

CONFORMED COPY

GRANT NUMBER H282-DRC

Financing Agreement

(Emergency Urban and Social Rehabilitation Project)

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated April 11, 2007

GRANT NUMBER H282-DRC

FINANCING AGREEMENT

AGREEMENT dated April 11, 2007, entered into between DEMOCRATIC REPUBLIC OF CONGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

ARTICLE II — FINANCING

- 2.01. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equivalent to one hundred and twenty million Special Drawing Rights (SDR 120,000,000) (“Financing”) to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.
- 2.04. The Payment Currency is the Dollar.
- 2.05. The Payment Dates are March 1 and September 1 in each year.

ARTICLE III — PROJECT

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

ARTICLE IV — REMEDIES OF THE ASSOCIATION

- 4.01 The Additional Events of Suspension consists of the following:
 - (a) The agreement to be entered into between the Recipient and the Financial Intermediary, the Paying Bank, the Auditor for School Expenditures, and the Internal Debt Tranches Auditor, respectively shall have been breached, amended or waived, in a manner which, in the opinion of the Association, affects the implementation of the Project.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:
 - (a) Decree Nr. 03/023 dated September 10, 2003 “portant création, organisation et fonctionnement du Comité Interministériel de Supervision du Projet d’Urgence de Soutien au Processus de Réunification Economique et Sociale en RDC” has been amended, each in form and substance satisfactory to the Association; and
 - (b) the Recipient has adopted the PIM in form and substance satisfactory to the Association.
- 5.02 The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 5.02. 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. Except as provided in Section 2.02 of this Agreement, the Recipient's Representative is the Minister 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
BP

Cable address:

Facsimile:

00 243 880 23 81

6.03. The Association's Address is:

International Development Association
1818 H Street, NW
Washington, DC 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington,

248423 (MCI)

1-202-477-6391

AGREED at District of Columbia, United States of America, as of the day and year first above written.

DEMOCRATIC REPUBLIC OF CONGO

By /s/ Faida Mitifu

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Pedro Alba

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in responding to urgent post-elections challenges by: (i) providing resources to maintain macro-economic stability and fund critical expenditure in the immediate future; and (ii) addressing urgent rehabilitation and social needs in Kinshasa.

The Project consists of the following parts:

Part A. Financing of Selected Recurrent Expenditure in the Education Sector

Support the Recipient in the financing of School Operating Expenditures for Selected Schools, including related services, communication and audits.

Part B. Internal Debt Settlement

Support the Recipient in completing the settlement of its Internal Debt, through payment of Internal Debt Tranches including related services and audits.

Part C. Urban Roads Rehabilitation

Support the Recipient in the rehabilitation of Selected Roads, including technical and environmental studies, institutional support, construction works and supervision.

Part D. Access to Water

Support the Recipient in improving access to water in peri-urban areas of Kinshasa, through the expansion of distribution network from the water treatment plant of Lukaya, including technical and environmental studies, institutional support, construction works and supervision; and information, communication, and training.

Part E. Malaria Reduction and Prevention

Support the Recipient in the fight against malaria in Kinshasa, through the acquisition and distribution (for free) of long lasting insecticidal bed nets to households in Kinshasa and related supervision and communication activities.

Part F Project Implementation and Coordination

Support the Recipient in Project implementation, Project coordination, procurement and financial management, as well as the implementation of social and environmental mitigation measures through the provision of technical advisory services for the carrying out of technical audits and financial audits and monitoring, including

environmental and social, and evaluation activities under the Project, as well as through operating and communication costs.

