

CONFORMED COPY

GRANT NUMBER H366-DRC

Financing Agreement

**(Additional Financing For the Private Sector Development
and Competitiveness Project)**

between

DEMOCRATIC REPUBLIC OF CONGO

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 26, 2008

GRANT NUMBER H366-DRC

FINANCING AGREEMENT

Agreement dated May 26, 2008, entered into between DEMOCRATIC REPUBLIC OF CONGO (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for activities related to the Original Project (as defined in the Appendix to this Agreement). 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 thirty seven million and five hundred thousand Special Drawing Rights (SDR 37,500 000) (“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 Dates are May 1 and November 1 in each year.
- 2.05. The Payment Currency is the Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project 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 consist of the following:
 - (a) The Recipient shall have failed to make suitable buildings available free of charge for the establishment of commercial courts as provided in Section V.3 of Schedule 2 to this Agreement;
 - (b) Unless otherwise agreed between the Recipient and the Association, the Micro-Finance Contract shall have been breached, amended, waived or terminated.
 - (c) The Stabilization Contract shall have been breached, amended, waived or terminated.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Condition of Effectiveness consists of the following:

The Recipient has adopted an Anti-Corruption Plan 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.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01 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

Facsimile:

00 243 880 23 81

6.03. The Association's Address is:

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

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

DEMOCRATIC REPUBLIC OF CONGO

By: */s/ Athanase Matenda Kyelu*
Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

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

SCHEDULE 1

Project Description

The objective of the Project is to support the Recipient's policy of the promotion of private-sector led growth through improving the investment climate and supporting parastatal reform.

The Project consists of the following Parts:

Part A Improving the Investment Climate

1. Strengthening the judicial system and improving the legal and fiscal framework

(a) Support to the update of laws and regulations further to the Recipient's OHADA membership and support to the subsequent dissemination and training of relevant authorities, as well as the establishment and operation of an OHADA commission, through the provision of technical advisory services and goods;

(b) Support to the establishment of new commercial courts and the modernization of the credit and commerce registries in Matadi, Goma, Bukavu, Mbuji, Mayi and Kisangani, through the provision of technical advisory services, small works and goods;

(c) Support to the promotion of arbitration, through the provision of technical advisory services and goods;

(d) Support to the Official Gazette to pursue the on-line publication of laws and regulations, through the provision of technical advisory services and goods;

(e) Support to the simplification of business registration and licensing, through the provision of technical advisory services and goods;

(f) Support to the simplification of the corporate tax regime, through the provision of technical advisory services and goods;

(g) Support to the simplification of import and export procedures, through the provision of technical advisory services and goods;

(h) Support the review of land and labor laws, through the provision of technical advisory services; and

(i) Provision of technical advisory services to analyze value chains in sectors with growth potential.

2. *Facilitating financing intermediation*

(a) Support to the microfinance sector through the provision of technical advisory services, small works, goods and lines of credit to selected microfinance institutions on a competitive basis;

(b) Support to the BCC to help strengthen its DSIF, including: (i) the sub-division in charge of micro finance and the CCLB; (ii) to modernize the payment system, and prepare new laws; and (iii) regulations in the financial sector, through the provision of technical advisory services and goods; and

(c) Provision of technical advisory services, goods, small works and operating expenses to help modernize a credit bureau.

3. *Facilitating the dialogue between the private and public sectors*

(a) Support to the capacity strengthening of business associations and relevant ministries, through the provision of technical advisory services and goods; and

(b) Support to the strengthening of investment promotion activities, through the provision of technical advisory services, goods and small works.

Part B Supporting Parastatal Reform

Support in the strengthening of the management of state-owned enterprises in the transport sector and implementation of restructuring measures to allow for disengagement from the state, including the financing of a Stabilization Contract, as well as a Retrenchment Plan for SNCC and related services, and the provision of technical advisory services for other state-owned transport enterprises.

Part C Project Management

Support to the Operating Costs of COPIREP.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient shall implement the Project in accordance with the procedures, guidelines, timetables and criteria set forth in the Project Implementation Plan, and, except as the Association shall otherwise agree in writing, the Recipient shall not amend, suspend or waive any provision of the PIP.
2. The Recipient shall, at all times during the execution of the Project, maintain COPIREP in form and with functions satisfactory to the Association and with staff in adequate numbers 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, procurement, contract management, monitoring and evaluation, and reporting, all in compliance with the PIP.

B. Anti-Corruption

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.

