

CONFORMED COPY

CREDIT NUMBER 3703 DRC

GRANT NUMBER H193 DRC

**Agreement providing for the
Amendment and Restatement of
the
Development Credit Agreement**

(Emergency Multisector Rehabilitation and Reconstruction Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated: January 27, 2006

CONFORMED COPY
CREDIT NUMBER 3703 DRC
GRANT NUMBER H193 DRC

**AGREEMENT PROVIDING FOR THE AMENDMENT AND RESTATEMENT
OF THE DEVELOPMENT CREDIT AGREEMENT**

AGREEMENT, dated January 27, 2006, between the DEMOCRATIC REPUBLIC OF CONGO (the Borrower) and the INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association), hereinafter referred to as the Amending Agreement.

WHEREAS (A) by an agreement of August 14, 2002, the Borrower and the Association (the "Development Credit Agreement"), the Association has agreed to provide a development credit to the Borrower in the amount of three hundred twenty-five million six hundred thousand Special Drawing Rights (SDR 325,600,000) (the "IDA Credit") towards the financing of a project (the "Project") as described in Schedule 2 to the Development Credit Agreement;

(B) by an agreement of August 14, 2002, between the Borrower and the Association (the Development Grant Agreement), the Association has agreed to provide non-refundable assistance towards the financing of Part B.2 (a) of the Project, in the amount of thirty-three million two hundred thousand Special Drawing Rights (SDR 33,200,000) (the IDA Grant);

(C) the Borrower has requested the Association to provide additional financing in support of the Project;

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend additional financing to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto agree as follows:

ARTICLE 1

Section 1.01 The Development Credit Agreement is hereby amended and restated so as to read as set forth in the Annex hereto.

Section 1.02 This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 1.03 As part of the evidence to be furnished pursuant to Section 1.02 of this Amending Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing, on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 1.04 This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required by Section 1.02 of this Agreement.

Section 1.05 If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Agreement, this Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

/s/ Marco Banguli

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

/s/ Jean-Michel Happi

Authorized Representative

ANNEX

**CREDIT NUMBER 3703 DRC
GRANT NUMBER H193 RC**

Development Financing Agreement

(Restated)

(Emergency Multisector Rehabilitation and Reconstruction Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated August 14, 2002

CREDIT NUMBER 3703 DRC

DEVELOPMENT FINANCING AGREEMENT

AGREEMENT, dated August 14, 2002, between DEMOCRATIC REPUBLIC OF CONGO (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, and has requested the Association to assist in the financing of the Project;

(B) the Borrower intends to obtain from the European Union, Kingdom of Belgium, Germany, Canada, China, Kuwait Fund, USAID, UNICEF and other donors (hereafter cumulatively referred to as Donors) loans or grants, as the case may be, in an aggregate amount equivalent to approximately two hundred and fifty million Dollars (\$250,000,000), to assist in the financing of the Project on the terms and conditions set forth in the respective loan or grant agreements (the Cofinancing Agreements) to be entered into between the Borrower and each of the Donors;

(C) the Borrower has also requested the Association to provide non-refundable assistance towards the financing of Part B.2 (a) of the Project, and by an agreement of even date herewith between the Borrower and the Association (the Development Grant Agreement), the Association is making a grant to the Borrower in the amount of thirty-three million two hundred thousand Special Drawing Rights (SDR 33,200,000) (the IDA Grant) in response to said request; and

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Financing to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Development Credit Agreements" of the Association, dated January 1, 1985 (as amended through October 6, 1999) with the modifications set forth in Schedule 6 (the General Conditions), constitute an integral part of this Agreement:

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions and in the Preamble to this Agreement have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) “*Bureau Central de Coordination*” or “BCECO” means an autonomous unit within MINFIN (as hereinafter defined) and operating under the laws of the Borrower;

(b) “BCECO Manual” means the procedural Manual pursuant to the definition in Section 1.02 (n) of the Development Grant Agreement entered into between the Borrower and the Association on August 10, 2001 (Grant Number H005-DRC), as included in the Manual of Procedures;

(c) “*Bureau de Coordination des Marchés d’Infrastructures*” or “BCMI” means the unit established with the support of the firm contracted by the Borrower for the implementation of Parts A, C.1 and D.1 of the Project;

(d) “BCMI Manual” means the implementation manual referring to the carrying out of Parts A, C.1 and D.1 of the Project;

(e) “CAP” means *Cellule d’Appui au Pilotage*, the unit established within MINPLAN (as hereinafter defined) for the purpose of the Project;

(f) “ESIA” and “Environmental and Social Impact Assessment” mean the assessment referred to in Part D of Schedule 4 to this Agreement;

(g) “*Franc Congolais*” or “FC” means the currency of the Borrower;

(h) “Financial Monitoring Report” or “FMR” means each report prepared in accordance with Section 4.02 of this Agreement;

(i) “Fiscal Year” or “FY” means the Borrower’s fiscal year, commencing January 1 and ending December 31, twelve calendar months thereafter;

(j) “IEC” means information, education and communication;

(k) “Line Agencies” means any one or all of the following independent or parastatal agencies: METTELSAT, ONATRA, ODR, OVD, REGIDESO, RVA, RVF, ERV, SNCC and SNEL (as hereafter defined);

(l) “Line Ministries” means any one or all of the following Ministries of the Borrower: MAS, MEPSP, MINFIN, MINER, MINAGRI, MDR, MINEC, MINPLAN, MS, MTC, and MTPI, (as hereafter defined);

(m) “Manual of Procedures” means the manual referred to in paragraph 1 under Part A of Schedule 4 to this Agreement and such Manual includes the BCMI Manual and the BCECO Manual, comprising, *inter alia*, supporting handbooks, work-plans, environmental and procurement guidelines, participatory monitoring and performance indicators and procedures to be used for the purpose of carrying out the Project, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to said Manual;

(n) “MAS” means *Ministère des Affaires Sociales*, the Borrower’s Ministry of Social Affairs;

(o) “MINER” means *Ministère de l’Energie*, the Borrower’s Ministry of Energy;

(p) “MEPSP” means *Ministère de l’Enseignement Primaire, Secondaire et Professionnel*, the Borrower’s Ministry of Primary, Secondary and Technical Education;

(q) “MDR” means *Ministère du Développement Rural*, the Borrower’s Ministry of Rural Development;

(r) “METTELSAT” means *Service Météorologique National*, a unit within the Borrower’s MTC (as hereafter defined);

(s) “MINAGRI” means *Ministère de l’Agriculture, des Pêches et de l’Elevage*, the Borrower’s Ministry of Agriculture, Fisheries and Livestock;

(t) “MINEC” means *Ministère de l’Environnement et de la Conservation de la Nature*, the Borrower’s Ministry of Environment and Nature Conservation;

(u) “MINFIN” means *Ministère des Finances*, the Borrower’s Ministry of Finance;

(v) “MINPLAN” means *Ministère du Plan*, the Borrower’s Ministry of Planning;

(w) “MS” means *Ministère de la Santé*, the Borrower’s Ministry of Health;

(x) “MTC” means *Ministère des Transports et des Communications*, the Borrower’s Ministry of Transport and Communication;

(y) “MTPI” means *Ministère des Travaux Public et des Infrastructures*, the Borrower’s Ministry of Public Works and Infrastructure;

(z) “NGO” means a Non Governmental Organization established under the laws of the Borrower or an international NGO, established under the laws of its country of incorporation, admitted to operate in the Borrower’s territory, and exempt from taxes

and customs duties under the laws of the Borrower. Such term may include rural associations as constituted under the laws of the Borrower and represented by a NGO;

