

CONFORMED COPY

GRANT NUMBER TF092300
Cofinancing IDA Grant Number H359-DRC

Trust Fund Grant Agreement

(High Priority Roads Reopening and Maintenance Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Pro-Routes MDTF

Dated July 8, 2008, 2008

GRANT NUMBER TF092300

GRANT AGREEMENT

AGREEMENT dated July 8, 2008, entered into between: the Democratic Republic of Congo (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the High Priority Roads Reopening and Maintenance Project Multi Donor Trust Fund.

The Recipient and the World Bank hereby agree as follows:

Article I

Standard Conditions; Definitions

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), 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 Standard Conditions or in this Agreement.

Article II

The Project

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the World Bank 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 III

The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount not to exceed sixty million United States Dollars (\$60,000,000) (“Grant”) to assist in financing the Project. With reference to Section 3.02 of the Standard Conditions, an amount of the Grant equal to \$7,500,000 United States Dollars has been made available to the Multi Donor Trust Fund for DRC High Priority Roads Reopening and Maintenance Project. The remaining amount of the Grant will be made available to the Recipient by the World Bank, in installments, subject to conditions specified in Section 3.02 of the attached Standard Conditions, as funds are received from the various donors to the Multi Donor Trust Fund for DRC High Priority Roads Reopening and Maintenance Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The World Bank shall not be obliged to provide funds under the Multi-donor Trust Fund Grant to the Recipient except to the extent the World Bank shall have received funds from the Donors for this purpose.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Events of Suspension consist of the following:
 - (a) The legislation pertaining to CI, OdR or ICCN or any other entity involved in the implementation of the Project, or any text pertaining to their operation, shall have been breached, amended, suspended, abrogated, repealed or waived so as to affect their ability to implement the Project or perform any of their obligations under this Agreement.
 - (b) The Performance Contract shall have been breached or the Performance Contract shall have been amended, suspended, abrogated, repealed or waived without the Association’s prior written agreement.
 - (c) CI, OdR, MECNT, ICCN or any other entity or agency involved in the implementation of the ESD shall have failed to perform any of their respective obligations under any of the relevant documents, or the MoU, as the case may be, or the Environmental and Social Assistance Contract

shall have been breached, or any of the aforementioned documents shall have been amended, suspended, abrogated, repealed or waived.

- (d) The operation of the Road Maintenance Fund shall have been affected in a manner that compromises the sustainability of road maintenance.
- (e) Any goods, works, services or other assistance provided to or for the benefit of OdR or any other entity or agency involved in the implementation of the Project shall have been used for purposes other than eligible purposes under the Project.
- (f) Any of the Fiduciary Technical Assistant Contracts shall have been breached or any of the Fiduciary Technical Assistant Contracts shall have been amended, suspended, abrogated, repealed or waived without the World Bank's prior written agreement.
- (g)
 - (i) the Co-financing Agreement shall have failed to become effective by September 20, 2008, or such later date as the Association may agree; provided, however, that the provisions of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that adequate funds for the Project are available to the Recipient from other sources on terms and conditions consistent with the obligations of the Recipient under this Agreement;
 - (ii) subject to subparagraph (iii) of this paragraph, the right of the Recipient to withdraw the proceeds of the Co-financing pursuant the Co-financing Agreement shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Co-financing Agreement;
 - (iii) subparagraph (ii) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the Association that: (A) such suspension, cancellation, termination or reimbursement is not caused by the failure of the Recipient to perform any of its obligations under such 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 Recipient under this Agreement.

Article V

Effectiveness; Termination

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the condition specified below has been satisfied.

The Co-financing Agreement dated the same date as this Agreement, between the Recipient and IDA, has been executed and delivered and all conditions precedent to its effectiveness (other than the effectiveness of this Agreement) have been fulfilled.

- 5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing, on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms;
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI

Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister at the time in charge of finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Minister of Finance
Ministry of Finance
Boulevard du 30 juin
BP 12997
Kinshasa I - Gombe
Democratic Republic of Congo

Facsimile: 243 880 23 81

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions 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) or
64145 (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 Kyelu*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Pro-Routes Multi Donor Trust Fund

By: */s/ Marie Françoise Marie-Nelly*
Authorized Representative

SCHEDULE 1

Project Description

1. The objective of the Project is to re-establish lasting access between provincial capitals and districts and territories in three provinces (Province Orientale, Katanga and Sud Kivu) in a way that is sustainable for people and the natural environment in the area of influence of the Project.

