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**GRANT NUMBER H596-ZR**

# **Financing Agreement**

**(Additional Financing for the Emergency Urban and Social Rehabilitation Project)**

**between**

**DEMOCRATIC REPUBLIC OF CONGO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated February 2, 2011**

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**GRANT NUMBER 596-ZR**

**FINANCING AGREEMENT**

AGREEMENT dated February 2, 2011, entered into between DEMOCRATIC REPUBLIC OF CONGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to Parts A, E and F of the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association 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 or in the Appendix to this Agreement.

**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 in an amount equivalent to twenty six million five hundred thousand Special Drawing Rights (SDR 26,500,000) (“Financing”) to assist in financing Parts A, E and F of the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 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 Payment Dates are March 1 and September 1 in each year.
- 2.05. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through UCOP in accordance with the provisions of Article IV of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

- 4.01. The Additional Event of Suspension consists of the following:
  - (a) The agreement to be entered into between the Recipient and the Financial Intermediary, the Paying Bank, the Auditor for School Expenditures, and the Internal Debt Tranches Auditor, respectively shall have been breached, amended or waived, in a manner which, in the opinion of the Association, affects the implementation of the Project.

**ARTICLE V — TERMINATION**

- 5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient's Representative is its minister responsible for finance.

6.02. The Recipient's Address is:

Minister of Finance  
Ministry of Finance  
Boulevard du 30 Juin  
BP 12997  
Kinshasa – Gombe  
Democratic Republic of Congo

Facsimile:

243 880 23 81

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS  
Washington, D.C.

248423 (MCI)

1-202-477-6391

AGREED at Kinshasa, Democratic Republic of Congo, as of the day and year first above written.

**DEMOCRATIC REPUBLIC OF CONGO**

**By //s// Marie-Francoise Marie-Nelly**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By //s// Matata Ponyo Mapon**

**Authorized Representative**

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to respond to urgent challenges by: (i) supporting domestic debt settlement; and (ii) addressing urgent rehabilitation and social needs in targeted areas.

The Project consists of the following parts:

**Part A.**            **Financing of Selected Recurrent Expenditure in the Education Sector**

Support the Recipient in the financing of School Operating Expenditures for Selected Schools, including related services.

**Part B.**            **Internal Debt Settlement**

Support the Recipient in completing the settlement of its Internal Debt, through payment of Internal Debt Tranches including related services and audits.

**Part C.**            **Urban Roads Rehabilitation**

Support the Recipient in the rehabilitation of Selected Roads, including technical and environmental studies, institutional support, construction works and supervision.

**Part D.**            **Access to Water**

Support the Recipient in improving access to water in peri-urban areas of Kinshasa, through the expansion of distribution network from the water treatment plant of Lukaya, including technical and environmental studies, institutional support, construction works and supervision; and information, communication, and training.

**Part E.**            **Malaria Reduction and Prevention**

Support the Recipient in the fight against malaria in Kinshasa and Bandundu province, through the acquisition and distribution (for free) of long lasting insecticidal bed nets to households in Kinshasa and Bandundu province and related supervision and communication activities.

Part F.            Project Implementation and Coordination

Support the Recipient in Project implementation, Project coordination, procurement and financial management, as well as the implementation of social and environmental mitigation measures through the provision of technical advisory services for the carrying out of technical audits and financial audits and monitoring, including environmental and social, and evaluation activities under the Project, as well as through operating and communication costs.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. Except as the Association shall otherwise agree, the Recipient shall: (i) apply the criteria, policies, procedures and arrangements set out in the Project Manuals; and (ii) not amend or waive, or permit to be amended or waived, the Project Manuals, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
2. The Recipient shall, at all times during the execution of the Project:
  - (a) maintain ISC in form and with functions satisfactory to the Association, responsible for overall supervision and strategic orientation of the Project; and
  - (b) maintain UCOP in form and with functions satisfactory to the Association and with staff in adequate number and with qualifications and experience satisfactory to the Association, responsible for annual planning and programming, day to day coordination and implementation of Project activities, disbursement, financial management, contract management, monitoring and evaluation, and reporting to the ISC and the Association, all in compliance with the Project Manuals.
3. For the purpose of Part A of the Project, the Recipient shall: (a) enter into and maintain throughout the life of the Project an agreement with the Auditor for School Expenditures; and (b) cause UCOP to enter into and maintain throughout the life of the Project: (i) an agreement with the Financial Intermediary, providing for the transfer by the Financial Intermediary to Selected Schools of funds made available to the Recipient under each School Operating Expenditures Installment; and (ii) an agreement with the Education Communication Entity, all in form and substance satisfactory to the Association.
4. For the purpose of Part B of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project: (a) an agreement with the Paying Bank, and (b) an agreement with the Internal Debt Tranches Auditor, all in form and substance satisfactory to the Association.



