

Public Disclosure Authorized

CONFORMED COPY

GRANT NUMBER H500-ZR

Financing Agreement

(Additional Financing for the Southern African Power Market Project Phase I)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated February 18, 2010

GRANT NUMBER H500-ZR

FINANCING AGREEMENT

AGREEMENT dated February 18, 2010, entered into between DEMOCRATIC REPUBLIC OF CONGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement).

WHEREAS (A) Since the inception of the Original Project, the cost of the Original Project has increased substantially and additional activities to improve the design and implementation of the Original Project, as described in Schedule 1 to this Agreement (the “Project”), have become necessary.

(B) The Recipient, having satisfied itself as to the feasibility and priority of the Project, has requested and obtained from European Investment Bank (EIB), pursuant to two financing contracts dated December 10, 2008 (collectively the “Co-financing Agreement”), a loan of an aggregate amount of one hundred and ten million Euros (Euro 110,000,000) of which an amount approximately equivalent to forty-seven million and twenty thousand Dollars (\$47,020,000) has been allocated to assist in the financing of Part A of the Project.

(C) The Recipient has also requested the Association to assist in the financing of the Project.

(D) The Project will be carried out by the Project Implementing Entity with the Recipient’s assistance and, as part of such assistance, the Recipient will: (1) make the proceeds of the grant provided for in this Agreement (the “Financing”) available to the Project Implementing Entity, as set forth in this Agreement; and (2) make available to the Project Implementing Entity an additional amount out of its own resources equivalent to six million eight hundred and sixty thousand Dollars (\$6,860,000), or cause the Project Implementing Entity to allocate an additional amount out of its own resources equivalent to six million eight hundred and sixty thousand Dollars (\$6,860,000) to assist in the financing of the Project.

(E) The Recipient has agreed to sign an amendment to the Original Financing Agreement (as defined in the Appendix to this Agreement) to harmonize, as much as possible, the terms and conditions applicable to the financings provided by the Association pursuant to the Original Financing Agreement and this Agreement, respectively.

(F) The Republic of Zambia has agreed to sign an amendment to the Development Credit Agreement that it had signed with the Association on February 3, 2004 (the “Zambia DCA”) to update Republic of Zambia’s commitments regarding the implementation of Part C of the Original Project (the “Amendment to the Zambia DCA”).

WHEREAS the Association has agreed, on the basis, *inter alia*, of the foregoing, to extend the Financing to the Recipient upon the terms and conditions set forth in this Agreement and in the agreement of even date herewith between the Association and the Project Implementing Entity (the “Project Agreement”);

NOW, THEREFORE, the Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to one hundred and sixteen million seven hundred thousand Special Drawing Rights (SDR 116,700,000) (“Financing”) to assist in financing Part B of the Project.
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Dates are April 15 and October 15 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
- (a) The Project Implementing Entity's Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (b) Any of the SAPP Instruments or the *Protocole d'Accord* has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Project Implementing Entity to perform any of its obligations under the Project Agreement.
 - (c) The conditions of the CEC Commitment (i) have not been satisfied by the date specified in Section I.D.6 of the Schedule to the Project Agreement; or (ii) having been satisfied by such date, the CEC Commitment: (A) has been subsequently breached, or waived without the prior written approval of the Association; or (B) has not, in the opinion of the Association, been implemented in accordance with its terms.
 - (d) The Zambia DCA has not been implemented in accordance with its terms.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Subsidiary Agreement has been executed on behalf of the Recipient and the Project Implementing Entity, in form and substance satisfactory to the Association.
 - (b) The Co-financing Agreement has been revised in a manner satisfactory to the Association, and all conditions precedent to the effectiveness of the Co-financing Agreement, and all conditions precedent to the right of the Recipient to make withdrawals under the Co-financing Agreement, (other than the effectiveness of this Agreement) have been fulfilled.
 - (c) The Project Implementing Entity has recruited in accordance with the provisions of Section III of Schedule 2 to this Agreement or assigned to the Project the following staff referred to in Section I.A.2 of the Schedule to the Project Agreement: (i) two (2) environmental specialists; and (ii) two (2) social scientists.
 - (d) The Project Implementing Entity has employed the entity referred to in Section I.D.4 of the Schedule to the Project Agreement, in accordance with the provisions of such section and selected in accordance with the provisions of Section III of Schedule 2 to this Agreement, for the purpose of providing to the Project Implementation Entity additional oversight in the supervision of the Resettlement Action Plan and the Compensation Plan.
 - (e) The Recipient has opened, or caused to be opened: (i) the O&M Accounts in accordance with the provisions of Section I.B.2 (c) of the Schedule to the Project Agreement; and (ii) the Counterpart Funds Account in accordance with the provisions of Section I.C.2 of Schedule 2 to this Agreement.
 - (f) BCECO and the Project Implementing Entity have signed an amendment to the *Protocole d'Accord* in form and substance satisfactory to the Association.
 - (g) The Recipient has revised the Project Implementation Manual in form and substance satisfactory to the Association.

