures**

The Recipient undertakes that the proceeds of the Financing shall not be used to finance Excluded Expenditures. If the Association determines at any time that an amount of the Financing was used to make a payment for an Excluded Expenditure, the Recipient shall, promptly upon notice from the Association, refund an amount equal to the amount of such payment to the Association. Amounts refunded to the Association upon such request shall be cancelled.

- G. Closing Date.** The Closing Date is June 30, 2015.

**SCHEDULE 2**

**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each February 15 and August 15, commencing February 15, 2021 to and including August 15, 2052	1.5625%

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

## APPENDIX

### Section I. Definitions

1. "Amended Finance Law" means the *Loi de Finance Rectificatif* for 2014 presented for approval to the Parliament of the Recipient on October 15, 2014 which includes details of the Recipient's budgetary allocation on Ebola.
2. "Biometric Census" means the Recipient's process whereby each Civil Servant's physical identity and presence are verified in order to sift out Civil Servants who are either not present or deceased.
3. "Civil Servant" means a person employed by the government of the Recipient.
4. "Decree on Governance of Public Finance" means the Recipient's decree providing a legal framework to ensure budgetary discipline and transparency.
5. "Deposit Accounts" means both the Foreign Currency Deposit Account and the Local Currency Deposit Account."
6. "Ebola Response Plan" means a plan consisting of : (a) publication of an operational plan for Ebola surveillance and containment with measures, clear targets and benchmarks for 2014 and 2015; (b) continued national sensitization campaign of the Interministerial National Committee for Ebola Reporting; (c) setting up of Ebola treatment units and deployment of health inspection units at major airports and borders; and (d) bi-monthly monitoring of food prices in affected areas, particularly Macenta and Gueckedou.
7. "Excluded Expenditure" means any expenditure:
  - (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Association or the Bank has financed or agreed to finance, or which the Association or the Bank has financed or agreed to finance under another credit, grant or loan;
  - (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Association by notice to the Recipient:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials



667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods interded for a military or paramilitary purpose or for luxury consumption;
  - (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Recipient or international agreements to which the Recipient is a party;
  - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
  - (f) with respect to which the Association determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or other recipient of the Financing proceeds, without the Recipient (or other such recipient) having taken timely and appropriate action satisfactory to the Association to address such practices when they occur.
8. "Foreign Currency Deposit Account" means the account referred to in Part D.1(a).of Section II of Schedule I to this Agreement.
  9. "General Conditions" means the "International Development Association General Conditions for Credits and Grants", dated July 31, 2010 with the modifications set forth in Section II of this Appendix.
  10. "Interministerial National Committee for Ebola Reporting" means the Recipient's committee formed by the President to monitor the Ebola situation in the territory of the Recipient and coordinate the Recipient's Ebola Response Plan.
  11. "Joint Decree on the Legal Framework for Financial Inspections" means the *Arrêté Conjoint* signed by the Recipient's Minister of Finance and the Recipient's Minister of Public Service on 11 April 2014 relating to the framework for general financial inspections.

12. "Local Currency Deposit Account" means the account referred to in Part D.1(b) of Section II of Schedule 1 to this Agreement.
13. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated October 23, 2014 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution.
14. "Single Withdrawal Tranche" means the amount of the Financing allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
15. "Statement of Income and Expenditure on Ebola" means the statement published by the Recipient (online, in newspapers), detailing the income and expenditures on the Ebola crisis, indicating all sources of domestic and external funding.

## **Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 4.01 (*Project Execution Generally*), and 4.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article IV are renumbered accordingly.
4. Paragraph (a) of Section 4.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 4.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

"Section 4.06. *Plans; Documents; Records*

... (c) The Recipient shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Financing until two years after the Closing Date. The Recipient shall enable the Association's representatives to examine such records."
6. Section 4.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

"Section 4.07. *Program Monitoring and Evaluation*

... (c) The Recipient shall prepare, or cause to be prepared, and furnish to the Association not later than six months after the Closing Date, a report of such scope and in such detail as the Association shall reasonably request, on the execution of the Program, the performance by the Recipient and the Association of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Financing.”

7 The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

(a) The definition of the term “Eligible Expenditure” is modified to read as follows:

“‘Eligible Expenditure’ means any use to which the Financing is put in support of the Program, other than to finance expenditures excluded pursuant to the Financing Agreement.”

(b) The term “Financial Statements” and its definition as set forth in the Appendix are deleted in their entirety.

(c) The term “Project” is modified to read “Program” and its definition is modified to read as follows:

“‘Program’ means the program referred to in the Financing Agreement in support of which the Financing is made.” All references to “Project” throughout these General Conditions are deemed to be references to “Program”.