5. For the purpose of Parts C, D, and E of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project, unless otherwise agreed with the Association, an agreement with the Procurement Agent, in form and substance satisfactory to the Association, and ensure proper collaboration from all concerned parties so as to allow the due performance of its mission by the Procurement Agent.
6. The Recipient shall cause UCOP to collaborate as needed with other relevant public or private agencies or entities involved in the implementation of the Project, including:
  - (a) as regards Part A of the Project, with MEPSP through SECOPE for the overall supervision of transfer of funds to and resulting activities within Selected Schools, as well as communication activities, on the basis of an agreement satisfactory to the Association between UCOP and MEPSP through SECOPE and maintained throughout the life of the Project unless otherwise agreed with the Association;
  - (b) as regards Part B of the Project, with CDPI and MINFIN for the overall supervision of Internal Debt clearance activities;
  - (c) as regards Part C of the Project, with MINITPR to ensure adequate coordination with the Recipient's infrastructure programs and with OVD to assist in the supervision of works carried out under the Project, on the basis of an agreement satisfactory to the Association to be entered into between UCOP and OVD and maintained throughout the life of the Project unless otherwise agreed with the Association;
  - (d) as regards Part D of the Project, with REGIDESO to ensure adequate coordination with the Recipient's water sector programs and to assist in the supervision and management of works, on the basis of an agreement satisfactory to the Association to be entered into between UCOP and the REGIDESO and maintained throughout the life of the Project unless otherwise agreed with the Association;
  - (e) as regards Part E of the Project, with PHI to ensure adequate coordination with the Recipient's health programs in Kinshasa and Bandundu province and to assist in the supervision and management of the activities on the basis of an agreement satisfactory to the Association entered into between UCOP and the PHI and maintained throughout the life of the Project unless otherwise agreed with the Association.

**B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Anti-Corruption Plan to be updated under terms satisfactory to the Association by not later than three (3) months after the Date of Effectiveness.

**C Safeguards**

1. No later than six months from the Date of Effectiveness, the Recipient shall adopt an ESMF and a RPF in form and substance satisfactory to the Association. The Recipient shall, thereafter, ensure that the Project is implemented in accordance with the provisions of the ESMF and the RPF, including the preparation, disclosure and implementation of an ESIA, EMP or RAP, if necessary, satisfactory to the Association before the start of the works to be carried out under Part C and D of the Project and except as the Association shall otherwise agree, shall not amend or waive any provision of the ESMF and the RPF, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.
2. For the purpose of Parts C and D of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project an agreement with the Safeguard Management Firm.

**D. Manual**

1. Except as the Association shall otherwise agree, the Recipient shall carry out the Project in accordance with the Project Implementation Manual (PIM), to be updated under terms satisfactory to the Association by not later than three (3) months after the Effectiveness Date, and except as the Association shall otherwise agree, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision of either one thereof, without the prior written agreement of the Association.
2. In the event of any conflict between the provisions of the PIM and those of this Agreement, the provisions of this Agreement shall prevail.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.
2. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months after the Closing Date.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.
4. The Recipient shall have an audit of the delivery of funds for each School Operating Expenditures Installment carried out according to terms and reference satisfactory to the Association as set forth in the Project Manuals, by auditors acceptable to the Association, no later than five (5) months after each release of funds under Part A of the Project.
5. The Recipient shall have an audit of the payment of each Internal Debt Tranche made under Part B of the Project carried out according to terms and reference satisfactory to the Association as set forth in the Project Manuals, by auditors acceptable to the Association, no later than 45 days after the payment of each such Internal Debt Tranche.