The Project consists of the following parts:

Part A. Road Rehabilitation and Maintenance

Support to the Recipient in: (1) the reopening (basic access) of approximately 1,800 kilometers of high-priority national roads, namely: (a) approximately 620 kilometers on: (i) the Kisangani-Buta-Bunduki axis; and (ii) the Dulia-Bondo axis; and (b) approximately 1,180 kilometers on: (i) the Uvira-Kalemie axis; and (ii) the Kalemie-Kasomeno axis, including equipment for two road brigades; (2) the equipment of three bridges and three ferry brigades; and (3) subsequent maintenance of the same, all through the provision of works, goods, services, Performance Bonuses and Operating Costs.

Part B. Institutional Strengthening

1. Assistance to the MITPR in the preparation of a road sector strategy and of a road investment plan, the formulation and implementation of road sector policies (including tolls), the preparation and implementation of a plan for the development of the road construction industry, and the strengthening of coordination mechanisms with other stakeholders active in the road sector, all through the provision of goods, services and Operating Costs.

2. Assistance to CI to strengthen its capacities for Project implementation and overall, in particular in the fields of procurement, financial management, environmental and social safeguards, contract management, and monitoring and evaluation including through technical audits, all through the provision of goods, services and Operating Costs.

3. Assistance to OdR to strengthen its capacities at the central and relevant provincial levels, in particular in the fields of engineering, contract management, data collection, monitoring and evaluation, financial management and procurement, all through the provision of works, goods, services, Operating Costs, and Training.

4. Assistance in the strengthening of the RMF, including its installation and setting up of its board of directors and its management team, and complementary studies on projecting revenues, all through the provision of works, goods and services.

Part C. Environmental and Social Management

Assistance to the Recipient, including ICCN and MECNT, in the enhancement of positive socio-economic aspects of the Project and mitigation of potentially negative social and environmental aspects, in particular: (a) management of forests, biodiversity and Protected Areas, including the preparation of ESIA and EMP and implementation of mitigation measures and the completion of the local legal environmental safeguard framework, as well as preparation of PF for new Protected Areas; (b) protection and development of Indigenous People; including the preparation of the IPDP and implementation of mitigation measures; as well as the preparation and implementation of the RAP as may be required in accordance with the RPF; and (c) the fight against the spread of HIV-AIDS, all through the provision of goods, services, Performance Bonuses, Training and Operating Costs.

Part D. Monitoring and Evaluation

Support in the strengthening of the Recipient's monitoring and evaluation capacity in connection with road network management, in particular within CI and OdR, including: (a) the development of a road data collection, management and dissemination system; (b) support to the monitoring and evaluation of Project activities and measurement of its impacts on transport (such as traffic nature and volume, freight volumes, and duration of road closures) and socio-economic conditions of neighboring populations; and (c) the establishment of an environmentally-specific monitoring and evaluation system to monitor the effect of the Project on the transportation of environmentally-sensitive products including logs and bush meat.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. Except as the World Bank shall otherwise agree, the Recipient shall: (i) apply the criteria, policies, procedures and arrangements set out in the PAFAM; PIM, ESD and the Anti-Corruption Action Plan; and (ii) not amend or waive, or permit to be amended or waived, any of the PAFAM PIM, ESD and the Anti-Corruption Action Plan, or any provision thereof.
2. Except as the World Bank shall otherwise agree:
 - (a) the Project shall be implemented by MITPR through CI;
 - (b) the Recipient shall, at all times during the execution of the Project maintain CI in form and with functions satisfactory to the World Bank and with staff in adequate numbers and with qualifications and experience satisfactory to the World Bank, and CI shall be responsible for annual planning and programming, day-to-day coordination and implementation of Project activities, disbursements, financial management, contract management, procurement, monitoring and evaluation, and reporting, all in compliance with the PAFAM, PIM, ESD and the Anti-Corruption Action Plan;
 - (c) the Recipient shall cause CI to enter into and maintain throughout the execution of the Project an agreement with the Fiduciary Technical Assistants, providing for the hiring of experts within CI in numbers and with qualifications satisfactory to the World Bank to assist in the carrying out of financial management, accounting and procurement functions within CI; and
 - (d) the Recipient shall, at all times during the execution of the Project maintain IMC with functions and composition satisfactory to the World Bank.
3. Except as otherwise agreed in writing with the World Bank,