(aa) “ONATRA” means a public enterprise established and operating under the Borrower’s Decree No. 78-206 dated May 5, 1978;

(bb) “ODR” means *Offices des Routes*, a public enterprise responsible for national roads network, established and operating under the laws of the Borrower;

(cc) “OVD” means *Offices des Voiries et Drainages*, a public enterprise responsible for management of urban streets and drainage, established and operating under the laws of the Borrower;

(dd) “PME” means *Petite et moyenne entreprise*, Small and Medium Enterprises as defined by the Chamber of Commerce in the Borrower’s territory;

(ee) “PSC” means the Steering Committee for the Project or the Program, as the case may be, established and operating under the laws of the Borrower, with responsibility for oversight and coordination of Project activities;

(ff) “REGIDESO” means *Régie de Distribution d’Eau*, the Borrower’s public service agency in charge of water supply, established and operating under the laws of the Borrower;

(gg) “RN1” means the Borrower’s *Route Nationale 1*, the Borrower’s highway between the towns Matadi and Lubumbashi in the territory of the Borrower;

(hh) “RVA” means *Régie des Voies Aériennes*, the Borrower’s public service agency in charge of the administration of air traffic, established and operating under the laws of the Borrower;

(ii) “RVF” means *Régie des Voies Fluviales*, the Borrower’s public service agency in charge of administration of river traffic established and operating under the laws of the Borrower;

(jj) “RVM” means *Régie des Voies Maritimes*, the Borrower’s public service agency in charge of administration of sea traffic, established and operating under the laws of the Borrower;

(kk) “SNCC” means *Société Nationale des Chemins de Fer du Congo*, a public enterprise established and operating under the laws of the Borrower;

(ll) “SNEL” means *Société Nationale d’Electricité*, a public enterprise established and operating under the laws of the Borrower;

(mm) “Special Account” means one of the accounts referred to in Section 2.02 (b) of this Agreement;

(nn) “Special Accounts” means the accounts referred to in the preceding paragraph;

(oo) “Veterinary Laboratory” means the special services unit of the Veterinary Laboratory in Kinshasa, under the authority of MINAGRI; and

(pp) “ZS” means *zones de santé*, health zones located in the territory of the Borrower, as defined in the Borrower’s *Loi Cadre portant santé publique*, the Borrower’s Health Code as approved by the Borrower’s Parliament at the date December 21, 2001.

ARTICLE II

The Financing

Section 2.01. The Association agrees to make available to the Borrower, on the terms and conditions set forth or referred to in this Agreement an amount in various currencies equivalent to four hundred eleven million and eight hundred thousand Special Drawing Rights (SDR 411,800,000) (the Financing), which includes:

(a) an original amount in various currencies equivalent to three hundred twenty-five million six hundred thousand Special Drawing Rights (SDR 325,600,000) (the Initial Credit); and

(b) an additional amount in various currencies equivalent to eighty-six million and two hundred thousand Special Drawing Rights (SDR 86,200,000) (the Additional Grant).

Section 2.02. (a) The amount of the Financing may be withdrawn from the Initial Credit Account and the Additional Grant Account (collectively, the Financing Accounts) in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Association shall so agree, to be made) in respect of the reasonable cost of works, goods and services required for the Project and to be financed out of the proceeds of the Financing.

(b) The Borrower may, for the purposes of carrying out the Project, open and maintain in Dollars four separate special deposit accounts (the BCMI-Initial Credit Special Account or special Account A, the BCECO Initial Credit-Special Account, or Special Account B, the BCMI-Additional Grant Special Account or Special Account D, and the BCECO-Additional Grant Special Account or Special Account E respectively) in

a commercial bank on terms and conditions satisfactory to the Association, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, each respective Special Account shall be made in accordance with the provisions of Schedule 5 to this Agreement.

Section 2.03. The Closing Date shall be December 31, 2008 or such later date as the Association shall establish. The Association shall promptly notify the Borrower of such later date.

Section 2.04. (a) The Borrower shall pay to the Association a commitment charge on (i) the principal amount of the Initial Credit not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one-half of one percent (1/2 of 1%) per annum; and (ii) a commitment charge on the principal amount of the Additional Grant not withdrawn from time to time at a rate to be set by the Association as of June 30 of each year, but not to exceed the rate of one half of one percent (1/2 of 1%) per annum.

(b) The commitment charge shall accrue: (i) from the date sixty days after the date of this Agreement (the accrual date) to the respective dates on which amounts shall be withdrawn by the Borrower from the Financing Accounts or canceled; provided, however, that the commitment charge on the Additional Grant shall accrue from a date sixty (60) days after the date of the Amending Agreement; and (ii) at the rate set as of the June 30 immediately preceding the accrual date and at such other rates as may be set from time to time thereafter pursuant to paragraph (a) above. The rate set as of June 30 in each year shall be applied from the next date in that year specified in Section 2.06 of this Agreement.

(c) The commitment charge shall be paid: (i) at such places as the Association shall reasonably request; (ii) without restrictions of any kind imposed by, or in the territory of, the Borrower; and (iii) in the currency specified in this Agreement for the purposes of Section 4.02 of the General Conditions or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to the provisions of that Section.

Section 2.05. The Borrower shall pay to the Association a service charge at the rate of three-fourths of one percent (3/4 of 1%) per annum on the principal amount of the Initial Credit withdrawn and outstanding from time to time.

Section 2.06. Commitment charges and service charges shall be payable semiannually on November 15 and May 15 in each year.

Section 2.07. (a) Subject to paragraphs (b), (c) and (d) below, the Borrower shall repay the principal amount of the Initial Credit in semiannual installments payable on each November 15 and May 15, commencing November 15, 2012 and ending May 15, 2042. Each installment to and including the installment payable on

May 15, 2022 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.

(b) Whenever: (i) the Borrower's per capita gross national product (GNP), as determined by the Association, shall have exceeded for three consecutive years the level established annually by the Association for determining eligibility to access the Association's resources; and (ii) the Bank shall consider the Borrower creditworthy for Bank lending, the Association may, subsequent to the review and approval thereof by the Executive Directors of the Association and after due consideration by them of the development of the Borrower's economy, modify the repayment of installments under paragraph (a) above by:

- (A) requiring the Borrower to repay twice the amount of each such installment not yet due until the principal amount of the Initial Credit shall have been repaid; and
- (B) requiring the Borrower to commence repayment of the principal amount of the Initial Credit as of the first semiannual payment date referred to in paragraph (a) above falling six months or more after the date on which the Association notifies the Borrower that the events set out in this paragraph (b) have occurred, provided, however, that there shall be a grace period of a minimum of five years on such repayment of principal.

(c) If so requested by the Borrower, the Association may revise the modification referred to in paragraph (b) above to include, in lieu of some or all of the increase in the amounts of such installments, the payment of interest at an annual rate agreed with the Association on the principal amount of the Initial Credit withdrawn and outstanding from time to time, provided that, in the judgment of the Association, such revision shall not change the grant element obtained under the above-mentioned repayment modification.

(d) If, at any time after a modification of terms pursuant to paragraph (b) above, the Association determines that the Borrower's economic condition has deteriorated significantly, the Association may, if so requested by the Borrower, further modify the terms of repayment to conform to the schedule of installments as provided in paragraph (a) above.