C. Support to Micro-Finance

1. For the implementation of activities under Part A.2 (a) of the Project, the Recipient shall select the Micro-Finance Partner acceptable to the Association, including *inter alia*, (A) with proven experience in comparable activities in the territory of the Recipient or in a similar post-conflict environment; and (B) with satisfactory fiduciary and reporting capacity, including in respect of financial management, procurement and field supervision.
2. The Recipient shall enter into the Micro-Finance Contract with the Micro-Finance Partner under terms and conditions satisfactory to the Association, to include, *inter alia*, the following:

- (a) the obligation of the Micro-Finance Partner to carry out activities under the Micro-Finance Contract in accordance with investment guidelines and annual work plan satisfactory to the Association with due diligence and efficiency and in accordance with sound technical, financial, environmental and managerial standards, and to maintain adequate records to reflect, in accordance with sound accounting practices, the operations, resources and expenditures in respect of the Micro-Finance Contract;
 - (b) the requirement that the goods, works and services to be financed from the proceeds of the Financing shall be procured in compliance with Section III of this Schedule 2 to this Agreement and used exclusively in carrying out activities agreed upon under the Micro-Finance Contract;
 - (c) the right of the Recipient and the right of the Association to inspect the goods, works, sites or institutions financed under the Micro-Finance Contract, the operations thereof and any relevant records and documents;
 - (d) the right of the Recipient to obtain all information as the Association shall reasonably request regarding the administration, operation and financial management of activities under the Micro-Finance Contract;
 - (e) the right of the Recipient, as the case may be, to suspend or terminate the right of the Micro-Finance Partner to use the proceeds of the Financing upon failure by the Micro-Finance Partner to perform any of its obligations under the Micro-Finance Contract;
 - (f) the obligation of the Micro-Finance Partner to select micro-finance institutions to benefit from activities under Part A.2 (a) of the Project and to enter into agreements with the same in accordance with the investment guidelines referred to paragraph (a) above of this Section 2; and
 - (g) the right to receive from the Micro-Finance Partner periodic progress reports reflecting, *inter alia*, the Micro-Finance Contract's performance indicators, and a final report upon completion of the Micro-Finance Contract.
3. During the implementation of the Project, the Recipient may review with the Association and the Micro-Finance Partner the opportunity and feasibility of alternate ways to channel assistance to the micro-finance sector in the territory of the Recipient.

D. Stabilization Contract

1. The Recipient will enter into the Stabilization Contract with a private sector firm or company, with qualifications, experience and terms of reference satisfactory to the Association, for the purpose of managing the business and operations of SNCC on behalf of the Recipient, under terms and conditions satisfactory to the Association, and to include, *inter alia*:
 - (a) a two-year term, with an option for a one-year extension;
 - (b) the agreement, no later than six months from the start of the contract of operational and financial ratios (such as technical ratios - cumulative length of slow downs in effect for more than 90 days; average kilometers per year per available locomotive, reliability of available locomotives (number of breakdowns per 100,000 km), dispatch rate of available locomotives, average commercial speed, average turnaround time for wagons – and Financial ratios - net cash flow and next cash flow as a percentage of turnover) to be used to measure performance to be achieved at the end of each fiscal year; and
 - (c) clear and appropriate corporate powers to the Management Team to allow it to efficiently manage SNCC.
2. No later than the first anniversary of the date of signature of the Stabilization Contract, the Recipient shall:
 - (a) adopt a strategy, satisfactory to the Association, to settle the salary arrears of SNCC staff, as well as pay for retrenchment costs that would not be financed under the Retrenchment Plan; and
 - (b) provide the Association with a timetable for and a detailed description of any rehabilitation investment for infrastructure or equipments in SNCC proposed from other sources
3. No later than six months from the date of signing of the Stabilization Contract, the Recipient will organize separate conferences of SNCC's public and private creditors in order to engage in negotiations to settle SNCC's debt.
4. In addition to the Stabilization Contract, the Recipient shall recruit a private sector firm or company, with qualifications, experience and terms of reference satisfactory to the Association, to assist in the review of options for the

disengagement of the state and the preparation of a disengagement strategy for SNCC, which review and strategy shall be completed no later than the second anniversary of the date of signature of the Stabilization Contract.