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

1. Except as the Association shall otherwise agree, the Recipient shall: (i) apply the criteria, policies, procedures and arrangements set out in the Project Manuals; and (ii) not amend or waive, or permit to be amended or waived, the Project Manuals, or any provision thereof, in a manner which, in the opinion of the Association, may materially and adversely affect the implementation of the Project.
2. The Recipient shall, at all times during the execution of the Project:
 - (a) maintain ISC in form and with functions satisfactory to the Association, responsible for overall supervision and strategic orientation of the Project; and
 - (b) maintain UCOP in form and with functions satisfactory to the Association and with staff in adequate number and with qualifications and experience satisfactory to the Association, responsible for annual planning and programming, day to day coordination and implementation of Project activities, disbursement, financial management, contract management, monitoring and evaluation, and reporting to the ISC and the Association, all in compliance with the Project Manuals.
3. For the purpose of Part A of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project: (a) an agreement with the Financial Intermediary, providing for the transfer by the Financial Intermediary to Selected Schools of funds made available to the Recipient under each School Operating Expenditures Installment; (b) an agreement with the Auditor for School Expenditures; and (c) an agreement with the Education Communication Entity, all in form and substance satisfactory to the Association, all in form and substance satisfactory to the Association.
4. For the purpose of Part B of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project: (a) an agreement with the Paying Bank, and (b) an agreement with the Internal Debt Tranches Auditor, all in form and substance satisfactory to the Association.
5. For the purpose of Parts C, D, and E of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project, unless otherwise agreed with the Association, an agreement with the Procurement

Agent, in form and substance satisfactory to the Association, and ensure proper collaboration from all concerned parties so as to allow the due performance of its mission by the Procurement Agent.

6. The Recipient shall cause UCOP to collaborate as needed with other relevant public or private agencies or entities involved in the implementation of the Project, including:
 - (a) as regards Part A of the Project, with MEPSP through SECOPE for the overall supervision of transfer of funds to and resulting activities within Selected Schools, as well as communication activities, on the basis of an agreement satisfactory to the Association to be entered into between UCOP and MEPSP through SECOPE and maintained throughout the life of the Project unless otherwise agreed with the Association;
 - (b) as regards Part B of the Project, with CDPI and MINFIN for the overall supervision of Internal Debt clearance activities;
 - (c) as regards Part C of the Project, with MINITPR to ensure adequate coordination with the Recipient's infrastructure programs and with OVD to assist in the supervision of works carried out under the Project, on the basis of an agreement satisfactory to the Association to be entered into between UCOP and OVD and maintained throughout the life of the Project unless otherwise agreed with the Association;
 - (d) as regards Part D of the Project, with REGIDESO to ensure adequate coordination with the Recipient's water sector programs and to assist in the supervision and management of works, on the basis of an agreement satisfactory to the Association to be entered into between UCOP and the REGIDESO and maintained throughout the life of the Project unless otherwise agreed with the Association;
 - (e) as regards Part E of the Project, with PHI to ensure adequate coordination with the Recipient's health programs in Kinshasa and to assist in the supervision and management of the activities on the basis of an agreement satisfactory to the Association to be entered into between UCOP and the PHI and maintained throughout the life of the Project unless otherwise agreed with the Association.

B. Anti-Corruption

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

C Safeguards.

1. No later than six months from the Date of Effectiveness, the Recipient shall adopt an ESMF and a RPF in form and substance satisfactory to the Association. The Recipient shall, thereafter, ensure that the Project is implemented in accordance with the provisions of the ESMF and the RPF, including the preparation, disclosure and implementation of an ESIA, EMP or RAP, if necessary, satisfactory to the Association before the start of the works to be carried out under Part C and D of the Project and except as the Association shall otherwise agree, shall not amend or waive any provision of the ESMF and the RPF, if such amendment or waiver may, in the opinion of the Association, materially or adversely affect the implementation of the Project.
2. For the purpose of Parts C and D of the Project, the Recipient shall cause UCOP to enter into and maintain throughout the life of the Project an agreement with the Safeguard Management Firm.