**Section III. Procurement**

**A. General**

- 1. Goods and Services other than consultant services.** All goods and services other than consultant services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
- 2. Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
- 3. Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods and services other than consultant services**

- 1. International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and services other than consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.
- 2. Other Methods of Procurement of Goods and services other than consultant services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods. The Procurement Plan shall specify the circumstances under which such methods may be used:

<b>Procurement Methods</b>
(a) National Competitive Bidding
(b) Shopping Procedures
(c) Limited International Bidding
(d) Direct contracting

**C. Particular Methods of Procurement of Consultants' Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

<b>Procurement Methods</b>
(a) Consultants' qualifications
(b) Least Cost Selection
(c) Selection of Individual Consultants
(d) Single Source Selection

**D. Review by the Association of Procurement Decisions**

The Procurement Plan shall set forth those contracts which shall be subject to the Associations' Prior Review. All other contracts shall be subject to Post Review by the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

**A. General**

1. The Recipient may withdraw the proceeds of the Financing of the Project in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing ("Category"), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) School Operating Expenditures Installments including related services, under Part A of the Project	12,900,000	100 % of amounts disbursed
(2) Goods, consultant services and non-consultant services for Part E of the Project	12,900,000	100%
(3) Operating Costs	700,000	100%
<b>TOTAL AMOUNT</b>	<b>26,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for the first semestral School Operating Expenditures Installment of SDR 6,450,000 equivalent under Category (1) above, unless the Recipient has provided to the Association an updated list of Selected Schools and related payment criteria under terms satisfactory to the Association and an audit satisfactory to the Association by the Auditor for School Expenditures on the payment of the previous School Operating Expenditures Installment made in the framework of the Original Financing Agreement, and for each semestral School Operating Expenditures Installment of SDR 6,450,000 under Category (1) above, unless the Recipient has provided to the Association an audit satisfactory to the Association by the Auditor for School Expenditures on the payment of the previous School Operating Expenditures Installment.
2. The Closing Date is May 31, 2012.

**Section V. Other Undertakings**

- A. The Recipient shall:
  - (a) maintain the Auditor for School Expenditures employed throughout the implementation of the Project;

- B. No later than six months from the Date of Effectiveness, the Recipient will have caused UCOP to:
- (a) extend the employment of the external auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of Schedule 2 to this Agreement; and
  - (b) extend the employment of the internal auditors for the Project, in accordance with the provisions of Section III of Schedule 2 to this Agreement.

**Section VI. Amendment to the Original Financing Agreement**

The following provisions of the Original Financing Agreement are hereby modified to read as follows:

1. The Preamble in Schedule 2 of the Original Financing Agreement is amended to read as follows:

“The objective of the Project is to respond to urgent challenges by: (i) supporting domestic debt settlement; and (ii) addressing urgent rehabilitation and social needs in targeted areas.”

2. Part E of the Project in Schedule 2 of the Original Financing Agreement is amended to read as follows:

Part E. Malaria Reduction and Prevention

Support the Recipient in the fight against malaria in Kinshasa and Bandundu provinces, through the acquisition and distribution (for free) of long lasting insecticidal bed nets to households in Kinshasa and the Bandundu province and related supervision and communication activities.”

3. Section II. A of Schedule 2 of the Original Financing Agreement is modified to read as follows:

**A. Project Reports**

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.”