- (a) Activities under Part A (1) (a) (i) and (ii) and (b) (i) of the Project shall be carried out by OdR on the basis of the Performance Contract under terms and conditions satisfactory to the World Bank, including, *inter alia*:
- (i) A detailed description of the services to be rendered by OdR, including the proposed schedule for carrying out the works and performance indicators, as well as technical standards to be complied with;
 - (ii) A detailed description of the modalities for the implementation of the activities by OdR including the selection of two brigades with staffing, experience and qualifications satisfactory to CI, one in Kisangani and one in Kalemie, each to be headed by a brigade officer (*Chef de Brigade*) satisfactory to CI;
 - (iii) Provisions setting forth the modalities for the delivery of goods procured by CI to be used by OdR to carry out the works, as well as provisions for the transfer of funds by CI to OdR for the purpose of the Project, and subsequent arrangements to be taken by OdR, including the opening of a separate bank account, a bookkeeping system, and appropriate procurement arrangements;
 - (iv) The obligation for OdR to prepare Annual Work Plans to be submitted no later than by November 15 in each year of the execution of the Performance Contract to the World Bank and CI for their respective review and approval, it being understood and agreed that no works for any given Road Segment shall be started unless and until the relevant Annual Work Plan shall have been approved by the World Bank and CI respectively;
 - (v) The obligation of OdR to carry out activities in accordance with PAFAM, PIM, the ESD and the Anti-Corruption Plan, all with due diligence and efficiency and in accordance with sound technical, financial, social, environmental, and managerial standards, and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures related to the Project;
 - (vi) The obligation of OdR to obtain adequate third party liability insurance coverage for activities to be implemented under the Performance Contract;

- (vii) The requirement that the goods, works and services to be financed from the proceeds of the Financing shall be used exclusively in carrying out activities agreed upon under the Performance Contract;
 - (viii) The obligation of OdR to duly cooperate in a timely and efficient manner with MECNT, ICCN and the Environmental and Social Partner, respectively, all in compliance with the provisions of the MoU and the Environmental and Social Assistance Contract;
 - (ix) The right of CI to: (x) receive quarterly (or any other period agreed upon by the World Bank) progress reports reflecting, *inter alia*, the performance indicators referred to in Section II.A.1(b) of this Schedule 2, and a final report upon completion of all the relevant works; (y) obtain all information that the World Bank shall reasonably request regarding the administration, operation and financial management of activities under the Performance Contract; and (z) inspect by itself, or jointly with the World Bank, if the World Bank shall so request, or through technical auditors satisfactory to the World Bank, the goods, works, sites or plants financed under the Performance Contract, the operations thereof and any relevant records and documents; and
 - (x) The right of CI, as the case may be, after consulting with MIPTR to suspend or terminate the Performance Contract upon failure by OdR to perform any of its obligations under the Performance Contract, including in the event that any of the performance targets would not be met.
- (b) The Recipient shall throughout the execution of the Project: (i) maintain OdR in form and with functions and staffing satisfactory to the World Bank so as to allow for the due implementation of the Performance Contract, including the assignment of two brigades for the purpose of road rehabilitation and of three bridges and three ferry brigades, each with appropriate staffing, experience and qualifications, and headed by a brigade officer (*Chef de Brigade*) satisfactory to the CI; (ii) ensure that the personnel of OdR assigned to the execution of the Project receives regularly all rights and social benefits due under applicable local laws; (iii) cause OdR to duly perform its obligations under the Performance Contract, and to ensure proper coordination of Project implementation with the local government agencies and other stakeholders; and (iv)

cause OdR and CI not to amend or waive, or permit to be amended or waived, any provision of the Performance Contract.