Section 2.08. The currency of the United States of America is hereby specified for the purposes of Section 4.02 of the General Conditions.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, shall carry out the Project with due diligence and efficiency and in conformity with appropriate engineering, health, environmental, financial and administrative practices, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

(b) Without limitation upon the provisions of paragraph (a) of this Section and except as the Borrower and the Association shall otherwise agree, the Borrower shall carry out the Project in accordance with the Implementation Program set forth in Schedule 4 to this Agreement.

Section 3.02. Except as the Association shall otherwise agree, procurement of the goods, works and consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be governed by the provisions of Schedule 3 to this Agreement.

ARTICLE IV

Financial and Other Covenants

Section 4.01. (a) The Borrower shall establish and maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in a format acceptable to the Association, adequate to reflect, in accordance with sound accounting practices the operations, resources and expenditures related to the Project.

- (b) The Borrower shall:
- (i) have the records, accounts and financial statements referred to in paragraph (a) of this Section including those for the Special Accounts for each Fiscal Year semiannually audited, in accordance with appropriate auditing principles acceptable to the Association, consistently applied, by independent auditors acceptable to the Association;
 - (ii) furnish to the Association as soon as available, but in any case not later than four months after the end of each such audit period: (A) certified copies of the financial statements referred to

in paragraph (a) of this Section for such audit period as so audited; and (B) an opinion on such statements, records and accounts and report of such audit, by said auditors, of such scope and in such detail as the Association shall have reasonably requested, including, as part of the information to be provided in each such report, a management letter concerning the Borrower's internal controls; and

- (iii) furnish to the Association such other information concerning said records and accounts and the audit thereof, and concerning said auditors, as the Association may from time to time reasonably request.

(c) For all expenditures with respect to which withdrawals from the Financing Accounts were made on the basis of statements of expenditure, the Borrower shall:

- (i) maintain or cause to be maintained, in accordance with paragraph (a) of this Section, records and accounts reflecting such expenditures;
- (ii) retain, until at least one year after the Association has received the consolidated audit report for the Fiscal Year in which the last withdrawal from the Financing Accounts was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures;
- (iii) enable the Association's representatives to examine such records; and
- (iv) ensure that such records and accounts are included in the annual audit referred to in paragraph (b) of this Section and that the report of such audit contains a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals.

Section 4.02. (a) Without limitation upon the Borrower's reporting obligations set forth in Part C of Schedule 4 to this Agreement, the Borrower shall prepare and furnish to the Association a Financial Monitoring Report, in form and substance satisfactory to the Association, which:

- (i) sets forth actual and projected sources and uses of funds for the Project, both cumulatively and for the period covered by said report, showing separately funds provided under the Financing, and explains variances between the previously forecast and actual uses of such funds;
- (ii) describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the previously forecast and actual Project implementation; and
- (iii) sets forth the status of procurement under the Project, as at the end of the period covered by said report.

(b) The first FMR shall be furnished to the Association not later than 45 days after the end of the first calendar quarter after the Effective Date, and shall cover the period from the incurrence of the first expenditure under the Project through the end of such first calendar quarter; thereafter, each FMR shall be furnished to the Association not later than 45 days after each subsequent calendar quarter, and shall cover such calendar quarter.

Section 4.03 (a) By a date two months following the Effective Date, the Borrower shall have recruited the following personnel for BCECO, in accordance with the provisions of Section II of Schedule 3 to this Agreement: (i) the deputy general manager; (ii) a procurement specialist and (iii) a financial management specialist; and

(b) by a date three months following the Effective Date, the Borrower shall have adopted, in form and substance acceptable to the Association, regulation allowing for treasury vouchers on customs duties and tax-fees in selected cases or for selected parties, as the case may be.

ARTICLE V

Remedies of the Association

Section 5.01. Pursuant to Section 6.02 (l) of the General Conditions, the following additional events are specified:

(a) The IDA Grant Agreement shall have failed to become effective by the date of the effectiveness of this Agreement, or such later date as the Association may agree;

(b) (i) Subject to subparagraph (ii) of this paragraph: (A) the right of the Borrower to withdraw the proceeds of the IDA Grant and, or the Cofinancing Agreements, as the case may be, shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Development Grant Agreement or the Cofinancing Agreements; or (B) the Cofinancing Agreements shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under the Development Grant Agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as additional condition to the effectiveness of this Agreement within the meaning of Section 12.01 (b) of the General Conditions namely that the Borrower has recruited a firm for the implementation of Parts A, C.1 and D.1 of the Project, in accordance with the provisions of Section II of Schedule 3 to this Agreement.

Section 6.02. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of the Borrower in charge of finance is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Minister of Finance
Ministry of Economy, Finance and Budget
BP 12997
Kinshasa I
Democratic Republic of Congo

Facsimile:

243 88 02 381

For the Association:

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

Cable address:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

(202) 477 6391

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By /s/

Etienne Mukendi
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/

Theodore O. Ahlers
Regional Vice President
Africa

SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Financing to each Category and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	Amount of the Initial Credit Allocated (Expressed in SDR equivalent)	Amount of the Additional Grant Allocated (Expressed in SDR equivalent)	% of Expenditures to be Financed
(1) Civil Works			85% of total expenditures
(a) for Part A of the Project	212,000,000	41,100,000	
(b) for Part B of the Project	16,700,000	3,930,000	
(2) Goods			100% of foreign expenditures and 85% of local expenditures
(a) for Part A of the Project	13,500,000	5,930,000	
(b) for Part B.1, 2 (b) and (c), and 3 of the Project	1,100,000	1,600,000	
(c) for Part C.1 of the Project	1,250,000		
(d) for Part C.2 of the Project	1,250,000		
(3) Consultants' services and audits			100% of foreign expenditures and 85% of local expenditures
(a) for Part A of the Project	28,000,000	6,200,000	
(b) for Part B.1, 2 (b) and (c), and 3 of the Project	6,200,000	3,930,000	
(c) for Part C.1 of the Project	3,000,000	350,000	
(d) for Part C.2 of the Project	1,100,000		
(e) for Part D.1 of the Project	6,000,000	200,000	
(f) for Part D.2 of the Project	1,500,000	200,000	

(4) Training			100% of foreign expenditures and 85% of local expenditures
(a) for Part A of the Project	4,500,000		
(b) for Part B of the Project	30,000		
(c) for Part C.1 of the Project			
(d) for Part C.2 of the Project	570,000		
(5) Service Contracts			100% of total Expenditures
(a) under Part B.1, B.2 (b)	500,000	10,270,000	
(b) under Part B.2 (c) and B.3 of the Project	14,000,000	3,030,000	
(6) Operating costs			100% of total Expenditures
(a) for BCECO	2,200,000	620,000	
(b) for ESIA mitigation measures by BCMI and BCECO	2,000,000	3,380,000	
(c) for national entities by BCMI	700,000	280,000	
(d) for ministries, CAP and national entities by BCECO	1,000,000	700,000	
(7) Unallocated	8,500,000	4,480,000	
TOTAL	325,600,000 =====	86,200,000 =====	

2. For the purposes of this Schedule:

(a) the term “foreign expenditures” means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;

(b) the term “local expenditures” means expenditures in FC, the currency of the Borrower or for goods or services supplied from the territory of the Borrower; and

(c) the term “operating costs” means the incremental expenditures incurred on account of Project implementation, management and monitoring, including office

supplies, administrative support, communications, utility services, travel, accommodation and supervision costs, and ESIA mitigation measures.

