

19-Jan-2024

Date: \_\_\_\_\_

H.E. M. Jean-Baptiste Ondaïe  
Minister of Economy and Finance  
Ministry of Economy and Finance  
Boulevard Denis Sassou-N'guesso  
B.P. 2083  
Brazzaville  
Republic of Congo

**Re: Republic of Congo: Advance Agreement for Preparation of  
Proposed Strengthening Electricity Services Project  
Project Preparation Advance No. V509-CG**

Excellency:

In response to the request for financial assistance made on behalf of Republic of Congo (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“Bank”) proposes to extend to the Recipient an advance out of the Bank’s Project Preparation Facility in an amount not to exceed two million five hundred thousand Dollars (\$ 2,500,000) (“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 improve the quality and reliability of electricity service delivery, and improve the performance of the distribution and retail segment (“Project”), for the carrying out of which the Recipient has requested the 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, and returning it to the Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the Bank has not received this countersigned copy within 90 days after the date of signature of this Agreement by the Bank, unless the Bank has established a later date for such purpose.

Very truly yours,  
**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT**

*Cheick Kante*

By \_\_\_\_\_  
Cheick Fantamady Kante  
Country Director for Congo  
Africa West and Central Region

AGREED:  
**REPUBLIC OF CONGO**

By Jean Baptiste ONDAYE  
Authorized Representative

Name Jean Baptiste ONDAYE

Title minister of economy and finance

Date 22-Jan-2024

Enclosures:

- (1) “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022; and
- (2) Disbursement and Financial Information Letter for the Advance of the same date as this Agreement, together with “Disbursement Guidelines for Investment Project Financing”, dated February 2017.

**PPA No. V509-CG  
ANNEX**

**Article I  
Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions (as defined in Section 1.02 below) 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 Section

- (a) “Anti-Corruption Guidelines” means, for purposes of paragraph 11 of the Appendix to the Standard Conditions, 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, and as of July 1, 2016.
- (b) “Category” means a category set forth in the table in Section 3.01 of this Agreement.
- (c) “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated December 12, 2023, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments<sup>vi</sup> to be prepared thereunder.
- (d) “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
- (e) “Implementation Unit” means the unit established within Recipient’s ministry in charge of forest economy, for the purposes of the Northern Congo Agroforestry Project pursuant to the Loan Agreement between the Republic of Congo and International Development Association acting as an implementing entity of the Forest Investment Program under the Strategic Climate Fund (SCF - FIP LOAN NUMBER TF B5388), dated February 22, 2022.

- (f) “Ministry of Energy and Hydraulics” or “MEH” means the Recipient’s ministry responsible for energy and water, and any successor thereto.
- (g) “Operating Costs” means the reasonable incremental operating expenses incurred by the Recipient on account of the implementation of the Activities, management and monitoring including on account of operation and maintenance costs of office and office equipment; office supplies, staff costs, vehicles, travel and supervision costs, *per diem*, but excluding the salaries and indemnities of officials and public servants of the Recipient’s civil service.
- (h) “Project Implementation Unit” or “PIU” means the unit being setup for the implementation of the proposed Project, in accordance with paragraph 2.01(a) of this Annex.
- (i) “Project Preparation Team” means a team established within the MEH for implementation of the preparatory Activities.
- (j) “Procurement Regulations” means, for purposes of paragraph 50 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
- (k) “Standard Conditions” means the “Standard Conditions for Advances Made by the Bank under its Project Preparation Facility”, dated August 1, 2022.
- (l) “Training” means the reasonable costs associated with training, study tours, seminars and workshops (other than for consultants’ services), including: (i) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training; (ii) course fees; (iii) training facility rentals; and (iv) training material preparation, acquisition, reproduction and distribution expenses.

**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) establishment and operationalization of the PIU, including the acquisition of office equipment and hiring of key staff;
- (b) carrying out Project preparatory technical studies; and preparation of bidding documents;
- (c) developing an inventory of customers requiring installation of smart meters;
- (d) identifying the neighborhoods to be targeted for the densification of electricity network through a national electrification strategy;
- (e) supporting the recruitment of management concessionaire for the distribution sector;
- (f) providing technical assistance to electricity utility company including drafting of terms of reference and evaluation of bids;
- (g) providing support in review of Recipient’s electricity distribution law;

- (h) preparing a roadmap for the future of the transmission and system operation company; and
- (i) carrying out a study on the stability and reliability of the transmission network.