- (c) No later than November 30, 2010, the Recipient and the World Bank shall review the comparative performance of the private contractors and OdR under the Performance Contract and assess options for a larger involvement from the private sector in the execution of reopening works.
 - (d) The Recipient shall: (i) cause OdR to obtain appropriate third party liability insurance coverage in connection with the activities carried out under Part A (1) of the Project; and (ii) hold the World Bank and each of its director or officers and employees, harmless from, any damage, loss, liability, cost, charge, fee, penalty, tax or expense (including reasonable expenses of investigation and reasonable attorneys' fees and expenses) incurred or suffered by them arising out of, or relating to the execution of activities under the Project. Nothing in this Section shall be construed as a waiver or renunciation by the World Bank of the immunities and privileges of the World Bank which is hereby expressly reserved.
4. The Recipient shall ensure that all decentralized authorities, in particular at the provincial level, and other authorities at the districts, territories and communal levels as provided by the laws of the Recipient, regulatory bodies and state owned enterprises be properly involved where necessary and shall cause the same to duly cooperate for the proper implementation of the Project and implementation of the Performance Contract.
5. The Recipient shall ensure that: (a) no later than three months after the Effective Date, the regulatory text establishing operational modalities for the RMF has been passed; (b) no later than six months after the Effective Date, the board of directors and the management team of RMF have been duly appointed; (c) RMF be maintained operational, in form and substance, and with functions satisfactory to the World Bank throughout the execution of the Project; and (d) throughout the same period RMF is properly and regularly funded on a basis comparable to the recommendations made by the inter-ministerial experts group mandated to this end in May 2007.

B. Annual Work Plan under the Performance Contract

1. No later than November 15 in each year of the execution of the Project, the Recipient shall cause OdR to submit to the World Bank and to CI, respectively an annual time-bound work plan, satisfactory to the World Bank and to CI, respectively, to include *inter alia*: (a) a detailed description of the reopening

works and of the maintenance works to be carried out during the subsequent year; including bridges' and ferries' repairs; (b) the proposed allocation of equipment, fuel and lubricant and staffing to carry out road reopening works and bridges' and ferries' repairs, the arrangements for the contracting of maintenance, including related operational costs and procurement plan; (c) the confirmation that appropriate environmental and social screening, as provided by the ESD have been carried out and subsequent management plans, including an EMP, an IPDP and an RAP as the case may be, all satisfactory to the World Bank, have been duly prepared and disclosed for each Road Segment to be rehabilitated under such plan.

2. The Recipient shall cause OdR not to start any works on any Road Segment unless and until an Annual Work Plan covering such Road Segment has been duly submitted for review to and approved by the World Bank and CI.
3. The Recipient shall cause OdR to prepare, no later than by March 15 in each year of the execution of the Project, and deliver to the World Bank and CI for their respective review and approval an annual report in respect of each Annual Work Plan, each such report to include information, in sufficient detail satisfactory to the World Bank and CI regarding: (a) progress in the preceding 12 months on pre-contract preparation, including land acquisition and resettlement and environmental assessment and disclosure wherever required; (b) physical progress in Project implementation in the preceding 12 months, including the rate availability of equipment; (c) procurement under the Performance Contract and expenditures by contract in the preceding 12 months; (d) interim unaudited financial reporting, including projected sources and application of funds for the twelve (12) month period following the reporting period in such report; and (e) the extent and quality of compliance with the implementation procedures, including the Anti-Corruption Action Plan.
4. The Recipient shall cause CI to have a semi-annual technical review of the implementation of the relevant Annual Work Plan carried out by technical experts satisfactory to the World Bank under terms of reference acceptable to the World Bank.