- (h) The Amendment to the Zambia DCA has been signed between the Republic of Zambia and the Association.

5.02. The Additional Legal Matters consist of the following:

- (a) The Subsidiary Agreement has been duly executed and authorized or ratified (as the case may be) by the Recipient and the Project Implementing Entity, and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- (b) The Recipient has taken, or caused to be taken, all actions necessary under its law to enable the Project Implementing Entity to acquire all land and rights in respect of land as shall be required for the implementation of the Project.
- (c) The O&M Accounts and the Counterpart Funds Account have been duly opened in accordance with the provisions of this Agreement and the Project Agreement.
- (d) Pursuant to the law governing the Counterpart Funds Account, the O&M Accounts, and the designated account opened for the disbursement of funds provided under the Original Financing Agreement (the "Designated Account"), each amount deposited on the Counterpart Funds Account, the O&M Accounts, and the Designated Account, can only be used for the financing of the Project in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, Section 2.04 of the General Conditions and Section I.B.2 of the Schedule to the Project Agreement and of the Original Financing Agreement, respectively, and is protected from any attachment for any purpose, including for the settlement of any debt of the Recipient or the Project Implementing Entity to any third party, whether such attachment has been authorized by court order or otherwise.

5.03. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.04. 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 VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is the ministry at the time in charge of finance.

6.02. The Recipient's Address is:

Ministry of Finance
Rue Lubefu No 20, Commune de la Gombe
Kinshasa I
Democratic Republic of Congo

Facsimile:

243-880-23-81

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

DEMOCRATIC REPUBLIC OF CONGO

By /s/ Athanase Matenda Kyele

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Marie Françoise Marie-Nelly

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to facilitate further development of an efficient power market in the Southern African Development Community.

The Project consists of the following activities, which are a scaling up of Part B of the Original Project:

Part A: Substations and Control Center

Rehabilitation and reinforcement of substations at Fugurume, Panda and Karavia, and installation of a modern system control and data acquisition (SCADA) at the Likasi transmission control center.

Part B: Enhancing the Capacity of the Electricity Transmission Corridor from the Recipient's territory to the SAPP

Enhancing the capacity of the electricity transmission corridor from the Recipient's territory to the SAPP, including through:

1. Rehabilitation and reinforcement of converter station at Inga and inverter station at Kolwezi, installation of synchronous compensator at Kolwezi, and rehabilitation of high voltage alternating current substation at Kolwezi;
2. Supply and installation of new 220 kilovolts overhead transmission lines from Fugurume to Panda, to Karavia and to Kasumbalesa;
3. Rehabilitation of the high voltage direct current overhead line and the high voltage alternating current overhead lines;
4. Linkage of the Recipient's telecommunication system with the one of the Zambia Electricity Supply Corporation (ZESCO), including: (a) supply and delivery of a modern optical fiber telecommunication cable; (b) installation of said optical fiber cable over the high voltage transmission towers from Kasumbalesa to Kolwezi, to Inga and to Kinshasa; and (c) supply and installation of associated telecommunication electronic equipment;
5. Engineering and construction supervision services;

