

Date: 05-May-2024

H.E. Nicolas Kazadi Kadima
Minister of Finance
Ministry of Finance
Kinshasa – Gombe
Democratic Republic of Congo

**Ref: Democratic Republic of Congo
Stabilization and Recovery in Eastern DRC Project
(Credit No. 7243-ZR)
First Amendment to the Financing Agreement**

Excellency:

We refer to the Financing Agreement between Democratic Republic of Congo (the “Recipient”) and the International Development Association (the “Association”) dated March 13, 2023 (the “Financing Agreement”), for the above-referenced project (the “Project”). The capitalized terms used in this letter (“Amendment Letter”) and not defined herein have the meanings ascribed to them in the Financing Agreement.

We also refer to your letter dated March 29, 2024, requesting some adjustments to the implementation arrangements under Component 1 of the Project. We are pleased to inform you that the Association agrees with your request and proposes to amend the Financing Agreement in respect to the provisions below as follows:

1. Section 3.01 of the Financing Agreement is hereby amended to read as follows:

“3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall: (a) ensure that the Recipient’s provinces of Ituri, Nord Kivu and South Kivu (“Selected Provinces”) carry out Components 1, 2, 3 and 4 of the Project under their respective administrative jurisdictions; and (b) carry out Component 5; all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.”

2. The description of the activities under Component 1.1. of the Project in Schedule 1 to the Financing Agreement is hereby amended to read as follows:

“1. Facilitation and capacity building for community participatory planning

Strengthening the capacity of the provincial and local authorities in the Selected Provinces for, *inter alia*: (a) the carrying out of community sensitization and mobilization campaigns on peacebuilding and recovery in the context of the Project; (b) the preparation of local development plans; (c) the carrying out of conflict and risk assessments at the community level, and community development analyses (including the development of gender-sensitive social analysis instruments to identify key issues for women’s voice and empowerment in the community to be integrated in the local development plans to be prepared); (d) the provision of conflict-management training and mediation support; (e) the

carrying out of gender-sensitivity and GBV/SEA/SH prevention and risk mitigation capacity building activities; (f) the development and/or strengthening, as applicable, of the accountability and feedback mechanisms; and (g) as applicable, the establishment of local development committees.”

3. The description of the activities under Component 4.1 of the Project in Schedule 1 to the Financing Agreement is hereby amended to read as follows:

“ Project Management. Provision of support for the implementation, coordination, monitoring and evaluation of Project, including, *inter alia*: (a) support for the establishment and operation of the *Coordination Générale* and the *Coordination Provinciale* of Nord Kivu, South Kivu and Ituri, through the provision of technical assistance, Training, goods and financing of Operating Costs; (b) the provision, on a pilot basis, of technical assistance and Training to relevant provincial and local technical entities with a role in the implementation of the Project; (c) strengthening the institutional coordination mechanisms at the central and provincial level, particularly for purposes of implementing the activities under Components 1 and 2; (d) the carrying out of communication campaigns on the Project; (e) the establishment of a management information system; (f) the selection and hiring of a third-party monitoring agency; (g) the development of a digital monitoring and mapping platform for Project activities; and (h) the piloting of a data-modeling to forecast changes in levels of violence in the Selected Provinces.”

4. Section I.A.1(a) of Schedule 2 to the Financing Agreement is hereby deleted in its entirety (and subsequent paragraphs of Section I.A.1 are renumbered accordingly).

5. Section I.A.1(c) of Schedule 2 to the Financing Agreement is hereby renumbered as Section I.A.1(b) and amended to read as follows:

“(b) cause each of the Recipient’s provinces of Ituri, Nord Kivu and South Kivu to, no later than three (3) months after the Effective Date, or such other date as agreed by the Association, but in any case prior to the implementation of any activity under their respective administrative jurisdiction, establish by *provincial arrêté*, and thereafter maintain, throughout Project implementation, a civilian implementation support unit in Goma, Bunia and Bukavu, respectively, (“*Coordination Provinciale*”), responsible for the day-to-day implementation, management, monitoring and evaluation of the activities of Components 1, 2, 3 and 4 of the Project, under their respective administrative jurisdiction; each *Coordination Provinciale* with competent staff in adequate numbers and with terms of reference, qualifications, experience and integrity satisfactory to the Association and as set forth in the PIM; and”

