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**CREDIT NUMBER 4701-CG**

# **Financing Agreement**

**(Water, Electricity and Urban Development Project)**

**between**

**REPUBLIC OF CONGO**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated May 25, 2010**

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**CREDIT NUMBER 4701-CG**

**FINANCING AGREEMENT**

AGREEMENT dated May 25, 2010, entered into between REPUBLIC OF CONGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). 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 credit in an amount equivalent to sixteen million five hundred thousand Special Drawing Rights (SDR 16,500,000) (variously, “Credit” and “Financing”) to assist in financing 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 Credit 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are March 15 and September 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 3 to this Agreement.
- 2.07. The Payment Currency is the 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 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 — EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
  - (a) The Performance Contract and Delegated Management Contract with each of the Project Cities have been executed on behalf of the Recipient and the Project City, in accordance with the provisions of Section I.C.1 of Schedule 2 to this Agreement.
  - (b) The Implementation Agreement has been executed on behalf of the Recipient and SNDE, in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
  - (c) The Recipient has deposited an amount in CFA Francs equivalent to fourteen million United States Dollars (USD 14,000,000) into the Project Counterpart Funds Account in accordance with the provisions of Section I.H of Schedule 2 to this Agreement.
- 4.02. The Additional Legal Matters consist of the following, namely, that the Implementation Agreement, each Performance Contract and each Delegated Management Contract, have all been duly authorized or ratified by the parties thereto and are legally binding upon such parties in accordance with their respective terms.
- 4.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.04. 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 V — REPRESENTATIVE; ADDRESSES**

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

5.02. The Recipient's Address is:

*Ministère des Finances, du Budget et du Portefeuille Public*  
B.P. 2083  
Brazzaville  
Republic of Congo

Facsimile:

242-814-145

5.03. 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 Brazzaville, Republic of Congo, as of the day and year first above written.

**REPUBLIC OF CONGO**

**By /s/ Gilbert Ondongo**

**Authorized Representative**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By /s/ Marie Françoise Marie-Nelly**

**Authorized Representative**

## SCHEDULE 1

### Project Description

The objective of the Project is to increase sustainable access to basic infrastructure, services and safe drinking water for the inhabitants of targeted areas in the Recipient's cities of Brazzaville and Pointe Noire.

The Project consists of the following parts:

#### **Part A: Urban Infrastructure and Services**

##### **1. Investments**

Rehabilitation and construction of socio-economic infrastructure in targeted zones of Brazzaville and Pointe Noire, including: (a) main, secondary and tertiary feeder roads, including bridges, drainage and sanitation works, and environmental and anti-erosion works; and (b) commercial facilities, integrated health centers, primary schools, and other municipal infrastructure.

##### **2. Municipal Development**

**(a) Brazzaville and Pointe-Noire.** Carrying out of a program of studies, technical assistance, and training to improve local governance, municipal and urban management, and fiscal performance of Brazzaville and Pointe Noire, through: (i) building capacity in programming and implementation, management of infrastructure and basic services, management of the environmental and social impacts of municipal investments and development and application of monitoring and evaluation systems; (ii) facilitating resource mobilization through updating of the municipal tax base and improved management of revenue-generating facilities such as markets and bus stations; (iii) strengthening administrative and financial management; (iv) identification of administrative constraints to development of economic activities, and recommendation of measures to alleviate such constraints; (v) awareness campaigns on socio-environmental matters, hygiene and sanitation; and (vi) communication campaigns on the Project's progress.

**(b) Ministry of Urban Planning and Housing.** Carrying out of a program to establish urban management tools, such program to include: (i) updating the urban master plans for Brazzaville and Pointe-Noire; (ii) updating the legislative and regulatory framework governing urban planning; (iii) carrying out annual urban policy reviews; (iv) strengthening economic analysis of investments; (v) strengthening budget planning and execution; and (vi) development and implementation of a communications program with interested parties; including provision of equipment and training required for the purpose.

**Part B: Water Supply**

**1. Water Supply**

Rehabilitation, upgrading and extension of safe drinking water supply systems in Brazzaville and Pointe Noire.

**2. Urban Water Sector Reform**

(a) **MEH Strategy.** Development of the Recipient's strategy to reform the urban water sector so as to improve its overall effective and efficient operation, through the provision of advisory services, in-depth studies of water demand and tariffs, review and development of an appropriate institutional framework for the water sector, and dissemination of the strategy for reform of the sector.