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 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:
 - by the Closing Date, 70% of Selected Schools have received 5 School Operating Expenditures Installments;
 - by the Closing Date, 95% of creditors who have agreed to amend the Creditors' Agreements as provided for in Schedule 2 IV B. 1 (b) of this Agreement have received the full payment due pursuant to the Creditors Agreements;
 - by the Closing Date, 40 kilometers of priority urban roads to access 800,000 direct beneficiaries have been rehabilitated in Kinshasa to agreed upon standards;

- by the Closing Date, an additional 150,000 persons have gained access to potable water;

- by the Closing Date, 60% of children under 5 years old in Kinshasa are sleeping under bed nets.

2. The Recipient shall:

(a) at the request of the Association, exchange views with the Association with regard to the progress of the Project, the performance of its obligations under this Agreement, and promptly inform the Association of any condition which interferes or threatens to interfere with the progress of the Project, the accomplishment of the objectives of the Project, or the performance of its obligations under this Agreement;

(b) on or about twenty four months after the Effective Date, carry out jointly with the Association, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review), to cover, amongst other things, progress made in meeting the Project's objective; and overall Project performance against Project performance indicators;

(d) prepare and, at least four weeks prior to the Midterm Review, furnish to the Association a report describing the status of implementation of each component of the Project and a summary report of Project implementation generally; and

(e) no later than four weeks after the Midterm Review, prepare and submit to the Association an action program, acceptable to the Association, for the further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient.

The audited Financial Statements for each such period shall be furnished to the Association not later than six months after the end of such period.

4. The Recipient shall have an audit of the delivery of funds for each School Operating Expenditures Installment carried out according to terms and reference satisfactory to the Association as set forth in the Project Manuals, by auditors acceptable to the Association, no later than 60 days after each release of funds under Part A of the Project.
5. The Recipient shall have an audit of the payment of each Internal Debt Tranche made under Part B of the Project carried out according to terms and reference satisfactory to the Association as set forth in the Project Manuals, by auditors acceptable to the Association, no later than 45 days after the payment of each such Internal Debt Tranche.

Section III. Procurement

A. General

1. **Goods, Works, and Services other than consultant services.** All goods, works and services other than consultant 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 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, works, and services other than consultant services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and services other than consultant services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, works and services other than consultant services.** 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 Procedures as set forth in paragraphs 3.3 and 3.4 of the Procurement Guidelines NCB procedures will be conducted on the basis of the World Bank ICB guidelines and Standard Bidding Documents guidelines and modified to take into account the country's specifics, such as language, currency, advertising and conflict resolutions mechanisms. The first five contract for works, and the first five contacts for goods and services other than consultant services will be subject to prior review by the Association
(b) Shopping Procedures as set forth in paragraph 3.5 of the Procurement Guidelines
(c) Limited International Bidding Procedures as set forth in paragraph 3.2 of the Procurement Guidelines.
(d) Direct contracting Procedures as set forth in paragraphs 3.6 and 3.7 of the Procurement Guidelines

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) Consultants' qualifications Procedures as set forth in paragraphs 3.7 of the Consultant Guidelines
(b) Least Cost Selection Procedures as set forth in paragraphs 3.6 of the Consultant Guidelines.
(c) Single-source selection Procedures as set forth in paragraphs 3.9 to 3.13 of the Consultant Guidelines
(d) Selection of Individual Consultants Procedures as set forth in paragraphs 5.1 to 5.4 of the Consultants Guidelines