(d) the term “Service contracts” means expenditures made for contracts concerning the carrying out of works, delivery of goods or rendering of services, or a combination of the foregoing, as the case may be, through a tax-exempt entity such as a NGO with preferential status in the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made:

(a) in respect of payments made for expenditures prior to the date of this Agreement, and

(b) in respect of payments made or to be made for expenditures under Category 1 (a); 2 (a); 3 (a), (c) and (e); 4 (a) and (c); and 6 (c) of the table under paragraph 1 of this Schedule, unless the Borrower has adopted the BCMI Manual, in form and substance satisfactory to the Association.

4. The Association may require withdrawals from the Financing Accounts to be made on the basis of statements of expenditure for expenditures for: (a) works under contracts not exceeding \$500,000 equivalent; (b) goods under contracts not exceeding \$200,000 equivalent; (c) services of consulting firms under contracts not exceeding \$100,000 equivalent; and (d) services of individual consultants under contracts not exceeding \$50,000 equivalent; all under such terms and conditions as the Association shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower in its efforts to reduce poverty in its territory including: (a) rebuilding agricultural production and enhancement of food security, (b) reconstruction and rehabilitation of critical infrastructure, (c) restoration of essential social services and rebuilding of local community cohesion and infrastructure, and (d) strengthening of the Borrower's capacity to formulate, implement, and manage medium and long-term development programs.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Association may agree upon from time to time to achieve such objectives:

Part A: Infrastructure Rehabilitation and Reconstruction

1. Transport

(a) Rail

Rehabilitation of several sections of the most degraded railway tracks within the SNCC rail network, including, rehabilitation of railway bridges along the (i) Nouba – Tenke – Luena; (ii) Buyofwe – Sakania and (iii) Kolwezi – Dilolo lines, including the provision of technical advisory services and the acquisition of maintenance equipment.

(b) River and Sea Ports

(i) Rehabilitation of ONATRA's port infrastructure in the river ports of: (A) Kinshasa, (B) Matadi, and (C) Mbandaka, including the provision of technical advisory services and the acquisition of maintenance equipment.

(ii) River Safety

Rehabilitation of the navigable channels in the Congo river including, *inter alia*, the placement of buoys, the removing of rocks and dredging including the provision of technical advisory services, including the acquisition of maintenance equipment and provision of training of selected staff in RVF and RVM.

(c) Meteorology and Navigation Safety

Securing air links over the territory of the Borrower including the acquisition of meteorological equipment for METTELSAT and the provision of training of selected staff in METTELSAT.

(d) Rehabilitation of Roads

Rehabilitation of approximately 1,335 kilometers of paved and unpaved sections of RN1, including the provision of technical advisory services.

(e) Institutional Strengthening and Capacity Building in the Road Sector

Carrying out studies to design a national transport sector strategy including rail, river, air and road transport; assessing national capacity to implement said strategy, and definition of the appropriate regulatory framework to carry out said strategy and facilitate private sector activity, including the appropriate tariff and tax thresholds, if any, including the provision of technical advisory services.

2. Electricity

(a) Rehabilitation of Hydro Power Plants and Transmission Networks

Rehabilitation of the hydro-power plants and their respective power transmission networks at: (i) Mpozo; (ii) Nzilo; (iii) Nseke; (iv) Mwadingusha; (v) Inga I; and (vi) Inga II, including the provision of technical advisory services and the acquisition of equipment.

(b) Rehabilitation of Thermal Power Plants and Transmission Networks

Rehabilitation of existing thermal power plants in, and re-establishment of power supply in: (i) Kananga; and (ii) Mbuji-Maji, including the provision of technical advisory services and the acquisition of equipment.

(c) Rehabilitation of the Power Distribution Network in Urban Centers

Rehabilitation of the power distribution network, including sub-stations and cable networks, in: (i) Kinshasa and the urban centers; (ii) the Bas-Congo (Matadi, Boma and Kimpese); (iii) the Katanga (Lubumbashi, Likasi and Kolwezi); and (iv) the Bandundu (Kikwit and Bandundu), including the provision of technical advisory services and the acquisition of equipment.

(d) Institutional Strengthening and Capacity Building in the Power Sector

Carrying out studies to design a national power sector strategy including hydroelectric, thermo-electric and alternative energy generating sources, assessing

national capacity to implement said strategy, definition of the appropriate regulatory framework to carry out said strategy and facilitate private sector activity, including the appropriate tariff and tax thresholds, if any, including the provision of technical advisory services and training of selected staff of SNEL.

3. Water

(a) Rehabilitation and Upgrading of the Water Distribution and Sanitation Systems in Urban Centers

- (i) Rehabilitation, upgrading and maintenance of water treatment plants, pumping stations and distribution networks in Kinshasa, and Tshikapa including the provision of technical advisory services and the acquisition of equipment.
- (ii) Preparation of: (A) a feasibility study for sanitation and sewerage works in Kinshasa; and (B) future works for enhancing water supply to be carried out in: (1) Inkisi, (2) Tshikapa, (3) Kamina, (4) Kolwezi, and (5) Bandundu, all including the provision of technical advisory services.

(b) Institutional Strengthening and Capacity Building in the Water Sector

Carrying out studies to design a national water supply strategy including urban and rural potable water supply, assessing national capacity to implement said strategy, and definition of the appropriate regulatory framework to facilitate private sector activity, including the provision of technical advisory services.

4. Urban Infrastructure Rehabilitation

(a) Rehabilitation of Urban Streets and Drainage

- (i) Rehabilitation of urban streets and construction or rehabilitation, as the case may be, of drainage systems in Kinshasa, including the provision of technical advisory services and the acquisition of equipment and provision of training of selected staff in OVD.
- (ii) Carrying out of erosion control works in Kinshasa and selected urban centers, including the provision of technical advisory services and the acquisition of equipment.

(b) Urban Sanitation Facilities

- (i) Carrying out of studies to establish a sustainable solid waste management system in urban centers in the territory of the Borrower, assessing local capacity to implement said strategy, and definition of the appropriate regulatory framework to facilitate private sector activity, including the appropriate tariff thresholds, if any, including the provision of technical advisory services and training of selected staff in PNA.
- (ii) Carrying out two pilot activities to convert waste to energy in selected areas within the territory of the Borrower, including the provision of technical advisory services and the acquisition of equipment.

Part B: Agriculture, Social Services and Community Development

1. Agriculture

(a) Improved Access to Markets

- (i) Rehabilitation of about 2,000 km of rural feeder roads including the provision of maintenance equipment, provision of technical advisory services and training of selected local entrepreneurs, PMEs and NGOs.
- (ii) Rehabilitation of about 1,000 km of river transport facilities and navigable channels, including provision of maintenance equipment, provision of technical advisory services and training of selected local entrepreneurs.
- (iii) Establishment of an agricultural produce price transparency system, through collection and publication of current local produce prizes, including the provision of technical advisory services and training of selected local NGOs.

(b) Improved Agricultural Production

- (i) Improvement of crop-production related activities including, *inter alia*: (A) the multiplication and distribution of adequate seed stock; (B) the rehabilitation of irrigated rice fields; and (C) technical training in best practice of agricultural production, tailored to the planting region, including the acquisition of equipment and seeds, the provision of technical advisory services and training of selected local NGOs.