6. Section I.A.2 of Schedule 2 to the Financing Agreement is hereby amended to read as follows:

“*Steering Committee*

2. The Recipient shall, no later than three (3) months after the Effective Date, or such later date as agreed by the Association, establish and thereafter maintain throughout Project implementation, a Project operational steering committee (“Steering Committee”), chaired by the Governors of the Selected Provinces (on an annual rotating basis), with the participation of, *inter alia*, representatives of the relevant Recipient’s ministries (including the ministries in charge of finance, interior and defense) and, with an observer role, a P-DDRCS representative, a CRESP representative and a MONUSCO representative; said Steering Committee established with terms of reference, composition and powers acceptable to the Association and defined in the PIM, to provide overall strategic guidance and overall coordination and oversight of the Project and to approve the Annual Work and Budget Program.”

7. Section I.A.4 of Schedule 2 to the Financing Agreement is hereby amended to read as follows:

“Local Development Committees

4. The Recipient shall, when applicable, cause to establish and thereafter maintain throughout Project implementation, the peace and development local committees (“Local Development Committees”) with staffing and roles and responsibilities acceptable to the Association and as further described in the PIM, including the responsibility to assist the *Coordination Générale* and the relevant *Coordination Provinciale* in the technical implementation of the activities under Components 1 and 2 of the Project through the provision of a number of community services further defined in the PIM.”

8. Section I.B of Schedule 2 to the Financing Agreement is hereby amended and renumbered as the following:

“B. Provincial Subsidiary Agreement

Components 1, 2, 3 and 4 of the Project to be implemented by the Selected Provinces

1. To facilitate the carrying out of the activities under Components 1 (including the Community Subprojects under Component 1.2), 2, 3 and 4 of the Project under the administrative jurisdiction of each of the Selected Provinces, the Recipient shall make a portion of the proceeds of the Financing available to each of the Selected Provinces on grant terms pursuant to a subsidiary agreement between the Recipient, the Selected Provinces (each represented by its Governor respectively) and the *Coordination Générale*, under terms and conditions approved by the Association, which shall include each Selected Province’s obligation (including the *Coordination Générale*) to carry out the activities under Components 1, 2, 3 and 4 of Project in accordance with the provisions set forth in this Agreement, including the PIM, the relevant environmental and social actions and instruments applicable to the Project activities under their responsibility set forth in the ESCP, and the Anti-Corruption Guidelines (“Provincial Subsidiary Agreement”).

2. The Recipient shall exercise its rights and carry out its obligations under the Provincial 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, and shall cause each Selected Province (including the *Coordination Générale*) to, not assign, amend, abrogate or waive the Provincial Subsidiary Agreement or any of its provisions. In case of any conflict between the terms and conditions of the Provincial Subsidiary Agreement and those of this Agreement, the terms and conditions of this Agreement shall prevail.”

9. Section I.C.1(a) of Schedule 2 to the Financing Agreement is hereby amended to read as follows:

“1. The Recipient shall:

- (a) cause the Selected Provinces and the *Coordination Générale* to prepare jointly, and thereafter, adopt, a manual acceptable to the Association (“Project Implementation Manual” or “PIM”);”

10. Section I.D of Schedule 2 to the Financing Agreement is hereby amended to read as follows:

“1. Upon selection of a Community Subproject pursuant to the criteria and procedure established in the PIM, the Recipient shall cause the relevant Selected Province (including

the *Coordination Générale*), pursuant to the relevant Provincial Subsidiary Agreements, to carry out the Community Subproject(s) for the benefit of the relevant Community in the Selected Province(s) in accordance with the provisions of this Agreement, including the PIM, the ESCP and the Anti-Corruption Guidelines.”