4. The Closing Date in Section IV.B.2 is extended to May 31, 2012.

## APPENDIX

### Section I. Definitions

1. “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, with the modifications set forth in Section III of this Appendix.
2. “Anti-Corruption Plan” means “Anti-Corruption Plan” means the Recipient’s anti-corruption action plan adopted by the Recipient on February 10, 2010 which sets forth the measures and actions to be taken during implementation of the Project with respect to disclosure, civil society oversight, collusion mitigation, mitigation of forgery and fraud, complaints handling and sanctions and remedies.
3. “Auditor for School Expenditures” means the auditing firm acceptable to the Association recruited for the purpose of carrying out audits of payments made by the Financial Intermediary, as provided for in Schedule 2 of this Agreement.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CDPI” means *Commission de la Dette Publique Interne*, an entity established and operating pursuant to decree No. 04/016 dated January 26, 2004 “*portant création et organisation de la Commission de la Dette Publique Intérieure*”.
6. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006 and May 2010.
7. “Creditor Agreement” means the agreement entered into between the Recipient and each eligible creditor as part of the clearing of the Internal Debt, and initially providing for the payment by the Recipient to each eligible creditor of three installments, one in 2005, one in 2006 and one in 2007, respectively.
8. “Education Communication Entity” means the organization acceptable to the Association recruited by the Recipient to carry out communication activities under Part A of the Project.
9. “EMP” means environmental management plan, the plan, in form and substance satisfactory to the Association, to be adopted as the case may be by the Recipient, describing measures for the mitigation, reduction and or offset of the environmental and social impacts of activities identified under the Project, pursuant to the ESMF and ESIA (as hereinafter defined).



10. “ESIA” means environmental and social impact assessment, the evaluation of the potential environmental and social risks and impacts of activities under the Project, prepared by the Recipient in accordance with the provisions of Section I. C of Schedule 2 to this Agreement and to include an EMP, as the same may be amended from time to time with the prior approval of the Association.
11. “ESMF” means Environmental and Social Management Framework, the document adopted by the Recipient on August 21, 2008 referred to Section I. C of Schedule 2 to this Agreement, consisting of a framework outlining the modalities for social and environmental screening of Project activities and rules and procedures for the preparation and implementation of ESIA to be complied with, as the case may be, prior to carrying out such activity.
12. “Financial Intermediary” means the firm acceptable to the Association selected under terms and conditions satisfactory to the Association to facilitate the payment to Selected Schools of the Schools Operating Expenditures Installment.
13. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006), with the modifications set forth in Section II of this Appendix.
14. “Internal Debt” means the stock of domestic debt owed by the Recipient to private domestic creditors, as determined pursuant to procedures satisfactory to the Association, and confirmed through an independent audit in January 2004.
15. “Internal Debt First Tranche” means the amount referred to in Category (2) (a) of the table set forth in Section IV. A of Schedule 2 to the Original Financing Agreement, to be released to the Recipient under Part B the Project for the purpose of payment by the Recipient to Internal Debt creditors of the second installment due pursuant to Creditor Agreements, subject to conditions set forth in this Agreement.
16. “Internal Debt Initial Tranche” means a total amount of \$ 42,500,000, used for the payment in 2005 by the Recipient to Internal Debt creditors of the first installment due pursuant to Creditor Agreements.
17. “Internal Debt Second Tranche” means the amount referred to in Category (2) (b) of the table set forth in Section IV. A of Schedule 2 to the Original Financing Agreement, to be released to the Recipient under Part B the Project for the purpose of payment by the Recipient to Internal Debt creditors of the third installment due pursuant to Creditor Agreements, subject to conditions set forth in this Agreement.

18. “Internal Debt Tranches” means collectively the Internal Debt First Tranche and the Internal Debt Second Tranche.
19. “Internal Debt Tranches Auditor” means the auditing firm acceptable to the Association to be recruited for the purpose of carrying out audits of payments made by the Paying Bank, as provided for in Schedule 2 of this Agreement.
20. “ISC” means the interministerial steering committee for the Project (*Comité Interministériel de Supervision*) established and operating pursuant to Decree No. 03/023 dated September 10, 2003 “*portant création, organisation et fonctionnement du Comité Interministériel de Supervision du Projet d’Urgence de Soutien au Processus de Réunification Economique et Sociale en RDC*”.
21. “MEPSP” means *Ministère de l’Enseignement Primaire, Secondaire et Professionnel*, the Recipient’s Ministry in charge of primary, secondary and professional education.
22. “MINFIN” means the Recipient’s Ministry of Finance.
23. “MINITPR” means the Recipient’s Ministry of Infrastructures, Public Works and Reconstruction.
24. “Operating Costs” means the incremental expenses incurred by the Recipient on account of Project implementation, management, and monitoring, for office space rental, utilities, and supplies, bank charges, communications, vehicle operation, maintenance, and insurance, building and equipment maintenance, advertising expenses, travel and supervision, salaries of contractual and temporary staff, but excluding salaries, fees, honoraria, and bonuses of members of the Recipient’s civil service
25. “Original Financing Agreement” means the financing agreement for an Emergency Urban and Social Rehabilitation Project between the Recipient and the Association, dated April 11, 2007 (Grant No H282-DRC).
26. “Original Project” means the Project described in the Original Financing Agreement.
27. “OVD” means *Office des Voiries et Drainage*, the Recipient’s entity in charge of the maintenance and planning for urban roads and sewage infrastructure established and operating pursuant to Ordinance No. 87-331 dated September 16, 1987 “*portant création et statuts d’une entreprise publique*”.