- (ii) Improvement of animal production-related activities such as raising of poultry, small ruminants, fish farming and river fishing including, *inter alia*: (A) improved access to veterinary services for selected producer groups; (B) technical training of selected producer groups in stock raising and breeding; and (C) technical training of selected river fishing associations including the acquisition of equipment and vaccines, the provision of technical advisory services and training of selected local NGOs, rural associations and staff of the Veterinary Laboratory.
 - (iii) Carrying out of pilot activities to improve local husbandry production by improving stock, comprising, *inter alia*: (A) improving chicken breeds, and (B) crossing of goats with Kasai's goat breeds, including the acquisition of equipment and selected farm animals, the provision of technical advisory services and training of selected local NGOs.
- (c) Improving the Agricultural Sector and Institution Building
- (i) Carrying out of agricultural sub-sector studies comprising, *inter alia*, the improved production of palm oil, cotton, coffee, cocoa and agricultural seeds in general, including their distribution.
 - (ii) carrying out studies to improve the regulatory administrative and fiscal framework for private sector (A) small-scale agricultural entrepreneurs and (B) agro-business activities.
 - (iii) carrying out two studies in the forestry sector: (A) streamlining the forestry taxation framework in compliance with the Forestry Law and local collection capacity, and (B) improvement of the institutions called upon to assist the forestry sector to coordinate their activities, rationalize their funding and strengthen their capacity to administer the Forestry Law.

all including the provision of technical advisory services and training of selected NGOs, PMEs and selected staff in MINAGRI and MINEC.

2. Social Services

(a) Improving Health Sector Services

- (i) Improving access to better health services including, *inter alia*: (A) re-enforced partnerships, coordination among, and institutional strengthening of, selected health planning structures,

such as CDZSs, CASs and health service providers; and (B) and carrying out studies to review the institutional structure of the health sector and revision of health sector relevant regulations including their preparation and IEC campaigns, through the provision of technical advisory services and training of selected health sector administrators and MS staff.

- (ii) Improving public health services in selected small urban areas including: (A) construction of small-scale potable water supply and sanitation systems, and (B) strengthening of community based activities to prevent the spreading of communicable diseases, including the provision of technical services and training to of selected municipal health staff and NGOs.
 - (iii) Improving health care for the poor including: (A) carrying out vaccination campaigns and IEC campaigns to reduce the spread of diseases, such as tuberculosis, malaria, sleeping sickness and HIV and AIDS, including the provision of technical advisory services and the acquisition of drugs, and (B) directing aid campaigns and supporting activities towards, *inter alia*, the elderly, orphans, veterans, street children and prostitutes.
 - (iv) Rehabilitation of about 69 selected ZS including the acquisition of equipment.
 - (v) Improving the skill of health care providers, including the provision of adaptive training of selected staff in the public health care sector.
 - (vi) Improving general access to drugs including the establishment of drug distribution systems throughout the territory of the Borrower including the provision of technical advisory services and the acquisition of drugs.
 - (vii) Carrying out studies to improve sustainable health care through better allocation of financing flows from the central budget of MS, private insurance providers and other sources to be identified, including the provision of technical advisory services.
- (b) Improving Education Sector Services
- (i) Restoring access to basic education throughout the territory of the Borrower through the rehabilitation of primary schools, including access to drinking water and sanitary facilities, and technical assistance.

(ii) Carrying out studies aimed at (A) improving access to and quality of education and (B) developing an overall sector strategy and identification of policy reforms and investment needs, including the provision of technical advisory services.

(c) Improving Social Services

(i) Strengthening capacity at central, regional and local levels to effectively deliver social services to vulnerable groups through, *inter alia*, development of a cohesive social protection network taking delivery capacity into account and involving local action groups, including the provision of technical advisory services and training of selected social service delivery partners.

(ii) Carrying out pilot activities of reformed social service delivery mechanisms.

(iii) Carrying out of activities in the area of social service assistance, acquisition of goods and equipment and the provision of technical advisory services.

(iv) Strengthening institutional capacity in MAS to administer social service programs and deliver assistance, including the acquisition of equipment, the provision of technical advisory services and training of selected staff in MAS.

3. Community Development Support

Carrying out of activities intended to strengthen the institutional capacity at community level to improve communal infrastructure and the quality and availability of basic services to the communal population, such as small-scale projects to improve education, health, transportation, drinking water and sanitation services, energy supplies, environmental protection, and the delivery of basic social and economic services including the acquisition of goods, rehabilitation works and equipment and the provision of technical advisory services.

Part C: Institutional Strengthening and Policy Development

1. Carrying out studies to design: (a) a medium- and long-term development strategy for the territory of the Borrower, comprising the elaboration of strategic design in the infrastructure sector, and work coordination, comprising, *inter alia*: (i) transport, (ii) power generation and distribution, (iii) water supply and sanitation and (iv) urban infrastructure; and (b) in preparation of the future phase for development of donor assisted investment programs in the infrastructure sector, including the acquisition of goods and provision of technical advisory services.

2. Carrying out studies to design: (a) a medium- and long-term development strategy for the territory of the Borrower, comprising the elaboration of sector strategies and their coordination, such as: (i) agriculture, (ii) education, (iii) health, and (iv) community development and social protection; and (b) in preparation of the future phase for development of donor assisted investment programs, including the acquisition of goods and provision of technical advisory services.

Part D: Management, Monitoring and Supervision

1. Supporting activities to be carried out under Part A of the Project concerning: (a) Project administration, coordination, monitoring, supervision and operating costs; (b) evaluation of Project activities; (c) carrying out of audits of: (i) accounts and financial management systems, (ii) procurement activities and (iii) physical implementation; and (d) the carrying out of environmental and social assessments, including the acquisition of equipment, provision of technical assistance services and training for selected national staff.

2. Supporting activities to be carried out under Part B of the Project concerning: (a) Project administration, coordination, monitoring, supervision and operating costs; (b) evaluation of Project activities; (c) carrying out of audits of: (i) accounts and financial management systems, (ii) procurement activities and (iii) physical implementation; and (d) the carrying out of environmental and social assessments, including the acquisition of equipment, provision of technical assistance services and training for selected national staff.

* * *

The Project is expected to be completed by June 30, 2008.

SCHEDULE 3

Procurement and Consultants' Services

Section I. Procurement of Good and Works

Part A: General

Goods and works shall be procured in accordance with (a) the provisions of Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in January 1995 and revised in January and August 1996, September 1997 and January 1999 (the Guidelines) and the provisions of the following Parts of this Section I.

Part B: International Competitive Bidding

1. Except as otherwise provided in Part C of this Section, goods and works shall be procured under contracts awarded in accordance with the provisions of Section II of the Guidelines and paragraph 5 of Appendix 1 thereto.

2. The following provisions shall apply to goods and works to be procured under contracts awarded in accordance with the provisions of paragraph 1 of this Part B.

(a) Prequalification

Bidders for contracts for goods and works estimated to cost \$10,000,000 equivalent or more, shall be prequalified in accordance with the provisions of paragraphs 2.9 and 2.10 of the Guidelines, unless otherwise agreed by the Association.

(b) Grouping of contracts

To the extent practicable, contracts for (i) works shall be grouped in bid packages estimated to cost \$500,000 equivalent or more each, and (ii) contracts for goods shall be grouped in bid packages estimated to cost \$200,000 equivalent or more each.

(c) Preferences for domestically manufactured goods and domestic contractors

The provisions of paragraphs 2.54 and 2.55 of the Guidelines and Appendix 2 thereto shall apply to goods manufactured in the territory of the Borrower and works to be carried out by domestic contractors.