6. Study of the state of the existing high voltage direct current and the high voltage alternating current transmission lines;
7. Operation and maintenance of the transmission assets, including: (a) engineering studies for the O&M Contract; (b) supply of goods; and (c) start up costs for the O&M Contract;
8. Social and environmental support, including: (a) updating of the 2003 Environmental and Social Impacts Assessment Study; (b) implementation of an HIV/AIDS awareness campaign; and (c) monitoring and oversight of the implementation of the environmental and social mitigation measures;
9. Community development in seven villages in the Recipient's portion of the transmission corridor in the Katanga Province, through: (a) the construction of schools and medical centers; (b) the construction of water wells and separate external water supply; (c) supply and delivery of medical equipment to, and furnishing of, new medical centers; (d) furnishing of schools; and (e) supply and installation of low voltage distribution lines for the electrification of villages; and (f) supply and delivery of drugs in the medical centers in villages;
10. Institutional strengthening and capacity building of the Project Management Unit, including: (a) upgrading of the management information system; (b) provision of equipment, tools, vehicles and logistics required for the purpose; (c) provision of Training for staff of the Project Management Unit, including participation in inspections and factory acceptance tests of equipment for the Project; and (d) for the operation of the PMU;
11. Provision of advisory services for the: (a) preparation of a contract for the management, maintenance, operation and commercialization of the excess capacity of the telecommunication system; (b) BCECO's procurement and financial management activities; (c) negotiations of the export contracts; and (d) audits of the Project accounts; and
12. Letters of credit for the import of goods and equipment under Part B of the Project.

SCHEDULE 2**Project Execution****Section I. Implementation Arrangements**

The Recipient shall cause the following implementation arrangement, already established for the implementation of the Original Project, and strengthened in accordance with Section 5.01 (c), (d), (e), (f) and (g) of this Agreement, to be maintained throughout the implementation of the Project.

A. Contractual Arrangements

1. BCECO Protocole d'Accord

The Recipient shall, through BCECO, exercise its rights under the *Protocole d'Accord* in such manner as to protect the interests of the Recipient, the Project Implementing Entity 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 the *Protocole d'Accord* or any of its provisions.

2. Excess Capacity of the Project Telecom System

- (a) The Recipient shall, (i) not later than September 30, 2010: (A) identify all measures required in order to enable the Project Implementing Entity to recruit the Telecom Operator in accordance with the applicable laws and regulations of the Recipient, and prepare a timetable for the implementation of such measures; and (B) provide the Association reasonable time to exchange views with the Recipient on the identified measures and timetable and thereafter implement such measures in accordance with such timetable, taking into account the comments of the Association on the matter; and (ii) not later than September 30, 2012, take all measures necessary on its part in order to enable the Project Implementing Entity to recruit the Telecom Operator in accordance with the provisions of Section I.B.3 (b) of the Schedule to the Project Agreement.

B. Subsidiary Agreement

1. To facilitate the carrying out of the Project, the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity under a subsidiary agreement between the Recipient and the Project Implementing Entity, entered into under terms and conditions satisfactory to the Association (“Subsidiary Agreement”), which shall include:
 - (a) the obligation of the Recipient to:
 - (i) make the proceeds of the Financing available to the Project Implementing Entity in the form of a grant in Dollars, and
 - (ii) take all actions necessary to permit the Project Implementing Entity to carry out the Project and ensure the achievement of the objectives thereof;
 - (b) the obligation of the Project Implementing Entity to:
 - (i) carry out the Project in accordance with this Agreement, the Project Agreement, the Subsidiary Agreement, the Project Implementation Manual, the Anti-Corruption Guidelines, the Environmental and Social Management Plan, and the Resettlement Action Plan;
 - (ii) promptly refund to the Recipient for further refund to the Association any proceeds from the grant not used for purposes of carrying out the Project or for achieving the objectives thereof, or otherwise utilized in a manner inconsistent with the provisions of this Agreement or the Project Agreement;
 - (iii) at the request of the Recipient or the Association, exchange views with the Recipient and the Association with regard to the progress of the Project and the achievement of the objectives thereof, and the Project Implementing Entity's performance of its obligations under the Subsidiary Agreement, the Project Implementation Manual, the Anti-Corruption Guidelines, the Environmental and Social Management Plan and the Resettlement Action Plan; and
 - (iv) promptly inform the Recipient of any condition which interferes or threatens to interfere with the implementation of the Project and the achievement of the objectives thereof; and