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 Ministry of Energy and Hydraulics in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) this Article II; and (c) the Anti-Corruption Guidelines.

2.03. ***Institutional and Other Arrangements.*** Without limitation upon the provisions of Section 2.02 above, the Recipient shall, throughout the Refinancing Date:

- (a) maintain the Project Preparation Team under MEH with structure and functions acceptable to the Bank, and with competent staff in adequate numbers and with terms of reference, qualifications and experience satisfactory to the Bank, to be responsible for the overall day-to-day management and fiduciary aspects of the implementation of the Activities;

- (b) maintain the Implementation Unit with structure and functions acceptable to the Bank, and with competent staff in adequate numbers and with terms of reference, qualifications and experience satisfactory to the Bank, to be responsible for the procurement aspects of the implementation of the Activities; and

- (c) if, before the Refinancing Date, the PIU has been set up with staffing, functions and resources satisfactory to the Bank, the overall implementation of the Activities, including financial management and procurement, shall be transferred to the PIU.

2.04. ***Environmental and Social Standards***

- (a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

- (b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:

- (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

- (ii) sufficient funds are available to cover the costs of implementing the ESCP;

- (iii) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

- (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

- (d) The Recipient shall ensure that:
  - (i) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
  - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Activities-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

2.05. **Monitoring, Reporting and Evaluation of the Activities.** The Recipient shall ensure that each Activity Report is furnished to the Bank not later than forty-five (45) days after each calendar quarter, covering the calendar quarter.

**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; and (b) this Section, 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, consulting’ services, Operating Costs and Training under the Activities	2,500,000	100%
<b>TOTAL AMOUNT</b>	2,500,000	

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 September 24, 2024.

#### **Article IV Terms of the Advance**

4.01. **Interest.** The Recipient shall pay interest on the Withdrawn Advance Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Variable Spread; subject to Section 4.01 (d) of the Standard Conditions. Interest 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. The Interest Period Determination Dates are January 1 and July 1 in each year.

4.02. **Repayment.** The Withdrawn Advance Balance shall be repaid by the Recipient to the Bank (together with interest 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 Bank (together with interest accrued on the Advance to the date of repayment) as soon as the Refinancing Agreement becomes effective, by means of a withdrawal by the Bank of an amount of the Refinancing Proceeds equivalent to the Withdrawn Advance Balance plus such interest, 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, 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 Bank (together with interest accrued on the Withdrawn Advance Balance to the date of repayment) on such date as the 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 interest accrued on the Withdrawn Advance Balance to the Notice Date) (the "Aggregate Balance") shall be paid by the Recipient to the Bank in ten approximately equal semiannual installments, in the amounts and on the dates ("Payment Dates") which the 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 interest on the Aggregate Balance at a rate, for each Interest Period, equal to the Reference Rate plus the Variable Spread, payable in arrears on each Payment Date. Notwithstanding the foregoing, if any amount of the Aggregate Balance remains unpaid when due and such non-payment continues for a period of thirty days, then

the Recipient shall pay the Default Interest Rate on such overdue amount in lieu of the interest rate specified above in this subparagraph (ii) until such overdue amount is fully paid. Interest at the Default Interest Rate shall accrue from the first day of each Default Interest Period and shall be payable semi-annually in arrears on each Payment Date.

**Article V**  
**Recipient's Representative; Addresses**

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

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

(a) the Recipient's Address is:

Ministry of Economy and Finance  
Boulevard Denis Sassou Nguesso  
B.P.2083  
Brazzaville  
Republic of Congo

(b) the Recipient's Electronic Address is:

E-mail: [contact@finances.gouv.cg](mailto:contact@finances.gouv.cg)

5.03. **Bank's Address.** For purposes of Section 9.01 of the Standard Conditions:

(a) the Bank's Address is:

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Bank's Electronic Address is:

Telex:

248423 (MCI) or  
64145 (MCI)

Facsimile:

1-202-477-6391