(d) Dispute Review Board

Each contract for works estimated to cost \$30,000,000 equivalent or more shall include the provisions for a dispute review board set forth in the standard bidding documents for works referred to in paragraph 2.12 of the Guidelines.

(e) Notification and Advertising

The invitation to prequalify or bid for each contract estimated to cost \$10,000,000 equivalent or more shall be advertised in accordance with the procedures applicable to large contracts under paragraph 2.8 of the Guidelines.

Part C: Other Procurement Procedures

1. Limited International Bidding

Works estimated to cost less than \$2,500,000 equivalent per contract and goods, estimated to cost less than \$500,000 equivalent per contract which the Association agrees can only be purchased from a limited number of suppliers, regardless of the cost thereof, may be procured under contracts awarded in accordance with the provisions of paragraph 3.2 of the Guidelines.

2. National Competitive Bidding

(a) Works estimated to cost less than \$1,000,000 equivalent per contract may be procured under contracts awarded on the basis of national competitive bidding procedures in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

(b) Goods estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded on the basis of national competitive bidding procedures in accordance with the provisions of paragraphs 3.3 and 3.4 of the Guidelines.

3. International or National Shopping

Goods estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded on the basis of international or national shopping procedures in accordance with the provisions of paragraphs 3.5 and 3.6 of the Guidelines.

4. Direct Contracting

Works which are required to either respond to the urgency and goods which are required to either respond to the urgency and works and goods which should be procured as an extension of an existing contract, or must be purchased from the original supplier to be compatible with existing equipment or are of a proprietary nature may, with the Association's prior agreement, be procured in accordance with the provisions of paragraph 3.7 of the Guidelines.

5. Service Contracts

Works, goods and services which are combined under one contract, entered into with NGOs, required under Part B.1, B.2 (a), or (b) or (c) or B.3 may be procured in accordance with procedures acceptable to the Association.

6. Procurement from UN Agencies

Office equipment and other equipment as may be required, motor-vehicles, and motorcycles may be procured from IAPSO or UNOPS in accordance with the provisions of paragraph 3.9 of the Guidelines. Medical equipment, drugs and other items primarily in the fields of education, rural roads, health and rural water supply and sanitation may be procured from specialized agencies of the United Nations (UN), acting as suppliers, pursuant to their own procedures.

7. Procurement of Small Works

Works estimated to cost less than \$100,000 equivalent per contract, up to an aggregate amount not to exceed \$10,000,000 equivalent, may be procured under lump-sum, fixed-price contracts awarded on the basis of quotations obtained from three (3) qualified domestic contractors in response to a written invitation. The invitation shall include a detailed description of the works, including basic specifications, the required completion date, a basic form of agreement acceptable to the Association, and relevant drawings, where applicable. The award shall be made to the contractor who offers the lowest price quotation for the required work, and who has the experience and resources to complete the contract successfully.

Part D: Review by the Association of Procurement Decisions

1. Procurement Planning

Prior to the issuance of any invitations to bid for contracts, the proposed procurement plan for the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Guidelines. Procurement of all goods and works shall be undertaken in accordance with such procurement plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract advertised for International Competitive Bidding Limited International Bidding or National Competitive Bidding, estimated to cost the equivalent of \$500,000 or more, the procedures set forth in paragraphs 2 and 3 of Appendix 1 to the Guidelines shall apply.

(b) With respect to each contract for Shopping, Direct Contracting or under Service Contracts estimated to cost the equivalent of \$100,000 or more, the following procedures shall apply:

- (i) prior to the execution of any contract under shopping procedures, the Borrower shall provide to the Association a report on the comparison and evaluation of quotations received;
- (ii) prior to the execution of any contract procured under direct contracting procedures, the Borrower shall provide to the Association a copy of the specifications and the draft contract; and
- (iii) the procedures set forth in paragraphs 2 (f), 2 (g) and 3 of Appendix 1 to the Guidelines shall apply.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Guidelines shall apply.

Section II. Employment of Consultants

Part A: General

Consultants' services shall be procured in accordance with (a) the provisions of the Introduction and Section IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Association in January 1997 and revised in September 1997 and January 1999, subject to the modifications thereto set forth in paragraph 2 of this Part A (the Consultant Guidelines), and (b) the provisions of the following Parts of this Section II.

Part B: Quality- and Cost-based Selection

1. Except as otherwise provided in Part C of this Section, consultants' services shall be procured under contracts awarded in accordance with the provisions of Section II of the Consultant Guidelines, paragraph 3 of Appendix 1 thereto, Appendix 2 thereto, and the provisions of paragraphs 3.13 through 3.18 thereof applicable to quality- and cost-based selection of consultants.

2. The following provisions shall apply to consultants' services to be procured under contracts awarded in accordance with the provisions of the preceding paragraph. The short list of consultants for services estimated to cost less than \$100,000 equivalent per contract, may comprise entirely national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

Part C: Other Procedures for the Selection of Consultants

1. Selection Under a Fixed Budget

Services for audits and other recurring services of a routine nature estimated to cost less than \$100,000 per contract, may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.5 of the Consultant Guidelines.

2. Least-Cost Selection

Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.6 of the Consultant Guidelines.

3. Selection-Based on Consultants' Qualifications

Services estimated to cost less than \$100,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1 and 3.7 of the Consultant Guidelines.

4. Single Source Selection

Services may, with the Association's prior agreement, be procured in accordance with the provisions of paragraphs 3.8 through 3.11 of the Consultant Guidelines.

5. Commercial Practices

Services to be provided under contracts under Part B.3 of the Project an estimated to cost less than \$100,000 equivalent by contract may be procured in accordance with commercial practices acceptable to the Association.

6. Service Delivery Contracts

Services to be provided by NGOs, social workers and medical personnel under Part B.3 of the Project estimated to cost less than \$500,000 per contract, may be in procured in accordance with procedures acceptable to the Association.

7. Individual Consultants

Services for tasks that meet the requirements set forth in paragraph 5.1 of the Consultant Guidelines shall be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.1 through 5.3 of the Consultant Guidelines.

Part D: Review by the Association of the Selection of Consultants

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the Project shall be furnished to the Association for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of all consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Association, and with the provisions of said paragraph 1.

2. Prior Review

(a) With respect to each contract for the employment of consulting firms to cost the equivalent of \$100,000 or more, the procedures set forth in paragraphs 1, 2 (other than the third subparagraph of paragraph 2 (a)) and 5 of Appendix 1 to the Consultant Guidelines shall apply.

(b) With respect to each contract for the employment of individual consultants estimated to cost the equivalent of \$50,000 or more, the qualifications, experience, terms of reference and terms of employment of the consultants shall be furnished to the Association for its prior review and approval. The contract shall be awarded only after the said approval shall have been given.

3. Post Review

With respect to each contract not governed by paragraph 2 of this Part, the procedures set forth in paragraph 4 of Appendix 1 to the Consultant Guidelines shall apply.

SCHEDULE 4

Implementation Program

Part A: General

1. The Borrower shall carry out the Project in accordance with procedures, guidelines, timetables and criteria set forth in the Manual of Procedures and, except as the Association shall otherwise agree, the Borrower shall not amend, cancel or waive any provision thereof if, in the opinion of the Association, such amendment cancellation or waiver may materially and adversely affect the implementation of the Project.

Part B: Coordination and Management

2. The Borrower shall maintain policies and procedures adequate to enable it to monitor and evaluate on an ongoing basis, in accordance with performance indicators satisfactory to the Association, the carrying out of the Project and the achievement of the objectives thereof.