(c) a provision stipulating that, in case of conflict between any of the provisions contained in the Subsidiary Agreement or the Project Implementation Manual, on one hand, and those set forth in this Agreement and the Project Agreement, on the other hand, the provisions of this Agreement and the Project Agreement shall at all times prevail.

2. The Recipient shall exercise its rights under the Subsidiary 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 the Subsidiary Agreement or any of its provisions.

C. Counterpart Funds

1. Without limitation on its obligations set forth in Section 4.01 of the General Conditions, the Recipient shall cause an amount equivalent to not less than six million eight hundred and sixty thousand Dollars (\$6,860,000) to be provided from the Recipient's state budget or through the Project Implementing Entity, for the financing of the Project, as counterpart funds.
2. The Recipient shall at all times maintain, or cause to be maintained, a foreign exchange account (the "Counterpart Funds Account") with a commercial bank acceptable to the Association, and on terms and conditions satisfactory to the Association. The Counterpart Funds Account shall be provisioned by the Recipient, or by the Project Implementing Entity at the request of the Recipient, in accordance with the terms and conditions, including amounts and timing of each deposit, previously agreed in writing among the Association, the Recipient and the Project Implementing Entity, for the purpose of meeting the timely payment of the Recipient's contribution to the financing of the Project.
3. The Recipient shall take all necessary measures to ensure that the Project will be exempted from all taxes and duties.

D. Anticorruption

The Recipient shall carry out its obligations under this Agreement in accordance with the Anti-Corruption Guidelines.

Section II. Project Monitoring, Reporting, Evaluation**A. Project Reports**

1. (a) The Recipient shall monitor and evaluate (or cause to be monitored and evaluated) the progress of the Project and prepare (or cause to be prepared) 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 sub-paragraph (b) of this paragraph. 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.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) The Recipient's firm and reliable electricity export to the SAPP has increased to at least 210 Megawatts by completion of the Project.
 - (ii) The Recipient's firm and reliable electricity supply to mines and other consumers in the Katanga Province has increased to a level between 300 and 400 Megawatts by completion of the Project.
 - (iii) By completion of the Project, commercial and technical information about local and regional supply and market is available to SAPP Countries and the public on a regular basis.
2. No later than eighteen (18) months after the Effective Date, or such later date as may be agreed upon by the Recipient and the Association, the Recipient shall, in conjunction with the Project Implementing Entity and the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. The Recipient shall, in conjunction with the Project Implementing Entity, prepare, under terms of reference satisfactory to the Association, and furnish to the Association three (3) months prior to the beginning of the Mid-term Review, or on such other date agreed upon with the Association in writing, a report integrating the results of the monitoring and evaluation activities performed pursuant to this Agreement, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to

take, or cause to be taken, any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objectives of the Project.

3. For purposes of Section 4.08 (c) of the General Conditions, the report on the execution of the Project and related plan required pursuant to that Section shall be furnished to the Association not later than six months prior to the Closing Date.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. The Recipient shall prepare (or cause to be prepared) and furnish to the Association not later than forty-five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, as well as a report on the operations in each of the O&M Accounts, each 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 such audit shall cover the period of one fiscal year of the Project Implementing Entity. The audited Financial Statements for each such period, and the auditor's report on the audit of the Financial Statements, the Counterpart Funds Account, the O&M Accounts, and the implementation of the Compensation Plan, shall be furnished to the Association not later than six months after the end of such period.