C. Anti-Corruption

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

D. Safeguards

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of the ESDs, and except as the World Bank shall otherwise agree in writing, shall not amend or waive, or permit to be amended or waived, any provision of any of the ESDs
2. The Recipient shall: (a) before commencing the implementation of any activity listed in Schedule 1 to this Agreement with respect to which the completion of an EMP, IPDP, RAP or PF is necessary, prepare and furnish to the World Bank said EMP, IPDP, RAP or PF specific to such activity, in form and substance satisfactory to the World Bank, describing: (i) the potential adverse environmental and social impact of such activity; (ii) the measures for the offsetting, reducing, or mitigating of such impact; and (iii) the arrangement for monitoring and implementing such measures; (b) no later than three months before the start of any works publicly disclose the EMP, IPDP, RAP or PF; as the case may be, and (c) carry out such activity in accordance with the provisions of the EMP, IPDP, RAP or PF, as the case may be.
3. The Recipient shall cause MECNT, ICCN and CI to maintain, at all times during the implementation of the Project, the MoU with terms and conditions satisfactory to the World Bank, for the purpose of defining the modalities for the implementation and supervision of environmental and social safeguards in accordance with the ESD for activities under Part A of the Project.
4. The Recipient shall cause CI to (a) maintain at all time during Project implementation an environmental and social unit with staff in adequate numbers and with experience satisfactory to the World Bank in charge of supervising the implementation of social and environmental safeguards under the Project and (b) no later than three months after the Effective Date, recruit the Environmental and Social Partner and enter into the Environmental and Social Assistance Contract; and to subsequently maintain and duly implement the Environmental and Social Assistance Contract at all time during Project implementation and not amend or waive, or permit to be amended or waived, the Environmental and Social Assistance Contract without the prior written agreement of the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section

2.06 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 semester, and shall be furnished to the World Bank 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) By the end of the Project, at least 80% of roads reopened under the Project is good to fair condition;
 - (ii) By the end of the Project, yearly accumulated days of road closure (not passable by 4x2 vehicles) on the Kisangani - Bundunki axis is less than 24 days, and less than 30 days on the Uvira Kasomeno axis;
 - (iii) By the end of the Project, daily freight traffic on the Kisangani-Banalia axis has at least tripled and has at least doubled on the Uvira-Kasomeno axis;
 - (iv) By the end of the Project, the yearly amount of contracts for road works to the private sector has significantly increased compared to the situation at Project's start;
 - (v) By the end of the Project, at least 40% of the Beneficiary's high-priority road network is in good to fair condition;
 - (vi) By the end of the Project, new Protected Areas have been identified as a result of the Project;
 - (vii) Throughout the life of the Project, the percentage of wood from illegal logging transported on the Kisangani-Banalia axis does not increase significantly;
 - (viii) Throughout the life of the Project, the percentage of bushmeat from protected species found at selected checkpoints on Road Segments does not increase significantly;

- (ix) Throughout the life of the Project, the number of visits to selected health facilities in the vicinity of Road Segments increases significantly; and
 - (x) Throughout the life of the Project, primary schools enrollment rate in selected areas in the vicinity of Road Segments increases significantly.
- 2.
 - (a) On or about 30 months after the Effective Date, the Recipient shall carry out jointly with the World Bank, ICM, CI, OdR, MECNT, ICCN, the Environmental and Social Partner and other relevant stakeholder a review of the progress made in carrying out the Project (the “Midterm Review”), to cover, amongst other things: (i) progress made in meeting the Project’s objective; and (ii) overall Project performance against Project performance indicators.
 - (b) As part of the Midterm Review, the Recipient shall ensure that the Technical Auditors referred to in Section B hereafter prepare and furnish to the MITPR and the World Bank for review and comments, an evaluation of the performance of each of CI and OdR performance using performance indicators referred to in Section II.A.(1)(b) of this Schedule 2, integrating the results of the monitoring and evaluation activities performed, the progress achieved in the carrying out of the Project and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objectives thereof thereafter.
 - (c) The Recipient shall, not later than four weeks after the Midterm Review, prepare and submit to the World Bank an action program, acceptable to the World Bank, for the further implementation of the Project having regard to the findings of the Midterm Review and that may include such measures as: revision of contract award decision mechanisms, and new arrangements for contract signature; strengthening the role and responsibility of the Fiduciary Technical Assistants; carrying out an in depth assessment of CI staff; and launching of an additional training program or adoption of reinforced internal control mechanisms. The World Bank shall provide its written comments on said report within 15 days from the date of its receipt by the World Bank and the Recipient shall, thereafter, implement such action program in accordance with the comments provided by the World Bank.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the World Bank not later than 45 days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient, commencing with the fiscal year in which the first withdrawal under the Project Preparation Advance was made. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.
4. The Recipient, through CI, shall make publicly available, promptly after receipt of all final financial audit reports (including qualified audit reports) and all technical audit reports for the Project prepared in accordance with this Agreement and all formal responses of the Recipient in relation to such reports. The Recipient shall ensure that CI shall place the information provided for in this paragraph on the CI official website (to be established) within one month of the report being accepted as final by the Recipient.