3. The Borrower shall maintain the CAP and the PSC until the completion of the Project with members and responsibilities acceptable to the Association, chaired by MINPLAN and comprising representatives of MINFIN and the sector ministries and representatives of public entities involved in the Project.

4. The Borrower shall maintain:

(a) BCECO with obligations, responsibilities and qualified staff acceptable to the Association until the completion of the Project;

(b) the contract with the firm recruited for the implementation for of Parts A, C.1 and D.1 of the Project until the completion of the Project and shall not amend, cancel or waive any provision thereof if, in the opinion of the Association, such amendment cancellation or waiver may materially and adversely affect the implementation of the Project, and

(c) depending on needs, one or two contract management advisors (financial, technical or procurement) at MINFIN with qualifications, obligations and responsibilities acceptable to the Association until the completion of the Project.

Part C: Semiannual Reviews and Midterm Review

5. The Borrower shall:

(a) prepare annually through the PSC, under terms of reference satisfactory to the Association, and furnish to the Association for its review and comments, a report, integrating: (i) the results of the monitoring and evaluation activities performed pursuant

to paragraph 2 of this Schedule, and (ii) the results of the FMRs during the period preceding the date of said report, on the progress achieved in the carrying out of the Project during the period preceding the date of said report, and a draft work program and related budget for each Part of the Project, setting out measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof during the twelve months' period following such date (Semiannual Review). The first such report shall be furnished to the Association no later than April 30, 2003 or such later date as the Borrower and the Association shall determine. The Borrower shall undertake all actions it considers necessary to assure the attendance of representatives of donors active in the reconstruction on its territory and representatives of civil society at said Semiannual Review, and

(b) convene within four weeks following the submission of the report referred to in subparagraph (a) of this paragraph said Semiannual Review and review with the Association said report giving special attention to the balance of Project activities throughout the territory of the Borrower on the one side, and overall balance of interventions between Project activities and Program activities on the other side, and thereafter take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said report and the views of the Association summarized following said Semiannual Review.

6. The Borrower shall:

(a) by a date eighteen months following Effective Date, or such other date as the Association shall agree upon, carry out jointly with the Association, a midterm review of the implementation of operations under the Project (Midterm Review). The Borrower shall invite representatives of Line Ministries to said Midterm Review and undertake all actions it considers necessary to assure the attendance of representatives of Line Agencies, donors active in the reconstruction on its territories and representatives of civil society in said Review. Such Review shall cover the progress achieved in the implementation of the Project pursuant to the specifications set forth in paragraph 5 (a) of this Schedule and, more specifically: (i) all issues raised at the first Semiannual Review considering the sustainability of Project activities, notably the financing of recurrent maintenance costs; and (ii) the performance of BCMI and BCECO under the Project, respectively, with attention to the addressing of environmental and social issues in design and implementation of Project activities and the adequacy of environmental and social safeguard procedures followed;

(b) furnish to the Association through PSC, for its review and comments, four weeks prior to said Midterm Review a report in such detail as the Association shall reasonably request, on the implementation of the Project covering all items to be raised in said Midterm Review; and

(c) following such Midterm Review, act promptly and diligently to take all measures required to ensure the efficient completion of the Project and the achievement of the objectives thereof, based on the conclusions and recommendations of said Midterm Review report and the views of the Association summarized following said Review.

Part D: Specific Actions

7. The Borrower shall, by a date no later than six months following the Effective Date, or such later date as the Borrower and the Association shall determine, carry out a comprehensive environmental and social assessment of operations carried out or to be carried out under the Project (the ESIA), in form and substance acceptable to the Association, and shall furnish said assessment for review and comments to the Association no later than twelve months following the Effective Date.

8. The Borrower shall, by a date no later than twelve months following the Effective Date, or such later date as the Borrower and the Association shall determine, establish an environmental and social supervision and mitigation system, based on a plan recommended in the assessment study referred to in paragraph 7 of this Schedule and the views of the Association thereon.

9. The Borrower shall, by a date no later than September 2006, prepare and submit to the Association an updated ESIA in form and substance satisfactory to the Bank.

Part E: Eligibility Criteria for Activities under Part B.3 of the Project (Community Development Support)

10. Eligibility Criteria

Activities shall not be eligible for financing out of the proceeds of the Financing unless the activity:

(a) either enhances, directly or indirectly the production and/or export, as the case may be, of agricultural produce grown in the territory of the Borrower, or enhances, directly or indirectly the quality and/ or quantity, as the case may be, of livestock production in the territory of the Borrower;

(b) meets the economic, financial and environmental criteria set forth in the Manual of Procedures; and

(c) requires a financing out of the proceeds of the Financing of at least the equivalent of \$100,000 but not in excess of the equivalent of US\$500,000.

SCHEDULE 5

Special Accounts

1. For the purposes of this Schedule:

(a) the term “Eligible Category” means, in the case of the Special Account A, Categories 1 (a), 2 (a), (c) and (e), 3 (a), (c) and (e), 4 (a), (c) and (e), and 6 (b) and (c), set forth in the table in paragraph 1 to this Agreement, in the case of the Special Account B, Categories 1 (b), 2 (b) and (d), 3 (b), (c) and (f), 4 (b) and (c), 5 (a) and (b) and (6) (a) and (b) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, in the case of the Special Account D, Categories 1 (a), 2 (a), 3 (a), (c) and (e), and 6 (b) and (c), set forth in the table in paragraph 1 to this Agreement, and in the case of the Special Account E, Categories 1 (b), 2 (b), 3 (b) and (f), 5 (b) et (6) (a), (b) et (d) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term “Eligible Expenditures” means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Financing allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term “Authorized Allocation” means: (i) in respect of the BCMI Initial Credit - Special Account an amount equivalent to \$20,000,000, to be withdrawn from the Financing Accounts and deposited into said Special Account pursuant to paragraph 3 (a) of this Schedule; (ii) in respect to BCECO - Initial Credit Special Account an amount equivalent to \$15,000,000, to be withdrawn from the Financing Accounts and deposited into said Special Account pursuant to paragraph 3 (a) of this Schedule, (iii) in respect of the BCMI Additional Grant - Special Account an amount equivalent to \$10,000,000, to be withdrawn from the Financing Accounts and deposited into said Special Account pursuant to paragraph 3 (a) of this Schedule; and (iv) in respect of the BCECO Additional Grant - Special Account an amount equivalent to \$3,000,000, to be withdrawn from the Financing Accounts and deposited into said Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Association shall otherwise agree, the Authorized Allocation for:

(A) the BCMI-Initial Credit Special Account shall be limited to an amount equivalent to \$10,000,000 until the aggregate amount of withdrawals from the Financing Accounts allocated to Categories 1 (a), 2 (a), (c) and (e), 3 (a), (c) and (e), 4 (a), (c) and (e), and 6 (b) and (c) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for

Part A of the Project shall equal or exceed the equivalent of SDR 150,000,000;

- (B) the BCECO Initial Credit-Special Account shall be limited to an amount equal to \$8,000,000 until the aggregate amount of withdrawals from the Financing Accounts allocated to Categories 1 (b), 2 (b) and (d), 3 (b), (c) and (f), 4 (b) and (c), 5 (a) and (b) and (6) (a) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Part B of the Project shall equal or exceed the equivalent of SDR 25,000,000;
- (C) the BCMI-Additional Grant Special Account shall be limited to an amount equivalent to \$5,000,000 until the aggregate amount of withdrawals from the Financing Accounts allocated to Categories 1 (a), 2 (a), 3 (a), (c) and (e), and 6 (b) and (c) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Part A of the Project shall equal or exceed the equivalent of SDR 20,700,000; and
- (D) the BCECO Additional Grant-Special Account shall be limited to an amount equal to \$1,500,000 until the aggregate amount of withdrawals from the Financing Accounts allocated to Categories 1 (b), 2 (b), 3 (b), (d) and (f), 5 (b) and (6) (a), (b) and (d) set forth in the table in paragraph 1 of Schedule 1 to this Agreement, plus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions for Part B of the Project shall equal or exceed the equivalent of SDR 7,000,000.