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:

Procurement Methods
(a) National Competitive Bidding
(b) Procurement from UN Agencies
(c) Shopping
(d) Direct Contracting

C. Particular Methods of Procurement of Consultants’ Services

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

Procurement Methods
(a) Selection Based on Consultants Qualifications
(b) Least Cost Selection
(c) Single Source Selection
(d) Selection of Individual Consultants

- 3. Training.** Training shall be carried out on the basis of quarterly programs and budgets, which shall have been approved by the Association, and which shall, *inter alia*, identify: (a) the training envisaged; (b) the personnel to be trained; (c) the selection method of the institution conducting such training; (d) the institution conducting such training if already selected; (e) the objective for such training; (f) the location and duration of the proposed training; and (g) the estimate of the cost of such training.

D. Review by the Association of Procurement Decisions

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

Section IV. Withdrawal of the Proceeds of the Financing

A. General

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

	Category	Amount of the Financing Allocated (Expressed in SDR Equivalent)	% of Expenditures to be Financed (Taxes excluded)
(1)	Supply and Installation of Electrical Equipments under Parts B1, B2, B3 and B4 of the Project	76,100,000	100% of foreign expenditures and 90% of local expenditures
(2)	Engineering and Construction Supervision under Part B5 of the Project	5,000,000	100% of foreign expenditures and 85% of local expenditures
(3)	Consultants Services including Audits under Parts B6, B8 (a), B10 (a) and B11 (a), (c) and (d) of the Project	2,500,000	100%
(4)	Training and Operating Costs for the PMU under Parts B10 (c) and (d) of the Project	1,200,000	100%
(5)	Goods and Works under Part B9 of the Project	1,900,000	100% of foreign expenditures and 85% of local expenditures
(6)	Goods and Services under Parts B8 and B10 of the Project	800,000	100% of foreign expenditures and 85% of local expenditures
(7)	Engineering Studies for the O&M Contract under Part B7 (a) of the Project	300,000	100% of foreign expenditures and 85% of local expenditures
(8)	Supply of Goods and start up cost for the O&M Contract under Parts B7 (c) and (b) of the Project	8,500,000	100% of foreign expenditures and 85% of local expenditures
(9)	Services of BCECO under Part B11 (b) of the Project	800,000	100%
(10)	Cost of Establishing Letters of Credit under Part B 12 of the Project	6,500,000	100%
(11)	Unallocated	13,100,000	
	TOTAL	116,700,000	

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, 2012.

APPENDIX**Section I. Definitions**

1. “2003 Environmental and Social Impacts Assessment Study” means the document entitled *Evaluation Environnementale et Sociale* prepared by SNC-Lavalin International at the request of the Recipient and the Project Implementing Entity, and dated June 2003
2. “Amendment to the Zambia DCA” means the amendment to the Zambia DCA (as hereinafter defined) referred to in Paragraph F of the Preamble.
3. “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.
4. “BCECO” means *Bureau Central de Coordination*, an entity established by the Recipient by Presidential Decree No. 039, dated August 8, 2001, to handle procurement and financial management aspects of the Recipient’s projects.
5. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
6. “CEC” means Copperbelt Energy Corporation PLC, a company organized under and operating pursuant to the laws of the Republic of Zambia.
7. “CEC Commitment” means the commitments in the letter from CEC to the Project Implementing Entity and the Association referred to in Section I.D.6 of the Schedule to the Project Agreement.
8. “Co-financier” means EIB, referred to in Paragraph 10 of the Appendix to the General Conditions.
9. “Co-financing” means the amount approximately equivalent to forty seven million twenty thousand Dollars (\$47,020,000), to be provided by the Co-financier to assist in financing the Project.
10. “Co-financing Agreement” means the Co-financing Agreement referred to in Paragraph (B) of the Preamble.