28. “PAFAM” means the Project implementation manual, outlining the administrative, financial and accounting, and procurement arrangements for the implementation of the Project, adopted by the Recipient on July 2, 2007 and revised in April 2010 as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PAFAM.
29. “Paying Bank” means the commercial Bank acceptable to the Association selected under terms and conditions satisfactory to the Association selected to facilitate the payment to Internal Debt creditors of the Internal Debt Tranches.
30. “PHI” means provincial health inspectorate (*Inspection Provinciale de la Santé*) authorities in Kinshasa, as established pursuant to “*Arrêté n° CAB/MIN/FP/JMK/PPJ/044/2003 du 28 mars 2003 portant agrément provisoire du cadre organique du Ministère de la Santé Révisé*”.
31. “PIM” means the Project implementation manual outlining operational modalities for the implementation of Project activities including, *inter alia*, the PAFAM and institutional, disbursement, procurement and environmental mitigation arrangements for the implementation of the Project adopted by the Recipient on July 2, 2007 as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM.
32. “Procurement Agent” means the entity to be recruited in accordance with Section III of Schedule 2 to this Agreement to carry out procurement activities under Part C through E of the Project.
33. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October 2006 and May 2010.
34. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 6, 2007 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
35. “Project Manuals” means, collectively, the PIM and the PAFAM.
36. “RAP” means resettlement action plan, the document to be prepared by the Recipient, as the case may be, pursuant to the RPF.
37. “REGIDESO” means *Régie des Distributions d’Eau de la République Démocratique du Congo*, the Recipient’s public water distribution company established and operating pursuant to *Ordonnance-loi* No. 66-460, dated August 25, 1966, as amended by *Ordonnance* No. 78-197, dated May 5, 1978.

38. “RPF “means resettlement policy framework for land acquisition, compensation, resettlement and rehabilitation under the Project adopted by the Recipient on, August 21, 2008 referred to in Section I. C of Schedule 2 to this Agreement, as said framework may be amended from time to time with the prior concurrence of the Association.
39. “Safeguard Management Firm” means the firm acceptable to the Association to be recruited by the Recipient to carry out environmental and social mitigation measures under Parts C and D of the Project.
40. “School Operating Expenditures” means for Selected Schools “*frais de fonctionnement*” as defined by *Arrêté Interministériel n° 0009bis/2008 dated February 1, 2008*, as well as “*frais d’interventions ponctuelles*” as defined pursuant to “*lettres circulaires*” of the MEPSP.
41. “School Operating Expenditures Installment” means each semestrial installment to be disbursed by the Association to the Recipient under Part A of the Project and to be transferred by the Financial Intermediary to Selected Schools, under conditions set forth in this Agreement.
42. “SECOPE” means *Service de Contrôle et de la Paie des Enseignants*, the unit within MEPSP in charge of the management of teachers’ salaries payment;
43. “Selected Roads” means the list of road segments in Kinshasa to be rehabilitated under Part C of the Project to be agreed upon between the Recipient and the Association.
44. “Selected Schools” means the list of secondary (including professional and technical) schools formally registered and budgeted in the territory of the Recipient eligible for financing under Part A of the Project, presented by the Recipient and found satisfactory by the Association.
45. “UCOP” means *Unité de Coordination du Projet*, established and operating pursuant to the Recipient’s Decree No. 03/023 dated September 10, 2003 “*portant création, organisation et fonctionnement du Comité Interministériel de Supervision du Projet d’Urgence de Soutien au Processus de Réunification Economique et Sociale en RDC*”.