(b) **SNDE.** Carrying out of a program to improve the organization, management, technical and commercial operations, and finances of SNDE, including: (i) conclusion of a service contract with a suitable service provider, for the development of selected water supply management systems for the proper financial management, procurement, human resources management, water network supervision and monitoring and evaluation of SNDE's performance; (ii) carrying out of technical and financial audits; (iii) provision of training, and of goods and minor repairs; and (iv) replacement and rehabilitation of tools, equipment, metering and water supply network systems required for the purpose.

**Part C: Electricity Sector Reform**

**1. Electricity Sector Reform Development**

Carrying out of a program to develop a comprehensive strategy for the reform of the electricity sector to ensure its efficient operation, such program to consist of the carrying out of a diagnosis of the sector with a view to developing short term measures to stabilize the sector and longer term proposals for the reform of the sector, consultations with all interested parties on such short term measures and longer term proposals and finalization of the reform measures and proposals on the basis of such consultations.

**2. Support to MEH for the Launch of the Reform**

Carrying out of a program of key measures adopted under Part C.1 of the Project, required for the reform of the electricity sector, such program to include: (a) tariff studies; (b) review and update of the legal and regulatory framework governing the electricity sector; (c) technical assistance and training to enhance the capacity of the Recipient in economic regulation and analysis and monitoring and evaluation of investments; (d) technical assistance on budget implementation and investment planning for the sector; and (e) development and implementation of a communications strategy for

the proposed reform measures.



## **SCHEDULE 2**

### **Project Execution**

#### **Section I. Implementation Arrangements**

##### **A. Institutional Arrangements**

##### **1. Steering Committee**

In order to ensure the proper oversight of the Project and coordination among the Recipient's ministries and agencies responsible for the Project, the Recipient shall maintain throughout the period of Project implementation, with membership, terms of reference and resources satisfactory to the Association, a steering committee chaired by a representative of the Ministry of Planning, and comprised of representatives of all such ministries, the Project Cities, SNDE, SNE and the private sector, to be responsible for providing overall guidance on and oversight of the Project, and ensuring the coordination of the Project with the Recipient's overall urban infrastructure and water service improvement programs within the Project Cities.

##### **2. Project Coordination Unit**

(a) The Recipient shall, throughout the period of implementation of the Project, maintain within the Ministry of Equipment and Public Works, a unit with terms of reference, staffing and resources acceptable to the Association, to be responsible for (i) coordinating Project implementation and serving as secretariat for the steering committee referred to above in Section I.A.1 of this Schedule 2; (ii) managing all Project activities at the national level; (iii) maintaining Project accounts and producing financial reports; and (iv) monitoring, evaluating and reporting on Project implementation and impacts.

(b) Without limitation upon the foregoing, the Recipient shall ensure that the PCU is at all times staffed with the following staff with qualifications and experience and terms of reference satisfactory to the Association: (i) a Project coordinator; (ii) two civil engineers, one located in each of the Project Cities; (iii) a financial management specialist; (iv) a certified accountant; (v) a procurement specialist; (vi) an internal auditor; (vii) a social and environmental safeguard specialist; (viii) a monitoring and evaluation specialist; (ix) a communications specialist; and (x) an administrative assistant.

(c) The staff referred to above in subparagraph (b)(vii) (safeguards specialist), (b)(viii) (monitoring and evaluation specialist) and (b)(ix)

(communications specialist) of Section I.A.2 of this Schedule shall be assigned to the PCU not later than six months after the Effective Date.

### **3. Municipal-level Institutional Arrangements**

The Recipient shall ensure the establishment in each of the Project Cities not later than six months after the Effective Date and maintenance at all times thereafter during the period of Project implementation, of the following organs with terms of reference and resources satisfactory to the Association, supported by qualified and experienced staff in adequate numbers:

- (a) a community development support unit within each urban district (*mairies d'arrondissements*), to be responsible for maintaining an ongoing dialogue with members of the community to ensure the proper maintenance of assets constructed under the Project; and
- (b) community development committees in the Project neighborhoods, to be responsible for disseminating information regarding health, roads, sanitation and education activities under the Project.

### **B. Project Implementation Manual**

The Recipient shall ensure that the Project is carried out in accordance with the Project Implementation Manual and shall not amend or waive any provision of the Project Implementation Manual without the Association's prior written agreement. In the event of any inconsistency between the provisions of the Project Implementation Manual and this Agreement, the provisions of this Agreement shall govern.