E. Retrenchment Plan

1. The Retrenchment Plan will be carried out on the basis of the audit of SNCC staff of August 2007, acceptable to the Association, and will focus initially on employees eligible for retirement. If, once all such SNCC employees eligible for retirement have been paid in accordance with the terms of the Retrenchment Plan and their employment with SNCC terminated, there remains any unwithdrawn funds available under Category (4) in the table in paragraph 2 of Section IV.A below, may, with the Association's prior agreement be used to finance additional severance payments under the Project, based on a written proposal provided by the Ministry of Finance.
2. For the purpose of the implementation of the Retrenchment Plan, the Recipient shall:
 - (a) recruit a specialized negotiator to review local legislation, including collective agreements, and to carry out necessary consultations, determine criteria for eligibility for retrenchment and to calculate the severance package for the retrenched employees;
 - (b) recruit an auditor to certify the amounts to be paid to retrenched employees under the severance package;
 - (c) recruit a commercial bank acceptable to the Association to effect the payments; and
 - (d) recruit an auditor to carry out an audit of payments made to retrenched employees and of compliance with agreed procedures.

In each case with qualifications, experience and terms of reference satisfactory to the Association and procured in accordance with Section III of Schedule 2 to this Agreement.

3. The audit of payments made under the Retrenchment Plan shall be satisfactory to the Association and shall be completed no later than 6 months after the payment of eligible employees has been completed, with a copy delivered to the Association.

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 semester, and shall be furnished to the Association not later than one month after the end of the period covered by such report.
- (b) The performance indicators referred to above in sub-paragraph (a) consist of the following:
 - (i) by end 2010, the commercial courts of Kinshasa and Lubumbashi render an average of 50 judgments per year, and the commercial courts established under the Project are fully operational;
 - (ii) an OHADA commission has been established no later than six months from the date that the Recipient joined OHADA and is fully operational within a year from such date; and by the end of the Project, 500 magistrates and judicial personnel have received training in OHADA laws and an OHADA training curriculum has been established in three universities on the Recipient's territory;
 - (iii) by the Closing Date, domestic credit to the private sector reaches 4.8% of Gross Domestic Product;
 - (iv) by the Closing Date, savings in the financial sector reaches 10.4% of Gross Domestic Product;
 - (v) by the Closing Date, at least five microfinance institutions have reached operational self sufficiency;
 - (vi) by the Closing Date, at least 300,000 persons have access to microfinance services;

- (vii) by the Closing Date, commercial banks' compliance with prudential regulations is satisfactory (as per the International Monetary Fund assessment);
- (viii) by July 2010, a restructuring strategy acceptable to the Association has been approved by the Government regarding SNCC identifying the most suited divestiture method;
- (ix) by July 2009, an inventory of SNCC's assets and liabilities has been completed; and
- (x) by April 2010, private commercial debts of SNCC have been identified and an agreement on the settlement of public debts has been reached.

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 as part of the Project Report, not later than one month 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.

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, works, and services other than consultant services. The Procurement Plan shall specify the circumstances under which such methods may be used:

| Procurement Method |
|--|
| (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. |
| (b) Shopping Procedures as set forth in paragraph 3.5 of the Procurement Guidelines. |
| (c) 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 Method |
|---|
| (a) Consultants' Qualifications |
| (b) Least Cost Selection |
| (c) Single-source selection |
| (d) Selection of Individual Consultants |

D. Review by the Association of Procurement Decisions

Except as the Association shall otherwise determine by notice to the Recipient, the Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Financing

A. General

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

| Category | Amount of the Financing Allocated (expressed in SDR) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|--|---|---|
| (1) Goods, works and consultants' services for the Project | 19,550,000 | 100% |
| (2) Micro-Finance Contract | 4,700,000 | 100% |
| (3) Stabilization Contract | 3,750,000 | 100% |
| (4) Severance Payments | 6,870,000 | 100% |
| (5) Operating Costs | 1,620,000 | 100% |
| (6) Refund of Project Preparation Advance | 380,000 | Amount payable pursuant to Section 2.07 of the General Conditions |
| (7) Unallocated | 630,000 | |
| TOTAL AMOUNT | 37,500,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) for expenditures prior to this Agreement.
 - (b) under Category 2 of the table set forth under paragraph A.2 of this Section until the Micro-Finance Contract has been signed by all the parties.
 - (c) under Category (3) of the table set forth under paragraph A.2 of this Section until the Stabilization Contract has been signed by all the parties.
 - (d) under Category (4) of the table set forth under paragraph A.2 of this Section: (i) until the Stabilization Contract has been signed by all the parties; and (ii) unless the Severance Payments are based on the

Retrenchment Plan, satisfactory to the Association, including a disbursement procedures schedule, which has been approved by the Recipient's Minister in charge of Finance, the relevant SNCC's workers/employees representative(s) and the Association, and any other appropriate control mechanisms, as may be requested by the Association.