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 World Bank 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 Method
(a) National Competitive Bidding
(b) Shopping
(c) Direct Contracting

C. Particular Methods of Procurement of Consultants' Services

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

Procurement Method
(a) Least Cost Selection
(b) Individual Consultants
(c) Consultants Qualifications
(d) Direct Contracting

D. Review by the World Bank of Procurement Decisions

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

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 World Bank 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 World Bank 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:

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in US Dollars)</u>	<u>Percentage of Expenditures to be Financed</u>
(1) Goods, works and consultants' services for the Project		60%
(a) Performance Contract	14,835,245	
(b) Environmental and Social Assistance Contract	9,072,720	
(c) Others	37,145,812	

<u>Category</u>	<u>Amount of the Grant Allocated (Expressed in US Dollars)</u>	<u>Percentage of Expenditures to be Financed</u>
(2) Performance Bonuses		60%
(a) OdR	1,141,114	
(b) MECNT et ICCN	300,000	
(3) Operating Costs		60%
(a) CI	1,634,807	
(b) MITPR	55,044	
(c) OdR	1,150,440	
(4) Unallocated	7,664,818	
TOTAL AMOUNT	60,000,000	

3. It is understood that the percentages of expenditures to be financed under the table set forth in paragraph 2 of Section IV of this Schedule have been calculated on the basis of the provisions of “*l’arrêté ministériel No 003/CAB/MIN/FIN/2004 portant dispositions particulières applicables aux marchés publics à financement extérieur*” issued by the Ministry of Finance, which provides for an exemption of taxes and customs duties levied in the territory of the Recipient on works, goods and services for this Project. If any change is made to said regulations which has the effect of levying taxes or customs duties on such works, goods and services, the percentages referred to above shall be decreased accordingly.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
- (a) for payments made prior to the date of this Agreement; or
 - (b) under Category 1: (a) until the Environmental and Social Assistance Contract has been duly executed and delivered and all conditions

precedent to its effectiveness have been fulfilled; and (b) the regulatory text establishing operational modalities for the RMF has been passed.

2. The Closing Date is September 30, 2013.

Section V. Other Undertakings

- A. No later than September 20, 2013, the Recipient shall carry out an institutional review of the various agencies involved in road management and maintenance, including CI and OdR, so as to determine the institutional options available for a coherent and efficient road management framework in its territory.
- B. No later than three months from the Date of Effectiveness, the Recipient will have caused CI to employ the independent external auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section II of Schedule 3 to this Agreement.

APPENDIX

Section I. Definitions

1. “Annual Work Plans” means the annual work plans satisfactory to the World Bank to be prepared by ODR (as hereinafter defined) under the Performance Contract (as hereinafter defined) and approved by CI and the World Bank (as hereinafter defined) as referred to in Section I.B of Schedule 2 to this Agreement.
2. “Anti-Corruption Plan” means the Recipient’s anti-corruption action plan dated January 24, 2008, which sets forth the measures and actions to be taken during implementation of the Project with respect to disclosure, civil society oversight, collusion mitigation, mitigation of forgery and fraud, complaints handling and sanctions and remedies.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “CI” means Cellule Infrastructure, a unit established within MITPR (as hereinafter defined) and operating pursuant to *arrêté ministériel NoCAB/TP/024/MN/FK03/2004 du 7 octobre 2004 portant création organisation et fonctionnement de la cellule d’appui institutionnel au Ministère des Travaux Publics et Infrastructures*.
5. “Co-financier” or “IDA” means the International Development Association.
6. “Co-financing” or “IDA Financing” means an amount of SDR 32,000,000, provided by IDA to assist in financing the Project.
7. “Co-financing Agreement” or “IDA Financing Agreement” means the agreement between the Recipient and the Co-financier providing for the Co-financing.
8. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
9. “Displaced Person” means a person, a group of people or entities who, on account of the execution of the Project, has experienced direct economic and social impacts caused by: (a) the involuntary taking of land resulting in: (i) relocation or loss of shelter; (ii) loss of assets or access to assets, totally or partially; or (iii) loss of income or means of livelihood, whether or not such person must move to another location; or (b) the involuntary restriction to access

to legally designated parks and protected areas resulting in adverse impacts on the livelihood of a person, group of people or entities.