### **C. Performance Contracts; Delegated Management Contracts; Implementation Agreement**

1. To facilitate the proper carrying out of Part A of the Project, the Recipient shall, under terms and conditions acceptable to the Association, enter into:
  - (a) a performance contract with each of the Project Cities, setting forth an action plan to be implemented and financial targets to be met by each of the Project Cities, and on the basis of which funds are to be allocated by the Recipient to the Project Cities for such action plan; and
  - (b) a delegated management contract with each of the Project Cities
    - (i) allocating the respective responsibilities of the Recipient and the Project City for the implementation of said Part A and ensuring the provision of appropriate and timely support by the Project City to the Recipient for the implementation of said Part A, and (ii) obligating the Project City: (A) to carry out its activities in relation to the Project in accordance with due diligence and efficiency and in

accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (B) to maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect its operations, resources and expenditures related to the Project; and at the Association's or the Recipient's request, have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association.

2. To facilitate the proper carrying out of Part B of the Project, the Recipient shall, under terms and conditions acceptable to the Association:

- (a) enter into an implementation agreement with SNDE, providing that:
  - (i) SNDE shall assist the Recipient in the technical review of the procurement process and implementation of the activities included under Part B (1) of the Project; (ii) the Recipient shall be responsible for the implementation of Part B (2) of the Project, including the selection and payment of the service provider procured under said Part B(2); and (iii) SNDE: (A) shall carry out its activities in relation to the Project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Recipient; and (B) shall maintain a financial management system and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Project; and at the Association's or the Recipient's request, shall have such financial statements audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, and promptly furnish the statements as so audited to the Recipient and the Association; and

- (b) in accordance with the recommendations (including proposed timetable) of the studies to be carried out under Part B of the Project, enter into a performance contract with SNDE, setting forth an action plan to be implemented and targets to be met by SNDE in respect of provision of water supply services and on the basis of which funds are to be allocated by the Recipient to SNDE for such action plan.

3. The Recipient shall ensure that the Performance Contracts, Delegated Management Contracts and Implementation Agreement shall be implemented

with due diligence and efficiency, and shall exercise its rights and carry out its obligations under said contracts and agreement in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any of said contracts or agreement or any of its provisions.

**D. Water Supply Services Contract**

Under Part B(2)(b) of the Project, the Recipient shall, in accordance with terms of reference acceptable to the Association and not later than February 28, 2011, engage a service provider in accordance with the provisions of Section III of this Schedule 2, to improve SNDE's technical, financial and commercial performance and human resources management.

**E. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines and the Governance and Anti-corruption Plan.

**F. Safeguards**

The Recipient shall ensure that the Project is carried out in accordance with the Safeguard Instruments. To that end, the Recipient shall, for all activities proposed for inclusion in each annual work plan ("Proposed Work Plan") to be prepared under Section I.G of this Schedule 2 ("Proposed Activities"), take the following actions in a manner acceptable to the Association:

1. The Recipient shall carry out an Environmental and Social Impact Assessment of the Proposed Activities, disclose it locally and furnish it to the Association as part of the Proposed Work Plan.
2. If an Environmental Management Plan would be required for the Proposed Activities on the basis of the ESMF and the Environmental and Social Impact Assessment, the Recipient shall prepare such Environmental Management Plan in accordance with the requirements of such Safeguard Instruments, disclose it locally and furnish it to the Association as part of the Proposed Work Plan; and only carry out the Agreed Annual Work Plan in accordance with such Environmental Management Plan as approved by the Association.
3. If a Resettlement Plan would be required for the Proposed Activities on the basis of the RPF, the Recipient shall: (a) prepare said Resettlement Plan in accordance with the requirements of the RPF, disclose it locally and furnish it to the Association as part of the Proposed Work Plan; and (b) ensure that no works

under the Agreed Annual Work Plan for said activities shall be commenced until (i) all measures required to be taken under said Resettlement Plan prior to the initiation of said activities have been taken; (ii) the Recipient has prepared and furnished to the Association a report in form and substance satisfactory to the Association, on the status of compliance with the requirements of said Resettlement Plan; and (iii) the Association has confirmed that said activities may be commenced.

4. Without limitation upon any other provisions of this Agreement, the Recipient shall: (a) prepare and furnish to the Association not later than 45 days after the end of each calendar quarter, a report, in form and substance satisfactory to the Association, on the implementation of the Safeguard Instruments during such quarter, together with any conditions which may interfere with such implementation and measures designed to address such conditions; and (b) thereafter promptly implement such measures with due diligence, taking into account the comments of the Association on the matter.
5. Without limitation upon the provisions of Section 4.05 of the General Conditions, the Recipient shall obtain all administrative, urban planning, and environmental permits and authorizations required under the laws of the Recipient for the proper implementation of the activities included in the Agreed Annual Work Plan.