2. Payments out of the respective Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Association has received evidence satisfactory to it that the Special Accounts have been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Accounts shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Association a request or requests for deposit into the Special Account A B, D or E as the case may be, of an amount or amounts which do not exceed the aggregate amount of the respective Authorized Allocation for Special Account A B, D or E as the case may be. On the basis of such request or requests, the Association shall, on behalf of the Borrower, withdraw from the Financing Accounts and deposit into the requested Special Account such amount or amounts as the Borrower shall have requested.

- (b) (i) For replenishment of the respective Special Account, the Borrower shall furnish to the Association requests for deposits into the respective Special Account at such intervals as the Association shall specify.
- (ii) Prior to or at the time of each such request, the Borrower shall furnish to the Association the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Association shall, on behalf of the Borrower, withdraw from the Financing Accounts and deposit into the requested Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the respective Special Account for eligible expenditures.

All such deposits shall be withdrawn by the Association from the Financing Accounts under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the respective Special Account, the Borrower shall, at such time as the Association shall reasonably request, furnish to the Association such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Association shall not be required to make further deposits into any Special Account:

(a) if, at any time, the Association shall have determined that all further withdrawals should be made by the Borrower directly from the Financing Accounts in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Association, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports

required to be furnished to the Association pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Association shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Financing Accounts pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Financing allocated to the eligible Categories for the respective Special Account, minus the total amount of all outstanding special commitments entered into by the Association pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Financing Accounts of the remaining unwithdrawn amount of the Financing allocated to the eligible Categories shall follow such procedures as the Association shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Association shall have been satisfied that all such amounts remaining on deposit in the respective Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Association shall have determined at any time that any payment out of any Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Association, the Borrower shall, promptly upon notice from the Association: (A) provide such additional evidence as the Association may request; or (B) deposit into the respective Special Account (or, if the Association shall so request, refund to the Association) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Association shall otherwise agree, no further deposit by the Association into any Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Association shall have determined at any time that any amount outstanding in any Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Association, refund to the Association such outstanding amount.

(c) The Borrower may, upon notice to the Association, refund to the Association all or any portion of the funds on deposit in a Special Account.

(d) Refunds to the Association made pursuant to paragraph 6 (a), (b) and (c) of this Schedule shall be credited to the Financing Accounts for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

SCHEDULE 6

Modifications to the General Conditions

For the purpose of this Agreement, the provisions of the General Conditions are modified as follows:

1. Section 1.01 is modified to read:

“Section 1.01. *Application of General Conditions*

These General Conditions set forth the terms and conditions generally applicable to the Development Financing Agreement to the extent and subject to any modifications set forth in such agreement.

2. Section 2.01 is modified to read as follows:

- (a) Paragraph 3 of Section 2.01 is modified to read as follows:

“3. “Borrower” means the party to the Development Financing Agreement to which the Financing is made.”

- (b) Paragraph 4 of Section 2.01 is modified to read as follows:

“4. “Credit” means the Initial Credit provided for in the Development Financing Agreement.”

- (c) Paragraph 8 of Section 2.01 is modified to read as follows:

“8. “Development Financing Agreement” means the particular Development Financing Agreement to which these General Conditions apply; as such agreement may be amended from time to time. Development Financing Agreement includes these General Conditions as applied thereto, and all schedules and agreements supplemental to the Development Financing Agreement.”

- (d) The following new paragraphs are added after paragraph 11 of Section 2.01, and paragraphs 12 through 14 are renumbered as paragraphs 16 through 18 accordingly:

“12. “Grant” means the additional grant provided for in the Development Financing Agreement.”

“13. “Grant Account” means the account opened by the Association on its books in the name of the Borrower to which the amount of the Grant is credited.”

“14. “Financing” means, collectively, the Credit and the Grant.”

“15. “Financing Accounts” means, collectively, the Credit Account and the Grant Account (or, where the context so requires, either of the Credit Account or the Grant Account).”

3. The term “Credit”, wherever used in the following Articles and Sections of the General Conditions, is modified to read “Financing”: Sections 2.01 (3), 2.01 (12), 4.01, Article V, Article VI (excluding Section 6.05), Section 7.01 (d), Article VIII, and Article IX.

4. The term “Credit Account”, wherever used in the following Articles and Sections of the General Conditions, is modified to read “Financing Accounts”: Section 2.01 (6), the heading of Article III, 4.01, Article V, Article VI, and Section 12.03.

5. The term “Development Credit Agreement”, wherever used in the General Conditions, is modified to read “Development Financing Agreement”.

6. Article III is modified as follows:

(a) Section 3.01 is modified to read as follows:

“Section 3.01. *Financing Accounts*

The amount of the Credit shall be credited to the Credit Account and may be withdrawn from the Credit Account by the Borrower as provided in the Development Financing Agreement and in these General Conditions. The amount of the Grant shall be credited to the Grant Account and may be withdrawn from the Grant Account by the Borrower as provided in the Development Financing Agreement and in these General Conditions.”

(b) The words “The principal of, and service charges on, the Credit” in Section 3.05 are modified to read “All amounts required to be paid under the Development Financing Agreement”.

7. Article IV is modified as follows:

(a) Section 4.02 (a) and the heading of Section 4.02 are modified to read as follows:

“Section 4.02. *Currencies in which Payments are to be Made*

(a) The Borrower shall pay all amounts required to be paid by it under the Development Financing Agreement in the currency specified in such agreement or in such other eligible currency or currencies as may from time to time be designated or selected pursuant to paragraph (c) or (e) of this Section.”

(b) Wherever used in Section 4.02 (c) and (e) of the General Conditions, the words “principal and service charges” are modified to read “amounts”.

(c) Section 4.06 (b) is modified to read as follows:

“(b) All amounts which the Borrower shall be required to pay under the Development Financing Agreement shall be paid without restrictions of any kind imposed by, or in the territory of, the Borrower.”

8. Article VI is modified as follows:

(a) The word “credit” in paragraphs (a) (ii) and (c) (i) of Section 6.02 is replaced with the words “credit, grant or financing”.

(b) Section 6.03 (c) is modified by replacing the words “corrupt or fraudulent” with the words “corrupt, fraudulent, collusive or coercive”.

(c) Section 6.05 is modified to read as follows:

“Except as the Borrower and the Association shall otherwise agree, any cancellation of any amount of the Credit shall be applied *pro rata* to the several installments of the principal amount of the Credit maturing after the date of such cancellation.”

9. Section 7.01 is modified to read as follows:

(a) The words “principal or interest or any other amount” in paragraph (b) are modified to read “any amount”.

(b) The word “credit” in paragraph (b) (i) is replaced with the words “credit, grant or financing”.

10. Section 8.01 (a) is modified to read as follows:

“(a) All amounts which the Borrower shall be required to pay under the Development Financing Agreement shall be paid without deduction for, and free from, any taxes levied by, or in the territory of, the Borrower.”