11. Section I.H of Schedule 2 to the Financing Agreement is hereby amended and replaced in its entirety to read as follows:

“H. Environmental and Social Standards

1. The Recipient shall and shall cause the Selected Provinces (including the *Coordination Générale*) pursuant to the Provincial Subsidiary Agreement to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Selected Provinces (including the *Coordination Générale*) pursuant to the Provincial Subsidiary Agreement to, ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Selected Provinces (including the *Coordination Générale*) pursuant to the Provincial Subsidiary Agreement to, ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. The Recipient shall, and shall cause the Selected Provinces pursuant to the Provincial Subsidiary Agreement to, ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) the Association is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including any case of sexual exploitation and abuse, sexual harassment and violence against minors, women or any other vulnerable groups, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

4. The Recipient shall and shall cause the Selected Provinces (including the *Coordination Générale*) pursuant to the Provincial Subsidiary Agreement to, establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Association.
5. The Recipient shall, and shall cause the Selected Provinces (including the *Coordination Générale*) pursuant to the Provincial Subsidiary Agreement to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
6. The Recipient shall, and shall cause the Selected Provinces (including the *Coordination Générale*) pursuant to the Provincial Subsidiary Agreement to, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.
7. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Association determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Association, an action plan satisfactory to the Association on the outstanding measures and actions, including a timetable and budget allocation for such measures and actions (which action plan shall deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
8. The Recipient shall ensure that the following measures related to the use of security or military personnel in the implementation of Project activities are taken, in a manner satisfactory to the Association:
 - (a) adopt and enforce standards, protocols and codes of conduct for the selection and use of security or military personnel, and screen such personnel to verify that they have not engaged in past unlawful or abusive behavior, including sexual exploitation and abuse (SEA), sexual harassment (SH) or excessive use of force;
 - (b) ensure that such personnel are adequately instructed and trained on a regular basis as established in the ESCP, on the use of force and appropriate conduct (including in relation to civilian-military engagement, SEA and SH, and other relevant areas), as set out in the PIM and ESMF;
 - (c) ensure that the stakeholder engagement activities under the SEP include a communication strategy on the involvement of security or military personnel under the Project; and

- (d) ensure that any concerns or grievances regarding the conduct of such personnel are received, monitored, documented (taking into account the need to protect confidentiality), resolved through the Project's grievance mechanism; and reported to the Association no later than forty-eight (48) hours after being received."
12. Section I.J.1 of Schedule 2 to the Financing Agreement is hereby amended to read as follows:
- "1. Without limitation to Section 5.09(b) of the General Conditions, the Recipient shall cause the Selected Provinces pursuant to the Provincial Subsidiary Agreement to:
- (a) have their respective financial statements periodically audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association, to reflect the operations of the Selected Provinces; and
 - (b) not later than six (6) months after the end of the fiscal year (or any other period as shall be agreed by the Association), furnish to the Association their respective financial statements as so audited, and such other information concerning the audited financial statements, as the Association may from time-to-time reasonably request."
13. The table in Section III.A of Schedule 2 to the Financing Agreement is hereby amended and replaced in its entirety to read as in the Annex to this Amendment Letter.
14. Section III.B.1(b) of Schedule 2 to the Financing Agreement is hereby deleted in its entirety, and the remaining subsection of Section III.B is renumbered accordingly.
15. The following definitions in Appendix to the Financing Agreement are hereby deleted in their entirety, and the remaining definitions are renumbered accordingly:
- ""*Fonds Social de la République Démocratique du Congo*" or "FSRDC" means the Recipient's Social Fund, a public entity established pursuant to the Presidential Decree No. 009/2002 dated February 5, 2002, as amended by Presidential Decree No. 05/063 dated July 22, 2005, for the purpose of, *inter alia*, improving the conditions of living of the population and of access to social services as well as to support income generation and employment to alleviate poverty and promote social and economic development."
- ""FSRDC Implementation Unit" means the FSRDC implementation unit referred to in Section I.A.1(a) of Schedule 2 to this Agreement."
- ""FSRDC Subsidiary Agreement" means the agreement referred to in Section I.B.1 of Schedule 2 to this Agreement."
- ""Management Fee" means the amount of the Operating Costs up to a percentage amount defined in the FSRDC Subsidiary Agreement and the PIM, incurred by the FSRDC in connection with the management, monitoring and evaluation of Component 1 of the Project, calculated on the basis of a unit cost defined pursuant to a formula established in the PIM for the delivery of its services as outputs under the terms and conditions acceptable to the Association and the FSRDC Subsidiary Agreement.'"
16. The following definitions in the Appendix to the Financing Agreement are hereby amended to read as follows:

““Community Subprojects” means a small-scale activity consisting of, *inter alia*, the rehabilitation and/or construction and maintenance of priority social infrastructure to be carried out in a vulnerable community in one of the Selected Provinces under Component 1.2 of the Project selected pursuant to the criteria and procedures established in the PIM.”