**G. Annual Work Plans**

1. Annual Work Plans

- (a) The Recipient shall:
  - (i) through the PCU, prepare under terms of reference acceptable to the Association, and furnish to the Association, not later than October 30 of each year during the period of Project implementation, for the Association's review and approval, an annual work plan of activities (including proposed and training and workshop programs) proposed for inclusion in the Project during the following calendar year, together with (A) a budget and financing plan for such activities and a timetable for their implementation, including amounts of the Recipient's counterpart funding required for the purpose, and (B) any Safeguard Instrument for such activities required pursuant to Section I.F of this Schedule; and
  - (ii) thereafter, allocate the necessary counterpart funds and carry out the Project with due diligence during such following year in accordance with such annual work plan as shall have been

approved by the Association (“Agreed Annual Work Plan”) and with any such required Safeguard Instrument.

- (b) Only activities included in an Agreed Annual Work Plan shall be eligible for inclusion in the Project.

2. Training and Workshops

The Recipient shall ensure that in preparing any training or workshops proposed for inclusion in the Project under an Agreed Annual Work Plan it shall identify in the work plan: (a) the objective and content of the training or workshop envisaged; (b) the selection method of institutions or individuals conducting such training or workshop; (c) the expected duration and an estimate of the cost of said training or workshops; and (d) the personnel selected to attend the training or the workshop.

**H. Project Counterpart Funds**

1. The Recipient shall open and thereafter at all times throughout the implementation of the Project maintain in a financial institution and on terms and conditions acceptable to the Association, an account into which all counterpart funds required for the Project shall be deposited and maintained until required to pay for Eligible Expenditures.
2. Without limitation upon the provisions of Section 4.03 of the General Conditions, the Recipient shall deposit into the Project Counterpart Funds Account amounts in CFA Francs equivalent to each of the following amounts not later than the dates indicated next to such amount:

<b>Amount (in Dollars)</b>	<b>Date</b>
USD 14 million	Effective Date
USD 15 million	March 31, 2011
USD 15 million	September 30, 2011
USD 12.4 million	March 31, 2012
USD 12.4 million	September 30, 2012
USD 10.2 million	March 31, 2013
USD 10.2 million	September 30, 2013
USD 5.4 million	March 31, 2014

USD 5.4 million	September 30, 2014
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3. The Recipient shall ensure that all amounts deposited in the Project Counterpart Funds Account shall be used exclusively to pay for Eligible Expenditures.

## **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 set forth below in paragraph 2 of this Section. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
2. The performance indicators referred to above in paragraph 1 consist of the following:
  - (a) Number of residents of the neighborhoods of the Project Cities covered by the Project with access within a radius of 500 meters to an all-season road.
  - (b) Number of residents of the neighborhoods of the Project Cities covered by the Project with access to improved health facilities.
  - (c) Number of residents of the neighborhoods of the Project Cities covered by the Project with access to improved school facilities.
  - (d) Percentage of the Recipient's total annual budget utilized to finance infrastructure maintenance in the Project Cities.
  - (e) Number of residents of the neighborhoods of the Project Cities covered by the Project with access to improved water sources (according to the number of users per standpipe and users with individual connections).

### **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 45 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, commencing with the Fiscal Year in which the first withdrawal was made under the Preparation Advance for the Project. 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. In order to ensure the timely carrying out of the audits referred to in Section II.B.3 of this Schedule, the Recipient shall engage auditors for the purpose not later than 3 months after the Effective Date, in accordance with the provisions of Section III of this Schedule.

**C. Project Records Management System**

In order to facilitate the proper monitoring and evaluation of the Project, the Recipient shall not later than six months after the Effective Date, upgrade in accordance with terms of reference satisfactory to the Association, its system for Project records management.