11. “Compensation Plan” means the plan for the resettlement and compensation of the people affected by the Project, which is included in the Resettlement Action Plan.
12. “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.
13. “Counterpart Funds Account” means the account referred to in Section I.C.2 of Schedule 2 to this Agreement.
14. “Designated Account” means the account referred to in Section 5.02 of this Agreement.
15. “EIB” means the European Investment Bank, an international organization established by the Treaty of Rome of March 25, 1957.
16. “Environmental and Social Impact Assessment for Zambia” means the CEC document entitled “Environmental and Social Impact Assessment for the Zambian Section of the Zambia-Democratic Republic of Congo 220 kV Electricity Interconnector to be Developed By Copperbelt Energy Corporation PLC (Second Edition)”, in form and substance satisfactory to the Association, and dated January 2009.
17. “Environmental and Social Management Plan” means the Recipient’s document entitled “Evaluation Environnementale et Sociale” dated May 2003, as updated by the Recipient’s document entitled “Evaluation Environnementale et Sociale” dated June 2008, describing the actual or potential environmental and social impacts of the activities under the Project, a management plan setting forth adequate mitigation measures and systems required to monitor the implementation of the construction activities referred to above and to ensure compliance of such activities with said measures, with a view to limiting any actual or potential adverse environmental or social impact.
18. “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.
19. “Internet Protocol” (IP) is a protocol used for communicating data across a packet-switched internet work using the TCP/IP suite of protocols.

20. "O&M Accounts" means the account referred to in Section I.B.2 (c) of the Schedule to the Project Agreement.
21. "O&M Contract" means the contract referred to in Section I.B.2 (b) of the Schedule to the Project Agreement.
22. "Open Access Regime" is a regime acceptable to the Association, based on a broad approach to telecommunications policy and regulatory issues, which:
(i) sets out a technology-neutral framework that encourages innovative, low cost delivery to users; (ii) allows for competition at physical infrastructure, transmission and services layers (physical infrastructures, transports and services) in the IP (Internet Protocol) network by allowing a wide variety of physical networks and applications to interact in an open architecture; (iii) provides for transparent, clear and comparative information on prices and services so as to ensure fair trading within and between these layers in the IP network; (iv) allows any authorized service provider to enter the market so as to minimize the risk of any provider taking a position of dominant market power; and (v) encourages the provision of services that are closer to the users than a more centralized system.
23. "Operating Costs" means: (a) bank charges, expenditures for the wages and salaries of the staff of BCECO but excluding the salaries of officials and public servants of the Recipient's civil service, and the leasing of additional office space for BCECO and logistics, small office equipment and maintenance, for the purpose of carrying out its responsibilities under the Project; and (b) the incremental operating expenses incurred by the Project Management Unit on account of the Project implementation, management and monitoring including rent for buildings; office, vehicles, office equipment; water and electricity utilities, telephone, office supplies, bank charges, additional staff costs, travel and supervision costs, per diem, but excluding the salaries and other benefits of officials and public servants of the Recipient's civil service.
24. "Operation and Maintenance", when referring to assets for the transmission of electricity, includes the management of the electricity load on the network, but expressly excludes responsibility for the management of the network.
25. "Operation and Maintenance Contractor" means the contractor referred to in Section I.B.2 (b) of the Project Agreement.

26. “Original Financing Agreement” means the development credit agreement for a Southern Africa Power Market Project Phase 1 between the Recipient and the Association, dated January 21, 2004 as amended to the date of this Agreement (Credit No. 3831 DRC).
27. “Original Project” means the Project described in the Original Financing Agreement.
28. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
29. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 27, 2009, 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.
30. “Program” means the program designed to assist in the development of an efficient regional power market in the Southern African Development Community and set forth or referred to in the letter dated May 27, 2003 from the Recipient to the Association.
31. “Project Implementation Manual” means the Recipient’s plan entitled “*Manuel d’Exécution - Projet SAPMP*” and dated March 19, 2005, as amended on November 30, 2009, setting out: (a) the Project implementation arrangements; (b) the Project procurement, financial management and disbursement arrangements; (c) the Project performance indicators; (d) the Project Environmental and Social Management Plan and the Resettlement Action Plan; and (e) such other administrative, financial and organizational arrangements as shall be required for the Project.
32. “Project Implementing Entity” means SNEL.
33. “Project Implementing Entity’s Legislation” means the Recipient’s Ordinance No. 78-196 of May 5, 1978.
34. “Project Implementing Entity’s Power Transmission Assets” means collectively the Project Implementing Entity’s Inga-Kasumbalesa transmission system and the Project Implementing Entity’s Inga-Kinshasa transmission system.