10. “EMP” means the environmental and social management plan in form and substance satisfactory to the World Bank, to be adopted by the Recipient on the basis of the ESIA (as hereinafter defined), describing measures for the mitigation, reduction and or offset of the environmental and social impacts of activities identified under the Project.
11. “Environmental and Social Assistance Contract” means the agreement satisfactory to the World Bank to be entered into between CI and the Environmental and Social Partner (as hereinafter defined) for the implementation of environmental and social safeguards under Part C of the Project, in compliance with the ESD.
12. “Environmental and Social Partner” means the non-governmental organization with international standing and with qualifications and experience satisfactory to the World Bank to be recruited and to enter into the Environmental and Social Assistance Contract.
13. “ESD” and “Environmental and Social Documents” means, collectively, the ESIA, EMP, IPDF (as hereinafter defined), IPDP (as hereinafter defined), PF (as hereinafter defined), RPF (as hereinafter defined) and RAP (as hereinafter defined).
14. “ESIA” means the environmental and social impact assessment of the potential environmental risks and impacts of activities under the Project, satisfactory to the World Bank, to be prepared and disclosed by the Recipient in accordance with the ESMF (as hereinafter defined) for each Road Segment (as hereinafter defined) prior to the start of any works on said Road Segment, in accordance with the provisions of Section I D of Schedule 2 to this Agreement and to include an EMP, as the same may be amended from time to time with the prior written approval of the World Bank.
15. “ESMF” and “Environmental and Social Management Framework” means the document, prepared and adopted by the Recipient on September 21, 2007, consisting of a framework outlining the modalities for environmental and social screening of activities to be carried out under Part A of the Project and rules and procedures for the preparation and implementation of environmental and social impact assessments of such activities, in every case each such assessment to be completed and disclosed in a manner satisfactory to the World Bank prior to carrying out any of said activities.

16. “Fiduciary Technical Assistants” means the following technical assistants satisfactory to the World Bank to be recruited by CI for the purpose of providing in-house assistance to CI to carry out Project related financial management, accounting and procurement functions: one treasurer, two accountants, one financial management expert, two internal auditors, and two procurement specialists.
17. “Fiduciary Technical Assistant Contracts” means the contracts satisfactory to the World Bank to be concluded between CI and the Fiduciary Technical Assistants, referred to in Section I.A of Schedule 2 to this Agreement.
18. “ICCN” means *Institut Congolais pour la Conservation de la Nature*, a parastatal established and operating pursuant to Law No. 75-023 dated July 22, 1975 and Ordinance No. 78-190 dated May 5, 1978.
19. “Indigenous People” means the social groups with a distinct social and cultural identity that makes them vulnerable to being disadvantaged in the development process, including the presence in varying degrees of the following characteristics: (a) a close attachment to ancestral territories, including forest areas and to the natural resources in these areas; (b) self-identification and identification by others as members of a distinctive cultural group; (c) an indigenous language often different from the national language; (d) presence of customary social and political institutions; and (e) a primarily subsistence-oriented production.
20. “IPDF” and “Indigenous Peoples Development Framework” means the preliminary framework adopted by the Recipient on September 21, 2007, for the informed participation of the Indigenous Peoples, defining perspectives for Indigenous People in order to protect them from any negative impact of the Project and to ensure that their members are granted equal opportunities under the Project. The IPDF will result in the preparation of one or more IPDP (as hereinafter defined) during the execution of the Project.
21. “IPDP” and “Indigenous Peoples Development Plan” means the document for the targeted development of Indigenous Peoples under the Project, prepared on the basis of the IPDF and taking into consideration their social, cultural and economic specificity.
22. “IMC” and “Inter-ministerial Monitoring Committee” means the inter-ministerial committee for Project supervision to be established by the Recipient.