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for works estimated to cost the equivalent of \$500,000 or more, procured on the basis of International Competitive Bidding, (b) each contract for works procured on the basis of Direct Contracting, (c) first five contracts for works estimated to cost the equivalent of \$500,000 or less, procured on the basis of National Competitive Bidding, (d) each contract for goods and services other than consultants' services, estimated to cost the equivalent of \$250,000 or more, procured on the basis of International Competitive Bidding or Limited International Bidding, (e) first five contracts for goods and services other than consultants' services estimated to cost the equivalent of \$50,000 but less than \$250,000, procured on the basis of National Competitive Bidding, (f) each contract for goods and services other than consultants' services procured on the basis of Direct Contracting, (g) each contract for consultants' services provided by a firm, estimated to cost the equivalent of \$200,000 or more, procured on the basis of the Quality and Cost-based Selection, (h) each contract for consultants' services provided by a firm, estimated procured on the basis of Least Cost Selection Procedures; (i) each contract for consultants' services provided by a firm, procured on the basis of Consultants' qualifications, (j) each contract for individual consultant estimated to cost the equivalent of \$50,000 or more, and (k) each contract for consultant services procured on a sole source basis. 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 of the Project 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)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) School Operating Expense		100 % of amounts disbursed
(a) School Operating Expense Installments	26,650,000	
(b) Service Contracts and Audits	3,330,000	100 %
(2) Internal Debt		
(a) First Internal Debt Tranche.	15,790,000	100 % of amounts disbursed
(b) Second Internal Debt Tranche	16,720,000	100 % of amounts disbursed
(c) Service Contracts and Audits	800,000	100%
(3) Rehabilitation of priority urban roads in Kinshasa	28,000,000	100%
4. Water and Sanitation in peri-urban areas of Kinshasa	16,700,000	100%
5. Malaria reduction and prevention in Kinshasa	8,680,000	100%
6. Operating Costs	3,330,000	100%
TOTAL AMOUNT	120,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) (i) for expenditures under Category 1 above, unless the Recipient has provided to the Association the list of Selected Schools and recruited the Auditor for School Expenditure, in a manner satisfactory to the

Association; and (ii) for any Schools Operating Expenditures Installment (quarterly installments not to exceed USD 8,000,000 each) under Category 1 above, except for the first such Installment, unless the Recipient has provided to the Association an audit satisfactory to the Association by the Auditor for School Expenditures on the payment of the previous School Operating Expenditures Installment;

- (b) for Expenditures under Category (2) (a) above unless the Recipient has (i) submitted an audit report on the payments made under the Initial Internal Debt Tranche, in form and substance satisfactory to the Association; (ii) updated the decree Nr. 04/016 dated January 26, 2004 “*portant création et organisation de la Commission de la Dette Publique Intérieure*” in form and substance satisfactory to the Association, and (iii) Creditor Agreements representing 66 % of the Internal Debt have been amended, in a manner satisfactory to the Association, to confirm that the parties thereto agree to a modification of the date of payments of amounts due under said Creditor Agreements, without any modification of financial terms of said Creditor Agreements; and
- (c) for Expenditures under Category (2) (b) above unless the Recipient has submitted an audit report on the payments made (i) under the First Internal Debt Tranche, and (ii) any other payment made in 2006 by the Recipient in relation to the settlement of the Internal Debt, all in form and substance satisfactory to the Association.

2. The Closing Date is May 31, 2011.

Section V. Other Undertakings

- A. No later than two months from the Date of Effectiveness, the Recipient will have caused UCOP to:
 - (a) adjust its accounting software for the needs of the project in a manner satisfactory to the Association;
 - (b) update the PAFAM; and
 - (c) recruit an additional accountant with experience and qualifications and under procedures satisfactory to the Association.
- B. No later than three months from the Date of Effectiveness, the Recipient will have caused UCOP to:

- (a) employ the Auditor for School Expenditures, and the Internal Debt Tranches Auditor;
 - (b) submit an anti-corruption plan for the Project in form and substance satisfactory to the Association, to include, inter alia, a precise assessment of risks incurred by the implementation of each Part of the Project and to define appropriate measures to manage and mitigate these risks such as increase of beneficiaries' participation, development of effective communication strategy and investigation of wrongdoing; and
 - (c) establish a mechanism to receive and process in an independent manner complaints and denunciations on fraud and corruption matters and sanctioning those found guilty.
- C. No later than six months from the Date of Effectiveness, the Recipient will have caused UCOP to:
 - (a) 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; and
 - (b) employ independent internal auditors for the Project, in accordance with the provisions of Section II of Schedule 3 to this Agreement.