35. “Project Management Unit” or “PMU” means the unit established by the Project Implementing Entity for the purpose of managing the Project, in accordance with the Project Implementation Manual.
36. “*Protocole d’Accord*” means the agreement entered into between the Project Implementing Entity and the Recipient through BCECO dated February 14, 2007, as amended in accordance with Section 5.01 (f) of this Agreement, setting forth, *inter alia*, the obligation of BCECO to: (a) support the Project Implementing Entity in carrying out the following tasks: (i) management of the Designated Account and the Counterpart Funds Account, and the withdrawals of amounts of the Financing; and (ii) procurement; (b) ensure compliance with those obligations pertaining to the Recipient and the Project Implementing Entity referred to in Section II of Schedule 2 to this Agreement; and (c) strengthen its capacity to carry out procurement under the Project.
37. “Resettlement Action Plan” means the Recipient’s document entitled “*Rapport de Compensation et de Réinstallation des Populations*” dated May 2003, as updated by the Recipient’s document entitled “*Plan de Compensation et de Réinstallation*” dated June 2008, describing the actual or potential resettlement that may be required for the construction activities under the Project, including a resettlement and compensation plan, satisfactory to the Association.
38. “SAPP” means the Southern African Power Pool, the inter-governmental power pool created on September 28, 1995, by the SAPP Countries (as hereinafter defined) pursuant to the Inter-Governmental Memorandum of Understanding.
39. “SAPP Countries” means the countries that have signed the Inter-Governmental Memorandum of Understanding, including as of the date of this Agreement, the People’s Republic of Angola, the Republic of Botswana, the Kingdom of Lesotho, the Democratic Republic of Congo, the Republic of Malawi, the Republic of Namibia, the Republic of South Africa, the Kingdom of Swaziland, the United Republic of Tanzania, and the Republic of Zimbabwe.
40. “SAPP Coordination Center” means the center established by the SAPP Countries pursuant to the Constitution of the Coordination Center dated August 14, 1998.
41. “SAPP Instruments” means the legal instruments entered into by SAPP Countries establishing SAPP and SAPP Coordination Center, namely the Inter-Governmental Memorandum of Understanding dated September 28, 1995, the Inter-Utility Memorandum of Understanding dated December 8, 1995 and the Constitution of the Coordination Center dated August 14, 1998.

42. “Southern African Development Community” or “SADC” means the international organization established among its member countries to achieve, *inter alia*, development and economic growth for the people of the Southern region of Africa, pursuant to the Declaration and Treaty of SADC dated April 1, 1980.
43. “SNEL” means *Société Nationale d’Electricité*, the Recipient’s National Society of Electricity established pursuant to the Project Implementing Entity’s Legislation and operating under the laws of the Recipient.
44. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make the proceeds of the Financing available to the Project Implementing Entity.
45. “TCP/IP” or “Transmission Control Protocol/Internet Protocol (TCP/IP)” is the protocol used on the internet to transmit data between two computers.
46. “Telecom Operator” means the operator referred to in Section I.B.3 (a) of the Schedule to the Project Agreement.
47. “Training” means the training of persons involved in Project-supported activities, based on quarterly budgets approved by the Association pursuant to Section III.C.3 of Schedule 2 to this Agreement, such term including seminars, workshops, conference and study tours, and costs associated with such activity include travel and subsistence costs for training participants, costs of securing the services of trainers, rental of training facilities, preparation and reproduction of training materials and other costs directly related to course preparation and implementation.
48. “Zambia DCA” means the Development Credit Agreement referred to in Paragraph F of the Preamble.
49. “Zambia Electricity Supply Corporation (ZESCO)” means Zambia Electricity Supply Corporation (ZESCO), an entity established under the laws of the Republic of Zambia.

Section II. Modifications to the General Conditions

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

1. Section 2.07 is modified to read as follows:

“Section 2.07. *Refinancing Preparation Advance*

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

2. 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.”