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

The modifications to the General Conditions for Credits and Grants of the Association, dated July 1, 2005 (as amended through October 15, 2006) are as follows:

1. Section 2.07 is modified to read as follows:

*“Section 2.07. Refinancing Preparation Advance*

If the Financing Agreement provides for the repayment out of the proceeds of the Financing of an advance made by the Association or the Bank (“Preparation Advance”), the Association shall, on behalf of the Recipient, withdraw from the Financing Account on or after the Effective Date the amount required to repay the withdrawn and outstanding balance of the advance as at the date of such withdrawal from the Financing Account and to pay all accrued and unpaid charges, if any, on the advance as at such date. The Association shall pay the amount so withdrawn to itself or the Bank, as the case may be, and shall cancel the remaining unwithdrawn amount of the advance.”

2. Paragraph (1) of Section 6.02 is modified to read as follows:

*“Section 6.02. Suspension by the Association*

(1) *Ineligibility.* The Association or the Bank has declared the Project Implementing Entity ineligible to receive proceeds of any financing made by the Association or the Bank or otherwise to participate in the preparation or implementation of any project financed in whole or in part by the Association or the Bank, as a result of: (i) a determination by the Association or the Bank that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of any financing made by the Association or the Bank; and/or (ii) a declaration by another financier that the Project Implementing Entity is ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Project Implementing Entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

3. 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 term “Project Preparation Advance” is modified to read “Preparation Advance” and its definition is modified to read as follows:

“‘Preparation Advance’ means the advance referred to in the Financing Agreement and repayable in accordance with Section 2.07.”

### **Section III. Modifications to the Anti-Corruption Guidelines**

The modifications to the Anti-Corruption Guidelines are as follows:

1. Section 5 is re-numbered as Section 5(a) and a new Section 5(b) is added to read as follows:

“... (b) These Guidelines also provide for the sanctions and related actions to be imposed by the Bank on Borrowers (other than the Member Country) and all other individuals or entities who are recipients of Loan proceeds, in the event that the Borrower or the individual or entity has been debarred by another financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

2. Section 11(a) is modified to read as follows:

“... (a) sanction in accordance with prevailing Bank’s sanctions policies and procedures (fn13) a Borrower (other than a Member Country) (fn 14) or an individual or entity, including (but not limited to) declaring such Borrower, individual or entity ineligible publicly, either indefinitely or for a stated period of time: (i) to be awarded a Bank-financed contract; (ii) to benefit from a Bank-financed contract, financially or otherwise, for example as a sub-contractor; and (iii) to otherwise participate in the preparation or implementation of the project or any other project financed, in whole or in part, by the Bank, if at any time the Bank determines (fn 15) that such Borrower, individual or entity has engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in connection with the use of loan proceeds, or if another financier with which the Bank has entered into an agreement for the mutual enforcement of debarment decisions has declared such person or entity ineligible to receive proceeds of financings made by such financier or otherwise to participate in the preparation or implementation of any project financed in whole or in part by such financier as a result of a determination by such financier that the Borrower or the individual or entity has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

Footnotes:

“13. An individual or entity may be declared ineligible to be awarded a Bank financed contract upon completion of sanctions proceedings pursuant to the Bank’s sanctions policies and procedures, or under the procedures of temporary suspension or early temporary suspension in connection with an ongoing sanctions proceeding, or following a sanction by another financier with whom the Bank has entered into a cross debarment agreement, as a result of a determination by such financier that the firm or individual has engaged in fraudulent, corrupt, coercive or collusive practices in connection with the use of the proceeds of a financing made by such financier.”

“14. Member Country includes officials and employees of the national government or of any of its political or administrative subdivisions, and government owned enterprises and agencies that are not eligible to bid under paragraph 1.8(b) of the Procurement Guidelines or participate under paragraph 1.11(c) of the Consultant Guidelines.”

“15. The Bank has established a Sanctions Board, and related procedures, for the purpose of making such determinations. The procedures of the Sanctions Board sets forth the full set of sanctions available to the Bank. In addition, the Bank has adopted an internal protocol outlining the process to be followed in implementing debarments by other financiers, and explaining how cross-debarments will be posted on the Bank’s website and otherwise