APPENDIX**Section I. Definitions**

1. “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.
2. “Auditor for School Expenditures” means the auditing firm acceptable to the Association to be recruited for the purpose of carrying out audits of payments made by the Financial Intermediary, as provided for in Schedule 2 of this Agreement.
3. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. “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.
5. “CDPI” means *Commission de la Dette Publique Interne*, an entity established and operating pursuant to decree Nr. 04/016 dated Japura 26, 2004 “*portant création et organisation de la Commission de la Dette Publique Intérieure*”.
6. “Creditor Agreement” means the agreement entered into between the Recipient and each eligible creditor as part of the clearing of the Internal Debt, and initially providing for the payment by the Recipient to each eligible creditor of three installments, one in 2005, one in 2006 and one in 2007, respectively.
7. “Education Communication Entity” means the organization acceptable to the Association to be recruited by the Recipient to carry out communication activities under Part A of the Project.
8. “EMP” means environmental management plan, the plan, in form and substance satisfactory to the Association, to be adopted as the case may be by the Recipient, describing measures for the mitigation, reduction and or offset of the environmental and social impacts of activities identified under the Project, pursuant to the ESMF and ESIA (as hereinafter defined).
9. “ESIA” means environmental and social impact assessment, the evaluation of the potential environmental and social risks and impacts of activities under the Project, to be prepared by the Recipient in accordance with the provisions of Section I C of Schedule 2 to this Agreement and to include an EMP, as the same may be amended from time to time with the prior approval of the Association.

10. “ESMF” means Environmental and Social Management Framework, the document to be adopted by the Recipient referred to Section I. C of Schedule 2 to this Agreement, consisting of a framework outlining the modalities for social and environmental screening of Project activities and rules and procedures for the preparation and implementation of ESIA to be complied with, as the case may be, prior to carrying out such activity.
11. “Financial Intermediary” means the firm acceptable to the Association selected under terms and conditions satisfactory to the Association to facilitate the payment to Selected Schools of the Schools Operating Expenditures Installment.
12. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
13. “ISC” means the interministerial steering committee for the Project (*Comité Interministeriel de Supervision*) established and operating pursuant to Decree 03/023 dated September 10, 2003 “*portant création, organisation et fonctionnement du Comité Interministériel de Supervision du Projet d’Urgence de Soutien au Processus de Réunification Economique et Sociale en RDC*” to be updated pursuant to Section 5.01 of this Agreement.
14. “Internal Debt” means the stock of domestic debt owed by the Recipient to private domestic creditors, as determined pursuant to procedures satisfactory to the Association, and confirmed through an independent audit in January, 2004.
15. “Internal Debt Tranches” means collectively the Internal Debt First Tranche and the Internal Debt Second Tranche.
16. “Internal Debt Initial Tranche” means a total amount of \$ 42,500,000, used for the payment in 2005 by the Recipient to Internal Debt creditors of the first installment due pursuant to Creditor Agreements.
17. “Internal Debt First Tranche” means the amount referred to in Category (2) (a) of the table set forth in Section IV A of Schedule 2 to this Agreement, to be released to the Recipient under Part B the Project for the purpose of payment by the Recipient to Internal Debt creditors of the second installment due pursuant to Creditor Agreements, subject to conditions set forth in this Agreement.
18. “Internal Debt Second Tranche” means the amount referred to in Category (2) (b) of the table set forth in Section IV A of Schedule 2 to this Agreement, to be released to the Recipient under Part B the Project for the purpose of payment by the Recipient to Internal Debt creditors of the third installment due pursuant to Creditor Agreements, subject to conditions set forth in this Agreement.