23. “MECNT” means *Ministère de l’Environnement, de la Conservation de la Nature et du Tourisme*, the Recipient’s ministry in charge of environment, nature conservation and tourism.
24. “MITPR” means *Ministère des Infrastructures, des Travaux Publics et de la Reconstruction*, the Recipient’s ministry in charge of public works and infrastructure.
25. “MoU” and “Memorandum of Understanding” mean the agreement satisfactory to the World Bank among MITRP and MECNT dated January 8, 2008, defining the modalities of the implementation and supervision of environmental safeguards under the Project, as referred to in section I. D of Schedule 2 to this Agreement.
26. “OdR” means *Office des Routes*, a parastatal established and operating pursuant to Law 71/023 dated March 26, 1971 “*portant création et organisation de l’Office des Routes*” and Ordinance No 78/223 dated May 5, 1978 “*portant statuts d’une entreprise publique*”.
27. “Operating Costs” means the incremental expenses, based in each case on annual budgets acceptable to the World Bank, incurred by: (a) CI, on account of Project implementation, management and monitoring, including office supplies, vehicles operation and maintenance, communication costs, rental expenses, utilities expenses, consumables, transport, travel and accommodation, supervision costs and salaries of locally contracted staff other than officials or civil servants of the Recipient; as well incurred on behalf of MITPR on account of Project monitoring, including office supplies, travel and accommodation; and (b) OdR on account of supervision of small works and maintenance works and monitoring of output-based reopening and maintenance works, including vehicles operation and maintenance, travel and accommodation, and per diem.
28. “PAFAM” and “Project Administrative, Financial and Accounting Manual” mean the manual outlining the administrative, financial management and accounting and auditing arrangements for the implementation of the Project, to be adopted by the Recipient, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PAFAM.
29. “Performance Contract” means the agreement, satisfactory to the World Bank, concluded on January 25, 2008 between CI and OdR for the implementation of Part A.(1) of the Project, as the same may be amended from time to time with the World Bank prior written agreement.

30. “Performance Bonus” means a bonus based on performance eligible to be paid in any year by CI to OdR’s staff assigned to rehabilitation of Road Segments and MECNT’s and ICCN’s staff assigned to enforcement of environmental and social protection laws, calculated according to a methodology and performance criteria to be agreed upon with the World Bank.
31. “PF” and “Process Framework” mean the document, satisfactory to the World Bank, which describes the procedures and processes to be used to allow the local communities to participate in a fair, sustainable and participatory manner in the management of the concerned natural resources in existing or newly created Protected Areas under the Project.
32. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
33. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated January 25, 2008 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.
34. “PIM” and “Project Implementation Manual” mean the manual to be adopted by the Recipient, outlining, *inter alia*, (a) the institutional, disbursement, procurement and monitoring arrangements for the implementation of the Project, including performance indicators; (b) environmental and social safeguards requirements and procedures for the Project included in the ESD; (c) the Anti-Corruption Action Plan; (d) the Performance Contract; and (e) the Memorandum of Understanding, as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM.
35. “Protected Areas” means a portion of land or a habitation specially destined to the protection and maintenance of biological diversity or of natural and cultural resources, to be protected by specific means, whether legal or other (IUCN 1994).
36. “RAP” and “Resettlement Action Plan” mean the action plan to be prepared and published, as the case may be, in connection with Displaced Persons, in accordance with the provisions of the RPF (as hereinafter defined).
37. “RPF” means the policy framework for land acquisition, compensation, resettlement and rehabilitation of Project Displaced Persons adopted by the Recipient on September 21, 2007, as said policy framework may be amended from time to time with the prior concurrence of the World Bank.

38. “Road Segment” means any road segment to be rehabilitated under the Project.
39. “RMF” and “Road Maintenance Fund” mean the *Fonds National d’Entretien des Réseaux Routier, Fluvial et Lacustre*, to be established by the Recipient.
40. “Standard Conditions” means the “Standard Conditions for Grants Made by the World Bank Out of Various Funds” dated July 20, 2006.
41. “Training” means the expenses based on annual budgets acceptable to the World Bank, in respect of travel, accommodation, purchase of training materials and rental of facilities, and includes workshops and seminars.