2. The Closing Date is December 31, 2012.

Section V Other Undertakings

1. No later than three months from the Effective Date: (a) the Recipient shall have employed the independent auditors referred to in Section 4.09 (b) of the General Conditions, in accordance with the provisions of Section III of Schedule 2 to this Agreement; and (b) COPIREP shall have recruited an additional accountant with qualifications, experience and terms of reference satisfactory to the Association, and updated the accounting software for the Project in a manner satisfactory to the Association.
2. No later than one year from the Effective Date, the Recipient shall have made suitable buildings available free of charge for the establishment of commercial courts, respectively, in Matadi, Goma, Bukavu, Mbuji Mayi and Kisangani.
3. No later than December 31, 2011, the Recipient shall have a beneficiary survey carried out by an independent firm, with qualifications, experience and terms of reference satisfactory to the Association, regarding the use of commercial courts and business registration related services.

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. “Anti-Corruption Plan” means the Recipient’s anti-corruption action plan to be adopted by the Recipient, pursuant to Section 5.01 of this Agreement 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. “BCC” means *Banque Centrale du Congo*, the Recipient’s Central Bank.
4. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
5. “CCLB” means *Comité de Coordination de la Liquidation des Banques*, the Recipient’s committee established within BCC in charge of coordinating the liquidation of banks.
6. “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.
7. “COPIREP” means *Comité de Pilotage de la Réforme des Entreprises Publiques*, the Recipient’s entity in charge of public enterprise reform, established pursuant to Presidential Decree No. 136/2002 dated October 30, 2002, as modified as of the date of this Agreement.
8. “DSIF” means *Direction de la Supervision des Intermédiaires Financiers*, the financial intermediary supervision department within BCC.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).

10. “Stabilization Contract” means the contract, in form and substance satisfactory to the Association, to be entered into between the Recipient and a private sector firm or company recruited in accordance with the provisions of Section I of Schedule 2 to this Agreement for the management of the business and operations of SNCC (as hereinafter defined) under the Project, as contemplated in Section I.D of Schedule 2 to this Agreement.
11. “Management Team” means the management staff satisfactory to the Association to be assigned to the management of SNCC under the Stabilization Contract.
12. “Micro-Finance Contract” means the contract, in form and substance satisfactory to the Association, to be entered into between the Recipient and the Micro-Finance Partner (as hereinafter defined) for the purpose of implementing activities under Part A.2 (a) of the Project.
13. “Micro-Finance Partner” means the service provider, acceptable to the Association, selected to assist in the implementation of activities under Part A.2 (a) of the Project pursuant to the Micro-Finance Contract.
14. “Official Gazette” means *Journal Officiel*, the Recipient’s official legal gazette.
15. “Operating Costs” means the incremental expenses incurred by COPIREP on account of Project implementation, management and monitoring, including office supplies, administrative support, communication and utility services, travel and supervision costs, banking costs, salaries and benefits of selected contractual staff of COPIREP, as the case may be, but excluding salaries of officials of the Recipient’s civil service.
16. “Original Financing Agreement” means the development credit agreement for a Private Sector Development and Competitiveness Project between the Recipient and the Association, dated August 11, 2003, as amended to the date of this Agreement (Credit No 3815).
17. “Original Project” means the Project described in the Original Financing Agreement.
18. “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.

19. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated February 28, 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.
20. “Project Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement dated April 24, 2006.
21. “Project Implementation Plan” and “PIP” mean the plan of the Recipient, containing, *inter alia*, procedures to be used for the purpose of implementing the Project, including, financial management and administration procedures, a procurement plan, and monitoring and performance indicators, as the same may be amended from time to time with the approval of the Association, and such term includes any schedules to the said Project Implementation Plan.
22. “Retrenchment Plan” means the plan, in form and substance satisfactory to the Association, established by the Recipient in accordance with its laws and regulations, including, without limitation, its labor code, setting forth modalities for the retrenchment of SNCC employees, including the payment of Severance Payments (as hereinafter defined) to eligible employees.
23. “Severance Payments” means cash payments to be financed under the Project and paid by the Recipient to eligible employees of SNCC in accordance with the terms and conditions of the Retrenchment Plan.
24. “SNCC” means *Société Nationale du Chemin de Fer Congolais*, a state owned enterprise established and operating pursuant to Decree Nr. 0050, dated November 7, 1995 “*portant création et statuts d’une entreprise publique dénommée SNCZ*”.

Marie Roger Augustin

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