19. “Internal Debt Tranches Auditor” means the auditing firm acceptable to the Association to be recruited for the purpose of carrying out audits of payments made by the Paying Bank, as provided for in Schedule 2 of this Agreement.
20. “MEPSP” means *Ministère de l’Enseignement Primaire, Secondaire et Professionnel*, the Recipient’s Ministry in charge of primary, secondary and professional education.
21. “MINITPR” means the Recipient’s Ministry of Infrastructures, Public Works and Reconstruction.
22. “OVD” means *Office des Voiries et Drainage*, the Recipient’s entity in charge of the maintenance and planning for urban roads and sewage infrastructure established and operating pursuant to Ordinance Nr 87-331 dated September 16 1987 “*portant création et statuts d’une entreprise publique*”.
23. “Paying Bank” means the commercial Bank acceptable to the Association selected under terms and conditions satisfactory to the Association selected to facilitate the payment to Internal Debt creditors of the Internal Debt Tranches.
24. “Procurement Agent” means the entity to be recruited in accordance with Section III of Schedule 2 to this Agreement to carry out procurement activities under Part C through E of the Project.
25. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
26. “PAFAM” means the Project administrative, financial and accounting manual, outlining the administrative, financial and accounting arrangements for the implementation of the Project, to be adopted by the Recipient pursuant to Section V of Schedule 2 to this Agreement as the same may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PAFAM.
27. “PHI” means provincial health inspectorate (*Inspection Provinciale de la Santé*) authorities in Kinshasa, as established pursuant to “*Arrêté n° CAB/MIN/FP/JMK/PPJ/044/2003 du 28 mars 2003 portant agrément provisoire du cadre organique du Ministère de la Santé Révisé*”.
28. “PIM” means the Project implementation manual outlining operational modalities for the implementation of Project activities including, *inter alia*, the institutional, disbursement, procurement and environmental mitigation arrangements for the implementation of the Project, to be adopted by the Recipient pursuant to Section V of Schedule 2 to this Agreement as the same

may be amended by agreement of the Parties from time to time, and such term includes any schedules to the PIM.

29. “Project Manuals” means, collectively, the PIM and the PAFAM.
30. “RAP” means resettlement action plan, the document to be prepared by the Recipient, as the case may be, pursuant to the RPF.
31. “RPF” means resettlement policy framework for land acquisition, compensation, resettlement and rehabilitation under the Project to be adopted by the Recipient, referred to in Section I. E of Schedule 2 to this Agreement, as said framework may be amended from time to time with the prior concurrence of the Association.
32. “REGIDESO” means *Régie des Distributions d’Eau de la République Démocratique du Congo*, the Recipient’s public water distribution company established and operating pursuant to *Ordonnance-loi* No. 66-460, dated August 25, 1966, as amended by *Ordonnance* No. 78-197, dated May 5, 1978.
33. “SECOPE” means *Service de Contrôle de la Paie des Enseignants*, the unit within MEPSP in charge of the management of teachers’ salaries payment;
34. “UCOP” means *Unite de Coordination du Projet*, established and operating pursuant to Decree 03/023 dated September 10, 2003 “*portant création, organisation et fonctionnement du Comité Interministériel de Supervision du Projet d’Urgence de Soutien au Processus de Réunification Economique et Sociale en RDC*” to be updated pursuant to Section 5.01 of this Agreement.
35. “Safeguard Management Firm” means the firm acceptable to the Association to be recruited by the Recipient to carry out environmental and social mitigation measures under Parts C and D of the Project.
36. “School Operating Expenditures” means for Selected Schools “*frais de fonctionnement*” as defined by “*Arrêté Interministériel n° 017 du 14 juin 2005*”, as well as and “*frais d’interventions ponctuelles*” as defined pursuant to “*lettres circulaires*” of the MEPSP.
37. “School Operating Expenditures Installment” means each quarterly installment to be disbursed by the Association to the Recipient under Part A of the Project and to be transferred by the Financial Intermediary to Selected Schools, under conditions set forth in this Agreement.
38. “Selected Schools” means the list of primary and secondary (including professional) schools formally registered in the territory of the Recipient eligible for financing under Part A of the Project, presented by the Recipient and found satisfactory by the Association.

39. “Selected Roads” means the list of road segments in Kinshasa to be rehabilitated under Part C of the Project to be agreed upon between the Recipient and the Association.
40. “Simplified Procurement Plan” means the Recipient’s procurement plan for the Project, dated March 6, 2007 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.