““*Coordination Générale*” means the overall coordination team based in Goma referred to in Section I.A.1(a) of Schedule 2 to this Agreement.”

““Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated November 10, 2022 and revised as of April 18, 2024, as the same may be further amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.”

““Operating Costs” means recurrent costs incurred on account of the implementation of activities under the Project, including, *inter alia*: (i) purchase (if applicable), operation and maintenance of vehicle, repairs, fuel and spare parts; (ii) computer maintenance, including hardware and software; (iii) communication costs and shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) rent and maintenance for office facilities; (vi) utilities and insurances, including health insurances and health-related services as approved by the Association; (vii) travel and per diem costs for technical staff carrying out training, supervisory and quality control activities; (viii) salaries of support staff recruited by the *Coordination Generale* and the *Coordinations Provinciales* to carry out the Project activities; (ix) if applicable and as determined by the Association, limited operating costs incurred by the CRESP and/or the permanent secretariat to be established by the Recipient in connection with the technical assistance activities to be carried out under Component 4.2 of the Project; (x) selected Operating Costs incurred by the provincial civil authorities of the Selected Provinces, and the local civil authorities of selected ETDs (including the ETDs of Goma, Bunia and Bukavu) benefitting from the activities under Component 3; and (xi) reasonable transport cost for public servants working on the Project; but excluding salaries of the Recipient’s civil servants.”

““*Protocol d’ Accord Interprovincial*” means the agreement signed by the Selected Provinces referred to in Section I.A.1(a) of Schedule 2 to this Agreement, setting forth the roles and responsibilities of the *Coordination Générale* and the *Coordination Provinciales* of Ituri, Nord Kivu and South Kivu.”

All other provisions of the Financing Agreement, except as amended herein, shall remain in full force and effect.

Please indicate your agreement with the foregoing amendments to the Financing Agreement on behalf of the Recipient by countersigning and dating this Amendment Letter. This Amendment Letter shall become effective as of the date of its countersignature, upon receipt by the Association evidence satisfactory to the Association that the Provincial Subsidiary Agreement has been revised and signed in form and substance acceptable to the Association and is in full force and effect.

Finally, please find enclosed to this Amendment Letter a copy of the agreed revised ESCP dated April 18, 2024, which takes into consideration the changes to the implementation arrangements for Component 1 introduced through this Amendment Letter.

International Development Association

Yours sincerely,



Albert G. Zeufack
Country Director for Democratic Republic of Congo
Eastern and Southern Africa Region

CONFIRMED AND AGREED:

DEMOCRATIC REPUBLIC OF CONGO

By: H.E. Nicolas Kazadi Kadima

Name: H.E. Nicolas Kazadi Kadima

Title: Finance minister

Date: 21-May-2024

Category	Amount of the Credit Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Works, goods, non-consulting services and consulting services for Community Subprojects under Component 1.2 of the Project	65,000,000	100%
(2) Goods, non-consulting services (including Training), consulting services and Operating Costs for Components 1 (excluding Community Subprojects under Component 1.2), 2, 3 and 4 of the Project; and works for Components 2.1(b) and 3 of the Project.	134,520,900	100%
(3) Payment of Stipends for LIPWs under Component 2.1(a)(i) of the Project	14,000,000	100%
(4) IGA Grants under Component 2.2(a) of the Project	34,000,000	100%
(5) Emergency Expenditures under Component 5 of the Project	0	100%
7(6) Refund of Preparation Advance	2,479,100	Amount payable pursuant to Section 2.07(a) of the General Conditions
TOTAL AMOUNT	250,000,000	