**Section III. Procurement**

**A. General**

1. **Goods and Works.** All goods and works 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 Works**



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

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) 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 Method</b>
(a) Quality Based Selection
(b) Selection under a Fixed Budget
(c) Selection based on the Consultants' Qualifications
(d) Least Cost Selection
(e) Single Source Selection
(f) Individual Consultants

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

1. Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association:
  - (a) each contract for works estimated to cost the equivalent of \$3 million or more;
  - (b) each contract for goods estimated to cost the equivalent of \$500,000 or more;
  - (c) each contract for goods or works procured on the basis of Direct Contracting;
  - (d) the first two contracts for goods awarded on the basis of National Competitive Bidding;
  - (e) the first two contracts for works awarded on the basis of National Competitive Bidding;
  - (f) the first two contracts for consultants' services, regardless of the method of procurement;
  - (g) each contract for consultants' services estimated to cost the equivalent of \$100,000 or more;
  - (h) each contract for consultants' services provided by an individual and estimated to cost the equivalent of \$50,000 or more; and
  - (i) each contract for consultants' services provided by a firm and procured on the basis of Single Source Selection or by an individual and procured on a Sole Source basis, regardless of the cost thereof.
2. All other contracts shall be subject to Post Review by the Association.
3. Without limitation on the foregoing, the terms of reference for each contract for consultants' services, regardless of the amount of such contract, shall be subject to the Association's prior review and approval.

**E. Procurement Audits**

The Recipient shall have all procurement activities undertaken by it under the Project audited annually by auditors under terms of reference and with qualifications and experience satisfactory to the Association. Each such audit

shall cover the period of one Fiscal Year and shall be furnished to the Association not later than 6 months after the end of such Fiscal Year.

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

**A. General**

1. The Recipient may withdraw the proceeds of the Financing 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 Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
(1) Goods, works, consultants’ services, Training and Operating Costs for the Project	15,500,000	20.3%
(2) Refund of Preparation Advance	1,000,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<b>16,500,000</b>	

**B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2015.



**SCHEDULE 3**  
**Repayment Schedule**

<b>Date Payment Due</b>	<b>Principal Amount of the Credit Repayable</b>  <b>(expressed as a percentage)*</b>
On each March 15 and September 15, commencing September 15, 2020, to and including March 15, 2030	<b>5%</b>

\* The percentages represent the percentage of the principal amount of the Credit to be repaid.

## APPENDIX

### Section I. Definitions

1. “Agreed Annual Work Plan” means the annual work plan of activities to be included in the Project, and prepared by the Recipient and approved by the Association in accordance with the provisions of Section I.G of Schedule 2 to this Agreement.
2. “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.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CFA Franc” means the franc of the Central Africa Economic and Monetary Community (CEMAC), whose common central bank is the Bank of Central African States (BEAC).
5. “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.
6. “Delegated Management Contract” means each of the delegated management contracts referred to in Section I.C.1(b) of Schedule 2 to this Agreement, to be entered into between the Recipient and a Project City in accordance with the provisions of said Section.
7. “Environmental and Social Impact Assessment” means, for the activities to be carried out under the FY 2010 Agreed Annual Work Plan, the environmental and social impact assessment prepared and disclosed by the Recipient, and set forth in the documents entitled : « *Plan de Gestion Environnementale et Sociale pour les Marchés de Brazzaville et Pointe Noire* », dated November 25, 2009, « *Plan de Gestion Environnementale et Sociale des Sites d'Erosion de Brazzaville* », dated December 2009, « *Plan de Gestion Environnementale et Sociale pour la Réhabilitation et la Construction de 25 Ecoles Primaires à Brazzaville* », dated January 2010, « *Plan de Gestion Environnementale et Sociale de Dix Centres de Santé Intégrés à Brazzaville et Pointe Noire* », dated January 2010, and « *Etudes d'Impact Environnemental et Social pour les Travaux de Réhabilitation et/ou de Construction de Voieries et Systèmes de Drainage dans les Villes de Brazzaville et de Pointe Noire* », dated January 2010; and for each subsequent Agreed Annual Work Plan, the environmental and social impact assessment required

pursuant to the ESMF for the activities to be included in said Agreed Annual Work Plan, and to be prepared and disclosed by the Recipient in accordance with the provisions of Sections I.F and I.G.1 of Schedule 2 to this Agreement and approved by the Association.

8. “Environmental Management Plan” and “EMP” means, for each Agreed Annual Work Plan, the environmental management plan required pursuant to the ESMF for the activities to be included in said Agreed Annual Work Plan, and to be prepared, disclosed and implemented by the Recipient in accordance with the provisions of Sections I.F and I.G.1 of Schedule 2 to this Agreement and approved by the Association.
9. “ESMF” means the Recipient’s environmental and social management framework for the Project, set forth in the document entitled “*Cadre de Gestion Environnementale et Sociale*” dated November 23, 2009, disclosed in the Recipient’s territory and approved by the Association.
10. “Fiscal Year” and “FY” means each fiscal year of the Recipient, commencing January 1 and ending December 31.
11. “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.
12. “Governance and Anti-corruption Plan” mean the Recipient’s plan, set forth in the document entitled “*Plan d’Action Anti-corruption*” dated January 13, 2010 for combating corruption under the Project.
13. “Implementation Agreement” means the agreement referred to in Section I.C.2 of Schedule 2 to this Agreement to be entered into between the Recipient and SNDE in accordance with the provisions of said Section.
14. “Ministry of Energy and Hydraulics” and “MEH” each mean the “*Ministère de l’Energie de de l’Hydraulique*,” the Recipient’s ministry responsible for energy and water, and any successor thereto.
15. “Ministry of Planning” means the “*Ministère de l’Economie, du Plan, de l’Aménagement du Territoire et de l’Intégration*”, the Recipient’s ministry responsible for planning, and any successor thereto.
16. “Ministry of Equipment and Public Works” means the “*Ministère de l’Équipement et des Travaux Publics*”, the Recipient’s ministry responsible for public works, and any successor thereto.

17. “Ministry of Urban Planning and Housing” means the “*Ministère de la Construction, de l’Urbanisme et de l’Habitat*”, the Recipient’s ministry responsible for urban planning and housing, and any successor thereto.
18. “Operating Costs” means the incremental expenses incurred on account of Project implementation, consisting of reasonable expenditures for office supplies, vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office and office equipment maintenance, utilities, document duplication/printing, consumables, travel cost and *per diem* for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project, but excluding salaries of officials of the Recipient’s civil service.
19. “Performance Contract” means each of the performance contracts referred to in Section I.C.1 (a) of Schedule 2 to this Agreement, to be entered into between the Recipient and a Project City in accordance with the provisions of said Section.
20. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on February 2, 2009 and on behalf of the Recipient on February 27, 2009.
21. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
22. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 11, 2010 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.
23. “Project Cities” means the Recipient’s cities of Brazzaville and Pointe Noire; and “Project City” means either of the Project Cities.
24. “Project Coordination Unit” and “PCU” mean the unit referred to in Section I.A.2 of Schedule 2 to this Agreement, to be established and to function in accordance with the provisions of said Section.
25. “Project Counterpart Funds Account” means the account to be established and maintained by the Recipient in accordance with the provisions of Section I.H.1 of Schedule 2 to this Agreement.
26. “Project Implementation Manual” or “PIM” means the Recipient’s manual dated January 6, 2010, containing detailed arrangements and procedures for the Project, including, *inter alia*, policies, financial, administrative, procurement and



accounting procedures as well as guidelines to be followed in the implementation and monitoring of the Project, as the same may be amended and/or supplemented from time to time in accordance with the provisions of Section I.B of Schedule 2 to this Agreement; and such term includes any schedule to the PIM.

27. “Resettlement Plan” means, for each Agreed Annual Work Plan, the resettlement plan required pursuant to the RPF for any activities to be included in said Agreed Annual Work Plan involving involuntary resettlement of persons, and to be prepared, disclosed and implemented by the Recipient in accordance with the provisions of Sections I.F and I.G.1 of Schedule 2 to this Agreement and approved by the Association.
28. “RPF” means the Recipient’s resettlement policy framework for the Project, set forth in the document entitled “*Cadre de Politique de Réinstallation des Populations*” dated December 1, 2009 approved by the Association and disclosed in the Recipient’s territory on December 11, 2009.
29. “Safeguard Instruments” means the ESMF, the RPF, and all Environmental and Social Impact Assessments, related EMPs, and Resettlement Plans for the Project.
30. “SNDE” means the *Société Nationale de Distribution d’Eau*, a legal entity responsible for urban water supply distribution, established pursuant to the Recipient’s Law No. 05/67 dated June 15, 1967 and Decree No. 84/401 dated April 23, 1984 approving and annexing the statutes of SNDE, and operating under the laws of the Recipient.
31. “SNE” means *Société Nationale d’Electricité*, the Recipient’s enterprise responsible for the supply of electricity throughout the Recipient’s territory, established under the supervisory authority of MEH and operating under the laws of the Recipient.
32. “Training” means the reasonable costs associated with training and workshop participation under the Project, consisting of travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to course or workshop preparation and implementation.

## **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 set forth below. In all other respects, the General Conditions remain unchanged.

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. Section 3.03 (b) (*Accelerated Repayment*) is deleted in its entirety.
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.”